

CommBank PERLS VIII Capital Notes

Investor Presentation

16 February 2016

SCHOOL SAVINGS
BANK
BRANCH NO. 1

School Banking
Coordinator

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 1959 (Cth)



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The information provided in this presentation 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). Investors should carefully read and consider the Prospectus in full and seek advice from your financial adviser or other professional adviser before deciding to invest in the Offer. Any decision by a person to apply for the PERLS VIII should be made on the basis of information contained in the Prospectus and an independent assessment as to whether to invest, and not in reliance on any information contained in this presentation. Anyone wishing to acquire PERLS VIII will need to complete the application form in or accompanying the Prospectus during the Offer period. To obtain a Prospectus, interested investors should contact their broker or call the PERLS VIII Information Line on 1800 218 694 (Monday to Friday 8.00am – 7.30pm, Sydney time) or visit www.commsec.com.au.

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Overview

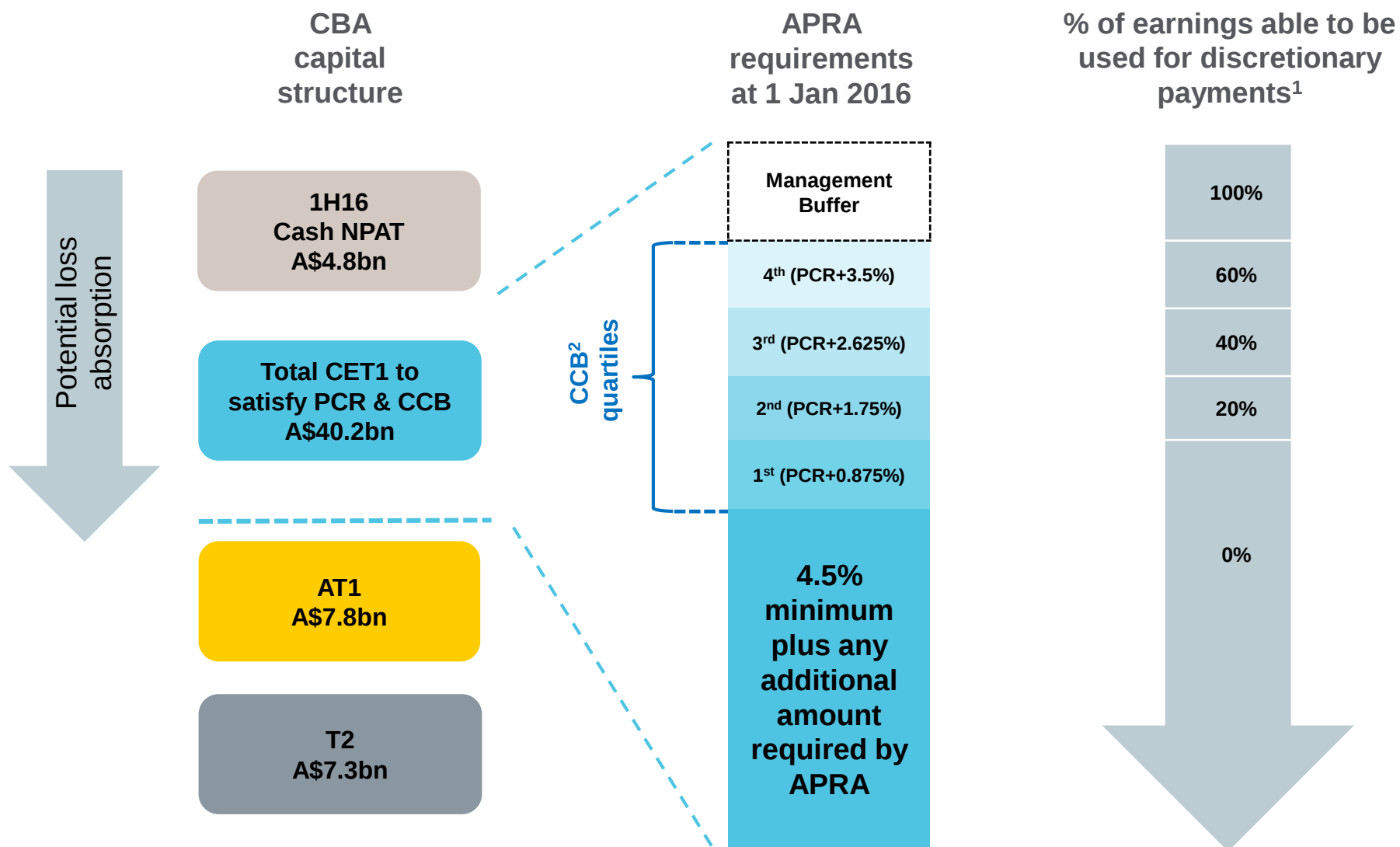
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Overview

CommBank PERLS VIII Capital Notes ("PERLS VIII")	■ PERLS VIII are subordinated, unsecured notes issued by CBA, through its New Zealand branch
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
Face Value	■ A\$100 per PERLS VIII but may be reduced following a Capital Trigger Event or Non-Viability Trigger Event
Term	■ PERLS VIII are perpetual, meaning they have no fixed maturity date and if not Exchanged or Redeemed could remain on issue indefinitely ■ However, on the Mandatory Exchange Date (15 October 2023), CBA must Exchange all PERLS VIII (subject to the Mandatory Exchange Conditions) ■ CBA may Exchange or Redeem PERLS VIII earlier on the occurrence of certain events
Call Date	■ CBA may in its absolute discretion Redeem or Resell all or some PERLS VIII on 15 October 2021, subject to APRA approval
Distributions	■ PERLS VIII are scheduled to pay quarterly, floating rate Distributions which are expected to be fully franked ■ Margin to be determined through the Bookbuild and is expected to be between 5.20% and 5.35% per annum
Offer Structure	■ The Offer comprises: — a Reinvestment Offer – offer to Eligible PERLS III Holders; — a Broker Firm Offer – offer to retail investors who are clients of a Syndicate Broker; and — a Securityholder Offer – offer to eligible holders of Ordinary Shares, PERLS III, PERLS VI, PERLS VII or Colonial Group Subordinated Notes
Minimum Application	■ Minimum Application of 50 PERLS VIII (\$5,000) and thereafter in multiples of 10 PERLS VIII (\$1,000) ■ Minimum Application does not apply to Eligible PERLS III Holders applying under the Reinvestment Offer
ASX quotation	■ It is expected that PERLS VIII will be quoted under code "CBAPE" on ASX

Capital structure to absorb losses



¹ Discretionary payments include dividends, hybrid Tier 1 distributions and bonuses

² The above example assumes the total Capital Conservation Buffer ("CCB") including the D-SIB buffer is 3.5%



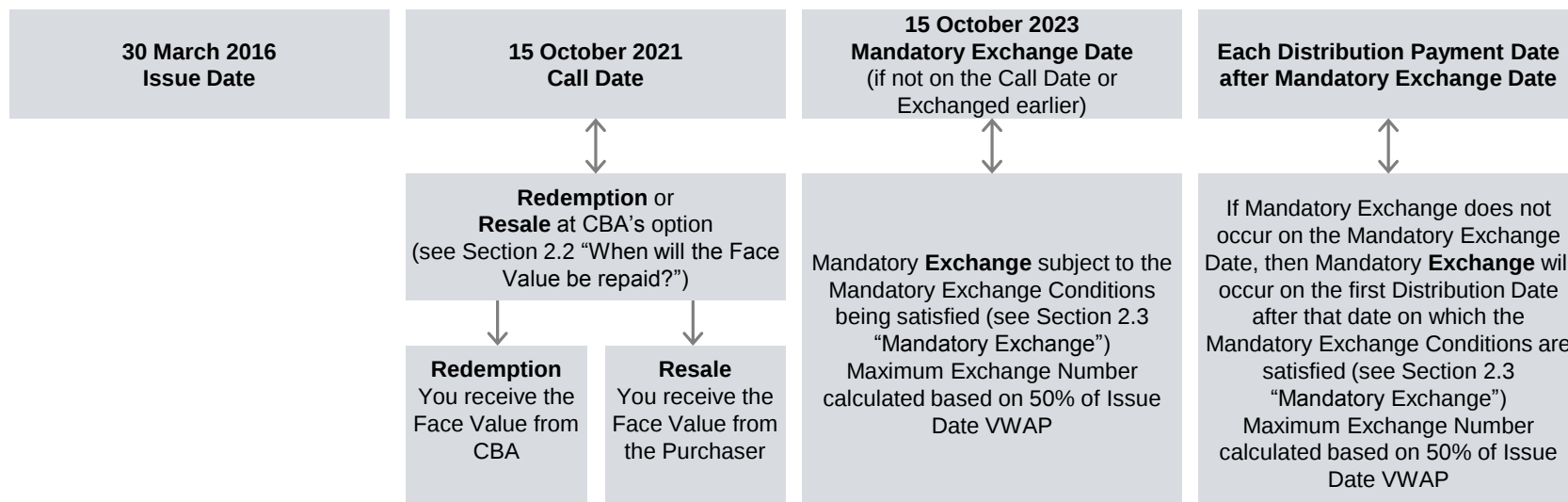
Key Features of **CommBank** **PERLS VIII Capital Notes**

Distributions

Distributions	■ PERLS VIII are scheduled to pay quarterly, floating rate Distributions ■ The first Distribution is scheduled to be paid on 15 June 2016 ■ Distributions are expected to be fully franked, but will be increased to compensate Holders to the extent that a Distribution is not fully franked ■ Distributions are discretionary and subject to the distribution payment conditions being satisfied
Distribution Rate	■ $\text{Distribution Rate} = (\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$ ■ Margin to be determined through the Bookbuild and is expected to be between 5.20% and 5.35% per annum
Dividend and capital restrictions	■ Distributions may not be paid in certain circumstances ■ Distributions that are not paid do not accrue and will not be subsequently paid ■ If a Distribution is not paid then, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date, 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 ■ Non-payment of a Distribution will not be an event of default

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 below summarises when these events could occur¹. If none of these events occur, PERLS VIII could remain on issue indefinitely and the Face Value will not be repaid



Events that could occur at any time

Redemption at CBA's option for tax or regulatory reasons (see Section 2.2 "When will the Face Value be repaid?")
 Automatic Exchange if a Capital Trigger Event, Non-Viability Trigger Event or Change of Control Event occurs (see Section 2.4 "Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event" and Section 2.5 "Automatic Exchange on a Change of Control Event"). Maximum Exchange Number calculated based on 20% of Issue Date VWAP

¹ Section references in the diagram are references to sections of the Prospectus

Early Redemption & Resale

Early Redemption Rights for CBA	■ CBA may Redeem PERLS VIII in the following circumstances (subject to certain conditions including prior written approval by APRA): — on the Call Date (15 October 2021) – all or some PERLS VIII; or — at any time – all of PERLS VIII for tax or regulatory reasons ■ Approval to Redeem is at the discretion of APRA and may or may not be given
Resale on the Call Date	■ On the Call Date (15 October 2021), CBA may elect that Resale occur in relation to all or some PERLS VIII ■ If Resale occurs, your PERLS VIII will be purchased by a third party for a cash amount equal to their Face Value
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

Mandatory Exchange

Mandatory Exchange	■ On the Mandatory Exchange Date (15 October 2023), CBA must Exchange all PERLS VIII (subject to the Maximum Exchange Number and Mandatory Exchange Conditions) for a variable number of Ordinary Shares with the benefit of a 1% discount¹ ■ If all of the Mandatory Exchange Conditions are not satisfied on that date, the Mandatory Exchange Date will be the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied
Maximum Exchange Number	■ Calculated according to the formula: (Face Value) / (Relevant Percentage x Issue Date VWAP) ■ The Relevant Percentage is 50% if Exchange is occurring on a Mandatory Exchange Date
Mandatory Exchange Conditions	■ There are three Mandatory Exchange Conditions: — First Mandatory Exchange Condition: the VWAP of Ordinary Shares on the 25th Business Day before (but not including) a possible Mandatory Exchange Date is greater than 56% of the Issue Date VWAP; — Second Mandatory Exchange Condition: the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) a possible Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP; and — Third Mandatory Exchange Condition: Ordinary Shares are listed or admitted to trading on ASX as at the Mandatory Exchange Date ■ The First and Second Mandatory Exchange Conditions are intended to provide some protection for Holders against Exchange occurring when the price of Ordinary Shares has fallen to such a level that you would only receive the Maximum Exchange Number

¹ The number of Ordinary Shares received for each PERLS VIII will have a value equal to A\$101.01 (based on the Face Value (initially A\$100) and the VWAP of Ordinary Share during the 20 Business Days before the Mandatory Exchange Date with a benefit of a 1% discount

Automatic Early Exchange – Non-Viability Trigger Event

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
Examples of situations in which a Non-Viability Trigger Event may occur	■ Whether a Non-Viability Trigger Event occurs is at the discretion of APRA – there are currently no precedents ■ The circumstances in which APRA may exercise its discretion are not limited to when APRA may have a concern about a bank's capital levels but may also include when APRA has a concern about a bank's funding and liquidity levels
Exchange following a Non-Viability Trigger Event	■ 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 ■ On Exchange, Holders receive a variable number of Ordinary Shares (subject to the Maximum Exchange Number) with the benefit of a 1% discount ■ 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
Maximum Exchange Number	■ Calculated according to the formula: $(\text{Face Value}) / (\text{Relevant Percentage} \times \text{Issue Date VWAP})$ ■ The Relevant Percentage is 20% if Exchange is occurring as a result of a Non-Viability Trigger Event

Automatic Early Exchange – Capital Trigger Event

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 or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%
Exchange following a Capital Trigger Event	- 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% - 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
Maximum Exchange Number	- Calculated according to the formula: $(\text{Face Value}) / (\text{Relevant Percentage} \times \text{Issue Date VWAP})$ - The Relevant Percentage is 20% if Exchange is occurring as a result of a Capital Trigger Event
Common Equity Tier 1 Capital Ratio	- 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 - As at 31 December 2015, CBA's Level 2 Common Equity Tier 1 Capital Ratio was 10.2%. This equates to a surplus of approximately A\$20.1bn above the Capital Trigger Event level of 5.125%

CBA Level 2 Common Equity Tier 1 Capital levels (under APRA's approach)

	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

Comparison to other CBA hybrid securities

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.

	PERLS III	CommBank PERLS VIII Capital Notes	Other hybrid securities issued by CBA	
			PERLS VI	PERLS VII
Issuer	Preferred Capital Limited, 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	CBAP 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 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 will apply 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



Information about **CBA**

1H16 Financial Results

Snapshot – 1H16 Results¹

Financial			Operating performance ³		
Cash NPAT (\$m)	4,804	4%	Group (\$m)	7,146	6%
ROE (Cash)	17.2%	(140) bpts	Retail Banking Services (\$m)	3,466	8%
Cash EPS (\$)	2.84	1%	Business and Private Banking (\$m)	1,219	5%
DPS (\$)	1.98	-	Institutional Banking & Markets (\$m)	904	(5%)
Cost-to-Income (Cash)	42.2%	-	Wealth Management (\$m)	462	13%
NIM (%) ²	2.06	-	NZ (\$m)	741	7%
NIM (%) ex Treasury & Markets ²	2.04	-	Bankwest (\$m)	550	1%
Balance sheet			Capital & funding		
Total Assets (\$bn)	903	6%	CET1 (APRA)	10.2%	100 bpts
Total Liabilities (\$bn)	843	5%	CET1 (International) ⁴	14.3%	N/A
FUA (\$bn, average)	143	7%	LT Wholesale Funding WAM (yrs)	3.9	-
RWA (\$bn)	393	11%	Deposit Funding (%)	64%	1%
Provision to Credit RWAs (%)	1.11%	(14) bpts	Liquidity Coverage Ratio (%)	123%	Large
			Leverage Ratio (APRA) %	5.0%	N/A ⁵

¹ All movements on prior comparative period unless stated otherwise

² Movement on prior half

³ Operating performance is Total Operating Income less Operating Expense

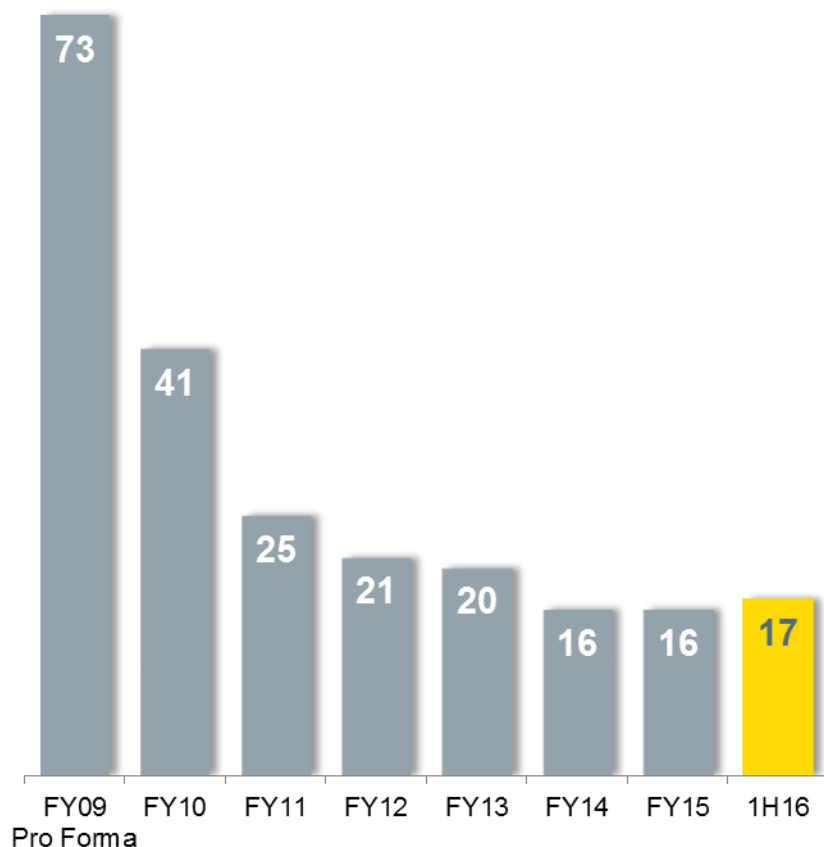
⁴ Analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015)

⁵ The Group commenced disclosure of its leverage at 30 September 2015, thus no comparatives have been presented

Sound credit quality

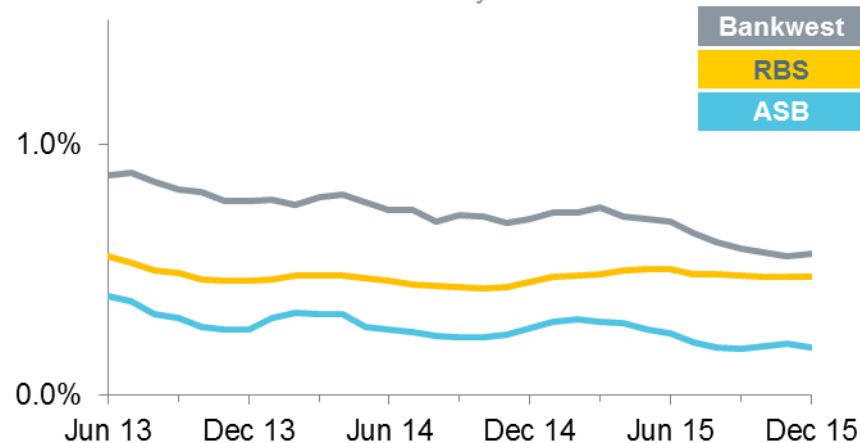
Loan Impairment Expense

CBA Group (bpts)



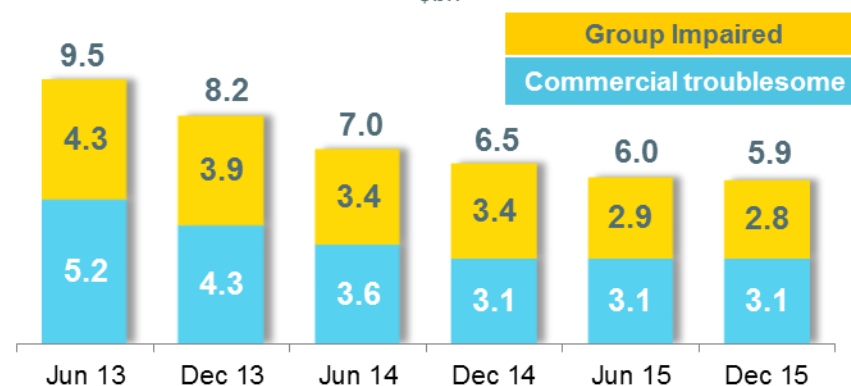
Home Loan Arrears

90+ days



Troublesome and Impaired Assets

\$bn

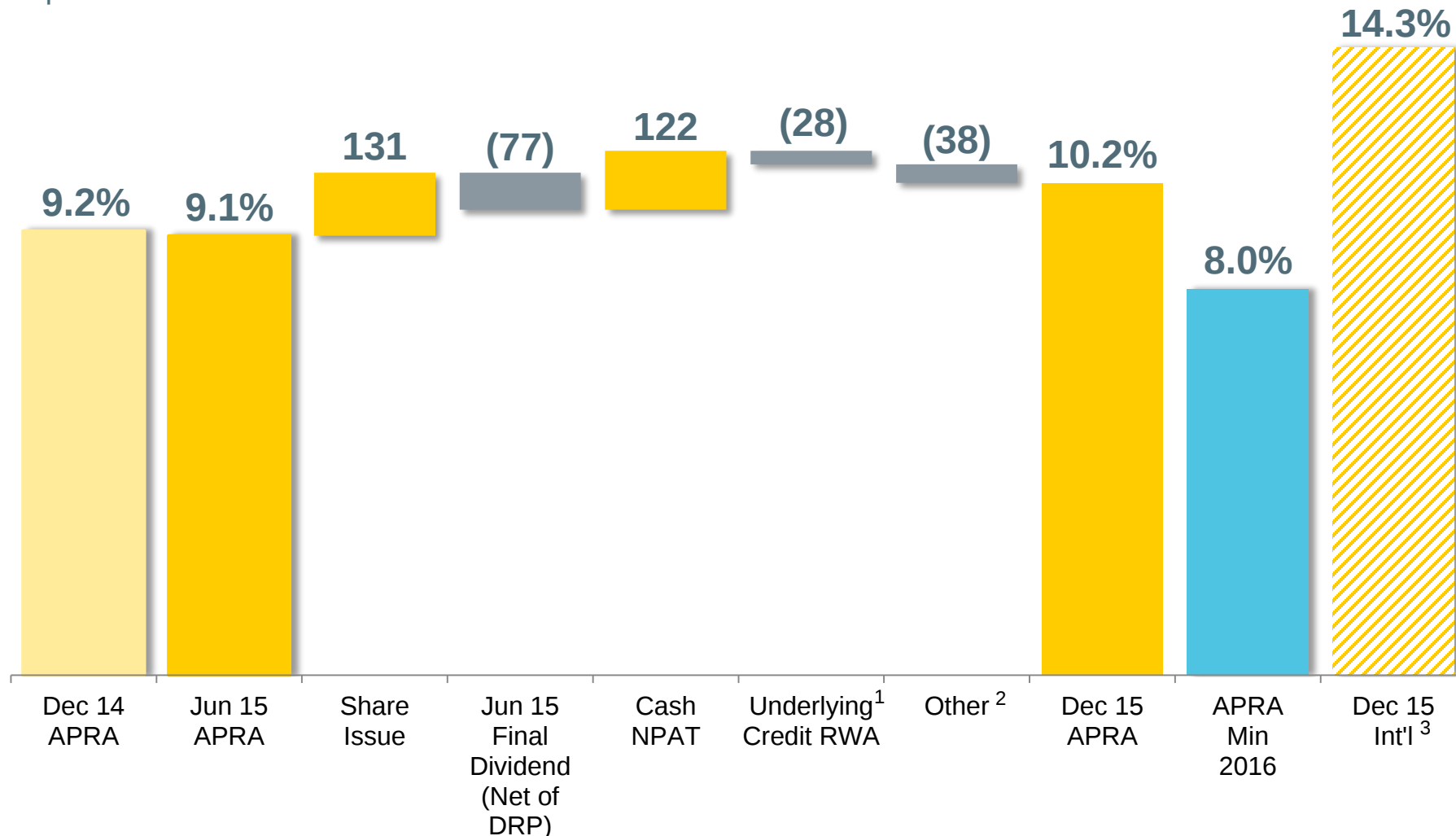


LIE (Loan Impairment Expense): Basis points calculated as a percentage of average Gross Loans and Acceptances (GLA). FY09 includes Bankwest on a pro-forma basis and is based on impairment expense for the year. Statutory Loan Impairment Expense for FY10 48 bpts, FY13 21 bpts and FY14 16 bpts. Consumer Home Loan Arrears exclude Reverse Mortgage, Commonwealth Portfolio Loan (RBS only) and Residential Mortgage Group (RBS only) loans.

Strong capital position

CET1

bpts



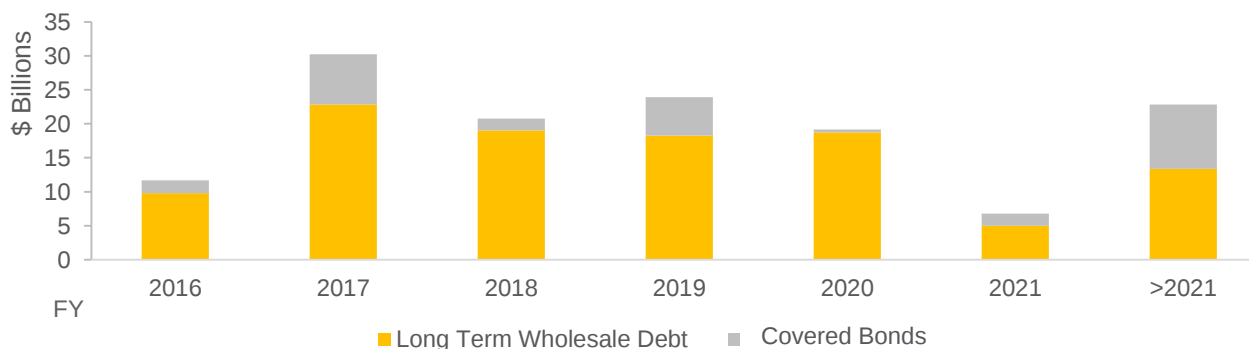
¹ Excludes impact of FX and change in regulatory treatments.

² Primarily relates to growth in IRRBB RWA and the impact of Credit RWA regulatory treatments.

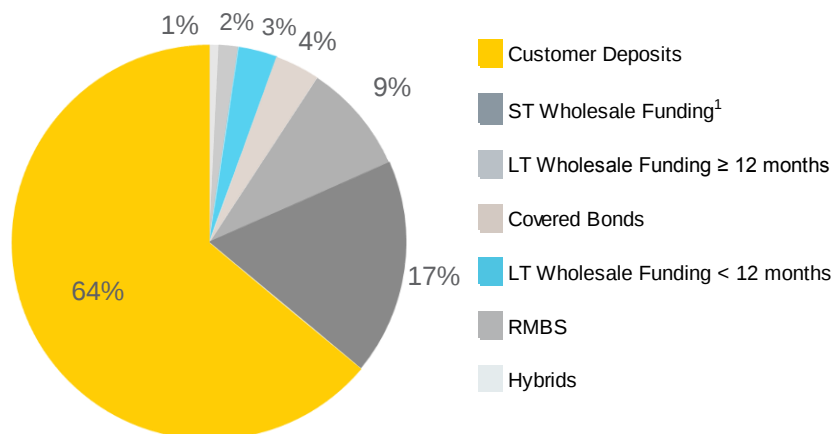
³ Analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).

Funding and liquidity

CBA's term maturity profile as at 31 December 2015 (\$bn)

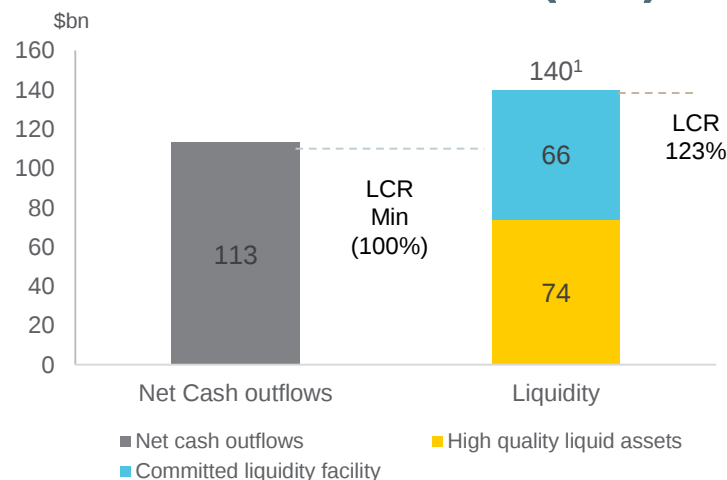


CBA's funding by type as at 31 December 2015



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

CBA's liquid assets as at 31 December 2015 (\$bn)



1. Liquids are reported net of applicable regulatory haircuts.

Bank Hybrid Securities Basics

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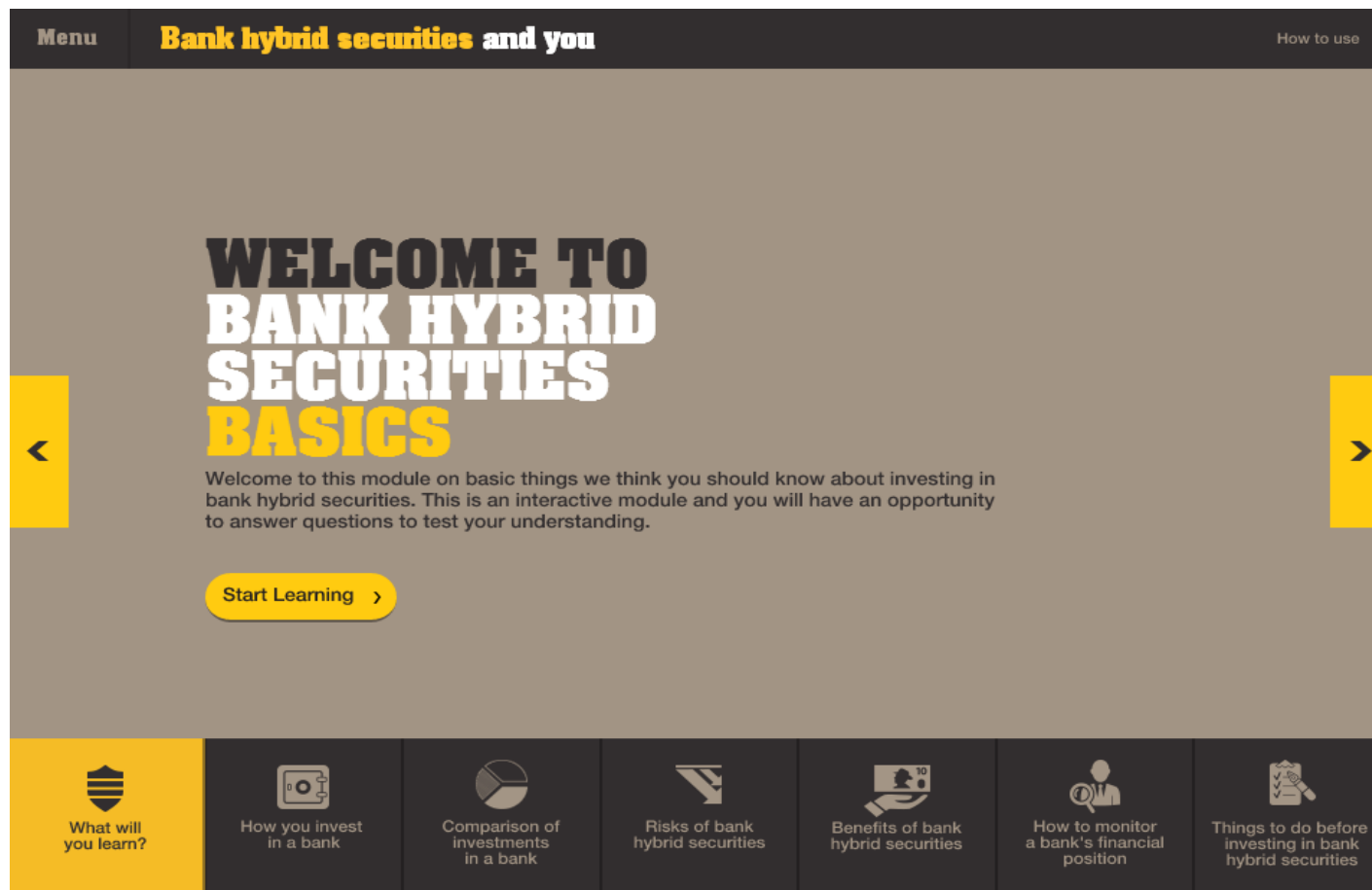
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Bank hybrid securities basics

An interactive module on bank hybrid securities basics is available to potential investors to help them understand bank hybrid securities, their features and risks. It is available from 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

Information about the different ways to measure returns on bank hybrid securities is also available





Key Dates & **Contacts**

Key Dates

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	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 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
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	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

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

Contacts

Issuer

Commonwealth Bank of Australia	Paolo Tonucci, Group Treasurer +61 2 9303 1711	Tricia Ho-Hudson, Head of Capital & Regulatory Strategy +61 2 9118 1319
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Arrangers

Commonwealth Bank of Australia	Truong Le +61 2 9118 1205	Sally Choi +61 2 9117 1214
Goldman Sachs Australia Pty Limited	Michael Cluskey +61 3 9679 1138	Amanda Taylor +61 2 9320 1365

Joint Lead Managers

ANZ Securities Limited	Adam Vise +61 3 8655 9320	Tariq Holdich +61 2 8037 0622
Morgans Financial Limited	Steven Wright +61 7 3334 4941	Anthony Kirk +61 7 3334 4898
Morgan Stanley Australia Securities Limited	Bob Herbert +61 3 9256 8937	Hamish Head +61 3 9118 2254
J.P. Morgan Australia Limited	Andrew Best +61 2 9003 8383	Duncan Beattie +61 2 9003 8358
UBS AG, Australia Branch	Andrew Buchanan +61 2 9324 2617	Joe Hunt +61 2 9324 3718
Westpac Institutional Bank	Ryan Evans +61 2 8254 4694	Robert Moulton +61 2 8253 4584

Appendix: CommBank PERLS VIII Capital Notes – Key Benefits and Key Risks¹

Key Benefits of PERLS VIII

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

Key Risks of 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 and other risks associated with CBA's businesses. They are not deposit liabilities or protected accounts of CBA under the Banking Act
- 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
- 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
- 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
- Dividends are payable at the absolute discretion of CBA and, 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
- If a Capital Trigger Event or Non-Viability Trigger Event occurs and the Exchange is not effective and CBA has not otherwise issued Ordinary Shares within 5 Business Days of the event, 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

¹ You should read Section 5 "Risk of CommBank PERLS VIII Capital Notes" in full before deciding to invest
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Appendix: CommBank PERLS VIII Capital Notes – Key Benefits and Key Risks¹

Key Risks of PERLS VIII (cont.)

- PERLS VIII may not be Exchanged on the scheduled Mandatory Exchange Date and you may continue to hold PERLS VIII indefinitely
- 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
- You do not have a right to request that your PERLS VIII be Exchanged or Redeemed early
- CBA may raise more debt and issue further securities which rank equally with or ahead of PERLS VIII, whether or not secured
- 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
- The market price of PERLS VIII on ASX will fluctuate and you may lose some of the money you invested in PERLS VIII if you sell them
- 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
- A significant portion of CBA's business is related to Australia and CBA may be adversely affected by a downturn in the Australian economy
- CBA may be adversely affected either directly or indirectly by disruption to global markets
- CBA is subject to extensive regulation. Changes in regulation may adversely affect CBA's performance or financial position
- CBA may incur losses associated with exposures to customers, counterparties and suppliers who default on their obligations to CBA
- 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
- CBA is subject to operational risks and may incur losses
- CBA is subject to information security risks, including cyber attacks, and data security breaches
- CBA's ability to raise capital and funding may be adversely affected by changes in credit ratings
- CBA is subject to intense competition which may adversely affect its performance
- CBA may be adversely affected by harm to its reputation amongst customers and investors
- 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
- CBA's businesses or customers may be affected by catastrophic events

¹ You should read Section 5 "Risk of CommBank PERLS VIII Capital Notes" in full before deciding to invest

THANK YOU