CommonwealthBank

Prospectus and PERLS III Reinvestment Offer Information

COMMBANK PERLS VIII CAPITAL NOTES

Issuer Commonwealth Bank of Australia ABN 48 123 123 124 **Date of Prospectus:** 16 February 2016

Arrangers	Joint Lead Managers	Co-Managers
Commonwealth Bank of Australia	ANZ Securities Limited	Bell Potter Securities Limited
Goldman Sachs Australia Pty Limited	Commonwealth Bank of Australia	Citigroup Global Markets Australia Pty Limited
	Goldman Sachs Australia Pty Limited	Ord Minnett Limited
	J.P. Morgan Australia Limited	
	Morgan Stanley Australia Securities Limited	
	Morgans Financial Limited	
	UBS AG, Australia Branch	
	Westpac Institutional Bank	

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

Important Notices

Prospectus
This Prospectus relates to the offer by the Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA") through its New Zealand branch of CommBank PERLS VIII Capital Notes ("PERLS VIII") in Australia to raise A$1.25 billion, with the ability to raise more or less ("Offer").

This Prospectus is dated 16 February 2016 and a copy was lodged with the Australian Securities and Investments Commission ("ASIC") on this date. This Prospectus expires 13 months after this date and no PERLS VIII will be issued on the basis of this Prospectus after that expiry date.

ASIC and ASX Limited ("ASX") take no responsibility for the contents of this Prospectus nor for the merits of investing in PERLS VIII.

This Prospectus does not provide information in relation to the credit ratings of CBA or PERLS VIII as the companies which provide ratings in relation to CBA only hold Australian Financial Services Licences which allow disclosure of this information to certain investors.

Exposure Period
Under the Corporations Act 2001 (Cth) ("Corporations Act"), the Issuer is prohibited from processing Applications in the seven day period after 16 February 2016, being the date on which this Prospectus was lodged with ASIC ("Exposure Period"). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. No applications received during the Exposure Period will be accepted until after the expiry of that period.

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

- the full terms of PERLS VIII (see Appendix A to this Prospectus);
- the Trust Deed (see Section 6.2 "Other documents relevant to the Offer"); and
- the Constitution (see Section 6.2 "Other documents relevant to the Offer").

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

Status of PERLS VIII
PERLS VIII are subordinated[1], unsecured notes, issued by CBA.

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

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

Information about the risks of investing in PERLS VIII is detailed in Section 5 "Risks of CommBank PERLS VIII Capital Notes".

No representations other than in this Prospectus
No person is authorised to provide any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by CBA.

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

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

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

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

Obtaining a Prospectus and Application Form
Paper copies of this Prospectus and an Application Form can be obtained free of charge by registering online at www.commsec.com.au, or by calling the PERLS VIII Information Line on 1800 218 694 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

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

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

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

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

Restrictions applying to US Persons are outlined in Section 6.6 "US Persons".

Defined words and expressions
Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined in Section 8 "Glossary".

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

If you have any questions about PERLS VIII or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS VIII Information Line on 1800 218 694 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker.

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

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Guidance for Retail Investors

ASIC guidance for retail investors

ASIC has published guidance on hybrid securities on its MoneySmart website which may be relevant to your consideration of CommBank PERLS VIII Capital Notes. You can find this guidance by searching "hybrid securities" at www.moneysmart.gov.au.

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

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

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

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

Where can I obtain further information about CBA and CommBank PERLS VIII Capital Notes?

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

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

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

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

Can I receive email notification of announcements or new information?

If you wish to receive an email when CBA announces or publishes certain new information about itself, you can register your details with the Registry after the Issue Date.

Investments in CommBank PERLS VIII Capital Notes are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. They are not deposit liabilities or protected accounts of CBA under the Banking Act.

Key dates for the Offer

Lodgement of Prospectus with ASIC	16 February 2016
Securityholder Offer Record Date	22 February 2016
Bookbuild	23 February 2016
Announcement of Margin	24 February 2016
Opening Date for the Offer and lodgement of the replacement prospectus with ASIC	24 February 2016
Closing Date for the Offer	5.00pm (Sydney time) 18 March 2016
Issue Date	30 March 2016
Commencement of deferred settlement trading	31 March 2016
Despatch of Holding Statements	1 April 2016
Commencement of trading on normal settlement basis	4 April 2016

Key dates for Eligible PERLS III Holders

Reinvestment Offer Record Date	22 February 2016
Last day of ASX trading for PERLS III	24 February 2016
Opening Date for the Reinvestment Offer	24 February 2016
Closing Date for the Reinvestment Offer	5.00pm (Sydney time) 18 March 2016
Record date for final distribution on PERLS III (both participating and not participating in the Reinvestment Offer)	29 March 2016
Reinvestment Date	30 March 2016
Issue Date – when CommBank PERLS VIII Capital Notes are Issued under the Reinvestment Offer	30 March 2016
Payment date for final distribution on PERLS III	6 April 2016
Exchange date for PERLS III which did not participate in the Reinvestment Offer	6 April 2016

Key dates for CommBank PERLS VIII Capital Notes

First Distribution payment date[1]	15 June 2016
Call Date	15 October 2021
Mandatory Exchange Date[2]	15 October 2023

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

Dates may change

The key dates for the Offer are indicative only and subject to change without notice. CBA may, in consultation with the Joint Lead Managers, vary the timetable, including to close the Offer early; close the Reinvestment Offer or Securityholder Offer early; extend the Closing Date; accept late Applications, either generally or in specific cases; or withdraw or vary the terms, including by increasing the Margin, at any time of the Offer at any time prior to Issue. If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application as soon as possible after the Opening Date.

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Section ONE

Investment Overview

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

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

1.3 What is the Offer and how do I apply?

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

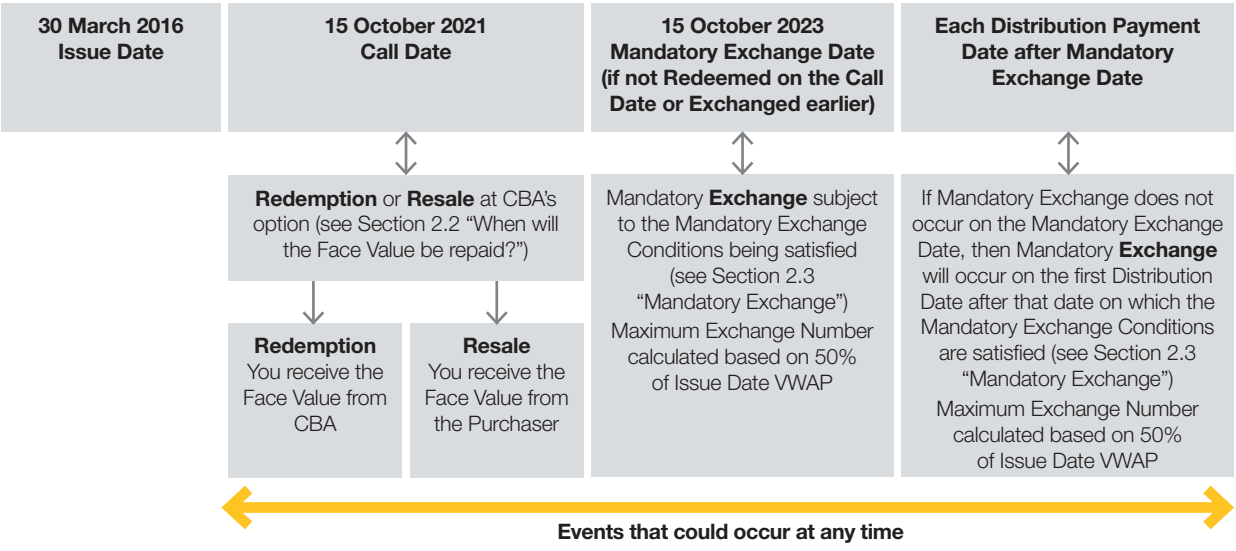
1.1 What are the basic facts about CBA and CommBank PERLS VIII Capital Notes?

		Further information	Page
Issuer	Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA"), through its New Zealand branch	Section 4 "Information About CBA"	35
	CBA is one of Australia's leading providers of integrated financial services including retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance, and investment and share broking products and services	For further information about CBA's business strategy, see Section 4.2 "Businesses of CBA" and Section 4.3 "Business strategy of CBA"	36, 37
		For further information about CBA's Directors, see Section 4.4 "Directors of CBA"	37
		For further information about the management of the businesses of CBA, see Section 4.5 "Management of the businesses of CBA"	37
		For financial information about CBA, see Section 4.7 "Financial information about CBA"	38
CommBank PERLS VIII Capital Notes ("PERLS VIII")	CommBank PERLS VIII Capital Notes, also referred to as PERLS VIII, are subordinated, unsecured notes issued by CBA The PERLS VIII Terms are complex and include features to comply with the detailed regulatory capital requirements which APRA applies to these securities	Appendix A "Terms of CommBank PERLS VIII Capital Notes"	77
Offer size	A$1.25 billion, with the ability to raise more or less		
Use of proceeds	The Offer raises Tier 1 Capital to satisfy CBA's regulatory capital requirements and maintain the diversity of CBA's sources and types of funding. The net proceeds of the Offer will be used to fund CBA's business	Section 4.7 "Financial information about CBA"	38
Face Value	Initial Face Value is A$100 per PERLS VIII but may be reduced following a Capital Trigger Event or Non-Viability Trigger Event	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 1.2, 4.1 and 4.2 and definition of Face Value	78, 80, 81

		Further information	Page
Term	PERLS VIII are perpetual, which means they have no fixed maturity date and if not Exchanged or Redeemed could remain on issue indefinitely CBA must Exchange PERLS VIII into Ordinary Shares on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), and may, at CBA's option, Redeem PERLS VIII on the Call Date, or Exchange or Redeem PERLS VIII earlier on the occurrence of certain events	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 3, 4, 5 and 7	80, 83, 84
Distributions	PERLS VIII are scheduled to pay quarterly, floating rate Distributions until all PERLS VIII are Exchanged or Redeemed The Distribution Rate is calculated using the following formula: **Distribution Rate =** **(Market Rate + Margin) x (1 – Tax Rate)** Distributions are expected to be fully franked The first Distribution is scheduled to be paid on 15 June 2016 Distributions are discretionary and subject to the distribution payment conditions being satisfied. This means a Distribution may not be paid. Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution	Section 2.1.1 "How are Distributions calculated on PERLS VIII?" Section 2.1.2 "How are Distributions paid on PERLS VIII?" Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 2	16 18 79
ASX quotation	CBA will apply for quotation of PERLS VIII on ASX. It is expected that PERLS VIII will be quoted under code "CBAPE"	Section 7.3 "Issue and quotation of CommBank PERLS VIII Capital Notes"	70

1.1.1 Summary of events that may affect PERLS VIII

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



Event	When could it occur?	Is APRA approval required?[1]	Do conditions apply?	What value will you receive?	How will that value be provided?	Further information
Optional early Redemption by CBA	15 October 2021	Yes	Yes[2]	Face Value ($100 based on the Initial Face Value)	Cash	Section 2.2 Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 5.1
Early Redemption by CBA for tax or regulatory reasons	At any time if CBA is unable to frank Distributions, or for other tax or regulatory reasons	Yes	Yes[2]	Face Value ($100 based on the Initial Face Value)	Cash	Section 2.2 Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 5
Optional Resale	15 October 2021	No	No	Face Value ($100 based on the Initial Face Value)	Cash[3]	Section 2.2 Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 6
Mandatory Exchange	15 October 2023 (if the Mandatory Exchange Conditions are satisfied) or the first Distribution Payment Date after the date on which the Mandatory Exchange Conditions are satisfied	No	Yes[4]	Approximately 1.01 x Face Value ($101 based on the Initial Face Value)	Variable number of Ordinary Shares, up to the Maximum Exchange Number	Section 2.3 Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 3 and 7

Event	When could it occur?	Is APRA approval required?[1]	Do conditions apply?	What value will you receive?	How will that value be provided?	Further information
Automatic Exchange	At any time if a Capital Trigger Event or Non-Viability Trigger Event occurs	No	No	Depending on the price of Ordinary Shares at the time, Holders may receive significantly less than Face Value[5]	Variable number of Ordinary Shares, up to the Maximum Exchange Number However, if CBA has not Exchanged PERLS VIII into Ordinary Shares at the relevant time, Holders' rights under the relevant PERLS VIII will be terminated. This will result in a Holder's investment losing all of its value - the Face Value will not be repaid and they will not receive any compensation	Section 2.4 Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 4 and 7
	If a Change of Control Event occurs	No	Yes[6]	Approximately 1.01 x Face Value ($101 based on the Initial Face Value)	Variable number of Ordinary Shares, up to the Maximum Exchange Number	Section 2.5 Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 4.7

1 APRA's approval may or may not be given
2 CBA may only Redeem PERLS VIII if it replaces them with capital of the same or better quality or obtains confirmation that APRA is satisfied CBA does not need to replace PERLS VIII
3 On optional Resale, Holders will receive a cash payment from a third party who will purchase PERLS VIII
4 The Mandatory Exchange Conditions apply
5 Holders are likely to receive significantly less than the Face Value if the Ordinary Share Price is less than 20% of the Issue Date VWAP (being CBA's share price at the time PERLS VIII are issued)
6 The second and third Mandatory Exchange Conditions apply

1.1.2 Ranking of PERLS VIII in a winding up of CBA

		Existing CBA obligations / securities[1]
Higher ranking	Secured debt	• Covered bonds
	Liabilities preferred by law	• Liabilities in Australia in relation to protected accounts • Other liabilities preferred by law including employee entitlements
	Senior Ranking Obligations	• Deposits (other than protected accounts) • Senior debt • General unsubordinated unsecured creditors • Tier 2 Capital
	Equal Ranking Securities	• **PERLS VIII[2]** • PERLS VII[2] • PERLS VI[2] • Any preference shares or other subordinated unsecured debts[3]
Lower ranking	Junior Ranking Securities	• Ordinary Shares

1. This is a simplified capital structure of CBA and does not include every type of security issued or that could be issued in the future by CBA. CBA could raise more debt or guarantee additional amounts at any time
2. Ranking prior to Exchange
3. Excluding Junior Ranking Securities

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

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

	Savings account	Term deposit	CommBank PERLS VIII Capital Notes	Ordinary Shares
Guarantee under the Australian government Financial Claims Scheme[1]	Yes	Yes	No	No
Term	At call (usually)	One month to five years (usually)	Perpetual with the first possible Mandatory Exchange Date in seven years[2]	Perpetual (no maturity date)
Distribution rate	Variable (usually)	Fixed (usually)	Floating	Variable dividends are payable
Distribution payment dates	Monthly (usually)	End of term or per annum (usually)	Quarterly	Semi-annually
Distributions are discretionary	No	No	Yes	Yes
Transferable	N/A	No[3]	Yes – quoted on ASX[4]	Yes – quoted on ASX
Ranking	See Section 1.1.2 "Ranking of PERLS VIII in a winding up of CBA"			

1 The guarantee is provided for up to A$250,000 deposited per person with each Australian authorised deposit-taking institution
2 The Mandatory Exchange Date is 15 October 2023 or, if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied
3 Can be withdrawn subject to conditions
4 CBA will apply for PERLS VIII to be quoted by ASX and they are expected to trade under code "CBAPE"

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

1.2.1 Key benefits of PERLS VIII

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

1.2.2 Key risks of PERLS VIII

You should read Section 5 "Risks of CommBank PERLS VIII Capital Notes" in full before deciding to invest. The risks outlined in that section include risks associated with PERLS VIII specifically and risks associated with CBA's businesses which may affect PERLS VIII. These are summarised below.

		Further information	Page
Risks associated with PERLS VIII specifically			
PERLS VIII are not deposit liabilities or protected accounts	Investments in PERLS VIII are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA and other risks associated with CBA's businesses. They are not deposit liabilities or protected accounts of CBA under the Banking Act	Section 5.2.1 "Investments in PERLS VIII are not deposit liabilities or protected accounts under the Banking Act"	50
PERLS VIII are subordinated and unsecured	Investments in PERLS VIII are subordinated and unsecured liabilities. On a winding up of CBA, there is a risk that you may lose some or all of the money you invested in PERLS VIII	Section 5.2.2 "Holders of PERLS VIII are subordinated and unsecured creditors"	50
Distributions may not be paid	Distributions are discretionary and subject to the distribution payment conditions being satisfied. Distributions that are not paid do not accrue and will not be subsequently paid	Section 5.2.3 "Distributions may not be paid"	50
PERLS VIII may be Exchanged for Ordinary Shares	PERLS VIII may be Exchanged for Ordinary Shares on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions) or on another date if certain events occur. This includes if a Capital Trigger Event, Non-Viability Trigger Event or Change of Control Event occurs. There is a risk that on Exchange you may receive a number of Ordinary Shares with a value which is significantly less than the Face Value, including as a result of the application of the Maximum Exchange Number and of the market price of Ordinary Shares at the time you may sell your Ordinary Shares	Section 5.2.4 "PERLS VIII may be Exchanged for Ordinary Shares on the Mandatory Exchange Date or if certain events occur"	51

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A failure to Exchange following a Capital Trigger Event or Non-Viability Trigger Event may cause you to lose your investment	If a Capital Trigger Event or Non-Viability Trigger Event occurs and Exchange is not effective and CBA has not otherwise issued Ordinary Shares within 5 Business Days, then Holders' rights under the relevant PERLS VIII will be terminated. Your investment in the relevant PERLS VIII will lose all of its value – the Face Value will not be paid and you will not receive any compensation. This could occur if CBA was prevented from issuing Ordinary Shares by circumstances outside its control, for example, if CBA was prevented by an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares	Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"	52
Ordinary Shares are a different type of investment to PERLS VIII	Dividends are payable at the absolute discretion of CBA and the amount of each dividend is discretionary (not subject to a formula). In a winding up of CBA, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of CBA. In contrast, distributions on PERLS VIII are payable in accordance with the Terms and claims of PERLS VIII holders rank ahead of holders of Ordinary Shares	Section 5.2.4.4 "Consequences of holding Ordinary Shares"	52
PERLS VIII are perpetual and may not be Exchanged	PERLS VIII may not be Exchanged on the scheduled Mandatory Exchange Date and you may continue to hold PERLS VIII indefinitely	Section 5.2.6 "PERLS VIII may not be Exchanged on the scheduled Mandatory Exchange Date"	53
CBA has early Redemption rights	CBA may Redeem PERLS VIII on the Call Date or at any time for tax or regulatory reasons, subject to APRA's prior written approval. APRA's approval may or may not be given	Section 5.2.7 "CBA may Redeem PERLS VIII if certain events occur"	53
Holders have no rights to request Exchange or Redemption	You do not have a right to request that your PERLS VIII be Exchanged or Redeemed early	Section 5.2.8 "Holders do not have a right to request that their PERLS VIII be Exchanged or Redeemed early"	54
CBA may issue additional securities	CBA may raise more debt and issue further securities which rank equally with or ahead of PERLS VIII, whether or not secured	Section 5.2.9 "CBA may raise more debt and issue other securities"	54
The Distribution Rate will fluctuate	The Distribution Rate will fluctuate with changes in the Market Rate. There is a risk the Distribution Rate may become less attractive compared to returns on comparable securities or investments	Section 5.2.10 "The Distribution Rate will fluctuate"	54
The market price will fluctuate	The market price of PERLS VIII on ASX will fluctuate and you may lose some or all of the money you invested in PERLS VIII if you sell them	Section 5.2.11 "The market price of PERLS VIII will fluctuate"	54
Liquidity may be low	Liquidity of PERLS VIII on ASX may be low and you may not be able to sell your PERLS VIII at an acceptable price or at all	Section 5.2.12 "The liquidity of PERLS VIII may be low"	54

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Risks associated with CBA's businesses which may affect PERLS VIII			
Downturn in the Australian economy	A significant portion of CBA's business is related to Australia and CBA may be adversely affected by a downturn in the Australian economy	Section 5.3.1 "CBA may be adversely affected by a downturn in the Australian economy"	55
Disruption to global markets	CBA may be adversely affected either directly or indirectly by disruption to global markets	Section 5.3.2 "CBA may be adversely affected by disruption to global markets"	55
Regulatory change	CBA is subject to extensive regulation. Changes in regulation may adversely affect CBA's performance or financial position	Section 5.3.3 "CBA is subject to extensive regulation which may adversely affect its performance or financial position"	56
Customer, counterparty and supplier exposures	CBA may incur losses associated with exposures to customers, counterparties and suppliers who default on their obligations to CBA	Section 5.3.4 "CBA may incur losses associated with customer, counterparty and supplier exposures"	56
Exchange rate risk	A significant proportion of CBA's wholesale funding is obtained, and a proportion of its profits are earned, in currencies other than Australian dollars. CBA hedges these risks where appropriate but there is no guarantee that CBA's hedging strategy will be sufficient or effective	Section 5.3.5 "CBA may be adversely affected by exchange rates"	56
Operational risks	CBA is subject to operational risks and may incur losses	Section 5.3.6 "CBA is subject to operational risks and may incur losses"	56
Information security risk	CBA is subject to information security risks, including cyber attacks and data security breaches	Section 5.3.7 "CBA is subject to information security risks, including cyber attacks and data security breaches"	57
Change in credit ratings	CBA's ability to raise capital and funding may be adversely affected by changes in credit ratings	Section 5.3.8 "CBA may be adversely affected by changes in credit ratings"	57
Competitive pressures	CBA is subject to intense competition which may adversely affect its performance	Section 5.3.9 "CBA is subject to intense competition which may adversely affect its performance"	57
Reputational harm	CBA may be adversely affected by harm to its reputation amongst customers and investors	Section 5.3.10 "CBA may be adversely affected by harm to its reputation"	57

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Acquisition of other businesses	Acquisitions of other businesses by CBA may adversely affect its performance and financial position for example due to difficulties in integrating systems and processes or not achieving expected cost savings	Section 5.3.11 "Acquisitions of other businesses, or divestments of existing businesses, by CBA may adversely affect its performance and financial position"	57
Catastrophic events	CBA's businesses or customers may be affected by catastrophic events	Section 5.3.12 "CBA may be adversely affected by catastrophic events"	58

1.3 What is the Offer and how do I apply?

		Further information	Page
Offer structure	The Offer comprises: • a Reinvestment Offer; • a Broker Firm Offer; and • a Securityholder Offer	For further information on the different types of Offer and how to apply, see Section 3 "Information about the Reinvestment Offer" and Section 7 "How to Apply"	31, 67
Reinvestment Offer for Eligible PERLS III Holders	If you are an Eligible PERLS III Holder, you have two options: Option 1 – Invest in PERLS VIII by participating in the Reinvestment Offer Option 2 – Do not participate in the Reinvestment Offer There are differences between PERLS III and PERLS VIII, and PERLS VIII may not suit your investment objectives, financial situation or particular needs. If you have any questions about the differences between PERLS III and PERLS VIII, you should seek advice from your financial adviser or other professional adviser before deciding to invest in PERLS VIII	For further information about the Reinvestment Offer, see Section 3 "Information About the Reinvestment Offer"	31
Minimum Application for PERLS VIII	Your Application for PERLS VIII must be for 50 PERLS VIII (A$5,000) and thereafter in multiples of 10 PERLS VIII (A$1,000) If you are an Eligible PERLS III Holder, these minimums do not apply to your Application for PERLS VIII under the Reinvestment Offer	Section 7.2.1 "Minimum Application"	69
How to apply	To apply for PERLS VIII, you must complete an Application Form and follow the instructions in Section 7 "How to Apply"	Section 7 "How to Apply"	67

If you have any questions about PERLS VIII or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS VIII Information Line on 1800 218 694 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker

CBA's new branches utilise the latest technology to offer customers an interactive experience

CBA branch in the 1960s

Section TWO

Information About CommBank PERLS VIII Capital Notes

2.1 Distributions on CommBank PERLS VIII Capital Notes

2.1.1 How are Distributions calculated on PERLS VIII?

2.1.2 How are Distributions paid on PERLS VIII?

2.2 When will the Face Value be repaid?

2.3 Mandatory Exchange

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

2.5 Automatic Exchange on a Change of Control Event

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

2.7 What else should I know about?

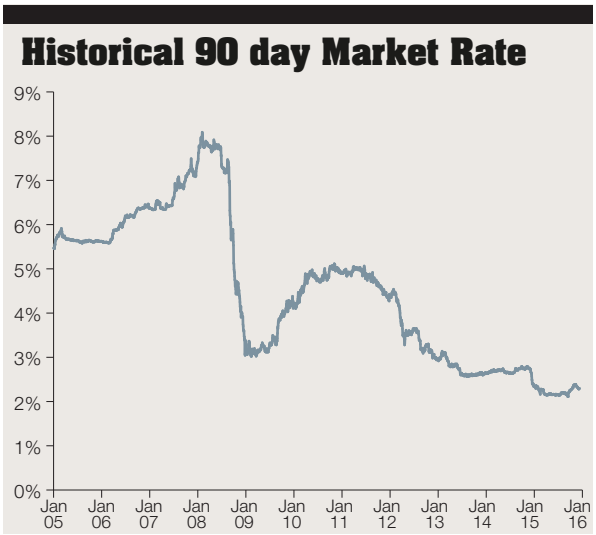
The following is an overview of the key terms of CommBank PERLS VIII Capital Notes. It is important that you read this Prospectus, the Terms, Trust Deed and Constitution in full before deciding to invest in PERLS VIII. If you have any questions, you should seek advice from your financial adviser or other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

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

2.1 Distributions on CommBank PERLS VIII Capital Notes

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

		Further information	Page
2.1.1 How are Distributions calculated on PERLS VIII?			
Distribution Rate	The Distribution Rate is calculated using the following formula: **Distribution Rate = (Market Rate + Margin) x (1 – Tax Rate)** where **Market Rate** is a primary benchmark interest rate for the Australian money market. It is based on the average of rates at which major Australian financial institutions lend short-term cash to each other over a 90 day period. It changes to reflect supply and demand within the cash and currency markets. The Market Rate for each Distribution Period is set on the first Business Day of the Distribution Period **Margin** is expected to be between 5.20% and 5.35% per annum and will be determined through the Bookbuild **Tax Rate** is the Australian corporate tax rate on the relevant Distribution Payment Date Distributions are expected to be fully franked The first Distribution is scheduled to be paid on 15 June 2016 Distributions are discretionary and subject to the distribution payment conditions being satisfied. Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 2	79



Source: Bloomberg

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

		Further information	Page
Calculation of Distributions	The Distribution payable on each PERLS VIII for each Distribution Period is calculated using the following formula: **Distribution payable = Distribution Rate x Face Value x Number of days in the Distribution Period / 365** For example, if the Face Value was A$100 (based on the Initial Face Value), the Market Rate was 2.29% per annum, the Margin was 5.20% per annum, the Australian corporate tax rate was 30% and the Distribution Period was 90 days in length, the Distribution for the relevant Distribution Period would be calculated as follows: **7.49% x (1 - 30%) x A$100 x 90/365** **= A$1.2928 per PERLS VIII** This Distribution would be expected to be fully franked The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Distribution Rate for any Distribution Period. The actual Distribution payable may be higher or lower than this example The Face Value used in this example is the Initial Face Value but the Face Value could be reduced if a Capital Trigger Event or Non-Viability Trigger Event occurs CBA will announce to ASX the applicable Distribution Rate and the amount of the Distribution payable for each Distribution Period. Information about the Distribution Rate can also be obtained from ASX at www.asx.com.au and from the Shareholder Centre at www.commbank.com.au	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 2	79
Franking credits	Distributions are expected to be fully franked If any Distribution is not fully franked for any reason, then that Distribution will be calculated according to the formula in Clause 2.4 of the Terms	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 2.4	79
		For further information about the tax consequences of receiving Distributions, see Section 6.4 "Summary of Australian tax consequences for Holders"	60

		Further information	Page
2.1.2 How are Distributions paid on PERLS VIII?			
Distribution Payment Dates	Distributions are scheduled to be paid quarterly in arrears on the following dates until all PERLS VIII have been Exchanged or Redeemed: • 15 March • 15 June • 15 September • 15 December If any of these scheduled dates is not a Business Day, then the payment is scheduled to be made on the next Business Day. If a payment is postponed, there is no adjustment to the amount of the Distribution payable. The first Distribution is scheduled to be paid on 15 June 2016	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 2.1 and 9.3 and definition of Distribution Payment Date	79, 88
Payments	Distributions are scheduled to be paid to Holders whose details are recorded with the Registry at 7.00pm on the Record Date Distributions and any other amount payable will be paid by electronic transfer to a bank account maintained in Australia with a financial institution nominated by you	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 9.1 and 9.4	88
Distributions are subject to distribution payment conditions **Dividend and capital restrictions may then apply to Ordinary Shares**	Payment of a Distribution is subject to the following conditions: • CBA, in its absolute discretion, making the Distribution; • payment not resulting in a breach of CBA's capital requirements as they are applied to the CBA Level 1 Group or the CBA Level 2 Group or both under APRA's prudential standards; • payment not resulting in CBA becoming insolvent; and • APRA not otherwise objecting to the payment Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution. However, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date (or all PERLS VIII are Exchanged or Redeemed), CBA cannot (subject to certain exceptions): • declare or determine a dividend on Ordinary Shares; or • return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 2.5, 2.6 and 2.7	79

2.2 When will the Face Value be repaid?

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

		Further information	Page
Optional early Redemption by CBA	CBA has the right to Redeem the following number of PERLS VIII in the following circumstances (subject to certain conditions, including prior written approval from APRA and CBA either replacing PERLS VIII with capital of the same or better quality or APRA being satisfied that CBA does not need to replace PERLS VIII): • on the Call Date (15 October 2021) – all or some PERLS VIII; or • at any time – all PERLS VIII for tax or regulatory reasons (described below) It should be noted that approval is at the discretion of APRA and may or may not be given On the Call Date or Redemption Date (as applicable), you will receive an amount equal to the Face Value for each of your PERLS VIII being Redeemed	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 5	83
Early Redemption by CBA – for tax reasons	A tax reason arises when: • as a result of a change in, or amendment to, laws of Australia, or any change in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), other than a change or amendment expected by CBA as at the Issue Date, there is a material risk that CBA would not be able to frank Distributions; or • CBA receives an opinion from reputable legal counsel or other tax adviser that there is a material risk that as a result of a change in the laws of Australia or New Zealand (including any announcement of a prospective change or amendment which has been or will be introduced) CBA would be exposed to a more than de minimis adverse tax consequence in relation to PERLS VIII (other than a tax consequence expected by CBA as at the Issue Date)	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 5.2 and 5.3	83
Early Redemption by CBA – for regulatory reasons	A regulatory reason arises when CBA determines that all or some PERLS VIII are not or will not be treated as Tier 1 Capital of the CBA Group under APRA's prudential standards as a result of a change in 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) other than as a result of a change of treatment expected by CBA as at the Issue Date	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 5.4	84
Resale on the Call Date	CBA may elect that Resale occur in relation to all or some PERLS VIII on the Call Date (15 October 2021). If Resale occurs, your PERLS VIII will be purchased by a third party for a cash amount equal to their Face Value The third party will be one or more parties selected by CBA in its absolute discretion	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 6	84

		Further information	Page
No early Exchange or Redemption rights for Holders	You do not have a right to request that your PERLS VIII be Exchanged or Redeemed early for any reason To realise your investment, you can sell your PERLS VIII on ASX at the prevailing market price	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 5.7	84

2.3 Mandatory Exchange

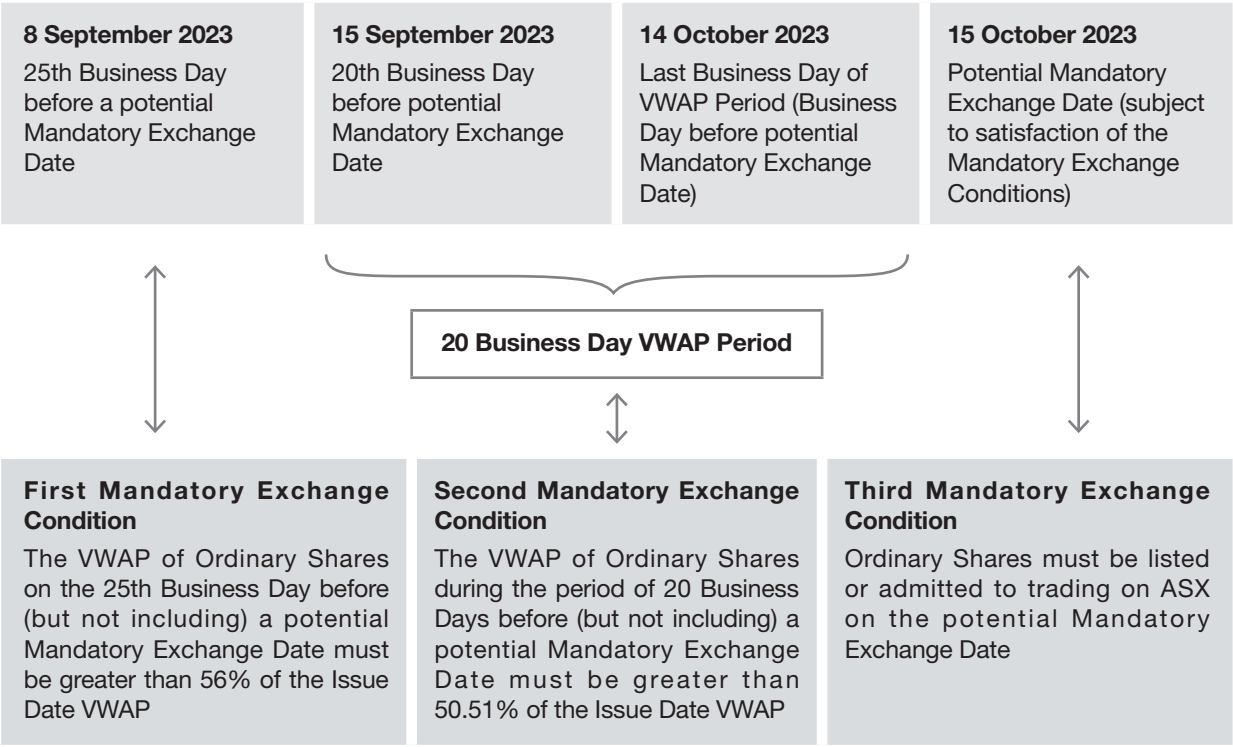
PERLS VIII do not have a maturity date but are scheduled to be Exchanged on the Mandatory Exchange Date.

		Further information	Page
Mandatory Exchange Date	The Mandatory Exchange Date is 15 October 2023 or if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 3	80
Exchange on the Mandatory Exchange Date	On the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), you will receive for each of your PERLS VIII a variable number of Ordinary Shares with a value equal to A$101.01 (based on the Initial Face Value and the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Exchange Date with the benefit of a 1% discount). The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a Capital Trigger Event or Non-Viability Trigger Event) To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price	Appendix A Terms of CommBank PERLS VIII Capital Notes Clauses 3 and 7	80, 84
Exchange Number	CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS VIII held by that Holder The Exchange Number is calculated according to the following formula and is subject to the Exchange Number being no greater than the Maximum Exchange Number: $\frac{\textbf{Face Value}}{\textbf{0.99 x VWAP}}$ Based on a Face Value of A$100 (the Initial Face Value) and with the benefit of the 1% discount, this means that you will receive a variable number of Ordinary Shares with a value equal to A$101.01. The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event) or if the Maximum Exchange Number applies	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 4.1, 4.2 and 7.1	80, 81, 84

		Further information	Page
Maximum Exchange Number	The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula: $\frac{\textbf{Face Value}}{\textbf{Relevant Percentage x Issue Date VWAP}}$ The Relevant Percentage is 0.50 if Exchange is occurring on a Mandatory Exchange Date The Issue Date VWAP is the VWAP of Ordinary Shares during the 20 Business Days immediately preceding (but not including) the Issue Date for PERLS VIII For example, if the Face Value was A$100 (based on the Initial Face Value) and the Issue Date VWAP was A$75, the Maximum Exchange Number would be calculated as follows: $\frac{\textbf{100}}{\textbf{(0.50 x 75)}}$ **= 2.67 Ordinary Shares per PERLS VIII** The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value which is significantly less than the Face Value. To provide some protection for Holders against this occurring, CBA will normally not be required to Exchange PERLS VIII unless the Mandatory Exchange Conditions are satisfied Depending on the market price of Ordinary Shares at the time you may sell your Ordinary Shares, you may receive Ordinary Shares that are worth significantly less than $101.01 per PERLS VIII (based on the Initial Face Value of A$100), and may suffer loss as a consequence The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)	Appendix A “Terms of CommBank PERLS VIII Capital Notes” Clause 7.1	84

		Further information	Page
VWAP	VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant period of 20 Business Days, subject to adjustments It is intended to calculate a fair price of Ordinary Shares which is used to calculate the Exchange Number and Maximum Exchange Number	Appendix A "Terms of CommBank PERLS VIII Capital Notes" definition of VWAP	95
Mandatory Exchange Conditions	Exchange will not occur unless all the Mandatory Exchange Conditions are satisfied. If Exchange does not occur, you will continue to hold your PERLS VIII until the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied at which time Exchange will occur The Mandatory Exchange Conditions are: • **First Mandatory Exchange Condition:** the VWAP of Ordinary Shares on the 25th Business Day before (but not including) a potential Mandatory Exchange Date is greater than 56% of the Issue Date VWAP. This takes the 1% discount for Exchange into account • **Second Mandatory Exchange Condition:** the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) a potential Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP. This also takes the 1% discount for Exchange into account • **Third Mandatory Exchange Condition:** Ordinary Shares are listed or admitted to trading on ASX as at the Mandatory Exchange Date The First and Second Mandatory Exchange Conditions are intended to provide some protection for Holders against Exchange occurring when the price of Ordinary Shares has fallen to such a level that you would only receive the Maximum Exchange Number The Third Mandatory Exchange Condition is intended to provide protection to Holders to enable them to sell the Ordinary Shares they receive on ASX if they wish to do so	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 3.1 and 3.2	80

		Further information	Page
Mandatory Exchange Conditions (continued)	The following diagram illustrates the timeframes that are relevant for the Mandatory Exchange Conditions, using the date of 15 October 2023 as a potential Mandatory Exchange Date. These dates are indicative only and may change	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 3.1 and 3.2	80



What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date If Exchange occurs and you have notified CBA that you do not wish to receive Ordinary Shares, or if you are an Ineligible Holder[1], then CBA will issue the relevant number of Ordinary Shares to the Trustee who will hold the Ordinary Shares on trust for sale for your benefit[2]. At the first opportunity, the Trustee will arrange for the sale of the Ordinary Shares on your behalf and pay the proceeds less selling costs to you. No guarantee is given in relation to the timing or price at which any sale will occur	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 7.10	86

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

2 If, because the Holder is an Ineligible Holder, the Trustee is deemed to be an Ineligible Holder, then Ordinary Shares will be issued to the Trustee as soon as practicable after the Trustee ceases to be an Ineligible Holder. If Exchange is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and the Exchange is not effective and CBA has not otherwise issued Ordinary Shares to the Trustee within 5 Business Days, then Holders' rights under the relevant PERLS VIII will be terminated

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

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

		Further information	Page
Automatic early Exchange – general	CBA must Exchange all or some PERLS VIII or a percentage of the Face Value of each PERLS VIII in the following circumstances: • if a Capital Trigger Event occurs; or • if a Non-Viability Trigger Event occurs The Mandatory Exchange Conditions do not apply On the Exchange Date (subject to the Maximum Exchange Number), you will receive for each of your PERLS VIII a variable number of Ordinary Shares with a value equal to A$101.01 (based on the Initial Face Value of A$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount). The VWAP is based on the 5 Business Days before the Exchange Date The value of Ordinary Shares you receive could be less than this amount if only a percentage of the Face Value is being Exchanged, if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event) or if the Maximum Exchange Number applies As a result of the application of the Maximum Exchange Number and depending on the market price of Ordinary Shares at the time you may sell your Ordinary Shares, you may receive Ordinary Shares that are worth significantly less than A$101.01 per PERLS VIII (based on an Initial Face Value of A$100), and may suffer a loss as a consequence To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price	Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur" Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 4 and 7 and definition of VWAP	52 80, 84
Automatic early Exchange – Capital Trigger Event	A Capital Trigger Event occurs when: • CBA determines; or • APRA notifies CBA in writing that it believes, that either or both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% The Common Equity Tier 1 Capital Ratio is the ratio of CBA's Common Equity Tier 1 Capital to its risk-weighted assets, where Common Equity Tier 1 Capital is the strongest form of capital held by CBA. CBA's Level 2 Common Equity Tier 1 Capital Ratio was 10.2% as at 31 December 2015, which equates to a surplus of approximately A$20.1 billion above the Capital Trigger Event level of 5.125%. CBA's Level 1 Common Equity Tier 1 Capital Ratio was 10.7% as at 31 December 2015, which equates to a surplus of approximately A$20.6 billion above the Capital Trigger Event level of 5.125% If a Capital Trigger Event occurs, CBA must immediately Exchange such number of PERLS VIII (or a percentage of the Face Value of each PERLS VIII) as is sufficient to return the relevant Common Equity Tier 1 Capital Ratio to above 5.125%	Section 4.7.1.2 "Capital Trigger Event" Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur" Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 4.1, 4.3, 4.4, 4.5 and 4.6 and definitions of CBA Level 1 Common Equity Tier 1 Capital Ratio and CBA Level 2 Common Equity Tier 1 Capital Ratio	39 52 80, 82, 93

		Further information	Page
Automatic early Exchange – Non-Viability Trigger Event	A Non-Viability Trigger Event occurs when APRA notifies CBA in writing that it believes: • Exchange of all or some PERLS VIII (or the taking of an action in relation to other capital instruments of the CBA Group) is necessary because, without it, CBA would become non-viable; or • a public sector injection of capital, or equivalent support, is necessary because, without it, CBA would become non-viable If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS VIII (or a percentage of the Face Value of each PERLS VIII) as specified by APRA or necessary to satisfy APRA that CBA will no longer be non-viable. In the case of a public sector injection of capital, or equivalent support, all PERLS VIII must be immediately Exchanged	Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur" Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 4.2, 4.3, 4.4, 4.5 and 4.6	52 81, 82
How does Exchange work upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event?	Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, CBA must immediately Exchange all or some PERLS VIII (or a percentage of the Face Value of each PERLS VIII). The Mandatory Exchange Conditions do not apply and the Terms provide that Exchange occurs automatically without the need for any further act or step by CBA and that CBA will recognise Holders as having been issued Ordinary Shares Any ASX trades in PERLS VIII that have not settled on the date a Capital Trigger Event or Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+2 settlement[3], although the seller will be treated as having delivered, and the buyer will be treated as having acquired, the number of Ordinary Shares into which PERLS VIII have been Exchanged as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event If Exchange is not effective and CBA has not otherwise issued Ordinary Shares within 5 Business Days, then Holders' rights under the relevant PERLS VIII will be terminated. Your investment in the relevant PERLS VIII will lose all of its value and you will not receive any compensation. This could occur if CBA is prevented from issuing Ordinary Shares by circumstances outside its control, for example, if CBA is prevented by an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares	Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur" Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7.9	52 80, 81, 82, 86

3 Assuming that T+2 settlement commences 7 March 2016 as proposed by ASX

		Further information	Page
Exchange Number	CBA will issue the Exchange Number of Ordinary Shares for each PERLS VIII held by a Holder The Exchange Number is calculated according to the same formula that applies to Exchange on the Mandatory Exchange Date (see Section 2.3 "Mandatory Exchange"), but with the VWAP based on the 5 Business Days before the Exchange Date, and is subject to the Exchange Number being no greater than the Maximum Exchange Number The amount used as the Face Value in this calculation will only be the affected percentage of the Face Value required to be Exchanged and, if the full Face Value is not required to be Exchanged, you will continue to hold your PERLS VIII with a reduced Face Value	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 4.1, 4.2 and 7.1	80, 81, 84
Maximum Exchange Number	The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula: $\frac{\textbf{Face Value}}{\textbf{Relevant Percentage x Issue Date VWAP}}$ The Relevant Percentage is 0.20 if a Capital Trigger Event or Non-Viability Trigger Event has occurred The Issue Date VWAP is the VWAP of Ordinary Shares during the 20 Business Days immediately preceding (but not including) the Issue Date for PERLS VIII For example, if the Face Value was A$100 (based on the Initial Face Value) and the Issue Date VWAP was A$75, the Maximum Exchange Number would be calculated as follows: $\frac{\textbf{100}}{\textbf{(0.20 x 75)}}$ **= 6.67 Ordinary Shares per PERLS VIII** The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value which is significantly less than the Face Value The Mandatory Exchange Conditions do not apply if a Capital Trigger Event or Non-Viability Trigger Event has occurred As a result of the application of the Maximum Exchange Number and depending on the market price of Ordinary Shares at the time you may sell your Ordinary Shares, you may receive Ordinary Shares that are worth significantly less than $101.01 per PERLS VIII (based on the Initial Face Value of A$100), and may suffer loss as a consequence The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 7.1	84

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What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date and the same process outlined in Section 2.3 "Mandatory Exchange" will apply	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 7.10	86

2.5 Automatic Exchange on a Change of Control Event

CBA must Exchange all PERLS VIII if certain events occur.

		Further information	Page
Automatic early Exchange	CBA must Exchange all PERLS VIII if a Change of Control Event occurs, in respect of CBA A Change of Control Event occurs when: • a takeover bid for Ordinary Shares is made and certain conditions are satisfied; or • a scheme of arrangement is proposed and certain conditions are satisfied On the Exchange Date (subject to the Maximum Exchange Number), you will receive for each of your PERLS VIII a variable number of Ordinary Shares with a value equal to A$101.01 (based on the Initial Face Value of A$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount). The VWAP will be based on the 20 Business Days before the Exchange Date The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event) To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 4.7	82
How does Exchange work upon the occurrence of a Change of Control Event?	Upon the occurrence of a Change of Control Event, CBA must Exchange all PERLS VIII. The Second and Third Mandatory Exchange Conditions will apply with the modifications in Clause 4.7(c) of the Terms	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 4.7	82
Exchange Number	CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS VIII held by that Holder The Exchange Number is calculated according to the same formula that applies to Exchange on the Mandatory Exchange Date (see Section 2.3 "Mandatory Exchange") and is subject to the Exchange Number being no greater than the Maximum Exchange Number	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 4.7 and 7.1	82

		Further information	Page
Maximum Exchange Number	The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula: $\frac{\textbf{Face Value}}{\textbf{Relevant Percentage x Issue Date VWAP}}$ The Relevant Percentage is 0.20 if a Change of Control Event has occurred The Issue Date VWAP is the VWAP of Ordinary Shares during the 20 Business Days immediately preceding (but not including) the Issue Date for PERLS VIII The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 7.1	84
What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date and the same process outlined in Section 2.3 "Mandatory Exchange" will apply	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 7.10	86

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

PERLS VIII are subordinated, unsecured liabilities of CBA.

		Further information	Page
No security	PERLS VIII are not secured by any assets of CBA or its subsidiaries	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 1.1	78
Ranking in a winding up of CBA	Senior Ranking Obligations are all deposits and other liabilities, securities and other obligations of CBA (other than Equal Ranking Securities or Junior Ranking Securities). In a winding up of CBA, your claim will rank after the claims of holders of Senior Ranking Obligations, including creditors preferred by law and secured creditors Your claim will rank equally with claims of other Holders and holders of Equal Ranking Securities. This means your PERLS VIII rank equivalently to a preference share Your claim will rank ahead of claims of holders of Junior Ranking Securities (being holders of Ordinary Shares) On Exchange, Holders will become holders of Ordinary Shares and rank equally with other holders of Ordinary Shares and could lose all of their investment on a winding up of CBA	Section 1.1.2 "Ranking of PERLS VIII in a winding up of CBA" Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 1.5 For further information about the situation where a Capital Trigger Event or Non-Viability Trigger Event has occurred but CBA is not able to issue Ordinary Shares, see Section 2.4 "Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event" and Section 5.2.5.3 "Consequences of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event"	10 78 24, 53

2.7 What else should I know about?

		Further information	Page
No voting rights for Holders at CBA shareholder meetings	You do not have a right to vote at meetings of shareholders of CBA You may vote at meetings for PERLS VIII Holders in accordance with the Trust Deed	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 1.8 and 13.2	78, 90
Further issues of securities	CBA has the right in its absolute discretion to issue additional Senior Ranking Obligations or Equal Ranking Securities which may rank ahead of or equally with PERLS VIII, whether or not secured. A holding of PERLS VIII does not confer any right to participate in further issues of securities by CBA	Section 5.2.9 "CBA may raise more debt and issue other securities" Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 1.5 and 1.8	54 78
No set off	CBA has no right to set-off amounts owing to Holders under PERLS VIII against amounts owing by Holders to CBA or any member of the CBA Group Holders have no right to set-off any amounts owed to CBA or other members of the CBA Group against amounts owing to Holders under PERLS VIII	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 1.6	78
Not guaranteed	PERLS VIII are not deposit liabilities or protected accounts of CBA under the Banking Act. They are not guaranteed or insured by any Australian government, government agency or compensation scheme. No member of the CBA Group guarantees PERLS VIII and no member of the CBA Group, other than CBA, has any liability for PERLS VIII	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 1.7	78
Substitution	CBA may, without the consent of Holders but subject to APRA approval[4], substitute any NOHC as the debtor under PERLS VIII or as the issuer of ordinary shares on Exchange by giving notice to the Holders and ASX. Any substitution is subject to the NOHC expressly assuming the relevant obligations of CBA under the Terms and Trust Deed (including the restrictions on paying Distributions and dividends on Ordinary Shares (with appropriate modifications)) and satisfying certain other conditions, including the quotation of the ordinary shares of the NOHC on a securities exchange. The substitution of a NOHC does not allow CBA to elect to Exchange PERLS VIII nor does it give you a right to request Exchange of your PERLS VIII Following substitution and prior to Exchange, you will continue to hold PERLS VIII. The NOHC will be required to deliver its own ordinary shares in all circumstances when CBA would otherwise have been required to deliver Ordinary Shares (including on Exchange) and to use reasonable endeavours to procure the quotation of those ordinary shares on the relevant securities exchange	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clauses 2.5, 2.7 and 12	79, 89

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

		Further information	Page
ASX quotation	CBA will apply for quotation of PERLS VIII on ASX. It is expected that PERLS VIII will be quoted under code "CBAPE"	Section 7.3 "Issue and quotation of CommBank PERLS VIII Capital Notes"	70
Trustee and Trust Deed	CBA has elected to appoint a trustee in connection with PERLS VIII. The Trustee is not appointed under a requirement in the Corporations Act (Chapter 2L) and the provisions of Chapter 2L do not apply The Trustee holds certain property and rights in relation to PERLS VIII on trust for Holders under the Trust Deed. In certain circumstances, the Trustee will act on behalf of Holders The Trustee holds on trust for the Holders the right to enforce any obligations of CBA under the Terms and Trust Deed. The Trustee will be entitled to take any action against CBA to enforce any obligations of CBA, subject to the Terms and Trust Deed. The Trustee must take action to enforce the Terms and Trust Deed if it has been directed to do so by the required majority of Holders (or the Terms otherwise oblige it to act), it is indemnified to its reasonable satisfaction, and is not restricted or prohibited from taking such action by any court order or law Holders will not be entitled to take any action to enforce any obligations of CBA under the Terms or Trust Deed unless the Trustee fails to do so within a reasonable period after becoming required to take that action in accordance with the Trust Deed. If the Trustee continues to fail to act, a Holder may, in the name of the Trustee and subject to the Terms and Trust Deed, take the required action to the same extent as the Trustee would have been entitled to do so	Section 6.2.1 "Trust Deed"	60
Governing law	New South Wales, Australia	Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 13.9	91

If you have any questions about PERLS VIII or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS VIII Information Line on 1800 218 694 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker

CBA launched its first automatic teller machine (ATM) called Autobank in 1981

CBA also offers foreign exchange ATMs at selected locations

Section THREE

Information About the Reinvestment Offer

3.1 What are the key differences between PERLS III and CommBank PERLS VIII Capital Notes?

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

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

3.4 What happens on the Reinvestment Date?

3.5 How will the final distribution on my PERLS III be paid?

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

3.7 Summary of the key differences between PERLS III, CommBank PERLS VIII Capital Notes and other securities issued by CBA

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

If you have any questions about the Reinvestment Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS VIII Information Line on 1800 218 694 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period.

3.1 What are the key differences between PERLS III and CommBank PERLS VIII Capital Notes?

There are differences between PERLS III and PERLS VIII. In particular, there are differences in relation to:

- the term of each security – both securities are perpetual, however PERLS III has a Step-up Date of 6 April 2016, while the Call Date for PERLS VIII is 15 October 2021 and the Mandatory Exchange Date for PERLS VIII is 15 October 2023;
- the margin payable on PERLS III is 1.05% per annum, while the Margin on PERLS VIII is expected to be between 5.20% and 5.35% per annum and will be determined through the Bookbuild;
- the issue price of PERLS III is $A200, while the Issue Price of PERLS VIII is $A100;
- if PERLS III is not redeemed on the Step-up Date of 6 April 2016, the margin will increase. In contrast, if PERLS VIII is not redeemed on the Call Date of 15 October 2021, then the Margin will remain the same and PERLS VIII may then be Exchanged for Ordinary Shares on the Mandatory Exchange Date of 15 October 2023, subject to the Mandatory Exchange Conditions being satisfied;
- PERLS VIII includes a Capital Trigger Event and a Non-Viability Trigger Event; and
- the risks of each security – for further information about the risks of PERLS VIII, see Section 5 “Risks of CommBank PERLS VIII Capital Notes”.

Other key differences between PERLS III and PERLS VIII are summarised in Section 3.7 “Summary of the key differences between PERLS III, CommBank PERLS VIII Capital Notes and other securities issued by CBA”.

PERLS VIII may not suit your investment objectives, financial situation or particular needs. If you have any questions about the differences between PERLS III and PERLS VIII, you should seek advice from your financial adviser or other professional adviser before deciding to invest in PERLS VIII.

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

The Reinvestment Offer is an offer to Eligible PERLS III Holders to sell all or some of their PERLS III to CBA for A$200 per PERLS III on the Reinvestment Date and to automatically reinvest the sale proceeds in PERLS VIII.

The Reinvestment Offer is only relevant to Eligible PERLS III Holders. You are an Eligible PERLS III Holder if you are a registered holder of PERLS III at 7.00pm on the Reinvestment Offer Record Date (22 February 2016) and:

- you have a registered address in Australia; or
- you have a registered address outside Australia and you satisfy the conditions outlined in the section entitled “Restrictions on foreign jurisdictions” on the inside front cover of this Prospectus.

If you hold PERLS VI, PERLS VII, Colonial Group Subordinated Notes or Ordinary Shares but do not hold PERLS III, you are not eligible to apply for PERLS VIII under the Reinvestment Offer. However, you may apply for PERLS VIII under the Securityholder Offer.

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

You have two options:

Option 1 – Invest in CommBank PERLS VIII Capital Notes by participating in the Reinvestment Offer

If you are an Eligible PERLS III Holder, you can invest in PERLS VIII through the Reinvestment Offer. To participate in the Reinvestment Offer, you must complete the personalised Reinvestment Form which is sent to you. If you did not receive a Reinvestment Form or would like a replacement Reinvestment Form, please call the PERLS VIII Information Line on 1800 218 694 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

The benefits of participating in the Reinvestment Offer are:

- All or some of your PERLS III (as you nominate on the Reinvestment Form) will be bought back from you on the Reinvestment Date. The proceeds will be automatically applied for reinvestment in PERLS VIII. If you choose this option, no brokerage or other expenses in relation to the Reinvestment Offer will be payable by you; and
- CBA will give priority in allocation of PERLS VIII to Applications received under the Reinvestment Offer over Applications received under the Securityholder Offer.

For further information on the allocation policy for PERLS VIII, see Section 7.2.4 “Allocation policy and refunds”.

The main risks of participating in the Reinvestment Offer are the risks related to investing in PERLS VIII. For further information about the risks of PERLS VIII, see Section 5 “Risks of CommBank PERLS VIII Capital Notes”.

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

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

Eligible PERLS III Holders who apply to participate in the Reinvestment Offer are taken to agree to a holding lock being placed on those PERLS III, pending completion of the Reinvestment Offer. Once the holding lock has been applied, you will not be able to trade PERLS III on-market.

Option 2 – Do not participate in the Reinvestment Offer

If you do not wish to participate in the Reinvestment Offer, you may sell your PERLS III on ASX for cash through your own broker (and may have to pay brokerage) at the prevailing market price, which may be more or less than A$200. The last day for ASX trading in PERLS III is expected to be 24 February 2016 after which trading will be suspended.

If you do not sell your PERLS III on ASX then it is expected that, on 6 April 2016, your PERLS III will be compulsorily acquired by CBA for A$200 per PERLS III. CBA will pay the sale proceeds to you in the same way in which distributions on your PERLS III have previously been paid to you. No brokerage will be payable by you.

PCL intends to later repurchase and cancel any PERLS III acquired by CBA on 6 April 2016.

3.4 What happens on the Reinvestment Date?

On the Reinvestment Date (30 March 2016), CBA will buy all PERLS III participating in the Reinvestment Offer for $200 per PERLS III.

CBA will then reinvest the proceeds on your behalf in PERLS VIII. For every PERLS III you sell, you will receive two PERLS VIII (subject to scale back). If scale back applies, you will receive cash for the difference between the value of the PERLS III you sell and the PERLS VIII allocated to you. The PERLS III that are bought back by CBA under the above process will later be repurchased by PCL and cancelled.

If you have not chosen to participate in the Reinvestment Offer, then your PERLS III will remain on issue until the PERLS III Step-up Date (6 April 2016). PCL intends to issue an "Exchange Notice" in accordance with the PERLS III terms of issue advising that, on the PERLS III Step-up Date, CBA will compulsorily acquire all PERLS III not participating in the Reinvestment Offer for $200 per PERLS III in accordance with the PERLS III terms of issue, which will be paid to you on 6 April 2016. Those PERLS III acquired by CBA will subsequently be repurchased by PCL and cancelled.

You may sell your PERLS III on ASX at any time before trading in PERLS III is suspended but should note that trading will be suspended early from the close of trading on 24 February 2016. The market price of PERLS III is subject to change from time to time. You may be able to sell or dispose of your PERLS III on ASX for a price which is higher or lower than the value you would receive through participating in the Reinvestment Offer. Up to date information about the market price of PERLS III can be obtained from www.asx.com.au (ASX code: PCAPA).

3.5 How will the final distribution on my PERLS III be paid?

The Record Date for the final distribution on PERLS III is 29 March 2016. Holders of PERLS III who participate in the Reinvestment Offer will be the holder of their PERLS III on the Record Date and will be entitled to the full amount of the final distribution.

Holders of PERLS III who did not participate in the Reinvestment Offer but hold their PERLS III on 29 March 2016, or new investors who purchased PERLS III before trading of PERLS III is suspended from the close of trading on 24 February 2016, will also be entitled to the full amount of the final distribution.

The final distribution will be paid to you in the same way in which distributions on your PERLS III have previously been paid to you.

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

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

3.7 Summary of the key differences between PERLS III, CommBank PERLS VIII Capital Notes and other securities issued by CBA

	PERLS III	CommBank PERLS VIII Capital Notes	Other securities issued by CBA	
			PERLS VI	PERLS VII
Issuer	PCL, a subsidiary of CBA	CBA	CBA	CBA
Legal form	Preference share	Perpetual note	Perpetual note	Perpetual note
Initial Face Value	A$200	A$100	A$100	A$100
ASX code	PCAPA	CBAPE[1]	CBAPC	CBAPD
Margin	1.05% per annum until the Step-up Date (6 April 2016) After the Step-up Date, the initial margin increases by 1.00% per annum	Expected to be between 5.20% and 5.35% per annum and will be determined through the Bookbuild	3.80% per annum	2.80% per annum
Quarterly distributions	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked
Call Date/Resale Date	6 April 2016	15 October 2021[2]	15 December 2018[2]	15 December 2022[2]
Exchange	CBA may choose to exchange for Ordinary Shares on 6 April 2016	CBA must Exchange on 15 October 2023 if the Mandatory Exchange Conditions are satisfied	CBA must exchange for Ordinary Shares on 15 December 2020 if certain conditions are satisfied	CBA must exchange for Ordinary Shares on 15 December 2024 if certain conditions are satisfied
CBA ordinary share price for first mandatory exchange condition	N/A	56% of the Issue Date VWAP	$31.41	$44.03
Capital Trigger Event	Tier 1 Capital Ratio less than 5% Total Capital Ratio less than 8%	Common Equity Tier 1 Capital Ratio equal to or less than 5.125%	Common Equity Tier 1 Capital Ratio equal to or less than 5.125%	Common Equity Tier 1 Capital Ratio equal to or less than 5.125%
Non-Viability Trigger Event	No	Yes	Yes	Yes
Ranking in a winding up (assuming no Exchange)	Automatically exchanges into Ordinary Shares	Ranks equivalent to a preference share	Ranks equivalent to a preference share	Ranks equivalent to a preference share

1 CBA has applied for quotation of PERLS VIII on ASX. It is expected that PERLS VIII will be quoted under this code
2 Call Date/Resale is two years prior to the Mandatory Exchange Date

ALBERT delivers new levels of customer service and efficiency to businesses at point of sale

CBA launched its first electronic funds transfer point of sale (EFTPOS) machines in 1984

Section FOUR

Information About CBA

4.1 Profile of CBA
4.2 Businesses of CBA
4.3 Business strategy of CBA
4.4 Directors of CBA
4.5 Management of the businesses of CBA
4.6 Corporate governance of CBA
4.7 Financial information about CBA

4.1 Profile of CBA

CBA is one of Australia's leading providers of integrated financial services including retail, business, and institutional banking, funds management, superannuation, life insurance, general insurance, broking services and financial company activities. CBA is one of the largest companies listed on ASX and had a market capitalisation of A$127 billion as at 10 February 2016. CBA is an authorised deposit-taking institution regulated by APRA and other regulatory bodies. CBA conducts its operations primarily in Australia, New Zealand and the Asia Pacific region. It also operates in a number of other countries including the United Kingdom and the United States.

Anchored firmly to CBA's vision to 'excel at securing and enhancing the financial wellbeing of people, businesses and communities', CBA's strategy is focussed on creating long-term value for its customers, shareholders and people. CBA's overarching priority is customer focus supported by four market leading capabilities –people, productivity, technology and strength.

The CBA brand is the most recognised brand in the Australian financial services industry. It is a brand with a strong heritage that has evolved over the years and this is reflected in the reputable financial services organisation CBA is today. Other brands within the CBA Group include Colonial First State, the wealth management business, and CommSec, the online broking service.

You should focus on the financial position of CBA when deciding to invest in PERLS VIII. Investments in PERLS VIII are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. They are not deposit liabilities or protected accounts of CBA under the Banking Act and therefore are not guaranteed or insured by any Australian government, government agency or compensation scheme.

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

4.2 Businesses of CBA

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

- **Retail Banking Services**

Retail Banking Services provides home loan, consumer finance and retail deposit products and servicing to 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 and Private Banking**

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

- **Institutional Banking and Markets**

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

- **Wealth Management**

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

- **New Zealand**

New Zealand includes banking, funds management and insurance businesses operating in New Zealand (excluding the international business of Institutional Banking and Markets).

- **Bankwest**

Bankwest is active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products.

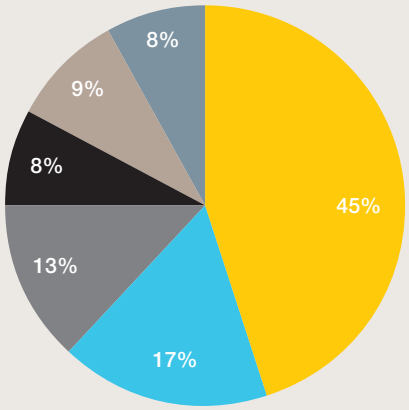
- **International Financial Services and other divisions**

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

  – International Financial Services ("IFS") incorporates the Asian retail and small-medium enterprise banking operations (Indonesia, China, Vietnam and India), investments in Chinese and Vietnamese retail banks, the joint venture Chinese life insurance business and the life insurance operations in Indonesia. It also includes CBA's investment in Take Your Money Everywhere ("TYME"), a South African based financial services technology company which helps bring financial services to more people in the countries served by IFS; and

  – Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Strategy, Group Governance and Group Treasury.

Business contribution[1] to CBA's net profit after tax[2] for the half year ended 31 December 2015



1 Excludes Corporate Centre
2 Net profit after tax ("cash basis")

4.3 Business strategy of CBA

CBA's strategy remains focused on creating long-term value for CBA's customers, shareholders and people. The overarching priority is customer focus. CBA is committed to putting customers at the centre of everything we do, to secure and enhance their financial wellbeing.

CBA's customer-focused strategy is supported by four key strategic priorities to enhance business performance and future growth.

- **People**

CBA's people are central to CBA's success. CBA remains focused on attracting, retaining and developing good quality people. CBA is committed to fostering a culture where people are engaged, passionate and valued, as success with CBA's people will lead to success with customers, shareholders and the community over the long-term.

- **Strength**

CBA maintains a strong balance sheet, including in relation to capital, funding and liquidity levels. A strong and flexible balance sheet is important to ensuring we can continue to support our customers and capitalise on opportunities.

- **Productivity**

CBA continues to build a productivity-focused culture within the organisation. CBA's people continue to be trained in productivity enhancing skills and CBA's people are adopting a 'continuous improvement' mindset to create more simplified processes. This ensures CBA makes it easier for customers to interact with us.

- **Technology**

CBA aspires to become a global leader in the application of technology to financial services. CBA continues to make significant progress towards this goal, launching a number of new innovative technologies and services that fundamentally change the way CBA's customers access and manage their finances.

4.4 Directors of CBA

The Directors are:

- David Turner, Chairman
- Ian Narev, Managing Director and Chief Executive Officer
- Sir John Anderson
- Shirish Apte
- Jane Hemstritch
- Sir David Higgins
- Launa Inman
- Brian Long
- Andrew Mohl
- Wendy Stops
- Harrison Young

The roles and responsibilities of the Directors are set out in the Board Charter. A description of the Board Charter and further information on the Directors can be found in the section entitled "Corporate Governance" at www.commbank.com.au/about-us/shareholders/corporate-profile/corporate-governance.html.

4.5 Management of the businesses of CBA

The senior managers of the businesses of CBA include:

- Ian Narev, Managing Director and Chief Executive Officer, CBA
- Kelly Bayer Rosmarin, Group Executive, Institutional Banking and Markets
- Adam Bennett, Group Executive, Business and Private Banking
- Barbara Chapman, Managing Director and Chief Executive Officer, ASB
- David Cohen, Group General Counsel and Group Executive, Group Corporate Affairs
- Matthew Comyn, Group Executive, Retail Banking Services
- David Craig, Group Executive, Financial Services and Chief Financial Officer
- Robert Jesudason, Group Executive, International Financial Services
- Melanie Laing, Group Executive, Human Resources
- Vittoria Shortt, Group Executive, Marketing and Strategy
- Annabel Spring, Group Executive, Wealth Management
- Alden Toevs, Group Chief Risk Officer
- David Whiteing, Group Executive, Enterprise Services, and Chief Information Officer

CBA announced on 29 January 2016 that Alden Toevs would retire as Group Chief Risk Officer at the end of the 2016 financial year. David Cohen will assume the role following Mr Toevs' retirement. A process has commenced to indentify Mr Cohen's successor.

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

4.6 Corporate governance of CBA

The Board has consistently placed great importance on the governance of CBA and has adopted a comprehensive framework of corporate governance guidelines. The corporate governance guidelines and practices of CBA comply with the revised "Corporate Governance Principles and Recommendations" of the ASX Corporate Governance Council dated 27 March 2014.

Further information about CBA's corporate governance guidelines and practices can be found in the section entitled "Corporate Governance" at www.commbank.com.au/about-us/shareholders/corporate-profile/corporate-governance.html.

4.7 Financial information about CBA

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

CBA's consolidated income statements and balance sheets for the half years ended 31 December 2015 and 30 June 2015 and full years ended 30 June 2015 and 30 June 2014 are summarised in Sections 4.7.4 "Commonwealth Bank of Australia Consolidated Income Statement" and 4.7.5 "Commonwealth Bank of Australia Consolidated Balance Sheet".

The financial information presented in this section has been presented in abbreviated form. It does not contain all of the disclosures usually provided in an annual report prepared in accordance with the Corporations Act. In particular, the consolidated income statement and consolidated balance sheet have been extracted from the Profit Announcement for the Half Year Ended 31 December 2015 and the Annual Report 2015.

The Profit Announcement for the Half Year Ended 31 December 2015 and the Annual Report 2015 are available from the Shareholder Centre at www.commbank.com.au.

4.7.1 Capital adequacy

4.7.1.1 Capital generally

CBA is an authorised deposit-taking institution regulated by APRA and other regulatory bodies. APRA generally follows the principles for banking supervision developed by the Basel Committee on Banking Supervision.

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

Common Equity Tier 1 Capital comprises ordinary share capital, retained earnings and certain other items recognised as capital. The ratio of such capital to risk-weighted assets is called the Common Equity Tier 1 Capital Ratio.

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

Tier 2 Capital comprises certain securities recognised as Tier 2 Capital.

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

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

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

From 1 January 2016, CBA is required to maintain a capital conservation buffer in the form of Common Equity Tier 1 Capital equal to 2.5% of risk-weighted assets.

In December 2013, APRA announced that CBA is a Domestic Systemically Important Bank ("D-SIB") and the capital conservation buffer ("CCB") that applies to CBA will be increased by a 1% D-SIB buffer. The total capital conservation buffer will therefore be 3.5%, making the total Common Equity Tier 1 Capital requirement equal to at least 8%.

APRA also has the discretion to apply an additional countercyclical buffer to all banks with an indicative range of between 0% and 2.5% of Common Equity Tier 1 Capital. If applicable, this forms part of the capital conservation buffer ("CCB"). In December 2015, APRA announced that the countercyclical buffer applicable to Australian exposures from 1 January 2016, will be set at 0%.

In addition, the Leverage Ratio will be introduced from 1 January 2018 to act as a supplementary measure to the other capital requirements and is defined as CBA's Tier 1 Capital divided by CBA's exposures (on balance sheet and derivative exposures).

In July 2015, APRA responded to a Financial System Inquiry recommendation that Australian authorised

deposit institutions that use internal ratings based methodologies to determine their regulatory capital requirements should be required to hold higher levels of capital against their mortgage portfolios. While the changes do not apply until 1 July 2016, CBA has prudently raised $5.1bn of capital through the issue of ordinary shares to satisfy the current and expected future requirements, completing this equity raising in September 2015.

CBA Level 2 Common Equity Tier 1 Capital levels and 4.5% minimum requirements[1]

	Common Equity Tier 1 Capital ratio	Common Equity Tier 1 Capital (A$Bn)	Minimum Common Equity Tier 1 Capital Ratio	Minimum Common Equity Tier 1 Capital (A$Bn)	Surplus above minimum Common Equity Tier 1 Capital Ratio	Surplus Common Equity Tier 1 Capital (A$Bn)
31 Dec 2015	10.2%	40.2	4.5%	17.7	5.7%	22.5
30 Jun 2015	9.1%	33.4	4.5%	16.6	4.6%	16.8
31 Dec 2014	9.2%	32.6	4.5%	15.9	4.7%	16.7
30 Jun 2014	9.3%	31.4	4.5%	15.2	4.8%	16.2
31 Dec 2013	8.5%	28.5	4.5%	15.0	4.0%	13.5
30 Jun 2013	8.2%	27.0	4.5%	14.8	3.7%	12.2

1. Does not include the capital conservation buffer. For a comparison including the capital conservation buffer, see the table entitled "CBA Level 2 Common Equity Tier 1 Capital levels and 8% minimum requirements" on page 40

CBA's Level 1 Common Equity Tier 1 Capital Ratio was 10.7% as at 31 December 2015, which equates to a surplus of approximately A$22.9 billion above the minimum Common Equity Tier 1 ratio.

4.7.1.2 Capital Trigger Event

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

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

The table below discloses CBA's Level 2 Common Equity Tier 1 Capital levels.

CBA Level 2 Common Equity Tier 1 Capital levels and capital trigger

	Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital (A$Bn)	Capital Trigger Event	Capital Trigger Event (A$Bn)	Surplus above Capital Trigger Event	Surplus Common Equity Tier 1 Capital (A$Bn)
31 Dec 2015	10.2%	40.2	5.125%	20.1	5.1%	20.1
30 Jun 2015	9.1%	33.4	5.125%	18.9	4.0%	14.5
31 Dec 2014	9.2%	32.6	5.125%	18.1	4.1%	14.5
30 Jun 2014	9.3%	31.4	5.125%	17.3	4.2%	14.1
31 Dec 2013	8.5%	28.5	5.125%	17.1	3.4%	11.4
30 Jun 2013	8.2%	27.0	5.125%	16.9	3.1%	10.1

CBA's Level 1 Common Equity Tier 1 Capital Ratio was 10.7% as at 31 December 2015, which equates to a surplus of approximately A$20.6 billion above the Capital Trigger Event level.

4.7.1.3 Potential impact of falling into the capital conservation buffer

From 1 January 2016, CBA is required to maintain a capital conservation buffer in the form of Common Equity Tier 1 Capital equal to 2.5% of risk-weighted assets.

In December 2013, APRA announced that CBA is a Domestic Systemically Important Bank ("D-SIB") and the capital conservation buffer that applies to CBA will be increased by a 1% D-SIB buffer. The total capital conservation buffer will therefore be 3.5%, making the total Common Equity Tier 1 Capital requirement equal to at least 8%.

APRA also has the discretion to apply an additional countercyclical buffer to all banks with an indicative range of between 0% and 2.5% of risk-weighted assets. If applicable, this forms part of the capital conservation buffer. In December 2015, APRA announced that the countercyclical buffer applicable to Australian exposures from 1 January 2016, will be set at 0%.

Restrictions on the proportion of profits that can be used to pay Ordinary Share dividends, Tier 1 Capital distributions (including Distributions on PERLS VIII) and discretionary staff bonuses will apply if CBA's Common Equity Tier 1 Capital Ratio falls into the capital conservation buffer. The percentage of earnings able to be used for discretionary payments depends on whether CBA is operating above the capital conservation buffer or has fallen into the buffer outlined in the table entitled "Capital conservation buffer ("CCB") rules" (see right).

Capital conservation buffer ("CCB") rules[1]

CET1 Ratio	Value	% of earnings able to be used for discretionary payments
Above top of CCB	PCR + 3.5% and above	100%
Fourth quartile of CCB	Less than PCR + 3.5%	60%
Third quartile of CCB	Less than PCR + 2.625%	40%
Second quartile of CCB	Less than PCR + 1.75%	20%
First quartile of CCB	Less than PCR + 0.875%	0%
Prudential capital requirement (4.5% minimum plus any additional amount required by APRA)	PCR	0%

1 Above example assumes the total CCB (including the D-SIB buffer) is 3.5%

CBA Level 2 Common Equity Tier 1 Capital levels and 8% minimum requirements[1]

	Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital (A$Bn)	Minimum Common Equity Tier 1 Capital Ratio[1]	Minimum Common Equity Tier 1 Capital requirement breach (A$Bn)[1]	Surplus above Minimum Common Equity Tier 1 Capital requirement[1]	Surplus Common Equity Tier 1 Capital (A$Bn)
31 Dec 2015	10.2%	40.2	8%	31.4	2.2%	8.8
30 Jun 2015	9.1%	33.4	8%	29.5	1.1%	3.9
31 Dec 2014	9.2%	32.6	8%	28.2	1.2%	4.4
30 Jun 2014	9.3%	31.4	8%	27.0	1.3%	4.4
31 Dec 2013	8.5%	28.5	8%	26.7	0.5%	1.8
30 Jun 2013	8.2%	27.0	8%	26.3	0.2%	0.7

1 Includes the capital conservation buffer. The capital conservation buffer was not applicable prior to 1 January 2016. Calculations have been included to illustrate CBA's historic capital ratios had it applied in prior periods

CBA's Level 1 Common Equity Tier 1 Capital Ratio was 10.7% as at 31 December 2015, which equates to a surplus of approximately A$10.1 billion above the minimum Common Equity Tier 1 capital requirement.

As outlined above, Distributions may not be paid if CBA's Common Equity Tier 1 Ratio falls into the capital conservation buffer. Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution. However, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date (or PERLS VIII are Exchanged or Redeemed), CBA cannot (subject to certain exceptions):

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

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

4.7.1.4 CBA's approach to capital management

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

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

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

Further information about CBA's approach to capital management can be found in the section entitled "Capital" in the Profit Announcement for the Half Year Ended 31 December 2015 which is available from the Shareholder Centre at www.commbank.com.au.

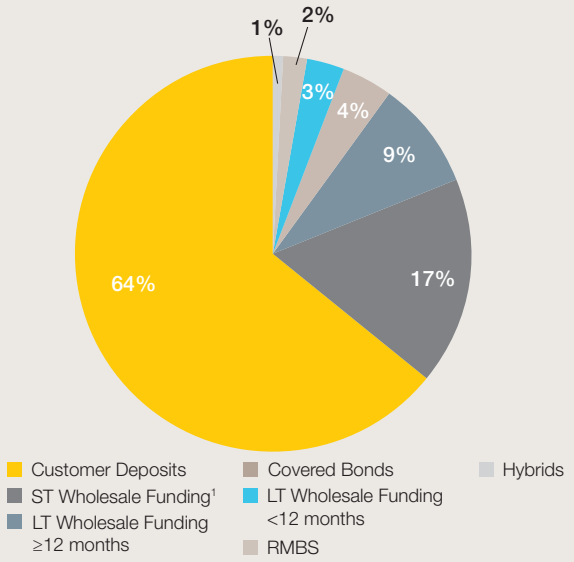
4.7.2 Funding and liquidity

4.7.2.1 Funding

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

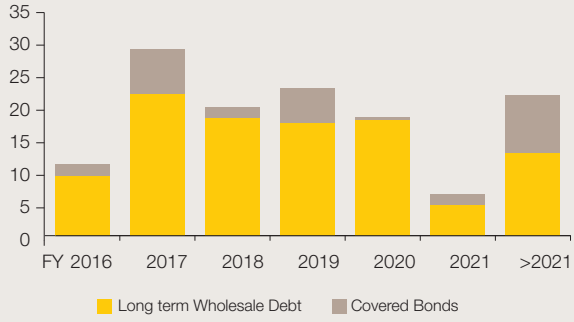
It also manages its wholesale debt maturities to ensure that it is able to repay or refinance its liabilities when they fall due.

CBA's funding by type as at 31 December 2015



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

CBA's term maturity profile as at 31 December 2015 (A$Bn)

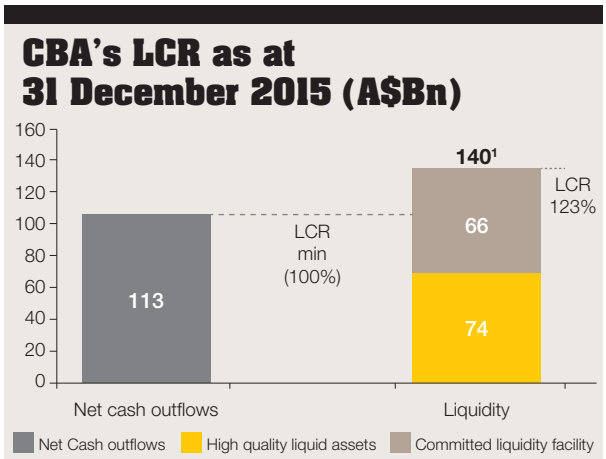


4.7.2.2 Liquidity

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

Under APRA's liquidity prudential standard, CBA is required to comply with a liquidity coverage ratio ("LCR") requirement to hold HQLA at a level that exceeds net cash outflows (>100%) as required under a 30 day stress scenario.

As at 31 December 2015, CBA's LCR was 123%.



1 Liquids are reported net of applicable regulatory haircuts

4.7.3 Explanation of CBA's revenue model

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

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

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

4.7.4 Commonwealth Bank of Australia

Consolidated Income Statement

	Half Year Ended 31 December 2015 A$M	Half Year Ended 30 June 2015 A$M	Year Ended 30 June 2015 A$M	Year Ended 30 June 2014 A$M
Interest income	16,788	16,805	34,100	33,645
Interest expense[1]	(8,425)	(8,916)	(18,339)	(18,544)
Net interest income	8,363	7,889	15,761	15,101
Other banking income[1]	2,267	2,560	4,890	4,320
Net banking operating income	10,630	10,449	**20,651**	**19,421**
Funds management income	1,186	1,245	2,396	2,356
Investment revenue	90	276	618	840
Claims, policyholder liability and commission expense	(252)	(492)	(1,011)	(1,162)
Net funds management operating income	1,024	1,029	**2,003**	**2,034**
Premiums from insurance contracts	1,463	1,424	2,797	2,604
Investment revenue	130	169	543	547
Claims, policyholder liability and commission expense from insurance contracts	(1,041)	(1,114)	(2,326)	(2,118)
Net insurance operating income	552	479	**1,014**	**1,033**
Total net operating income before impairment and operating expenses	12,206	11,957	**23,668**	**22,488**
Loan impairment expense	(564)	(548)	(988)	(918)
Operating expenses	(5,253)	(5,117)	(10,068)	(9,573)
Net profit before income tax	6,389	6,292	**12,612**	**11,997**
Corporate tax expense	(1,751)	(1,715)	(3,429)	(3,221)
Policyholder tax expense	(9)	(38)	(99)	(126)
Net profit after income tax	4,629	4,539	**9,084**	**8,650**
Non-controlling interests	(11)	(11)	(21)	(19)
Net profit attributable to Equity holders of CBA	4,618	4,528	**9,063**	**8,631**

1 Comparative information for the half year and year ended 30 June 2015 has been restated to conform to presentation in the Profit Announcement for the Half Year Ended 31 December 2015

4.7.5 Commonwealth Bank of Australia

Consolidated Balance Sheet

	As at 31 December 2015 A$M	As at 30 June 2015 A$M	As at 30 June 2014 A$M
Assets			
Cash and liquid assets	31,587	33,116	26,409
Receivables due from other financial institutions[1]	12,350	13,063	8,065
Assets at fair value through Income Statement:			
Trading	27,140	26,424	21,459
Insurance	13,316	14,088	15,142
Other	1,488	1,278	760
Derivative assets	45,532	46,154	29,247
Available-for-sale investments	78,161	74,684	66,137
Loans, bills discounted and other receivables	669,163	639,262	597,781
Bank acceptances of customers	1,640	1,944	5,027
Property, plant and equipment	3,321	2,833	2,816
Investment in associates and joint ventures	2,673	2,637	1,844
Intangible assets	10,018	9,970	9,792
Deferred tax assets	394	455	586
Other assets[1]	6,292	7,538	6,386
Total assets	**903,075**	**873,446**	**791,451**
Liabilities			
Deposits and other public borrowings	560,498	543,231	498,352
Payables due to other financial institutions	35,053	36,416	24,978
Liabilities at fair value through Income Statement	9,011	8,493	7,508
Derivative liabilities	37,357	35,213	27,259
Bank acceptances	1,640	1,944	5,027
Current tax liabilities	559	661	688
Deferred tax liabilities	360	351	366
Other provisions	1,657	1,726	1,363
Insurance policy liabilities	12,611	12,911	13,166
Debt issues	160,798	154,429	142,219
Managed funds units on issue	1,326	1,149	1,214
Bills payable and other liabilities	7,959	11,105	10,369
Loan capital	14,399	12,824	9,594
Total liabilities	**843,228**	**820,453**	**742,103**
Net assets	**59,847**	**52,993**	**49,348**
Shareholders' Equity			
Share capital:			
Ordinary share capital	33,252	27,619	27,036
Other equity instruments	939	939	939
Reserves	2,554	2,345	2,009
Retained profits	22,548	21,528	18,827
Shareholders' equity attributable to Equity holders of CBA	**59,293**	**52,431**	**48,811**
Non-controlling interests	554	562	537
Total Shareholders' equity	**59,847**	**52,993**	**49,348**

1 Comparative information as at 30 June 2015 has been restated to conform to presentation in the Profit Announcement for the Half Year Ended 31 December 2015

4.7.6 Relevant financial ratios

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

- **Expense to income ratio ("cash basis")**

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

For the six months to 31 December 2015, CBA's expense to income ratio was 42.2%. This means that, for every A$1 of operating income it earned, it had operating expenses of A$0.422.

If the expense to income ratio is too high, it may indicate that there is a risk that CBA may not be able to pay Distributions.

- **Return on equity ratio ("cash basis")**

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

For the six months to 31 December 2015, CBA's return on equity ratio was 17.2%. This means that, for every A$1 of shareholders' equity it held, it earned net profit after tax of A$0.172.

If the return on equity ratio is too low, it may indicate that there is a risk that CBA may not be able to pay Distributions.

- **Capital ratios**

The Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio represent the amount of regulatory capital CBA holds against its risk-weighted assets. Such capital absorbs losses which CBA may incur from time to time and protects depositors from realising such losses. Generally, higher capital ratios indicate CBA's financial strength which is critical to CBA's ability to refinance its debt, including PERLS VIII in the future.

As at 31 December 2015, CBA's Level 2 Common Equity Tier 1 Capital Ratio was 10.2%, its Tier 1 Capital Ratio was 12.2% and its Total Capital Ratio was 14.1%. Using the Level 2 Common Equity Tier 1 Capital Ratio as an example, this means that, for every A$1 of risk-weighted assets it had, it held A$0.102 of capital in the form of Common Equity Tier 1 Capital.

If the capital ratios are too low, it may indicate that CBA may not be able to elect to Redeem PERLS VIII in the future.

A Capital Trigger Event may occur if the Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% (see Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"). CBA has generally held Common Equity Tier 1 Capital at levels above 5.125% and intends to hold capital above this level in the future.

For further information about CBA's capital ratios, see Section 4.7.1 "Capital adequacy".

- **Leverage Ratio**

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

As at 31 December 2015, CBA's Leverage Ratio was 5.0%. This means that, for every A$1 of exposures it had, it held A$0.050 of capital in the form of Tier 1 Capital.

If the Leverage Ratio is too low, it may indicate that CBA may not be able to elect to Redeem PERLS VIII in the future.

- **Liquidity Coverage Ratio ("LCR")**

The LCR represents the amount of high quality liquid assets ("HQLA") CBA holds against net cash outflows under a 30 day stress scenario. Such HQLA ensures CBA has sufficient liquid assets to repay deposits and short term liabilities as they fall due. Generally, the LCR should be above 100%.

As at 31 December 2015, CBA's LCR was 123%. This means that, for every A$1 of potential net cash outflows, it held A$1.230 of liquidity.

If the LCR is too low, it may indicate that CBA may not be able to elect to Redeem PERLS VIII in the future.

Relevant financial ratios as at 31 December 2015

	Half Year Ended 31 December 2015	Half Year Ended 30 June 2015	Year Ended 30 June 2015	Year Ended 30 June 2014
Expense to Income Ratio ("cash basis")[1]	42.2%	43.3%	42.8%	42.9%
Return on Equity Ratio ("cash basis")[1]	17.2%	17.8%	18.2%	18.7%
Common Equity Tier 1 Capital Ratio[2]	10.2%	9.1%	9.1%	9.3%
Tier 1 Capital Ratio[2]	12.2%	11.2%	11.2%	11.1%
Total Capital Ratio[2]	14.1%	12.7%	12.7%	12.0%
Leverage Ratio[3]	5.0%	n/a	n/a	n/a
Liquidity Coverage Ratio[4]	123%	120%	120%	n/a

1 Comparative information for the half year and year ended 30 June 2015 has been restated to conform to presentation in the Profit Announcement for the Half Year Ended 31 December 2015
2 Level 2 capital ratio
3 CBA first disclosed a Leverage Ratio for the period ended 30 September 2015. At this time, the Leverage Ratio was 4.7%
4 From 1 January 2015, the Group was subject to the Liquidity Coverage Ratio

4.7.7 Impact of the Offer on CBA

The Offer raises Tier 1 Capital to satisfy CBA's regulatory capital requirements and maintain the diversity of CBA's sources and types of funding.

The net proceeds of the Offer will be used to fund CBA's business. The Offer will not have a material impact on CBA's cash flow.

The following pro forma adjustments show the changes that would be made to CBA's consolidated balance sheet for the period ended 31 December 2015 assuming the Offer was completed, A$1.17 billion of PERLS III were bought back and A$1.25 billion of PERLS VIII were issued and issue costs of A$20 million were incurred, on 31 December 2015. CBA has the ability to raise more or less than A$1.25 billion of PERLS VIII.

Commonwealth Bank of Australia

Consolidated pro forma Balance Sheet as at 31 December 2015

	As reported A$M	Pro forma adjustment A$M	Pro forma A$M
Assets			
Cash and liquid assets	31,587	64	31,651
Receivables due from other financial institutions	12,350		12,350
Assets at fair value through Income Statement			
Trading	27,140		27,140
Insurance	13,316		13,316
Other	1,488		1,488
Derivative assets	45,532		45,532
Available-for-sale investments	78,161		78,161
Loans, bills discounted and other receivables	669,163		669,163
Bank acceptances of customers	1,640		1,640
Property, plant and equipment	3,321		3,321
Investment in associates and joint ventures	2,673		2,673
Intangible assets	10,018		10,018
Deferred tax assets	394		394
Other assets	6,292		6,292
Total assets	**903,075**	**64**	**903,139**
Liabilities			
Deposits and other public borrowings	560,498		560,498
Payables due to other financial institutions	35,053		35,053
Liabilities at fair value through Income Statement	9,011		9,011
Derivative liabilities	37,357		37,357
Bank acceptances	1,640		1,640
Current tax liabilities	559		559
Deferred tax liabilities	360		360
Other provisions	1,657		1,657
Insurance policy liabilities	12,611		12,611
Debt issues	160,798		160,798
Managed funds units on issue	1,326		1,326
Bills payable and other liabilities	7,959		7,959
Loan capital	14,399	64	14,463
Total liabilities	**843,228**	**64**	**843,292**
Net assets	**59,847**	–	**59,847**
Shareholders' Equity			
Share capital			
Ordinary share capital	33,252		33,252
Other equity instruments	939		939
Reserves	2,554		2,554
Retained profits	22,548		22,548
Shareholders' equity attributable to Equity holders of CBA	**59,293**	–	**59,293**
Non-controlling interests	554		554
Total Shareholders' equity	**59,847**	–	**59,847**

The following pro forma adjustments show the changes that would be made to relevant financial ratios as at 31 December 2015 assuming the Offer was completed, A$1.17 billion of PERLS III were bought back, and A$1.25 billion of PERLS VIII were issued and issue costs of A$20 million were incurred, on 31 December 2015.

Pro forma relevant financial ratios as at 31 December 2015

	As reported	Pro forma adjustment	Pro forma
Expense to Income Ratio ("cash basis")[1]	42.2%	–	42.2%
Return on Equity Ratio ("cash basis")[1]	17.2%	–	17.2%
Common Equity Tier 1 Capital Ratio[2]	10.2%	–	10.2%
Tier 1 Capital Ratio[2]	12.2%	–	12.2%
Total Capital Ratio[2]	14.1%	–	14.1%
Leverage Ratio	5.0%	–	5.0%
Liquidity Coverage Ratio	123%	–	123%

1 There is no change to these ratios because all costs are capitalised and amortised over time
2 Level 2 capital ratio

CBA's old offices,
48 Martin Place, Sydney

CBA's new offices,
Commonwealth Bank Place,
Harbour Street, Sydney

Section FIVE

Risks of CommBank PERLS VIII Capital Notes

5.1 Introduction

5.2 Risks associated with CommBank PERLS VIII Capital Notes specifically

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

5.1 Introduction

There are risks which could affect the performance of CommBank PERLS VIII Capital Notes including:

- risks associated with PERLS VIII specifically; and
- risks associated with CBA's businesses which may affect PERLS VIII.

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

The risks outlined in this section are not exhaustive and there may be other risks which may affect the performance of PERLS VIII.

5.2 Risks associated with CommBank PERLS VIII Capital Notes specifically

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

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

5.2.2 Holders of PERLS VIII are subordinated and unsecured creditors

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

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

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

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

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

5.2.3 Distributions may not be paid

Payment of a Distribution is subject to:

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

In addition, from 1 January 2016, the capital conservation buffer requirement will apply to CBA. Distributions may not be paid if CBA's Common Equity Tier 1 Ratio falls into the capital conservation buffer. For further information, see Section 4.7.1 "Capital adequacy".

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

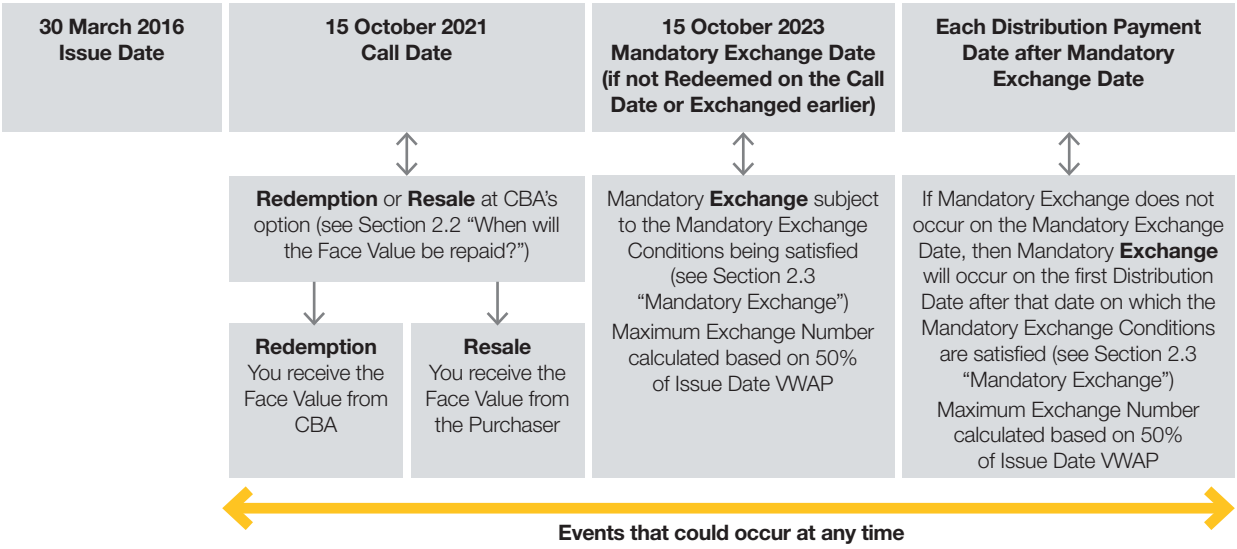
- declare or determine a dividend on Ordinary Shares; or
- return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares.

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

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

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

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



5.2.4.1 Holders may receive Ordinary Shares on the Mandatory Exchange Date

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

Normally, you will receive a variable number of Ordinary Shares with a value equal to A$101.01 (based on the Initial Face Value of A$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount, see Section 2.3 "Mandatory Exchange"). For example, if the *VWAP of Ordinary Shares immediately prior to the Exchange Date* was $80, you would receive 1.26 Ordinary Shares per PERLS VIII. If the Ordinary Share price on the Exchange Date remained $80, this would have a market value of $101.01.

However, CBA will only be required to Exchange PERLS VIII if all the Mandatory Exchange Conditions are satisfied (see Section 2.3 "Mandatory Exchange"). For example, if the *Issue Date VWAP* had been $75, then:

- under the First Mandatory Exchange Condition, if the VWAP of Ordinary Shares on the 25th Business Day before the Mandatory Exchange Date was greater than $42, the First Mandatory Exchange Condition would be satisfied;
- under the Second Mandatory Exchange Condition, if the VWAP of Ordinary Shares during the period of 20 Business Days before the Mandatory Exchange Date was greater than $37.88, then the Second Mandatory Exchange Condition would be satisfied.

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

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

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

If you wish to sell your Ordinary Shares, there is also a risk that Ordinary Shares may no longer be listed on ASX at the time of Exchange and you may not be able to sell your Ordinary Shares at all.

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

Unless Redeemed or Exchanged earlier, PERLS VIII must be Exchanged upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event.

The Mandatory Exchange Conditions do not apply. Therefore, CBA will be required to Exchange PERLS VIII in all circumstances, regardless of the level at which the Ordinary Share price is trading, and the Maximum Exchange Number may limit the number of Ordinary Shares you receive.

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

- if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event);
- the maximum number of Ordinary Shares that you can receive is limited to a number calculated based on 20% of the Issue Date VWAP. For example, if the *Issue Date VWAP* had been $75, then the Maximum Exchange Number would be 6.67 Ordinary Shares per PERLS VIII; and
- to realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price. However, depending on the time you decide to sell and the market price at that time, it is possible that your sale proceeds may be less than the Face Value.

If you wish to sell your Ordinary Shares, there is also a risk that Ordinary Shares may no longer be listed on ASX at the time of Exchange and you may not be able to sell your Ordinary Shares at all.

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

Unless Redeemed or Exchanged earlier, PERLS VIII must be Exchanged upon the occurrence of a Change of Control Event (subject to the Mandatory Exchange Conditions).

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

5.2.4.4 Consequences of holding Ordinary Shares

Ordinary Shares are a different type of investment to PERLS VIII. Dividends are payable at the absolute discretion of CBA and the amount of each dividend is discretionary (not subject to a formula). In contrast, distributions on PERLS VIII are payable in accordance with the formulae in clauses 2.2 and 2.3 and subject to the distribution payment conditions in clause 2.5 of the Terms. In a winding up of CBA, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of CBA. In contrast, claims of PERLS VIII holders rank ahead of holders of Ordinary Shares.

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

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

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

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

The Common Equity Tier 1 Capital Ratio is the ratio of CBA's Common Equity Tier 1 Capital to its risk-weighted assets, where Common Equity Tier 1 Capital is the strongest form of capital held by CBA.

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

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

- Exchange of all or some PERLS VIII (or the taking of any action in relation to other capital instruments of the CBA Group) is necessary because, without it, CBA would become non-viable; or
- a public sector injection of capital, or equivalent support, is necessary because, without it CBA would become non-viable.

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

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

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

In Section 5.3 "Risks associated with CBA's businesses which may affect CommBank PERLS VIII Capital Notes", a number of general risks associated with CBA's businesses are outlined. If one, or a combination, of these risks leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, CBA believes this may be the type of situation in

which APRA becomes concerned and notifies CBA that it has become non-viable. It should be noted that these are examples. The risks outlined in Section 5.3 are not exhaustive and there may be other risks which affect the performance of CBA.

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

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

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

The inclusion of the Capital Trigger Event and Non-Viability Trigger Event is intended to provide an advanced framework for the treatment of Holders if CBA experiences significant financial difficulty. Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, CBA must immediately Exchange all or some PERLS VIII (or a percentage of the Face Value of each PERLS VIII). The Mandatory Exchange Conditions do not apply and the Terms provide that Exchange occurs automatically without the need for any further act or step by CBA and that CBA will recognise Holders as having been issued Ordinary Shares. Any ASX trades in PERLS VIII that have not settled on the date a Capital Trigger Event or Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+2 settlement[1], although the seller will be treated as having delivered, and the buyer will be treated as having acquired, the number of Ordinary Shares into which PERLS VIII have been Exchanged as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event.

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

However, the number of Ordinary Shares you will receive is limited to the Maximum Exchange Number. For further information about the consequences of the application of the Maximum Exchange Number, see Section 5.2.4 "PERLS VIII may be Exchanged for Ordinary Shares on the Mandatory Exchange Date or if certain events occur".

If the Exchange is not effective and CBA has not otherwise issued Ordinary Shares within 5 Business Days, then Holders' rights under the relevant PERLS VIII will be terminated. Your investment in the relevant PERLS VIII will lose all of its value – the Face Value will not be repaid and you will not receive any compensation. This could occur if CBA was prevented from issuing Ordinary Shares by circumstances outside its control, for example, if CBA was prevented by an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares.

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

CBA conservatively and proactively manages its capital, funding and liquidity positions to avoid experiencing financial difficulty. As at 31 December 2015, CBA's Level 2 Common Equity Tier 1 Capital Ratio was 10.2%, which equates to a surplus of approximately A$20.1 billion above the Capital Trigger Event level of 5.125%.

For further information about CBA's capital, funding and liquidity positions, how they are managed and the CBA Level 2 Common Equity Tier 1 Capital Ratio surplus above the level of 5.125%, see Section 4.7.1 "Capital adequacy" and Section 4.7.2 "Funding and liquidity". However, there are a number of risks which are wholly or partly outside CBA's control as discussed in Section 5.3 below.

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

PERLS VIII may not be Exchanged on the scheduled Mandatory Exchange Date because the Mandatory Exchange Conditions are not satisfied. If Exchange does not occur, you will continue to hold your PERLS VIII until the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied, at which time Exchange will occur. PERLS VIII are a perpetual security and it is possible that the Mandatory Exchange Conditions may never be satisfied and that PERLS VIII may never be Exchanged.

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

5.2.7 CBA may Redeem PERLS VIII if certain events occur

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

In relation to potential tax issues, the Board of Taxation is currently consulting on the potential implementation of anti-hybrid rules being developed by the Organisation for Economic Cooperation and Development ("OECD"). The proposed OECD rules refer to "hybrids", which is a reference to specific types of cross-border hybrid mismatch arrangements, which can arise due to different tax rules applying in different countries to the same instrument. In November 2015, the Board of Taxation published a consultation paper which, amongst other things, seeks industry input on a possible exemption for arrangements which form part of a financial institution's regulatory capital. The Board of Taxation is not expected to report to the Government until at least March 2016 and the Government's response is not expected prior to May 2016. At this time, there is currently no indication that the Government will implement legislation that will

1 Assuming that T+2 settlement commences 7 March 2016 as proposed by ASX

affect PERLS VIII. The New Zealand Government has not published any information in relation to the proposed rules at this time but is expected to consider the OECD's proposals in 2016.

If PERLS VIII are Redeemed for tax or regulatory reasons then, depending on market conditions at the time, you may not be able to reinvest the amount you receive on Redemption or Resale at a similar rate of return to the rate of return you expected on your PERLS VIII if you had continued to hold them. In addition, the timing or occurrence of the Redemption or Resale may not coincide with your individual preferences.

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

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

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

5.2.9 CBA may raise more debt and issue other securities

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

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

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

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

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

5.2.10 The Distribution Rate will fluctuate

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

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

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

5.2.11 The market price of PERLS VIII will fluctuate

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

- changes in Australian and international economic conditions, interest rates, credit margins, inflation rates and foreign exchange rates;
- if CBA's financial performance or position declines, or if market participants anticipate that it may decline, an investment in PERLS VIII could decline in value even if PERLS VIII have not been Exchanged;
- changes to CBA's credit rating. For further information about the impacts of credit ratings on CBA, see Section 5.3.8 "CBA may be adversely affected by changes in credit ratings";
- movements in the market price of equity and/or other debt issued by CBA or by other issuers;
- changes in investor perceptions and sentiment in relation to CBA or the financial services industry; and
- other major Australian and international events such as hostilities and tensions, and acts of terrorism.

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

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

CBA does not guarantee the market price of PERLS VIII.

5.2.12 The liquidity of PERLS VIII may be low

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

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

5.2.13 Holders may be subject to FATCA withholding and information reporting

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

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

withhold US tax on some portion of payments in relation to PERLS VIII if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the IRS (and are not otherwise required to comply with the FATCA regime under applicable laws or are otherwise exempt from complying with the requirements to enter into a FATCA agreement with the IRS).

If CBA or any other person is required to withhold amounts under or in connection with FATCA from any payments made in relation to PERLS VIII, Holders and beneficial owners of PERLS VIII will not be entitled to receive any gross up or additional amounts to compensate them for such withholding.

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

5.2.14 CBA may amend the Terms

CBA may amend the Terms in two ways:

- without the consent of Holders and subject to compliance with relevant laws – as set out in the Terms, including if the amendment is of a formal, technical or minor nature; to correct an error; to facilitate the listing; where there is no material prejudice; or to enable the substitution of a non-operating holding company ("NOHC") as the debtor of PERLS VIII provided certain substitution conditions are satisfied; and
- with the consent of Holders – if a Special Resolution is passed.

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

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

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

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

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

5.2.16 Powers of an ADI Statutory Manager and of APRA

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

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

5.3.1 CBA may be adversely affected by a downturn in the Australian economy

A significant proportion of CBA's business is related to Australia. A material downturn in the Australian economy may increase unemployment, increase loan defaults, decrease house prices and other asset prices, decrease the value of security held and adversely affect CBA's opportunities for business growth. Different parts of the economy may be affected at different times.

CBA monitors market, industry and company specific developments which may affect the Australian economy and adjusts its businesses to reflect current and expected conditions. However, it is difficult to predict every development that may affect the Australian economy, particularly international developments.

5.3.2 CBA may be adversely affected by disruption to global markets

As a diversified financial institution, CBA may be affected by market disruption in a number of ways. CBA's ability to maintain its liquidity, which is critical to its solvency, may be affected. CBA's businesses also operate in, or depend on the operation of, these markets, either directly or indirectly, including through exposures in securities, loans, derivatives and other activities (including risk management activities). CBA's insurance and wealth management businesses invest their assets in the financial markets. In addition, disruption to the financial markets can flow through to the real economy, slowing or contracting major global economies, and adversely affecting CBA's opportunities for business growth.

CBA's ability to raise funding at an acceptable price, or at all, may be affected. This may adversely affect its costs, performance, financial position and financial flexibility. It may affect its ability to repay debt and access capital and funding for growth.

CBA monitors economic, market, industry and company specific developments. CBA also maintains substantial liquidity buffers and funds itself with a high proportion of long-term debt. However, it is difficult to predict how long adverse conditions will persist and which economies, markets, industries and companies will be affected.

5.3.3 CBA is subject to extensive regulation which may adversely affect its performance or financial position

CBA and its businesses are subject to extensive regulation by Australian regulators and regulators in other jurisdictions in which CBA conducts business, particularly relating to capital levels, liquidity levels, provisioning, and insurance policy terms and conditions.

APRA has very wide powers under the Banking Act, including in limited circumstances to direct banks, including CBA, not to make payments.

CBA's businesses and performance are also affected by the fiscal or other policies (including taxation) that are adopted by the Australian government and governments in other jurisdictions in which CBA conducts business.

CBA is currently carefully monitoring two areas of potential regulatory reform: the Financial System Inquiry, and a review of the Basel III regulatory capital framework being conducted by the Basel Committee on Banking Supervision ("BCBS").

The Australian Government recently completed a review of the Australian financial system, called the Financial System Inquiry. The Financial System Inquiry released a final report containing recommendations for policy changes in December 2014. In July 2015, APRA responded to a Financial System Inquiry recommendation that Australian authorised deposit-taking institutions that use internal ratings based methodologies to determine their regulatory capital requirements should be required to hold higher levels of capital against their mortgage portfolios. While the changes do not apply until 1 July 2016, CBA has prudently raised $5.1bn of capital through the issue of ordinary shares to satisfy the current and expected future requirements, completing this equity raising in September 2015. In October 2015, the Australian Government also responded to the report and agreed that 33 out of 34 of the Inquiry's recommendations should be implemented. The financial services industry is currently awaiting details as to how this will occur.

In relation to the review of Basel III, the BCBS is reviewing a number of technical issues in relation to credit risk, trading risk and operational risk. It has also proposed to introduce a capital floor based on a standardised (or non-internal ratings based) approach. In December 2015, the BCBS proposed a revised standardised approach for credit risk, which has a number of methodology changes to credit risk weight calculations. The BCBS has asked banks to complete a quantitative impact study to understand the impact of these proposals and subsequently determine the calibration of the revised standardised approach. Consequently, the impact of the revised approach on CBA is not yet known.

In relation to other changes, the BCBS has conducted a number of quantitative impact studies on these issues, but the results of those studies, and the potential direction of the final regulatory reforms, is not yet known. Banks globally have made representations to the BCBS that the proposals should include a sufficient implementation period to enable banks to implement the regulatory reforms in an orderly manner.

Any change in regulation or policy may adversely affect the performance or financial position of CBA, either on a short-term or long-term basis. CBA may also be adversely affected if the pace or extent of such change exceeds CBA's ability to implement these changes.

5.3.4 CBA may incur losses associated with customer, counterparty and supplier exposures

CBA lends to both retail and non-retail customers. Customers may default on their obligations to CBA due to insolvency, and credit risk is one of CBA's most significant risks. CBA enters into transactions with a number of other counterparties, for example to hedge CBA's risks, and suppliers. These counterparties may default on their obligations to CBA due to insolvency, illiquid markets, foreign exchange controls, operational failure or other reasons, and failure of suppliers may affect CBA's ability to service its customers.

CBA monitors economic, market, industry and company specific developments which may affect customers and counterparties and adjusts its exposures to customers and counterparties as necessary. However, it is not possible to predict every development that may affect a customer or counterparty.

5.3.5 CBA may be adversely affected by exchange rates

A significant proportion of CBA's wholesale funding is raised in international capital markets in currencies other than Australian dollars. This exposes CBA to exchange rate risk as the currency in which CBA reports its financial position is Australian dollars. CBA hedges its funding to minimise this risk.

Similarly, a proportion of CBA's profits from its operations in jurisdictions other than Australia is earned in currencies other than Australian dollars. CBA hedges these profits where appropriate.

However, CBA's ability to hedge at an acceptable price, or at all, may be affected by a disruption to global markets. CBA may change its hedging strategy at that time and there is no guarantee that CBA's hedging strategy will be sufficient or effective. CBA may also be affected if a hedge counterparty defaults on its obligations to CBA.

5.3.6 CBA is subject to operational risks and may incur losses

CBA's businesses are highly dependent on their ability to process and monitor a very large number of transactions, many of which are complex, across numerous and diverse markets and in many currencies, on a daily basis. CBA's financial, accounting, data processing or other operating systems and facilities may fail to operate properly, or become unstable or vulnerable as a result of events that are wholly or partly outside CBA's control. Poor decisions may be made due to data quality issues and inappropriate data management. This may cause CBA to incur losses.

In addition, CBA is exposed to the risk of loss resulting from product complexity and pricing risk; client suitability and servicing risk (including distribution risk and mis-selling); incorrect evaluating, recording or accounting for

transactions; human error; breaches of CBA's internal policies and regulations; breaches of security; theft and fraud; inappropriate conduct of employees; and improper business practices.

CBA employs a range of risk identification, mitigation and monitoring and review techniques. However, those techniques and the judgments that accompany their use cannot anticipate every risk and outcome or the timing of such incidents.

5.3.7 CBA is subject to information security risks, including cyber attacks and data security breaches

CBA uses new technologies, internet and telecommunications in its day-to-day operations and the growing sophistication and activities of organised crime have resulted in increased information security risks for banks including CBA.

CBA has information technology security systems in place to detect cyber attacks and implement measures to protect security, integrity and confidentiality of its information. However, there is a risk that these systems may fail, as a result, CBA will incur losses from cyber attacks or other information security breaches.

5.3.8 CBA may be adversely affected by changes in credit ratings

CBA raises a significant portion of its wholesale funding in international capital markets, which rely on its credit rating to evaluate CBA.

CBA's ability to raise funding and other aspects of its performance may be affected if it fails to maintain its credit ratings. Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which they assign credit ratings. Such changes could adversely affect the market price, liquidity and performance of PERLS VIII or Ordinary Shares received on Exchange.

Some ratings agencies also assign ratings to regulatory capital securities for use by wholesale investors. The ratings agencies may announce changes in their methodology for rating these securities and/or the ratings of these securities themselves (such as PERLS VIII). These announcements could occur either during the Offer Period or after PERLS VIII has been issued.

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

CBA faces intense competition in all of its businesses and jurisdictions in which it conducts business. This may affect profit margins, make businesses unsustainable, result in loss of key personnel, and adversely affect its performance and opportunities for growth.

5.3.10 CBA may be adversely affected by harm to its reputation

CBA manages risks relating to legal and regulatory requirements, sales, trading and advisory practices, potential conflicts of interest, money laundering laws, foreign exchange controls, trade sanctions laws, privacy laws, ethical issues and conduct by companies in which CBA holds strategic investments, which may cause harm to its reputation amongst customers and investors.

In addition, failure to appropriately manage some of these risks could subject CBA to litigation, legal and regulatory enforcement actions, fines and penalties.

5.3.11 Acquisitions of other businesses, or divestments of existing businesses, by CBA may adversely affect its performance and financial position

From time to time, CBA evaluates and undertakes acquisitions of other businesses. There is a risk that CBA may not achieve expected synergies from the acquisition as a result of not having the requisite skills and capabilities for the new businesses, difficulties in integrating systems and processes, not achieve expected cost savings or otherwise incur losses. This may adversely affect its performance and financial position.

In addition, there is a risk that CBA may experience disruptions to its existing businesses resulting from difficulties in integrating the systems and processes of the acquired business, and may lose customers and market share as a result. Multiple acquisitions at the same time may exacerbate these risks.

In relation to divestments, there is a risk that CBA may experience disruptions in the divestment process, including to existing businesses, which may cause customers to remove their business from CBA.

CBA employs a range of acquisition evaluation, risk monitoring and risk mitigation techniques. However, those techniques and the judgments that accompany their use cannot anticipate every risk and outcome or the timing of such outcome.

5.3.12 CBA may be adversely affected by catastrophic events

CBA conducts business in many locations in many jurisdictions. If a catastrophic event (including fire, storm, flood, earthquake, pandemic or other widespread health emergency, civil unrest, war or terrorism) occurs in any of those locations, CBA may experience losses relating to property damage or disruptions to its business or its customers' businesses. This may affect the value of assets held by CBA or assets over which CBA holds security. CBA maintains a global insurance program for a number of these catastrophic risks. In addition, such events could affect market activity and confidence and cause disruption to global markets.

CBA operates general and life insurance businesses under various brands, including CommInsure in Australia and Sovereign in New Zealand, and may experience higher than expected losses as a result of paying claims. CBA re-insures these risks where appropriate.

CBA's innovation lab houses the latest technology to enable faster collaboration and ideation

CBA's ledger posting machinists in the 1920s

Section SIX

Other Information

6.1 No material breaches of loan covenants or debt obligations

6.2 Other documents relevant to the Offer

6.3 Incorporation by reference

6.4 Summary of Australian tax consequences for Holders

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6.6 US Persons

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6.10 Dealings in CommBank PERLS VIII Capital Notes

6.11 Personal information

6.12 ASIC and ASX relief

6.13 Governing law

6.14 Consent of Directors

6.1 No material breaches of loan covenants or debt obligations

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

6.2 Other documents relevant to the Offer

6.2.1 Trust Deed

Under the Trust Deed, the Trustee holds the rights in relation to PERLS VIII on trust for Holders. In certain circumstances, the Trustee will act on behalf of Holders.

A summary of the Trust Deed, and the full Trust Deed, can be obtained from www.commsec.com.au during the Offer Period and from the Shareholder Centre at www.commbank.com.au after the Issue Date.

6.2.2 Financial Statements

The Profit Announcement for the Half Year Ended 31 December 2015 can be obtained from www.commsec.com.au during the Offer Period and from the Shareholder Centre at www.commbank.com.au after the Issue Date.

6.2.3 Offer Management Agreement

The Arrangers and the Joint Lead Managers have entered into an agreement with CBA to manage the Offer. This agreement is called the Offer Management Agreement.

A summary of the Offer Management Agreement can be obtained from www.commsec.com.au during the Offer Period and from the Shareholder Centre at www.commbank.com.au after the Issue Date.

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

6.2.4 Constitution

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

A summary of the Constitution, and the full Constitution, can be obtained from www.commsec.com.au during the Offer Period and from the Shareholder Centre at www.commbank.com.au after the Issue Date.

6.2.5 Availability of documents

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

- the Profit Announcement for the Half Year Ended 31 December 2015 lodged with ASIC by CBA; and
- the Annual Report 2015 lodged with ASIC by CBA;
- any continuous disclosure notices given by CBA in the period after the lodgement of the Annual Report 2015 and before the lodgement of this Prospectus with ASIC.

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

Investor Relations
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

6.3 Incorporation by reference

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

6.4 Summary of Australian tax consequences for Holders

6.4.1 Introduction

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

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

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

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

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

In addition, the Board of Taxation is currently consulting on the potential implementation of anti-hybrid rules being developed by the Organisation for Economic Cooperation and Development (“OECD”). The proposed OECD rules refer to “hybrids”, which is a reference to specific types of cross-border hybrid mismatch arrangements, which can arise due to different tax rules applying in different countries to the same instrument. The Board of Taxation, is not expected to report to the Government until at least March 2016 and the Government’s response is not expected prior to May 2016. At this time, there

is currently no indication that the Government will implement legislation that will affect PERLS VIII. For further information on this issue, see Section 5.2.7 "CBA may Redeem PERLS VIII if certain events occur".

6.4.2 Class ruling sought on PERLS VIII

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

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

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

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

6.4.3 Distributions on PERLS VIII

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

6.4.3.1 Australian resident Holders

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

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

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

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

- to satisfy the "holding period rule", a Holder must have held their PERLS VIII "at risk" for a continuous period of at least 90 days (excluding the day of disposal) within a period beginning on the day after the day on which they are acquired and ending on the 90th day after they become ex-distribution. To be held "at risk", a Holder must retain 30% or more of the risks and benefits associated with holding their PERLS VIII. Where a Holder undertakes risk management strategies in relation to their PERLS VIII (e.g. by the use of limited recourse loans, options or other derivatives), the Holder's ability to satisfy the "at risk" requirement of the "holding period rule" may be affected; and
- under the "related payments rule", a Holder who is obliged to make a "related payment" (essentially a payment passing on the benefit of the Distribution) in respect of a Distribution must hold the PERLS VIII "at risk" for at least 90 days (not including the days of acquisition and disposal) within each period beginning 90 days before, and ending 90 days after, they become ex-distribution.

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

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

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

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

6.4.3.2 Non-Australian resident Holders

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

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

6.4.4 Disposal of PERLS VIII

6.4.4.1 Disposal other than through Exchange

(a) Australian resident Holders

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

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

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

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

(b) Non-Australian resident Holders

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

6.4.4.2 Disposal through Exchange

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

6.4.5 Ordinary Shares acquired on Exchange

6.4.5.1 Australian resident Holders

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

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

6.4.5.2 Non-Australian resident Holders

The tax treatment of any dividends received on Ordinary Shares will be broadly similar to that discussed in section 6.4.3.2.

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

6.4.6 Provision of TFN and/or ABN

The Taxation Administration Act 1953 (Cth) imposes withholding tax (currently at the rate of 49%, reducing to 47% from 1 July 2017) on the payment of distributions on certain types of investments such as the unfranked part (if any) of Distributions.

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

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

6.4.7 GST

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

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

6.4.8 Stamp duty

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

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

The following is a summary of the Australian tax consequences for certain Australian resident Eligible PERLS III Holders who are subject to Class Ruling CR 2006/9 and who participate in the Reinvestment Offer.

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

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

6.5.1 Final distribution on PERLS III

Eligible PERLS III Holders who participate in the Reinvestment Offer will be eligible to receive a discretionary final distribution on their PERLS III on 6 April 2016.

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

6.5.2 Disposal of PERLS III

For CGT purposes, Eligible PERLS III Holders who participate in the Reinvestment Offer will be taken to have disposed of their PERLS III. The proceeds from the disposal will be $200 per PERLS III (which will then be used to subscribe for PERLS VIII).

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

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

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

6.6 US Persons

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

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

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

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

6.7 Consents to be named

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

- PCL;
- each Arranger;
- each Joint Lead Manager;
- each Co-Manager;
- Trustee;
- PricewaterhouseCoopers Securities Ltd;
- Herbert Smith Freehills;
- Greenwoods & Herbert Smith Freehills;
- Russell McVeagh; and
- Registry.

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

6.8 Interests of Advisers

CBA will pay to the Arrangers a fee of A$17 million, based on certain assumptions in relation to the final Offer size and the allocation of PERLS VIII between the Reinvestment Offer, Broker Firm Offer and Securityholder Offer.

The Arrangers will pay (out of their own fees), on behalf of CBA, the Joint Lead Managers a management fee of 0.50%, and a selling fee of 1.00%, of their Broker Firm Allocation. The Arrangers will pay, on behalf of CBA, the Co-Managers and Participating Brokers a selling fee of 1.00% of their Broker Firm Allocation.

The Arrangers may approach certain institutional investors to participate in the Bookbuild and, if they apply for and hold their PERLS VIII until the Second Distribution Payment Date, the Arrangers may pay them a commitment fee of 0.50% of their Allocation.

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

Herbert Smith Freehills is acting as Australian legal adviser to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A$240,000 (excluding disbursements and GST) will be payable to Herbert Smith Freehills. Further amounts may be paid to Herbert Smith Freehills under its normal time based charges.

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

Russell McVeagh is acting as New Zealand legal and tax adviser to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A$65,000 (excluding disbursements and New Zealand goods and services tax) will be payable to Russell McVeagh. Further amounts may be paid to Russell McVeagh under its normal time based charges.

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

The Trust Company (Australia) Limited is acting as the Trustee and CBA will pay to The Trust Company (Australia) Limited fees for performing this role.

Other than as disclosed in this Prospectus:

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

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

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

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

6.9 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director holds at the date of this Prospectus, or has held in the two years before this date, an interest in:

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

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

The Directors (and their respective associates) may acquire PERLS VIII under the Offer, including through the Reinvestment Offer to the extent they hold PERLS III. Holdings of these securities are subject to the ASX Listing Rules (including the waivers described in Section 6.12 "ASIC and ASX relief"). Details of the Directors' holdings of Ordinary Shares, PERLS III and other securities of CBA are disclosed to, and available from, the ASX at www.asx.com.au. Details of the remuneration paid to Directors is set out in the Remuneration Report in the Annual Report 2015. The Annual Report 2015 can be obtained free of charge from the Shareholder Centre at www.commbank.com.au.

6.10 Dealings in CommBank PERLS VIII Capital Notes

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

6.11 Personal information

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

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

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

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

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

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

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

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

6.12 ASIC and ASX relief

CBA has received ASIC relief in relation to section 713 of the Corporations Act and Class Order 00/195 to permit CBA to issue a transaction-specific prospectus in relation to PERLS VIII and Ordinary Shares.

CBA has received the following ASX confirmations or waivers in relation to the Terms, the Offer and the Reinvestment Offer:

- a confirmation that the Terms are appropriate and equitable for the purposes of listing rule 6.1;
- a confirmation that listing rule 6.12 does not apply to Exchange, resale or repurchase of PERLS VIII;
- a confirmation that listing rule 7.1 is to be applied to CBA as if PERLS VIII were counted as the number of Ordinary Shares into which they would convert based on the market price of Ordinary Shares immediately prior to the announcement of the Offer;
- a waiver to listing rule 10.11 to permit the Directors and their associates collectively to participate in the Offer without shareholder approval subject to the Directors and their associates being restricted to applying for in aggregate no more than 0.20% of the number of PERLS VIII issued;
- approval to allow PERLS VIII to trade on a deferred settlement basis for a short time following the Issue Date and quotation of PERLS VIII on ASX; and
- a confirmation that the timetable for the Reinvestment Offer is acceptable.

ASX has also provided certain confirmations in relation to CBA's use of CHESS message functionality in connection with the Reinvestment Offer.

6.13 Governing law

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

6.14 Consent of Directors

This prospectus is authorised by each Director who has consented to its lodgement with ASIC.

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Commonwealth Bank Place allows staff to choose their work environment according to their needs

CBA's Clearing Department in 1960

Section Seven

How to Apply

7.1 Applying for CommBank PERLS VIII Capital Notes

7.2 Completing and lodging your Application

7.3 Issue and quotation of CommBank PERLS VIII Capital Notes

7.4 Trading and Holding Statements

7.1 Applying for CommBank PERLS VIII Capital Notes

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

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

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

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

7.1.1 Applying under the Reinvestment Offer

The Reinvestment Offer is only relevant to Eligible PERLS III Holders. You are an Eligible PERLS III Holder if you are a registered holder of PERLS III at 7.00pm on the Reinvestment Offer Record Date (22 February 2016) and:

- you have a registered address in Australia; or
- you have a registered address outside of Australia and you satisfy the conditions outlined in the section "Restrictions on foreign jurisdictions" on the inside front cover of this Prospectus.

If you hold PERLS VI, PERLS VII, Colonial Group Subordinated Notes or Ordinary Shares but do not also hold PERLS III, the Reinvestment Offer is not available to you. However, you may apply for PERLS VIII under the Securityholder Offer.

The Closing Date for the Reinvestment Offer is 5.00pm (Sydney time) 18 March 2016.

For further information about the Reinvestment Offer, see Section 3 "Information about the Reinvestment Offer".

You must complete the personalised Reinvestment Form which is sent to you. If you did not receive a Reinvestment Form or would like a replacement Reinvestment Form, please call the PERLS VIII Information Line on 1800 218 694 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

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

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

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

If you wish to apply for additional PERLS VIII, you can do so through the Securityholder Offer by completing Section D of the Reinvestment Form. You will have to lodge your Reinvestment Form, with accompanying Application Monies for any additional PERLS VIII that you apply for, by 22 February 2016.

For further information about the Securityholder Offer, see section 7.1.3 "Applying under the Securityholder Offer".

7.1.2 Applying under the Broker Firm Offer

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

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

7.1.3 Applying under the Securityholder Offer

The Securityholder Offer is available to Eligible Securityholders.

You are an Eligible Securityholder if, on 22 February 2016, you:

- are a holder of Ordinary Shares; or
- are a holder of PERLS III, PERLS VI or PERLS VII; or
- are a holder of Colonial Group Subordinated Notes,

and:

- you have a registered address in Australia; or
- you have a registered address outside Australia and you satisfy the conditions outlined in "Restrictions on foreign jurisdictions" on the inside front cover of this Prospectus.

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

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

7.1.4 Applications by Institutional Investors

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

7.2 Completing and lodging your Application

7.2.1 Minimum Application

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

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

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

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

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

Mail Address

PERLS VIII Offer
c/- Link Market Services Limited
Reply Paid 1508
Sydney South NSW 1234
Australia

Delivery Address

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

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

Mail Address

PERLS VIII Offer
c/- Link Market Services Limited
Reply Paid 3560
Sydney NSW 2001
Australia

Delivery Address

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

Application Monies must be paid by cheque and/or money order in Australian dollars drawn on an Australian branch of a financial institution. It should be made payable to "PERLS VIII Offer Account" and be crossed "not negotiable".

Applications and Application Monies must be received at one of the above addresses by 5.00pm (Sydney time) on the Closing Date which is expected to be 18 March 2016 for Applications under the Reinvestment Offer and for all other Applications.

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

7.2.3 No brokerage or stamp duty

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

7.2.4 Allocation policy and refunds

Applications may be scaled back if there is excess demand for the Offer. Priority will be given to Applications received under the Reinvestment Offer over the Securityholder Offer. If your Application is accepted, this does not mean that your Application will be accepted in full as CBA reserves the right to scale back your Application. Any scale back and the basis of Allocation will be announced on the Issue Date (expected to be 30 March 2016) on ASX and through advertisements in The Australian and Australian Financial Review newspapers.

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

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

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

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

7.3 Issue and quotation of CommBank PERLS VIII Capital Notes

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

It is expected that PERLS VIII will be quoted under code "CBAPE".

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

7.4 Trading and Holding Statements

7.4.1 Commencement of trading of PERLS VIII on ASX

It is expected that PERLS VIII will begin trading on ASX on a deferred settlement basis on 31 March 2016. Trading on a deferred settlement basis occurs when Holding Statements have not yet been despatched and it is not possible to settle trades on a trade date plus two business days (T+2) basis[1].The trade is settled on a date specified by ASX.

It is expected that PERLS VIII will begin trading on ASX on a normal settlement basis on 4 April 2016.

It is your responsibility to determine your holding of PERLS VIII before trading to avoid the risk of selling PERLS VIII you do not own. To assist you in determining your holding prior to receipt of a Holding Statement, CBA will announce the basis of Allocation by placing advertisements in The Australian and Australian Financial Review newspapers on or around the Issue Date (expected to be 30 March 2016). You should also check your holding by asking your Syndicate Broker or calling the PERLS VIII Information Line on 1800 218 694 (Monday to Friday 8.00am - 7.30pm, Sydney time) from the Issue Date.

7.4.2 Holding Statements

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

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

7.4.3 Provision of TFN and/or ABN

When your Holding Statement is mailed, you will be also be mailed a form on which to provide your TFN and/or ABN should you wish to do so (see Section 6.4.6 "Provision of TFN and/or ABN").

7.4.4 Provision of bank account details for payments

When your Holding Statement is mailed, you will be also be mailed a form on which to provide your bank account details for payment of Distributions and other amounts.

1 Assuming that T+2 settlement commences 7 March 2016 as proposed by ASX

CBA staff supporting Mosaic (cultural diversity) initiatives

Traditional work setting for CBA staff in the 1950s

Section EIGHT

Glossary

Term	Meaning
ABN	Australian Business Number
Allocation	The number of PERLS VIII allocated under this Prospectus to Applicants under the Reinvestment Offer, Broker Firm Offer and Securityholder Offer. Allocated has a corresponding meaning
Annual Report 2015	The annual report issued by CBA for the financial year ended 30 June 2015
Applicant	A person who lodges an Application Form in accordance with this Prospectus
Application	A valid application for PERLS VIII made through a completed Application Form in accordance with this Prospectus
Application Form	A paper or online form (as the context requires) attached to, or accompanying, this Prospectus or available at www.commsec.com.au upon which an application for PERLS VIII may be made
Application Monies	The amount payable on each Application, being the Initial Face Value multiplied by the number of PERLS VIII applied for
APRA	Australian Prudential Regulation Authority
Arrangers	Commonwealth Bank of Australia ABN 48 123 123 124 Goldman Sachs Australia Pty Limited ABN 21 006 797 897
ASIC	Australian Securities and Investments Commission
ASIC Guidance	The guidance on hybrid securities published by ASIC on its MoneySmart website which can be found by searching "hybrid securities" at www.moneysmart.gov.au
ASX	ASX Limited ABN 98 008 624 691 or the securities market operated by it (as the context requires)
ASX Listing Rules	The listing rules of ASX, with any modification or waivers which ASX may grant to CBA from time to time
ATO	Australian Tax Office
Australian Financial Services Licence or AFSL	Has the meaning given to that term in the Corporations Act
Banking Act	Banking Act 1959 (Cth)
Board	The Directors of CBA acting as a board
Bookbuild	The process through which Syndicate Brokers and certain investors bid for an Allocation of PERLS VIII at different proposed Margin levels under the Broker Firm Offer. The final Margin will be set through the Bookbuild process
Broker Firm Allocation	The Allocation allocated to a Syndicate Broker through the Bookbuild process
Broker Firm Offer	The offer to clients of Syndicate Brokers as described in Section 7 "How to Apply"
Business Day	A day which is: (a) a business day within the meaning of the ASX Listing Rules; and (b) for the purposes of calculation or payment of a Distribution, a date on which banks are open for general business in Sydney
Call Date	15 October 2021
Capital Trigger Event	Occurs when CBA determines, or APRA notifies CBA in writing that it believes, that either or both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%
CBA	Commonwealth Bank of Australia ABN 48 123 123 124
CBA Group	CBA (or any NOHC that is a holding company of CBA) and its subsidiaries
CBA Level 1 Group	CBA, or the "the "extended licensed entity" which is comprised of CBA and each subsidiary of CBA as specified in any approval granted by APRA in accordance with APRA's prudential standards (as amended from time to time)

Term	Meaning
CBA Level 2 Group	CBA and each subsidiary that is recognised by APRA as part of CBA's Level 2 group in accordance with APRA's prudential standards (as amended from time to time)
CBA Level 1 Common Equity Tier 1 Capital Ratio	Has the meaning given in the Terms
CBA Level 2 Common Equity Tier 1 Capital Ratio	Has the meaning given in the Terms
CHESS	Clearing House Electronic Subregister System
Change of Control Event	Occurs when: • a takeover bid is made and certain conditions are satisfied; or • a scheme of arrangement that is proposed is approved and certain conditions are satisfied A Change of Control Event does not include the implementation of a NOHC structure
CGT	Capital Gains Tax
Closing Date	The closing date for the Offer which is expected to be 18 March 2016 for Applications under the Reinvestment Offer and for all other Applications
Colonial Group Subordinated Notes	Colonial Group Subordinated Notes issued by Colonial Holding Company Limited, a subsidiary of CBA, on 29 March 2012
Co-Managers	Bell Potter Securities Limited; Citigroup Global Markets Australia Pty Limited; Ord Minnett Limited
Common Equity Tier 1 Capital	Ordinary share capital, retained earnings and certain other items recognised as capital under APRA's prudential standards
Common Equity Tier 1 Capital Ratio	Ratio of Common Equity Tier 1 Capital to risk-weighted assets
Constitution	The constitution of CBA as amended from time to time
Corporations Act	Corporations Act 2001 (Cth)
Directors	Some or all of the directors of CBA
Distribution	Interest payable on each PERLS VIII
Distribution Payment Dates	15 March, 15 June, 15 September and 15 December each year until the PERLS VIII have been Exchanged or Redeemed, and also the Exchange Date or Redemption Date. If any of these scheduled dates is not a Business Day, then the payment will be made on the next Business Day. If a payment is postponed until the next Business Day, there is no adjustment to the amount of Distribution payable. The first Distribution is scheduled to be paid on 15 June 2016
Distribution Period	Each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However: (a) the first Distribution Period commences on (and includes) the Issue Date; and (b) the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date (as the case may be)
Distribution Rate	(Market Rate + Margin) x (1 – Tax Rate)
Eligible PERLS III Holder	Holders of PERLS III as described in Section 7.1.1 "Applying under the Reinvestment Offer"
Eligible Securityholder	Holders of Ordinary Shares, PERLS III, PERLS VI, PERLS VII and Colonial Group Subordinated Notes as described in Section 7.1.3 "Applying under the Securityholder Offer"

Term	Meaning
Equal Ranking Securities	PERLS VI, PERLS VII, PERLS VIII, any preference shares in the capital of CBA and any other securities which rank equally with PERLS VIII in a winding up of CBA, present and future (excluding any Junior Ranking Securities)
Exchange	The exchange of all, some or a proportion of each PERLS VIII for Ordinary Shares under the Terms. Exchanged has a corresponding meaning
Exchange Number	The number of Ordinary Shares on Exchange calculated in accordance with clause 7.1 of the Terms
Face Value	A$100 per PERLS VIII (Initial Face Value) reduced (if applicable) by the amount of Face Value per PERLS VIII which has previously been Exchanged or the amount of Face Value per PERLS VIII for which Holders' rights have been irrevocably terminated
FATCA	Foreign Account Tax Compliance Act ("FATCA") incorporated in sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those sections)
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999 (Cth)
HIN	The holder identification number identifying the registration on the Register
Holder	A registered holder of PERLS VIII
Holding	At any time after Allocation, the number of PERLS VIII held by a Holder
Holding Statement	A statement issued to Holders by the Registry which sets out the number of PERLS VIII Issued to that Holder
Ineligible Holder	Has the meaning given in clause 14.2 of the Terms
Institutional Investor	An investor to whom PERLS VIII are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than a registration or formality which CBA is willing to comply with)
IRS	The United States Internal Revenue Service
Issue	The process of issuing PERLS VIII to Holders. Issued has a corresponding meaning
Issue Date	The date PERLS VIII are Issued which is expected to be 30 March 2016
Joint Lead Managers	ANZ Securities Limited; Commonwealth Bank of Australia; Goldman Sachs Australia Pty Limited; J.P. Morgan Australia Limited; Morgan Stanley Australia Securities Limited; Morgans Financial Limited; UBS AG, Australia Branch; Westpac Institutional Bank
Junior Ranking Securities	All Ordinary Shares, present and future
Mandatory Exchange Conditions	The conditions which must be satisfied before Exchange will occur. These are outlined in Section 2.3 "Mandatory Exchange"
Mandatory Exchange Date	15 October 2023
Margin	The margin for PERLS VIII will be determined through the Bookbuild and is expected to be between 5.20% and 5.35% per annum
Market Rate	The rate (expressed as a percentage per annum) which is the average mid-rate for prime bank eligible securities for a term of 90 days as displayed on the "BBSW" page of the Reuters Monitor System (or any page that replaces that page)

Term	Meaning
Maximum Exchange Number	The number of Ordinary Shares calculated in accordance with the formula in clause 7.1 of the Terms
Non-Viability Trigger Event	Occurs when APRA notifies CBA in writing that it believes: • Exchange of all or some PERLS VIII (or the taking of an action in relation to other capital instruments of the CBA Group) is necessary because, without it, CBA would become non-viable; or • a public sector injection of capital or equivalent support, is necessary because, without it, CBA would become non-viable
NOHC	A "non-operating holding company" within the meaning of the Banking Act
Offer	The offer made through this Prospectus by CBA of PERLS VIII to raise A$1.25 billion, with the ability to raise more or less. The offer comprises the Reinvestment Offer, the Broker Firm Offer and Securityholder Offer
Offer Management Agreement	The arrangement between CBA, the Arrangers and Joint Lead Managers dated on or about 16 February 2016
Offer Period	The period from the Opening Date to the Closing Date
Opening Date	The opening date of the Offer which is 24 February 2016
Ordinary Share	A fully paid ordinary share in CBA
Participating Brokers	Any participating organisation of ASX selected by the Issuer or the Arrangers to participate in the Bookbuild
PERLS III	Perpetual Exchangeable Repurchaseable Listed Shares issued by PCL, a subsidiary of CBA, on 6 April 2006
PERLS VI	Perpetual Exchangeable Resaleable Listed Securities issued by CBA on 17 October 2012
PERLS VII	CommBank PERLS VII Capital Notes issued by CBA on 1 October 2014
PERLS VIII	CommBank PERLS VIII Capital Notes to be issued by CBA under the Terms
PCL	Preferred Capital Limited (ABN 68 101 938 176)
Profit Announcement for the Half Year Ended 31 December 2015	The interim report issued by CBA for the half year results ended 31 December 2015
Prospectus	This Prospectus (whether in paper or electronic format) as supplemented or replaced
Record Date	For payment of Distributions: (a) subject to paragraph (b) below, the date that is eight calendar days prior to the relevant Distribution Payment Date; or (b) such other date determined by CBA in its absolute discretion and communicated to ASX, or such other date as may be required by ASX
Redemption	The process through which CBA repays the Face Value under the Terms. Redeem and Redeemed have a corresponding meaning
Redemption Date	The date on which Redemption occurs
Register	The register of PERLS VIII maintained by the Registry on CBA's behalf and including any subregister established and maintained in CHESS
Registry	Link Market Services Limited ABN 54 083 214 537 or any other registry that CBA appoints

Term	Meaning
Reinvestment Date	30 March 2016
Reinvestment Form	A paper or online form (as the context requires) accompanying this Prospectus or available at www.commsec.com.au upon which an application to participate in the Reinvestment Offer may be made
Reinvestment Offer	The offer to Eligible PERLS III Holders to sell all or some of their PERLS III to CBA for $A200 per PERLS III on the Reinvestment Date and to automatically reinvest the sale proceeds in PERLS VIII as described in Section 3 "Information about the Reinvestment Offer" and Section 7 "How to Apply"
Reinvestment Offer Record Date	22 February 2016
Resale	The sale of PERLS VIII by Holders to the Purchaser in accordance with Appendix A "Terms of CommBank PERLS VIII Capital Notes" Clause 6
Securityholder Offer	The offer to Eligible Securityholders as described in Section 7 "How to Apply"
Securityholder Offer Record Date	22 February 2016
Senior Ranking Obligations	All deposits and other liabilities, securities (including Tier 2 Capital securities) and other obligations of CBA other than Equal Ranking Securities or Junior Ranking Securities
Shareholder	A registered holder of Ordinary Shares in CBA
Special Resolution	Has the meaning given in clause 14.2 of the Terms
SRN	Shareholder Registration Number
Step-up Date	6 April 2016
Syndicate Broker	Any of the Joint Lead Managers, Co-Managers and Participating Brokers
Tax Act	Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth)
Terms	The terms of PERLS VIII attached as a schedule to the Trust Deed, as set out in Appendix A
TFN	Tax File Number
Tier 1 Capital	Common Equity Tier 1 Capital and certain securities recognised as Tier 1 capital under APRA's prudential standards
Tier 2 Capital	Certain securities recognised as Tier 2 capital under APRA's prudential standards
Total Capital	Sum of Tier 1 Capital (including Common Equity Tier 1 Capital) and Tier 2 Capital
Trust Deed	The deed entered into between CBA and the Trustee dated on or about 16 February 2016
Trustee	The Trust Company (Australia) Limited or any other trustee that CBA appoints under the Trust Deed and Terms (who cannot be CBA, a member of the CBA Group or a related entity of CBA)
US Person	Has the meaning given in Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
VWAP	The average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant period, subject to adjustments

Appendix A

Terms of CommBank PERLS VIII Capital Notes

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

1 Form of PERLS VIII and ranking

1.1 Form

(a) PERLS VIII are perpetual, subordinated, unsecured notes of CBA, acting through its New Zealand branch, issued in registered form by entry in the Register.

(b) Each entry in the Register evidences a separate and independent obligation which CBA owes to the relevant Holder, which that Holder may enforce without joining any other Holder or any previous Holder.

(c) No certificates will be issued to Holders unless CBA is required to provide certificates by any applicable law or regulation.

1.2 Initial Face Value

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

1.3 CHESS

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

1.4 ASX quotation

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

1.5 Payment and ranking in a winding up of CBA

(a) If an order is made by a court of competent jurisdiction (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution is passed, for the winding up of CBA in Australia, CBA must redeem each PERLS VIII for its Face Value in accordance with this clause.

(b) Neither the Trustee nor any Holder has any right to prove in a winding up of CBA in respect of PERLS VIII, other than a right to prove in a winding up of CBA in Australia as permitted under clauses 1.5(c) and 1.5(d).

(c) Each PERLS VIII ranks for payment in a winding up of CBA in Australia:

  (i) after the claims of all holders of Senior Ranking Obligations;

  (ii) equally with each Holder and holders of Equal Ranking Securities; and

  (iii) ahead of holders of Junior Ranking Securities.

(d) In order to give effect to the ranking specified in clause 1.5(c), in any winding up of CBA in Australia, the claims of Holders are limited to the extent necessary to ensure that:

  (i) all holders of Senior Ranking Obligations receive payment in full before any payment is made to Holders; and

  (ii) Holders of PERLS VIII and holders of any Equal Ranking Securities receive payments on a pro-rata basis.

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

(f) Neither the Trustee nor any Holder may exercise voting rights as a creditor in respect of PERLS VIII in a winding up of CBA to defeat the subordination in this clause.

(g) PERLS VIII are perpetual and the terms of PERLS VIII do not include events of default or any other provisions entitling the Trustee or the Holders to require that PERLS VIII be Redeemed other than under this clause 1.5. Neither the Trustee nor any Holder has any right to apply for the winding up or administration of CBA, or to cause a receiver, or receiver and manager, to be appointed in respect of CBA, on the ground of CBA's failure to pay Distributions or for any other reason.

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

1.6 No set off

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

(b) No Holder has any right to set-off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce the amount payable by CBA in respect of PERLS VIII to the Holder.

1.7 Not deposit liabilities of CBA

(a) PERLS VIII are not deposit liabilities or "protected accounts" of CBA for the purpose of the Banking Act.

(b) No member of the CBA Group guarantees PERLS VIII and no member of the CBA Group, other than CBA, has any liability for PERLS VIII.

1.8 No other rights

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

(a) to attend or vote at any meeting of CBA members;

(b) to subscribe for new securities of CBA or to participate in any bonus issues of securities of CBA; or

(c) to otherwise participate in the profits or property of CBA, except by receiving payments as set out in these Terms.

2 Distributions

2.1 Distributions

(a) Each PERLS VIII bears interest on its Face Value during each Distribution Period from (and including) the Issue Date to (but excluding) the Exchange Date or Redemption Date for that PERLS VIII, at the Distribution Rate.

(b) Interest on each PERLS VIII is payable in arrears on each Distribution Payment Date.

(c) Payment of interest on each PERLS VIII is subject to clauses 2.5, 2.6 and 9.

2.2 Distribution Rate determination

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

Distribution Rate =

(Market Rate + Margin) × (1 – Tax Rate)

where:

Market Rate means the rate (expressed as a percentage per annum) which is the average mid-rate for prime bank eligible securities for a term of 90 days as displayed on the "BBSW" page of the Reuters Monitor System (or any page that replaces that page) on the first Business Day of the Distribution Period. However, if the average mid-rate is not displayed by 10:30 am on that day, or if it is displayed but CBA determines that there is a manifest error in that rate, **Market Rate** means the rate specified by CBA in good faith at or around 10:30 am on that day, having regard, to the extent possible, to:

(a) the rates otherwise bid and offered for prime bank eligible securities of a term of 90 days at or around that time on that day (including any displayed on the "BBSW" page of the Reuters Monitor System (or its successor or replacement page)); and

(b) if bid and offer rates for prime bank eligible securities of a term of 90 days are not otherwise available, the rates otherwise bid and offered for funds of a term of 90 days at or around that time on that day;

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

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

2.3 Calculation of Distributions

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

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

where:

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

2.4 Adjustment to calculation of Distributions if not fully franked

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

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

Where:

D means the Distribution calculated under clause 2.3;

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

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

2.5 Distribution payment conditions

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

(a) CBA, in its absolute discretion, making the Distribution to Holders;

(b) the payment of the Distribution not resulting in a breach of CBA's capital requirements under APRA's prudential standards as they are applied to the CBA Level 1 Group or the CBA Level 2 Group or both at the time of the payment;

(c) the payment of the Distribution not resulting in CBA becoming, or being likely to become, Insolvent; and

(d) APRA not otherwise objecting to the payment of the Distribution.

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

2.6 Distributions are discretionary and non-cumulative

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

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

(a) Subject to clause 2.7(b), if any Distribution is not paid to Holders in full on the relevant Distribution Payment Date, then CBA must not, without the approval of a Special Resolution:

(i) declare or determine a dividend; or

(ii) return any capital or undertake any buy-backs or repurchases,

(together **Restricted Actions**) in relation to any Ordinary Shares, unless the amount of any unpaid Distribution is paid in full within five Business Days of that date. If, on a subsequent Distribution Payment Date, a Distribution is paid in full, or if all PERLS VIII have been Exchanged or Redeemed, then these restrictions cease to apply.

(b) Clause 2.7(a) does not apply to:

(i) Restricted Actions which CBA is legally obliged to pay or complete at the time any Distribution is not paid in full to Holders on a relevant Distribution Payment Date; or

(ii) Restricted Actions in connection with:

(A) any employment contract, employee share scheme, employee rights or option plan, or similar arrangement with, or for the benefit of, any one or more employees, officers, directors or consultants of CBA or its Related Bodies Corporate; or

(B) CBA or any of its Related Bodies Corporate purchasing Ordinary Shares in connection with transactions for the account of customers of CBA or customers of any of its Related Bodies Corporate.

2.8 Notification of Distribution Rate, Distribution payable and other items

(a) CBA must notify ASX of the Distribution Rate, amount of Distribution payable and Distribution Payment Date for each Distribution Period.

(b) CBA must give notice under this clause as soon as practicable after it makes its calculations and by no later than the fourth Business Day of the relevant Distribution Period.

(c) CBA may amend its calculation or determination of any date, rate or amount (or make appropriate alternative arrangements by way of adjustment) including as a result of the extension or reduction of the Distribution Period or calculation period without prior notice but must notify ASX promptly after doing so.

2.9 Determination final

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

2.10 Calculations

For the purposes of any calculations required under these Terms:

(a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%);

(b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and

(c) all amounts that are due and payable must be rounded to the nearest one Australian cent (with one half of an Australian cent being rounded up to one Australian cent).

3 Mandatory Exchange

3.1 Mandatory Exchange

Subject to clause 5, CBA must Exchange all (but not some) PERLS VIII on issue on the date that is the earlier of:

(a) 15 October 2023 (**Scheduled Mandatory Exchange Date**); and

(b) the first Distribution Payment Date after the Scheduled Mandatory Exchange Date,

(each a **Mandatory Exchange Date**) on which the Mandatory Exchange Conditions are satisfied.

3.2 Mandatory Exchange Conditions

(a) The Mandatory Exchange Conditions for each Mandatory Exchange Date are:

(i) the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 56.00% of the Issue Date VWAP (**First Mandatory Exchange Condition**);

(ii) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP (the **Second Mandatory Exchange Condition**); and

(iii) Ordinary Shares have not been Delisted as at the Mandatory Exchange Date (**Third Mandatory Exchange Condition**).

(b) If the First Mandatory Exchange Condition is not satisfied, CBA will announce to ASX between the 25th and the 21st Business Day before the Mandatory Exchange Date that Exchange will not proceed on the Mandatory Exchange Date.

(c) If the Second Mandatory Exchange Condition or Third Mandatory Exchange Condition is not satisfied, CBA will notify Holders on or as soon as practicable after the Mandatory Exchange Date that Exchange did not occur.

4 Early Exchange

4.1 Capital Trigger Event

(a) A **Capital Trigger Event** occurs when:

(i) CBA determines; or

(ii) APRA notifies CBA in writing that it believes,

that either or both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%. CBA must immediately notify APRA in writing if it makes a determination under clause 4.1(a)(i).

(b) If a Capital Trigger Event occurs, CBA must Exchange such number of PERLS VIII (or, if it so determines, such percentage of the Face Value of each PERLS VIII) as is sufficient (taking into account any conversion or write down of Relevant Securities as referred to in paragraph (c) below) to return either or

both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio, as the case may be, to above 5.125%.

(c) In determining the number of PERLS VIII, or percentage of the Face Value of each PERLS VIII, which must be Exchanged in accordance with this clause, CBA will:

(i) first, convert or write down the face value of any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be converted or written down before Exchange of PERLS VIII; and

(ii) secondly, if conversion or write down of those Relevant Securities is not sufficient, Exchange (in the case of PERLS VIII) or convert or write down (in the case of any other Relevant Securities) on a pro-rata basis or in a manner that is otherwise, in the opinion of CBA, fair and reasonable, PERLS VIII and any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be Exchanged, converted or written down in that manner (subject to such adjustment as CBA may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any PERLS VIII or other Relevant Securities remaining on issue),

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

(d) For the purposes of clauses 4.1(b) and 4.1(c), where the specified currency of the face value of Relevant Securities and/or PERLS VIII is not the same, CBA may treat them as if converted into a single currency of CBA's choice at such rate of exchange as CBA in good faith considers reasonable.

(e) If a Capital Trigger Event occurs:

(i) the relevant number of PERLS VIII, or percentage of the Face Value of each PERLS VIII, must be Exchanged immediately upon occurrence of the Capital Trigger Event in accordance with clause 4.5 and 7 and the Exchange will be irrevocable;

(ii) CBA must give notice as soon as practicable that Exchange has occurred to ASX and the Holders; and

(iii) the notice must specify the date on which the Capital Trigger Event occurred; and

(iv) the notice must specify the details of the Exchange process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any PERLS VIII remaining on issue.

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

4.2 Non-Viability Trigger Event

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

(i) Exchange of all or some PERLS VIII, or conversion or write down of capital instruments of the CBA Group, is necessary because, without it, CBA would become non-viable; or

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

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

(b) If a Non-Viability Trigger Event occurs, CBA must Exchange such number of PERLS VIII (or, if it so determines, such percentage of the Face Value of each PERLS VIII) as is equal (taking into account any conversion or write down of Relevant Securities as referred to in paragraph (c) below) to the aggregate face value of capital instruments which APRA has notified CBA must be Exchanged, converted or written down (or, if APRA has not so notified CBA, such number or, if CBA so determines, such percentage of the Face Value of each PERLS VIII, as is necessary to satisfy APRA that CBA will no longer be non-viable). If a Non-Viability Trigger Event occurs under clause 4.2(a)(ii), CBA must Exchange all PERLS VIII.

(c) In determining the number of PERLS VIII, or percentage of the Face Value of each PERLS VIII, which must be Exchanged in accordance with this clause, CBA will:

(i) first, convert or write down the face value of any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be converted or written down before Exchange of PERLS VIII; and

(ii) secondly, if conversion or write down of those securities is not sufficient, Exchange (in the case of PERLS VIII) or convert or write down (in the case of any other Relevant Securities), on a pro-rata basis or in a manner that is otherwise, in the opinion of CBA, fair and reasonable, PERLS VIII and any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be Exchanged, converted or written down in that manner (subject to such adjustments as CBA may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any PERLS VIII or other Relevant Securities remaining on issue),

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

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

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

(i) the relevant number of PERLS VIII, or percentage of the Face Value of each PERLS VIII, must be Exchanged immediately upon occurrence of the Non-Viability Trigger Event in accordance with clause 4.5 and 7 and the Exchange will be irrevocable;

(ii) CBA must give notice as soon as practicable that Exchange has occurred to ASX and the Holders;

(iii) the notice must specify the date on which the Non-Viability Trigger Event occurred; and

(iv) the notice must specify the details of the Exchange process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any PERLS VIII remaining on issue.

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

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

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

4.4 Priority of Early Exchange Obligations

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

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

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

(a) Exchange of the relevant PERLS VIII or percentage of the Face Value of each PERLS VIII will occur in accordance with clause 7 immediately upon the date of occurrence of the Capital Trigger Event or Non-Viability Trigger Event; and

(b) the entry of the corresponding PERLS VIII in each relevant Holder's holding in the Register will constitute an entitlement of that Holder (or, if applicable, of the Trustee) to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of PERLS VIII or remaining percentage of the Face Value of each PERLS VIII), and CBA will recognise the Holder (or, if applicable, the Trustee) as having been issued the relevant Ordinary Shares for all purposes, in each case without the need for any further act or step by CBA, the Holder or any other person (and CBA will, as soon as possible thereafter and without delay on the part of CBA, take any appropriate procedural steps to record such Exchange, including updating the Register and the Ordinary Share register and seek quotation of Ordinary Shares issued on Exchange).

For the avoidance of doubt:

(c) nothing in this clause allows a payment to be made to a Holder upon Exchange; and

(d) exchange under this clause takes priority over a notice for Redemption issued under clause 5.2, 5.3 or 5.4.

4.6 No further rights if Exchange cannot occur

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

4.7 Change of Control Event

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

(i) a takeover bid is made for Ordinary Shares (A) acceptance of which is recommended by the Board and which is or has become unconditional or (B) which is or has become unconditional and the voting power of the offeror in CBA is or has become greater than 50%; or

(ii) in respect of a scheme of arrangement under Part 5.1 of the Corporations Act which would result (if implemented) in a person having voting power in more than 50% of CBA, the earlier of (A) a court approving the scheme, and (B) the Board determining that such event should be treated as a Change of Control Event for the purposes of this clause,

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

(b) If a Change of Control Event occurs, then:

(i) CBA must Exchange all (but not some) PERLS VIII;

(ii) CBA must give notice as soon as practicable and in any event within 10 Business Days after becoming aware of that event occurring to ASX and the Holders;

(iii) the notice must specify a date on which it is proposed Exchange will occur (**proposed Exchange Date**) being:

(1) in the case of a Change of Control Event under clause 4.7(a)(i), no later than the Business Day prior to the then announced closing date of the relevant takeover bid;

(2) in the case of a Change of Control Event under clause 4.7(a)(ii)(A), a date no later than the record date for participation in the relevant scheme of arrangement; or

(3) in the case of a Change of Control Event under clause 4.7(a)(ii)(B), a date no later than 25 Business Days following the date the notice is given, or the record date for participation in the relevant scheme of arrangement, whichever is earlier; and

(iv) the notice must specify the details of the Exchange process including any details to take into account the effect on marketable parcels and whole numbers of Ordinary Shares; and

(v) on the proposed Exchange Date, all PERLS VIII will Exchange in accordance with clause 7.

(c) The Second Mandatory Exchange Condition and Third Mandatory Exchange Condition apply if a Change of Control Event occurs as though the proposed Exchange Date were a Mandatory Exchange Date for the purposes of clause 4 (except that in the case of a Change of Control Event, the Second Mandatory Exchange Condition will apply as if it referred to 20.20% of the Issue Date VWAP).

(d) If either the Second Mandatory Exchange Condition or Third Mandatory Exchange Condition is not satisfied on the proposed Exchange Date:

(i) PERLS VIII must Exchange on the next Distribution Payment Date on which the Second Mandatory Exchange Condition and Third Mandatory Exchange Condition are satisfied; and

(ii) CBA will notify Holders as soon as practicable after the proposed Exchange Date that Exchange did not occur.

5 Early Redemption

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

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

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

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

(a) in a manner that is, in the opinion of CBA, fair and reasonable; and

(b) in compliance with any applicable law, directive or requirement of ASX.

5.2 Early Redemption for inability to frank Distributions

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

However, CBA may only Redeem under this clause if:

(a) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;

(b) the proposed Redemption Date is a Distribution Payment Date; and

(c) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which a Distribution would not be a frankable Distribution.

5.3 Early Redemption for other tax reasons

If CBA receives an opinion from reputable legal counsel or other tax adviser in Australia or New Zealand, experienced in such matters, to the effect that there is a material risk that as a result of a change in the laws of Australia or New Zealand (including following any announcement of a prospective change or amendment which has been or will be introduced) CBA would be exposed to a more than de minimis adverse tax consequence in relation to PERLS VIII other than a tax consequence that CBA expected as at the Issue Date, CBA may Redeem all (but not some) PERLS VIII for their Face Value.

However, CBA may only Redeem under this clause if:

(a) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;

(b) the proposed Redemption Date is a Distribution Payment Date; and.

(c) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which CBA would be subject to the adverse tax consequence.

5.4 Early redemption for regulatory reasons

If, at any time after the Issue Date, CBA determines that as a result of a change in 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 proportion of all or some PERLS VIII are not or will not be treated as Tier 1 Capital of the CBA Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by CBA as at the Issue Date, CBA may Redeem all (but not some) PERLS VIII for their Face Value.

However, CBA may only Redeem under this clause if:

(a) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;

(b) the proposed Redemption Date is a Distribution Payment Date; and

(c) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which all, some or a proportion of all or some PERLS VIII will cease to be treated as Tier 1 Capital.

5.5 APRA approval to Redeem

CBA may only Redeem under this clause 5 if:

(a) either:

(i) before or concurrently with Redemption, CBA replaces PERLS VIII with a capital instrument which is of the same or better quality (for the purposes of APRA's prudential standards as they are applied to the CBA Group at the relevant time) than PERLS VIII and the replacement of PERLS VIII is done under conditions that are sustainable for the income capacity of CBA; or

(ii) CBA obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the CBA Level 1 Group and CBA Level 2 Group, that CBA does not have to replace PERLS VIII; and

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

5.6 Final Distribution

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

5.7 No Redemption at the option of the Holders

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

5.8 Effect of notice of Redemption

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

6 Resale on the Call Date

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

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

(i) in a manner that is, in the opinion of CBA, fair and reasonable; and

(ii) in compliance with any applicable law, directive or requirement of ASX.

(b) If CBA issues a Resale Notice:

(i) each Holder is taken irrevocably to offer to sell the relevant number of their PERLS VIII to the Purchaser on the Call Date for a cash amount per PERLS VIII equal to the Face Value (and to have appointed CBA as its agent and attorney to do and execute all things and documents which CBA considers may be necessary or desirable in connection with that offer and any resulting sale);

(ii) subject to payment by the Purchaser of the Face Value to Holders, all right, title and interest in the relevant number of PERLS VIII will be transferred from the Holders to the Purchaser on the Call Date; and

(iii) if the Purchaser does not pay the Face Value to the relevant Holders on the Call Date, the relevant number of PERLS VIII will not be transferred to the Purchaser and a Holder has no claim on CBA as a result of that non-payment.

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

7 General provisions applicable to Exchange

7.1 Exchange

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

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

$$\textbf{Exchange Number for each PERLS VIII} = \frac{\textbf{FaceValue}}{\textbf{0.99} \times \textbf{VWAP}}$$

where:

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

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

$$\textbf{Maximum Exchange Number} = \frac{\textbf{Face Value}}{\textbf{RelevantPercentage} \times \textbf{IssueDate VWAP}}$$

where:

Relevant Percentage means:

(i) if Exchange is occurring on a Mandatory Exchange Date, 0.50; and

(ii) if Exchange is occurring at any other time, 0.20.

(b) Each Holder's rights (including to payment of Distributions) in relation to each PERLS VIII that is being Exchanged will be immediately and irrevocably terminated for an amount equal to the Face Value and CBA will apply the Face Value of each PERLS VIII by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 7.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 7.1 is to be applied as provided for in this clause and no Holder has any right to payment in any other way.

(c) If the total number of additional Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of PERLS VIII includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

7.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under clause 7.1:

(a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as *cum* dividend or *cum* any other distribution or entitlement and PERLS VIII will be Exchanged for Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted *cum* dividend or *cum* any other distribution or entitlement will be reduced by an amount (**Cum Value**) equal to:

(i) in the case of a dividend or other distribution, the amount of that dividend or other distribution;

(ii) in the case of any other entitlement that is not a dividend or other distribution under clause 7.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or

(iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by the Board; and

(b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and PERLS VIII will be Exchanged for Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

7.3 Adjustments to VWAP for capital reconstruction

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

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

Where:

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

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

(b) Any adjustment made by CBA in accordance with clause 7.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

(c) For the avoidance of doubt, nothing in this clause allows a cash payment or other distribution to be made to or by a Holder as part of a Reclassification or as a result of a Reclassification.

7.4 Adjustments to Issue Date VWAP generally

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

(a) may be made by CBA in accordance with clauses 7.5 to 7.7 (inclusive);

(b) if so made, will correspondingly affect the application of the Mandatory Exchange Conditions and cause an adjustment to the Maximum Exchange Number; and

(c) if so made, will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

7.5 Adjustments to Issue Date VWAP for bonus issues

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

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

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) Clause 7.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.

(c) For the purposes of this clause, an issue will be regarded as a bonus issue notwithstanding that CBA does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia (or to whom an offer is otherwise subject to foreign securities laws), provided that in so doing CBA is not in contravention of ASX Listing Rules.

7.6 Adjustments to Issue Date VWAP for capital reconstruction

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

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

where:

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

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

7.7 No adjustment to Issue Date VWAP in certain circumstances

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

7.8 Announcement of adjustments to Issue Date VWAP

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

7.9 Status and listing of Ordinary Shares

(a) Ordinary Shares issued or arising from Exchange will rank equally with all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Exchange do not take effect until 5.00pm (Sydney time) on the Exchange Date (or such other time required by APRA).

(b) CBA will use all reasonable endeavours to list the Ordinary Shares issued on Exchange of PERLS VIII on ASX.

(c) Holders acknowledge that any ASX trades in PERLS VIII that have not settled on the Exchange Date will continue to settle in accordance with the normal ASX settlement process, although the seller will be treated as having delivered and the buyer will be treated as having acquired, the number of Ordinary Shares into which PERLS VIII have been Exchanged.

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

If PERLS VIII (or percentage of the Face Value of each PERLS VIII) of a Holder are required to be Exchanged and:

(a) the Holder has notified CBA that it does not wish to receive Ordinary Shares as a result of Exchange, which notice may be given at any time on or after the Issue Date and prior to the Exchange Date;

(b) the Holder is an Ineligible Holder; or

(c) CBA has not received (for any reason whether or not due to the fault of that Holder) any information required by it in accordance with the Terms so as to impede CBA issuing the Ordinary Shares to a Holder on the Exchange Date,

then, on the Exchange Date, the Holder's rights (including to payment of Distributions) in relation to each such PERLS VIII being Exchanged are immediately and irrevocably terminated and CBA will issue the Exchange Number of Ordinary Shares to the Trustee for no additional consideration to hold on trust for sale for the benefit of the relevant Holder (unless, because the Holder is an Ineligible Holder, the Trustee is deemed to be an Ineligible Holder, in which case such issue shall occur as soon as practicable after the Trustee ceases to be an Ineligible Holder). At the first opportunity to sell the Ordinary Shares, the Trustee will arrange for their sale and pay the proceeds less selling costs to the relevant Holder.

If Exchange is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and the Exchange fails to take effect and CBA has not otherwise issued Ordinary Shares to the Trustee within

five Business Days after the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event, then Holders' rights will be immediately and irrevocably terminated under clause 4.6.

7.11 Final Distribution

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

7.12 No Exchange after winding up commences

If before the Exchange Date an order is made by a court, or an effective resolution is passed, for the winding up of CBA in Australia, then Exchange will not occur and clause 1.5 will apply, except where Exchange is required for a Capital Trigger Event or Non-Viability Trigger Event (in which case such Exchange shall occur (subject to clause 4.6) in accordance with clause 4.1 or 4.2 (as applicable) and clause 4.5).

7.13 Exchange of a percentage of Face Value

If under these Terms it is necessary to Exchange a percentage of the Face Value, this clause 7 will apply to the Exchange as if references to the Face Value were references to the relevant percentage of the Face Value to be Exchanged.

8 Title and transfer of PERLS VIII

8.1 Effect of entries in Register

Each entry in the Register of a person as a Holder constitutes:

(a) conclusive evidence of that person's:

  (i) absolute ownership of that PERLS VIII; and

  (ii) entitlement to the other benefits given to Holders under these Terms and the Trust Deed in respect of PERLS VIII; and

(b) an undertaking by CBA to pay Distributions and any other amount in accordance with these Terms,

subject to correction of the Register for fraud or error.

8.2 Non-recognition of interests

Except as required by law, CBA, the Trustee and the Registry must treat the person whose name is entered in the Register as a Holder as the absolute owner of that PERLS VIII. This clause applies despite any notice of ownership, trust or interest in that PERLS VIII. No recognition of any trust, encumbrance or interest shall be entered on the Register.

8.3 Joint holders

Where two or more persons are entered in the Register as joint Holders, they are taken to hold that PERLS VIII as joint tenants with rights of survivorship and subject to the terms of the Trust Deed but the Registry is not bound to register more than three persons as joint Holders of any PERLS VIII.

8.4 Transfers

(a) A Holder may transfer PERLS VIII:

  (i) while PERLS VIII are registered with CHESS, in accordance with the rules and regulations of CHESS; or

  (ii) at any other time:

    (A) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act; or

    (B) by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is delivered to the Registry with any evidence the Registry reasonably requires to prove title to or the right to transfer PERLS VIII.

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

(c) PERLS VIII may be transferred in whole but not in part.

(d) CBA must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of PERLS VIII.

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

(f) The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with PERLS VIII.

(g) Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under these Terms and the Trust Deed in respect of the transferred PERLS VIII.

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

8.5 Refusal to register

CBA may only refuse to register a transfer of PERLS VIII if permitted by, or if such registration would contravene or is forbidden by, Applicable Regulations or the Terms.

If CBA refuses to register a transfer, CBA must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registry.

8.6 Transmission

A person becoming entitled to PERLS VIII as a consequence of the death, bankruptcy, liquidation or a winding-up of a Holder or of a vesting order by a court or other body with power to make the order, or a person administering the estate of a Holder, may, upon providing evidence as to that entitlement or status, and if CBA so requires an indemnity in relation to the correctness of such evidence, as CBA considers sufficient, become registered as the Holder of those PERLS VIII.

9 Payments

9.1 Payments to registered Holder

(a) Payment of Distributions will be made to the person registered at 7.00pm on the Record Date as the Holder.

(b) Payment of any other amount in accordance with these Terms will be made to the person registered as the Holder on the relevant date for payment.

(c) A payment to any one of joint Holders will discharge CBA's liability in respect of the payment.

9.2 Payments subject to law

All payments are subject to applicable law.

9.3 Payments on Business Days

If any payment:

(a) is due on a day which is not a Business Day, then the due date for payment will be the next Business Day; or

(b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the next day on which banks are open for general banking business in that place.

No additional amount is payable in respect of any delay in payment. Nothing in this clause 9.3 applies to any payment referred to in clause 7.1(b).

9.4 Payments to accounts

Monies payable by CBA to a Holder may be paid by crediting an Australian dollar bank account maintained in Australia with a financial institution and nominated in writing by the Holder by close of business on the relevant Record Date or in any other manner CBA decides.

9.5 Unsuccessful attempts to pay

(a) If the Holder has not notified the Registry of a bank account for the purposes of payment under clause 9.4 or the transfer of any amount does not complete for any reason (other than an error made by or on behalf of CBA), CBA will be treated as having paid the amount on the date on which it would otherwise have made the payment.

(b) CBA will send a notice to the registered address of the Holder advising of the unsuccessful payment and the amount of the unsuccessful payment will be held on deposit in a non-interest bearing bank account maintained by CBA or the Registry until the Holder nominates an Australian dollar bank account maintained in Australia for crediting with the payment (or nominates a new bank account as the case may be) or the claim becomes void under clause 13.1.

(c) No additional amount is payable in respect of any delay in payment.

(d) For the avoidance of doubt, nothing in this clause 9.5 obliges CBA to make a payment it has not otherwise determined to make under clause 2.

9.6 Withholdings and Deductions

(a) All payments in respect of PERLS VIII must be made without any withholding or deduction in respect of taxes, unless the withholding or deduction is required by law or permitted by this clause 9.6. CBA shall pay the full amount deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without delay after it is received by CBA.

(b) Subject to clause 2.4, if (and to the extent that):

(i) a law of any Relevant Jurisdiction (other than Australia) requires CBA to deduct any amount on account of tax from any Distribution which is payable to a Holder under clause 2.1, so that a Holder would not receive the full amount which is so payable; and

(ii) the relevant deduction is required to be made on a basis other than:

(A) the Holder having a connection with the Relevant Jurisdiction (other than the mere holding of the PERLS VIII or receipt of a payment in respect of it) or holding PERLS VIII jointly with a person having such a connection;

(B) the Holder:

(1) not having provided relevant information to CBA;

(2) not having made a declaration or similar claim which could have avoided such a deduction;

(3) not having satisfied a reporting requirement which could have avoided such a deduction;

(C) on account of stamp duty, estate duty or similar transaction duty;

(D) on account of resident withholding tax imposed in accordance with the laws of New Zealand,

subject to clause 9.6(d), the amount of the Distribution that is payable will be increased so that, after making the relevant deduction, the Holder receives the amount that the Holder would have received if no deduction had been required.

(c) CBA intends to register PERLS VIII for the purposes of the Approved Issuer Levy. Where CBA is lawfully able to pay the Approved Issuer Levy in respect of any Distribution payable to a Holder, CBA will pay the amount of such levy to the New Zealand Inland Revenue (or other appropriate government authority) and will not deduct an amount on account of such levy from the relevant Distribution.

(d) CBA, in its absolute discretion, may withhold or deduct payments to a Holder where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of PERLS VIII may be subject to FATCA, and may deal with such payment and

the Holder's PERLS VIII in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, CBA will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of PERLS VIII for or in respect of any such withholding or deduction.

(e) Each Holder will, within 10 Business Days of request by CBA, supply to CBA such forms, documentation or other information relating to its status under FATCA as CBA reasonably requests for the purposes of the CBA Group's compliance with FATCA.

10 Tax File Number withholdings

(a) CBA will withhold an amount from payments of Distributions on PERLS VIII at the highest marginal tax rate plus the highest Medicare levy if a Holder has not supplied an appropriate tax file number, Australian business number or exemption details.

(b) If a Holder supplies exemption details and CBA subsequently determines that the relevant exemption was not available, CBA may recover the amount that should have been deducted from the relevant Holder and may deduct that amount from any subsequent payment due to that Holder in respect of PERLS VIII.

11 Obligations of the New Zealand Branch

(a) Subject to clause 12, although PERLS VIII are issued by CBA acting through its New Zealand branch, the obligations of CBA are not limited to the New Zealand branch assets of CBA. If CBA is unable to make a payment under PERLS VIII from the New Zealand branch, it may make the payment from some other branch (including CBA itself) on behalf of the New Zealand branch.

(b) Subject to receiving APRA's prior written approval, CBA may, by notice to Holders, change the branch through which it elects to act in respect of PERLS VIII from the New Zealand branch to another branch, including CBA itself.

(c) CBA will not change the branch through which it elects to act in respect of PERLS VIII if the issue or performance of PERLS VIII would be illegal in the jurisdiction in which the proposed new branch is located.

12 Substitution of CBA

12.1 Substitution

CBA may, without the consent of Holders and provided that the Substitution Conditions are satisfied, by giving notice to ASX and the Holders:

(a) substitute for itself a NOHC as the debtor in respect of PERLS VIII and as the issuer of Ordinary Shares on Exchange (**Full Successor**); or

(b) substitute for itself a NOHC as the issuer of Ordinary Shares on Exchange (**Partial Successor**),

and a reference to the **Successor** shall be a reference to the Full Successor or the Partial Successor, as applicable. The notice shall specify the date on which the substitution is to take effect (**Date of Substitution**).

12.2 Substitution Conditions

The **Substitution Conditions** are:

(a) in the case of the Full Successor:

(i) the Full Successor or another entity (which is a parent entity) subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or takes other steps acceptable to APRA, to ensure that the capital position of the CBA Level 1 Group and CBA Level 2 Group will not be adversely affected;

(ii) the Full Successor will expressly assume CBA's obligations under these Terms and the Trust Deed by entering into a deed poll for the benefit of Holders (**Successor Deed Poll**) under which it agrees (among other things):

(A) to comply with the restrictions in clause 2.7 of these Terms (with all necessary modifications); and

(B) to deliver fully paid ordinary shares in its capital under all circumstances when CBA would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Terms (with all necessary modifications);

(b) in the case of the Partial Successor:

(i) the Partial Successor agrees with effect on and from the Date of Substitution, by entering into a Successor Deed Poll, to deliver fully paid ordinary shares in its capital under all circumstances when CBA would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Terms (with all necessary modifications); and

(ii) the Partial Successor agrees that in all circumstances where the Partial Successor delivers fully paid ordinary shares in its capital under the Successor Deed Poll in clause 12.2(b)(i), the Partial Successor or another entity (which is a parent entity) will subscribe for Ordinary Shares in such amount as may be necessary, or take other steps acceptable to APRA, to ensure that the capital position of the CBA Level 1 Group and CBA Level 2 Group is equivalent to the position if the Successor Deed Poll had not been entered into and CBA was required to issue the Ordinary Shares; and

(c) in the case of either the Full Successor or the Partial Successor (as applicable):

(i) the Successor's ordinary shares are or are to be quoted on ASX, and the Successor agrees to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of ordinary shares issued under these

Terms on the securities exchanges on which the Successor's ordinary shares are quoted at the time of delivery;

(ii) the Successor and CBA have obtained APRA approval and all other necessary authorisations, regulatory and governmental approvals and consents for such substitution and for the performance by the Successor of its obligations under PERLS VIII and the documents effecting substitution;

(iii) if the Successor does not have a place of business in New South Wales, the Successor has appointed a process agent in New South Wales to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with PERLS VIII;

(iv) the Successor has, in the reasonable opinion of CBA, the financial capacity to satisfy its obligations under the Successor Deed Poll;

(v) CBA has used all reasonable endeavours to give an irrevocable notice to the Holders as soon as practicable before a NOHC Event occurs but no later than 10 days before the NOHC Event occurs specifying the amendments to PERLS VIII which will be made under these Terms in connection with the substitution of a NOHC as the issuer of ordinary shares on Exchange; and

(vi) CBA may, by an instrument in writing and without the authority, assent or approval of Holders, amend these Terms if such amendment is necessary or expedient for the purposes of complying with the provisions of Chapter 2L of the Corporations Act.

12.3 Effect of Substitution of Full Successor

If the relevant requirements set out in clauses 12.1 and 12.2 relating to a substitution under clause 12.2(a) have been completed, on and from the Date of Substitution:

(a) the Full Successor will assume all of the obligations of, succeed to, and be substituted for, and may exercise every right and power of, CBA under these Terms and the Trust Deed (as may be amended from time to time) with the same effect as if the Successor had been named as CBA in these Terms and the Trust Deed;

(b) CBA (or any corporation which has previously assumed the obligations of CBA) will be released from its liability under the Terms and the Trust Deed;

(c) if CBA gives a notice to Holders under clause 12.2(c)(v), the amended terms will have effect on and from the date specified in the notice; and

(d) references to CBA in these Terms and the Trust Deed will be taken to be references to the Full Successor.

12.4 Effect of Substitution of Partial Successor

If the relevant requirements set out in clauses 12.1 and 12.2 relating to a substitution under clause 12.1(b) have been completed, on and from the Date of Substitution:

(a) CBA (or any corporation which has previously assumed the obligations of CBA) will be released from any obligation it would otherwise have under these Terms to issue Ordinary Shares to Holders upon Exchange; and

(b) if CBA gives a notice to Holders under clause 12.2(c)(v), the amended terms will have effect on and from the date specified in the notice.

13 General

13.1 Time limit for claims

A claim against CBA for a payment under PERLS VIII is void unless made within five years from the date on which payment became due.

13.2 Voting

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests including certain variations of these Terms which require the Holders' consent. Resolutions passed in accordance with such provisions will be binding on all Holders.

13.3 Amendments without consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, CBA may by deed poll, without the consent of the Holders, amend these Terms or the Trust Deed, from the date specified by CBA, if CBA is of the opinion that such alteration is:

(a) of a formal, technical or minor nature;

(b) made to cure any ambiguity, correct any manifest error or correct or supplement any defective provision of the Terms or amend any provision of the Trust Deed;

(c) necessary or expedient for the purpose of:

(i) enabling PERLS VIII to be listed for quotation, or to retain quotation, on any securities exchange or to be offered for subscription or for sale under the laws for the time being in force in any place;

(ii) complying with the provisions of any statute, the requirements of any statutory authority, ASX Listing Rules or the listing or quotation requirements of any securities exchange on which CBA may propose to seek a listing or quotation of PERLS VIII; or

(iii) facilitating a substitution in accordance with clause 12.1 (including satisfying any requirement of APRA in connection with such a substitution);

(d) made to amend any date or time period stated, required or permitted in connection with any Exchange or Redemption (including, without limitation, when the proceeds of Redemption are to be reinvested in a new security to be issued by CBA or a Related Body Corporate); or

(e) not materially prejudicial to the interests of Holders as a whole.

The Terms of all PERLS VIII will be amended from the date specified by CBA.

13.4 Amendments with consent

Without limiting clause 13.3, CBA may by deed poll amend these Terms or the Trust Deed if such alteration is approved by a Special Resolution.

In this case, the Terms of all PERLS VIII will be amended from the date specified in the Special Resolution or otherwise notified to the Holders (provided such date is permitted by the terms of the Special Resolution).

13.5 Meaning of amend

In clauses 13.3 and 13.4, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

13.6 APRA approval of amendments

Prior to any amendment under clauses 13.3 and 13.4 being effective, where required CBA must obtain APRA's prior written approval (APRA approval is required where the amendment affects the capital treatment of PERLS VIII under APRA's prudential standards at the relevant time) and any consent or approval required under any applicable law, regulation or ASX Listing Rule.

13.7 Notices

(a) **To Holders**

Subject to clauses 4.1(e) and 4.2(e), unless otherwise specified, all notices and other communications to Holders must be in writing and either (i) sent by prepaid post (airmail if appropriate) to or left at the address of the Holders (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication), (ii) (if available) issued to Holders through CHESS in accordance with any applicable rules and regulations of CHESS, or (iii) announced to ASX. An accidental or inadvertent failure to give notice to a particular Holder will not invalidate a notice otherwise properly given to Holders.

(b) **To CBA, Trustee and Registry**

Subject to clauses 4.1(e) and 4.2(e), all notices and other communications to all or any of CBA, the Trustee and the Registry must be in writing and sent by prepaid post (airmail if appropriate) to or left at the address of CBA, the Trustee and the Registry, as applicable.

(c) **When effective**

Subject to clauses 4.1(e) and 4.2(e), notices and other communications take effect from the time they are taken to be received unless a later time is specified in them.

(d) **Receipt**

(i) If sent by post, notices or other communications are taken to be received three Business Days after posting (or five Business Days after posting if sent to or from a place outside Australia).

(ii) If left at the address, notices or other communications are taken to be received when given unless received after 5.00 pm in the place of receipt or on a non-Business Day, in which case they are taken to be received at 9.00 am on the next Business Day.

(iii) Notices given to Holders by being announced to ASX are taken to be received on the date of announcement.

13.8 Ability to trade

CBA or any member of the CBA Group may, to the extent permitted by applicable laws and regulations and with APRA's prior written approval (where required), at any time buy or sell PERLS VIII in the open market, by tender to all or some of the Holders, by private agreement or in any other manner, at any price.

13.9 Governing law

These Terms are governed by and must be governed in accordance with the law in force in New South Wales, Australia.

13.10 Jurisdiction

CBA submits, and each Holder is taken to have irrevocably and unconditionally submitted, to the non-exclusive jurisdiction of the courts of New South Wales and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to these Terms.

13.11 Trust Deed

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

13.12 Waiver of immunity

CBA irrevocably and unconditionally waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 13.10.

14 Interpretation and definitions

14.1 Interpretation

In these Terms, except where the contrary intention appears:

(a) a reference to:

(i) an agreement or instrument includes any variation, supplement, replacement or novation of that agreement or instrument;

(ii) a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;

(iii) any thing is a reference to the whole and each part of it;

(iv) one gender includes every other gender;

(v) a document includes all schedules or annexes to it;

(vi) a clause or paragraph is to a clause or paragraph of these Terms;

(vii) "Australian dollars", "A$" or "Australian cent" is a reference to the lawful currency of Australia; and

(viii) a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(b) the singular includes the plural and vice versa;

(c) the word "person" includes a firm, body corporate, an unincorporated association, or governmental or local authority or agency or other entity;

(d) the word "law" includes common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

(e) any reference to time is to Sydney time;

(f) headings are inserted for convenience and do not affect the interpretation of these Terms;

(g) another grammatical form of a defined word or expression has a corresponding meaning;

(h) if an event under these Terms must occur on a stipulated day which is not a Business Day, then, for an event other than a Capital Trigger Event or Non-Viability Trigger Event, the stipulated day will be taken to be the next Business Day, unless a contrary intention is expressed;

(i) the meaning of general words is not limited by specific examples introduced by "including", "for example" or similar expressions;

(j) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;

(k) any provisions which refer to APRA requirements or any other prudential regulatory requirements will apply to CBA only if CBA is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of an entity (including a NOHC) subject to regulation and supervision by APRA at the relevant time;

(l) any provisions which require APRA's consent or approval (written or otherwise) will apply only if APRA requires that such consent or approval be given at the relevant time; and

(m) any provisions in these Terms requiring prior APRA approval for a particular course of action to be taken by CBA do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.

14.2 Definitions

In these Terms, except where the contrary intention appears:

ADI means an Authorised Deposit-taking Institution under the Banking Act;

Applicable Regulation means ASX Listing Rules, ASX Settlement Operating Rules, the rules and regulations of CHESS, the Corporations Act and any rules or regulations made under or pursuant to them;

Approved Issuer Levy means, in relation to a Distribution, the levy payable in accordance with section 86J of the Stamp and Duties Act 1971 (NZ) or any similar levy;

APRA means the Australian Prudential Regulation Authority;

ASX means ASX Limited ABN 98 008 624 691 or the securities market operated by it, as the context requires;

ASX Listing Rules means the listing rules of ASX from time to time with any applicable modification or waiver granted by ASX;

ASX Settlement Operating Rules means the settlement operating rules of ASX from time to time with any applicable modification or waiver granted by ASX;

Banking Act means the Banking Act 1959 (Cth);

Bill has the meaning given in clause 2.2;

Board means either the board of directors of CBA or a committee appointed by the board of directors of CBA;

Bookbuild means the process conducted before the Offer opens where brokers and investors bid for PERLS VIII and, on the basis of those bids, CBA sets the final Margin and announces it on ASX;

Business Day means a day which is (i) a business day within the meaning of ASX Listing Rules, and (ii) for the purposes of calculation or payment of a Distribution, a date on which banks are open for general business in Sydney;

Call Date means 15 October 2021;

Capital Trigger Event has the meaning given in clause 4.1;

CBA means Commonwealth Bank of Australia ABN 48 123 123 124, including foreign branches of Commonwealth Bank of Australia;

CBA Group means CBA (or any NOHC that is the holding company of CBA) and its Subsidiaries;

CBA Level 1 Common Equity Tier 1 Capital Ratio means, in respect of the CBA Level 1 Group, the ratio of the Common Equity Tier 1 of the CBA Level 1 Group to the risk weighted assets of the CBA Level 1 Group, calculated in accordance with APRA's prudential standards (as amended from time to time);

CBA Level 1 Group means:

(a) CBA; or

(b) the "extended licensed entity" which is comprised of CBA and each Subsidiary of CBA as specified in any approval granted by APRA in accordance with APRA's prudential standards (as amended from time to time);

CBA Level 2 Common Equity Tier 1 Capital Ratio means, in respect of the CBA Level 2 Group, the ratio of the Common Equity Tier 1 of the CBA Level 2 Group to the risk weighted assets of the CBA Level 2 Group, calculated in accordance with APRA's prudential standards (as amended from time to time);

CBA Level 2 Group means CBA and each Subsidiary that is recognised by APRA as part of CBA's Level 2 group in accordance with APRA's prudential standards (as amended from time to time);

Change of Control Event has the meaning given in clause 4.7;

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited ABN 49 008 504 532;

Common Equity Tier 1 means, in respect of each of the CBA Level 1 Group and the CBA Level 2 Group, has the meaning determined for that term or its equivalent by APRA;

Corporations Act means the Corporations Act 2001 (Cth);

Delisted means, in relation to an Exchange Date, that Ordinary Shares are not listed or admitted to trading on a securities exchange on that date;

Distribution means interest payable on PERLS VIII under these Terms;

Distribution Payment Date means, in respect of each PERLS VIII, 15 March, 15 June, 15 September and 15 December each year until that PERLS VIII has been Exchanged or Redeemed, and also the Exchange Date or Redemption Date. If any of these Distribution Payment Dates is not a Business Day, then the payment will be made in accordance with clause 9.3. The first Distribution Payment Date is 15 June 2016;

Distribution Period means each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However:

(a) the first Distribution Period commences on (and includes) the Issue Date; and

(b) the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date, as applicable;

Distribution Rate means the interest rate (expressed as a percentage per annum) calculated or determined in accordance with clause 2.2;

Equal Ranking Securities means each of:

(a) PERLS VI;

(b) PERLS VII;

(c) PERLS VIII; and

(d) any preference shares in the capital of CBA or any other securities which rank or are expressed to rank equally with PERLS VIII in a winding up of CBA, present and future, excluding any Junior Ranking Securities;

Exchange means, the exchange of all, some or a proportion of each PERLS VIII for Ordinary Shares under these Terms and **Exchanged** has a corresponding meaning;

Exchange Date means the applicable:

(a) Mandatory Exchange Date;

(b) date for Exchange specified in accordance with clause 4.1(e)(iii);

(c) date for Exchange specified in accordance with clause 4.2(e)(iii);

(d) date for Exchange specified in accordance with clause 4.7(b)(iii) or otherwise determined under clause 4.7(d);

Exchange Number has the meaning given in clause 7.1;

Face Value means A$100 per PERLS VIII (**Initial Face Value**) reduced (if applicable) by the amount of Face Value per PERLS VIII which has previously been Exchanged or the amount of Face Value per PERLS VIII for which Holders' rights have been irrevocably terminated;

FATCA means Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into or non-US laws enacted in relation to those sections);

Foreign Holder means a Holder:

(a) whose address in the Register is a place outside Australia;

(b) who CBA otherwise believes may not be a resident of Australia; or

(c) who CBA otherwise believes may be a person to whom offers of securities are subject to the securities laws of another country and CBA is not satisfied that the laws of the Holder's country of residence or the country to whose securities laws offers of securities to the Holder may be subject permit the offer, holding or acquisition of Ordinary Shares to the Holder (but CBA will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which CBA, in its absolute discretion, regards as acceptable and not unduly onerous;

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

Ineligible Holder means a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Financial Sector (Shareholdings) Act 1998 (Cth) and Part IV of the Competition and Consumer Act 2010) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its PERLS VIII, it shall only be treated as an Ineligible Holder in respect of those PERLS VIII and not in respect of the balance of its PERLS VIII), and includes a Foreign Holder. CBA will be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Exchange Date;

Insolvent means insolvent under section 95A of the Corporations Act;

IRS means the United States Internal Revenue Service;

Issue Date means the date on which PERLS VIII are issued;

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clauses 7.4 to 7.7;

Junior Ranking Securities means all Ordinary Shares, present and future;

Level 1, Level 2 and Level 3 means those terms as defined by APRA from time to time;

Mandatory Exchange Conditions means the conditions in clause 3.2;

Mandatory Exchange Date 15 October 2023 or such other date as determined under clause 3.1;

Margin has the meaning given in clause 2.2;

Market Rate has the meaning given in clause 2.2;

Maximum Exchange Number has the meaning given in clause 7.1;

Meeting Provisions means the provisions for meetings of Holders set out in schedule 4 of the Trust Deed;

NOHC means a "non-operating holding company" within the meaning of the Banking Act;

NOHC Event occurs when the Board initiates a restructure of the CBA Group and a NOHC becomes the ultimate holding company of CBA;

Non-Viability Trigger Event has the meaning given in clause 4.2;

Offer means the invitation by CBA in the Prospectus to subscribe for PERLS VIII;

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

PERLS VI means Perpetual Exchangeable Resaleable Listed Securities issued by CBA in October 2012;

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

PERLS VIII means CommBank PERLS VIII Capital Notes issued by CBA under these Terms;

Prospectus means the prospectus relating to the offer of PERLS VIII dated on or about 16 February 2016;

Purchaser means one or more third parties selected by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a Related Body Corporate of CBA);

Reclassification has the meaning given in clause 7.3;

Record Date means, for payment of Distributions:

(a) date that is eight calendar days prior to the relevant Distribution Payment Date; or

(b) such other date determined by CBA in its absolute discretion and communicated to ASX,

or in either case such other date as may be required by, or agreed with, ASX;

Redemption means the redemption of all or some PERLS VIII for their Face Value under these Terms and **Redeem** and **Redeemed** have corresponding meanings;

Redemption Date means, in respect of each PERLS VIII, the date specified by CBA as the Redemption Date in accordance with clause 5;

Register means the register of Holders established and maintained under clause 12 of the Trust Deed and, where appropriate, the term Register includes:

(a) a sub-register maintained by or for CBA in CHESS; and

(b) any branch register;

Registry means Link Market Services Limited ABN 54 083 214 537 or any other person appointed by CBA to maintain the Register;

Related Body Corporate means a related body corporate as defined in the Corporations Act, or an entity over which CBA, or a future parent entity of CBA, exercises control or significant influence;

Relevant Jurisdiction means any country, or political subdivision of one or more countries, or any federation or association of countries:

(a) in which CBA (or a Successor) is incorporated, resident or domiciled for any tax purpose or carries on business; or

(b) from which, or through which, any Distribution is paid.

Relevant Security means a security forming part of the Tier 1 Capital of CBA on a Level 1 basis or Level 2 basis;

Resale means the sale of PERLS VIII by Holders to the Purchaser in accordance with clause 6 and **Resell** and **Resold** have corresponding meanings;

Resale Notice means a notice issued in accordance with clause 6;

Senior Ranking Obligations means all deposits and other liabilities, securities (including Tier 2 Capital securities) and other obligations of CBA other than Equal Ranking Securities or Junior Ranking Securities;

Special Resolution means:

(a) a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions:

  (i) by at least 75% of Holders voting on a show of hands (unless paragraph (b) below applies); or

  (ii) if a poll is duly demanded, by at least 75% of the votes cast; or

(b) a resolution passed by postal ballot or written resolution by Holders of at least 75% of the aggregate Face Value of PERLS VIII then outstanding;

Subsidiary has the meaning given in the Corporations Act;

Tax means:

(a) any tax, including GST, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding; or

(b) any income, stamp or transaction duty, tax or charge,

which is assessed, levied, imposed or collected by any governmental agency and includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed on or in respect of any of the above.

Tax Act means the Income Tax Assessment Act 1936 (Cth) and, where applicable, the Income Tax Assessment Act 1997 (Cth) (both as amended from time to time);

Terms means these terms and conditions of PERLS VIII, as set out in schedule 1 of the Trust Deed;

Tier 1 Capital means the Tier 1 Capital of CBA on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;

Tier 2 Capital means the Tier 2 Capital of CBA on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;

Trust Deed means the deed entitled "PERLS VIII Trust Deed" between CBA, acting through its New Zealand branch, and the Trustee and dated on or about 16 February 2016;

Trustee means The Trust Company (Australia) Limited (or any replacement trustee under the Trust Deed, who cannot be CBA, a member of the CBA Group or a Related Body Corporate of CBA)

VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant VWAP Period, subject to any adjustments made under clauses 7.2 and 7.3, but the trades taken into account in determining such daily volume weighted average prices will exclude special crossings, crossings prior to the commencement of normal trading or during the closing phase or after hours adjustment phase, overnight crossings, overseas trades, trades pursuant to the exercise of options over Ordinary Shares, or any other trade determined by the Board in its discretion not to be reflective of normal trading in Ordinary Shares; and

VWAP Period means:

(a) in the case of an Exchange resulting from a Capital Trigger Event, or a Non-Viability Trigger Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date; and

(b) in the case of any other Exchange, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date; or

(c) otherwise, the period for which the VWAP is to be calculated in accordance with these Terms.

Corporate Directory

Registered Office of CBA

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Arrangers

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Goldman Sachs Australia Pty Limited
Level 46, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Joint Lead Managers

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

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Goldman Sachs Australia Pty Limited
Level 46, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

J.P. Morgan Australia Limited
Level 18, J.P. Morgan House
85 Castlereagh Street
Sydney NSW 2000

Morgan Stanley Australia Securities Limited
Level 39, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Morgans Financial Limited
Level 29, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Westpac Institutional Bank
Level 2, Westpac Place
275 Kent Street
Sydney NSW 2000

Co-Managers

Bell Potter Securities Limited
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Citigroup Global Markets Australia Pty Limited
Level 40, Citigroup Centre
2 Park Street Sydney
Sydney, NSW 2000

Ord Minnett Limited
Level 8, NAB House
255 George Street
Sydney NSW 2000

Trustee

The Trust Company (Australia) Limited
Level 12, Angel Place
123 Pitt Street
Sydney NSW 2000

Legal and Tax Advisers

Herbert Smith Freehills
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Greenwoods & Herbert Smith Freehills Pty Limited
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Russell McVeagh
Level 30, Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

Accounting Adviser

PricewaterhouseCoopers Securities Ltd
Ground Floor, Tower 2
201 Sussex Street
Sydney NSW 2000

Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

PERLS VIII Information Line

1800 218 694 (Monday to Friday 8.00am - 7.30pm, Sydney time)

CommonwealthBank