

# Commonwealth Bank

Commonwealth Bank of Australia  
ACN 123 123 124

Secretariat

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Margaret Taylor  
Group Company Secretary

2 September 2014

The Manager  
Company Announcements Platform  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000



Dear Sir

## **CommBank PERLS VII Capital Notes Offer - holder communications**

On 18 August 2014, Commonwealth Bank of Australia (**Commonwealth Bank**) announced the offer of CommBank PERLS VII Capital Notes and a reinvestment offer for eligible holders of Perpetual Exchangeable Resalable Listed Securities issued in 2009 (**PERLS V**).

### **1. PERLS V Holders with a registered address in Australia**

I attach an example of the letter being despatched to PERLS V holders with a registered address in Australia from today. The letter encloses the personalised application form, Resale Notice and a copy of the amended PERLS V note terms. The final letter to recipients also encloses the replacement prospectus for the offer released to ASX on 26 August 2014.

### **2. PERLS V Holders with a registered address outside Australia**

I also attach an example of the letter being despatched to PERLS V holders with a registered address outside Australia from today. The letter encloses the Resale Notice and a copy of the amended PERLS V note terms.

Yours sincerely

Margaret Taylor  
**Group Company Secretary**

29 August 2014



045 024782

SAMPLE PTY LTD  
<SAMPLE SUPER FUND A/C>  
50 SMITH ST  
SYDNEY NSW 9999

Dear PERLS V Holder

## REINVESTMENT OFFER FOR ELIGIBLE PERLS V HOLDERS

As a valued holder of PERLS V, I am writing to let you know about an opportunity to have your investment in PERLS V repaid early and for the amount repaid to be reinvested in CommBank PERLS VII Capital Notes ("**PERLS VII**"), a new hybrid security offered by the Commonwealth Bank. PERLS VII are also subordinated unsecured notes.

You are receiving this letter and are eligible to participate in this Reinvestment Offer as you were a registered holder of PERLS V on the Reinvestment Offer Record Date and have a registered address in Australia. As an eligible holder you can sell all or some of your PERLS V holding through the On-Market Buy-Back Facility. The sale proceeds from your PERLS V will be automatically reinvested in PERLS VII. You are also invited to purchase additional PERLS VII.

### Key Dates for the Reinvestment Offer:

Reinvestment Offer Record Date	22 August 2014 at 7.00pm (Sydney time)
Opening Date for the Reinvestment Offer	26 August 2014
Closing Date for the Reinvestment Offer	5:00pm (Sydney time), 17 September 2014
On-Market Buy-Back Date of PERLS V	26 September 2014
Settlement of On-Market Buy-Back of PERLS V and PERLS VII Issue Date	1 October 2014

Priority will be given to applications received under the Reinvestment Offer over other applicants if the PERLS VII Offer is oversubscribed.

**A copy of the Prospectus which contains information about PERLS VII and the Reinvestment Offer is enclosed.** The Prospectus also outlines key risks associated with PERLS VII. You should consider the Prospectus in full in determining whether PERLS VII is a suitable investment for you.

Section 3.1 of the Prospectus explains the key differences between PERLS V and PERLS VII. You are encouraged to read this information if you are considering participating in the Reinvestment Offer.

You also have the option not to participate in the Reinvestment Offer, as explained in the Prospectus.

An application has been made to have PERLS VII quoted on the Australian Securities Exchange.

The PERLS VII Reinvestment Offer is open for a limited time only. You can only apply using the personalised application form accompanying this letter and the enclosed prospectus or online via [www.commsec.com.au](http://www.commsec.com.au) after 26 August 2014.

Enclosed with this letter are a Notice of Amendment to the PERLS V terms and a Resale Notice in relation to PERLS V. The amendments to the PERLS V terms have been made to facilitate the Reinvestment Offer.

For more information, speak talk to your regular broker, visit [www.commsec.com.au](http://www.commsec.com.au) or call the PERLS VII Information Line on 1800 426 150 (Monday to Friday 8.00am – 7.30pm, Sydney time).

Thank you for your interest.

Yours sincerely



David J Turner  
Chairman

**Important Information:** Investments in CommBank PERLS VII Capital Notes are an investment in Commonwealth Bank and may be affected by the ongoing performance, financial position and solvency of Commonwealth Bank. Commonwealth Bank (as issuer of PERLS VII) does not guarantee the performance of PERLS VII. They are not deposit liabilities or protected accounts of Commonwealth Bank under the Banking Act 1959 (Cth). There is a risk that investors could lose some or all of their money or may not be paid the distributions. In this letter, words which are capitalised have the meanings given to them in the Prospectus. This letter is not advice and has not taken into account any person's objectives, financial situation or needs. Investors should read and consider the Prospectus in full and seek advice from their financial adviser or other professional adviser before deciding whether to invest in PERLS VII.





**COMMBANK PERLS VII CAPITAL NOTES  
REINVESTMENT FORM**

This Application Form requires your immediate attention.

SAMPLE PTY LTD  
<SAMPLE SUPER FUND A/C>  
50 SMITH ST  
SYDNEY NSW 9999

SRN/HIN:  
Entitlement Number:



<b>A</b>	Number and value of PERLS V you held as at 7:00pm (Sydney time) on 22 August 2014	
	30	at <b>A\$200</b>
	= <b>\$6,000</b>	

You have several options in relation to your eligible PERLS V, as set out in further detail in the Prospectus dated 26 August 2014 issued by Commonwealth Bank of Australia (CBA) (Prospectus). You are encouraged to thoroughly read the Prospectus. If you wish to sell all or some of your eligible PERLS V through the On-Market Buy-Back Facility and reinvest the proceeds in PERLS VII you must complete this form. You may also apply for additional PERLS VII under the Securityholder Offer in Section D. If you do not return this form, your PERLS V will not be sold through the On-Market Buy-Back Facility and you will not be able to participate in the Reinvestment Offer. You may also apply online by visiting [www.comsec.com.au] and completing an online Application Form. All PERLS V which remain outstanding will be sold to the Resale Broker under the terms on 31 October 2014.

**B REINVESTMENT OPTION**

Choose **ONE** box only.

**FULL REINVESTMENT (to reinvest the proceeds from the sale of ALL of your eligible PERLS V in PERLS VII)**  
Mark this box with an 'X' to apply to have the proceeds from the sale of all of your eligible PERLS V reinvested in PERLS VII. This option will apply to sell all of your eligible PERLS V indicated in Section A of this form through the On-Market Buy-Back Facility, with the proceeds reinvested in PERLS VII. To apply for additional PERLS VII, refer to Section D below.

**PARTIAL REINVESTMENT (to reinvest the proceeds from the sale of SOME of your eligible PERLS V in PERLS VII)**  
Mark this box with an 'X' to apply to have the proceeds from the sale of the number and value of your eligible PERLS V specified below reinvested in PERLS VII. This option will apply to sell the number of eligible PERLS V indicated in the box below (up to the maximum number and value set out in Section A of this form), with the proceeds reinvested in PERLS VII. Any PERLS V you hold on 22 August 2014 that are not selected to be reinvested in PERLS VII will not be sold through the On-Market Buy-Back Facility. If you do not specify a number or value you will be taken to have elected to sell all of your PERLS V held at 22 August 2014 and reinvest the proceeds in PERLS VII. To apply for additional PERLS VII, refer to Section D below.

Number of PERLS V to reinvest in PERLS VII	at <b>A\$200</b>	=	This should be the dollar amount you wish to reinvest
[ ]			\$ [ ]
(Do not send a cheque for this amount)			

**C CONTACT DETAILS** – please provide telephone number, contact name and email address in case we need to contact you about this Application.

Telephone number – during business hours	Telephone number after business hours or mobile	Contact name	Email address
( ) [ ]	( ) [ ]	[ ]	[ ]

You must return this form to Link Market Services Limited at the address at the end of this Reinvestment Form, or return this form to your Syndicate Broker, by the Closing Date for the Reinvestment Offer, which is expected to be 5:00pm (Sydney time) on 17 September 2014.

Note, if you are a client of a Syndicate Broker (or any other broker, financial planner or other financial adviser) and have been contacted by them regarding the Reinvestment Offer, you should contact your Syndicate Broker (or any other broker, financial planner or other financial adviser) for information about how and when to lodge this Reinvestment Form. Generally, you must lodge this Reinvestment Form with your Syndicate Broker (or any other broker, financial planner or other financial adviser) in accordance with their instructions.

**D APPLICATION FOR ADDITIONAL PERLS VII UNDER THE SECURITYHOLDER OFFER**

**ADDITIONAL PERLS VII**  
Mark this box with an 'X' to apply for additional PERLS VII. If this option is selected, you apply for the number and value of additional PERLS VII you have indicated in the box below and this Application Form must be accompanied by cheques and/or money orders equal to the number of PERLS VII indicated below multiplied by the Face Value of \$100. This Application will be in addition to the PERLS VII applied for in Section B.

Number of additional PERLS VII	at <b>A\$100</b>	=	This should be the dollar amount of additional PERLS VII you wish to apply for
[ ]			\$ [ ]
(Minimum 50 PERLS VII, thereafter in multiples of 10 PERLS VII)			

Cheque number	BSB number	Account number
[ ]	-	[ ]

Cheques or money orders should be made payable to "PERLS VII Offer" in Australian currency and crossed "Not Negotiable".  
You must return this form by 5:00pm (Sydney time) on 17 September 2014.

**PLEASE ENSURE THAT YOU COMPLETE ALL DETAILS UNDER SECTION E "OTHER IMPORTANT APPLICANT DETAILS" (ON THE OTHER SIDE OF THIS PAGE) OTHERWISE YOUR APPLICATION MAY NOT BE ACCEPTED.**

The information provided by you in this Reinvestment Form is required to process your Application and to ensure compliance with relevant Anti-Money Laundering (AML) obligations. You may also be contacted by Link Market Services Limited requesting additional information to ensure compliance with relevant AML obligations. **If you do not provide all of the information required in this Reinvestment Form or such additional information requested by Link Market Services Limited, your Application may not be accepted.** Please note that the address(es) provided in this Section E **will not** be used to amend the details on your holding. All future correspondence will continue to be mailed to the address printed on the front page of this Reinvestment Form.

Please complete details below of each Securityholder in the order that the names are currently registered.

**Securityholder #1**

If you are an individual Securityholder or a joint Securityholder, you must enter in your date of birth and full legal name (including middle name, if applicable and not part of your registered holding name). If you are a company, complete your Australian Business Number (ABN) or Australian Company Number (ACN).

Date of birth	Full Legal Name (including middle name)	ABN/ACN (if applicable)
<input type="text"/>	<input type="text"/>	<input type="text"/>

A residential street address or principal place of business address (do not use a PO Box or c/- address).

Unit number/Level	Street number	Street name
<input type="text"/>	<input type="text"/>	<input type="text"/>

Suburb/City or Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Securityholder #2**

If you are an individual Securityholder or a joint Securityholder, you must enter in your date of birth and full legal name (including middle name, if applicable and not part of your registered holding name). If you are a company, complete your Australian Business Number (ABN) or Australian Company Number (ACN).

Date of birth	Full Legal Name (including middle name)	ABN/ACN (if applicable)
<input type="text"/>	<input type="text"/>	<input type="text"/>

A residential street address or principal place of business address (do not use a PO Box or c/- address).

Unit number/Level	Street number	Street name
<input type="text"/>	<input type="text"/>	<input type="text"/>

Suburb/City or Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Securityholder #3**

If you are an individual Securityholder or a joint Securityholder, you must enter in your date of birth and full legal name (including middle name, if applicable and not part of your registered holding name). If you are a company, complete your Australian Business Number (ABN) or Australian Company Number (ACN).

Date of birth	Full Legal Name (including middle name)	ABN/ACN (if applicable)
<input type="text"/>	<input type="text"/>	<input type="text"/>

A residential street address or principal place of business address (do not use a PO Box or c/- address).

Unit number/Level	Street number	Street name
<input type="text"/>	<input type="text"/>	<input type="text"/>

Suburb/City or Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

**LODGEMENT OF THIS APPLICATION FORM**

Completed Application Forms and accompanying cheques and/or money orders must be mailed or delivered to:

**Mail address**

PERLS VII Offer  
C/- Link Market Services Limited  
Reply Paid 1512  
Sydney South NSW 1234

**Delivery address**

PERLS VII Offer  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

Note, if you are a client of a Syndicate Broker (or any other broker, financial planner or other financial adviser) and have been contacted by them regarding the Reinvestment Offer, you should contact your Syndicate Broker (or any other broker, financial planner or other financial adviser) for information about how and when to lodge this Application Form. Generally, you will lodge this Application with your Syndicate Broker (or any other broker, financial planner or other financial adviser) in accordance with their instructions. If you require further information on how to complete this Application Form, please contact the PERLS VII Information Line on 1800 426 150 between 8:00am to 7:30pm (Sydney time) Monday to Friday, during the Offer period.

**Broker Firm Offer:** You must return your Application directly to the broker, financial planner or other financial adviser who offered you a broker firm allocation in accordance with their instructions.

**YOU MUST RETURN THIS FORM TO LINK MARKET SERVICES LIMITED OR YOUR SYNDICATE BROKER BY THE CLOSING DATE FOR THE REINVESTMENT OFFER, WHICH IS EXPECTED TO BE 5:00PM (SYDNEY TIME) ON 17 SEPTEMBER 2014. OTHERWISE YOUR APPLICATION MAY NOT BE ACCEPTED.**

**YOUR GUIDE TO COMPLETE THIS FORM**

PERLS V holders who wish to sell some or all of their eligible PERLS V through the On-Market Buy-Back Facility and reinvest the proceeds in PERLS VII must complete this Application Form. If you do nothing with this Application Form, your PERLS V will not be sold through the On-Market Buy-Back Facility and you will not be able to participate in the Reinvestment Offer. Before completing this Application Form, the Applicant(s) should read the Prospectus to which the Application Form relates. By lodging this Application Form, the Applicant(s) agrees that this Application Form is lodged on and subject to the terms of the Prospectus, agrees to take any number of PERLS VII that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate.

**This form is important.** If you are in doubt as to how to deal with it, please contact your financial or professional adviser without delay. You should read the entire Prospectus carefully before completing this Application Form.

**A This is the number and value of PERLS V you held at 7:00pm (Sydney time) on 22 August 2014.** If you choose to apply to sell some or all of these PERLS V through the On-Market Buy-Back Facility and reinvest the proceeds in PERLS VII it is your responsibility not to dispose of any PERLS V you have elected to reinvest in PERLS VII. If you do so, you may not be allocated the PERLS VII you applied for.

**B Full Investment**

Mark the first box to apply to have all of your eligible PERLS V indicated in Section A sold through the On-Market Buy-Back Facility and the proceeds applied for reinvestment in PERLS VII. It is your responsibility not to dispose of any PERLS V you have elected to reinvest in PERLS VII. If you do so, you may not be allocated the PERLS VII you applied for.

**Partial Investment**

Mark the second box to apply to have a specified number of your eligible PERLS V sold through the On-Market Buy-Back Facility and the proceeds applied for reinvestment in PERLS VII. Any PERLS V you hold on 22 August 2014 that are not selected for reinvestment in PERLS VII will not be sold through the On-Market Buy-Back Facility. If you select this option please ensure that you mark the box and enter the number and value of PERLS V (up to the maximum number and value indicated in Section A) that you wish to be reinvested in PERLS VII. If you do not specify a number or value you will be taken to have elected to reinvest all of your PERLS V held at 22 August 2014.

If you marked both boxes, CBA will treat your election as being to apply to have all of your eligible PERLS V indicated in Section A sold through the On-Market Buy-Back Facility and the proceeds applied for reinvestment in PERLS V.

**C Contact details**

Enter your telephone number, contact name, and email address. This will assist us if we need to contact you about your Application.

**D Application for Additional Perls VII under the Securityholder Offer**

Select this option to apply for additional PERLS VII. Applications for additional PERLS VII are in addition to the number of PERLS V selected for reinvestment in PERLS VII and must be a minimum of 50 PERLS VII (\$5,000) and thereafter in multiples of 10 PERLS VII (\$1,000). All Applications for additional PERLS VII must be accompanied by cheques and/or money orders to the value of \$200 multiplied by the number of additional PERLS VII that you are applying for.

**E Other important Applicant details**

If you are an individual Securityholder or a joint Securityholder, you must enter your date of birth, middle name and a residential street address or principal place of business address (do not use a PO Box or c/- address) of each Securityholder in the order that the names are currently registered.

If you are a company, you must enter your Australian Business Number (ABN) or Australian Company Number (ACN) and registered office street address (do not use a PO Box or c/- address).

**DECLARATIONS**

By returning this Application Form I/we

- **acknowledge having personally received and read in full and understood the Prospectus (including an electronic version of the Prospectus or any supplementary or replacement document) and agree to be bound by the Terms, the Trust Deed and the terms and conditions of the Offer (including the representations, warranties and agreements contained in the Prospectus and this Application Form);**
- declare that I/we am/are over 18 years of age and have full legal capacity and power to perform all my/our rights and obligations under this Application;
- acknowledge that the information contained in the Prospectus (and any supplementary and replacement prospectus) and this Application Form is not investment advice, a recommendation that PERLS VII are suitable for me/us, given my/our investment objectives, financial situation or particular needs;
- declare that I/we have a registered Australian address;
- represent and warrant that:
  - I am/we are not in the United States, I am/we are not a US Person, I am/we are not acting for the account or benefit of a US Person or within the United States and I/we will not offer, sell or resell PERLS VII in the United States or to the account or benefit of, any US Person; and
  - the law of any other place does not prohibit me/us from being given the Prospectus and any replacement or supplementary prospectus or making an Application on this Application Form;
- apply for the number of PERLS VII set out in this Application Form, calculated on the number of PERLS VII equal to twice the number of PERLS V elected to be reinvested plus the number (if any) of additional PERLS VII indicated in Section D and agree to be issued such number of PERLS VII, or a lesser number;
- represent and warrant that all details and statements in the Application Form are complete and accurate;
- acknowledge and declare that I/we authorise you to use and disclose my/our personal information in the manner set out in Section 6.11 entitled "Personal Information" in the Prospectus;
- authorise the CBA, the Joint Lead Manager(s) and their respective affiliates, to do anything on my/our behalf necessary for PERLS VII to be allocated to me/us, including to act on instructions received by the Registry upon using the contact details in Section C;
- understand that a decision whether to treat my/our Application as valid, and how to construe, amend or complete it, is valid;
- acknowledge that investments in PERLS VII 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 VII are subject to risks which could affect their performance, including loss of investment and income. CBA does not guarantee the market price of PERLS VII or any particular rate of return;
- agree on Exchange of my/our PERLS VII for Ordinary Shares or Ordinary Shares of a NOHC (as applicable) in accordance with the Terms, to become a member of CBA (or the NOHC) and to be bound by the relevant constitution.
- hereby authorise Pacific Custodians Pty Limited (**Pacific Custodians**), the On-Market Buy-Back Facility and Joint Lead Managers (or any person acting on their behalf) to complete and execute any documents and take any other actions necessary to effect the sale of the PERLS V elected for reinvestment overleaf through the On-Market Buy-Back Facility, the application of the proceeds from the sale for reinvestment in PERLS VII and the allotment of PERLS VII;
- acknowledge that once CBA receives this Reinvestment Form I/we may not withdraw it.
- hereby authorise and consent to having a holding lock placed on those PERLS V elected for reinvestment, pending completion of the Reinvestment Offer, and acknowledge that I/we will not be able to successfully deal with those PERLS V unless those PERLS V are released from the holding lock;
- hereby authorise and provide consent for the PERLS V elected for reinvestment overleaf to be placed in a CHES Subposition at the time of processing this Application Form and to be transferred to Pacific Custodians after the close of the Reinvestment Offer (on the basis that I/we will retain beneficial ownership of those PERLS V prior to the sale of the elected PERLS V through the on-market Buy-Back Facility), and to act as legal custodian in respect of the elected PERLS V as a preparatory step to facilitate the sale of the elected PERLS V through the On-Market Buy-Back Facility;
- hereby authorise and provide consent for the PERLS V elected for reinvestment overleaf to be sold by Morgan Stanley Australia Securities Limited (an ASX market participant) on the instructions of Pacific Custodians through the On-Market Buy-Back Facility at not less than \$200 per PERLS V, with the proceeds to be reinvested in the maximum number of PERLS VII as may be acquired with those proceeds;
- hereby authorise, provide consent and direct for my/our broker sponsored controlling participant (if the PERLS V are held on the CHES subregister) or my/our financial planner or other financial adviser (if applicable) to provide CBA and Pacific Custodians (if requested) any materials or information that I/we provided to my/our broker, financial planner or other financial adviser (as applicable) in order to complete Know Your Client (KYC) checks;
- hereby acknowledge and agree that if I/we have specified a number or value of PERLS V greater than the number or value indicated in Section A, I/we will be taken to have elected to reinvest all of my/our PERLS V held at 7.00pm (Sydney time) on 22 August 2014;
- hereby acknowledge and agree that if I/we hold a lesser number of PERLS V than elected to be reinvested in Section B, I/we will be taken to have applied for reinvestment of the lower of the number of PERLS V I/we held at 7.00pm (Sydney time) on 22 August 2014 and the number of PERLS V registered in my/our name on the Closing Date for the Reinvestment Offer; and
- acknowledge that I/we will not receive any excess sale proceeds over \$200 per PERLS V if that excess is less than \$0.01 per PERLS V.

Once you become a Holder, Chapter 2C of the Corporations Act requires information about you (including your name, address and details of the PERLS VI you hold) to be included in a public register. The personal information submitted on this Application Form will be collected, used and disclose as set out in Section 6.11 of the Prospectus. This information must continue to be included in the Bank's public register if you cease to be a Holder. These statutory obligations are not altered by the *Privacy Amendment (Private Sector) Act 2000*. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your security holding. The privacy policy of the Bank and its subsidiaries is available on the Bank's website ([www.commbank.com.au](http://www.commbank.com.au)).

The Registry's privacy policy is available on its website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)).

## RESALE NOTICE

Commonwealth Bank of Australia (the **Group**) notifies holders of the Perpetual Exchangeable Resaleable Listed Securities issued in 2009 (**PERLS V**) that, on 31 October 2014, a Resale of all PERLS V on issue at that time will occur. Under the Resale, all PERLS V on issue on 31 October 2014 will be automatically transferred to Morgan Stanley Australia Securities Limited (**Purchaser**).

Subject to the terms of the deed poll referred to below, the Purchaser will pay each holder of PERLS V A\$200 for each PERLS V that is transferred from that holder to the Purchaser under the Resale.

Subject to the Purchaser making those payments, on 31 October 2014:

- all Preference Shares then on issue will be transferred to the Purchaser in accordance with the Preference Share Terms in Appendix A of the PERLS V Prospectus dated 7 September 2009 (**Prospectus**); and
- all Notes to which those Preference Shares are stapled will be automatically assigned to the Purchaser in accordance with the Note Terms in Appendix B of the Prospectus.

As required by the Preference Share Terms:

- the Purchaser has given an undertaking in favour of each PERLS V holder at the time of the Resale to acquire each PERLS V that will be Resold from the relevant holder for A\$200 on 31 October 2014; and
- Morgan Stanley (the ultimate parent company of the Purchaser) has given a guarantee supporting the Purchaser's undertaking to PERLS V holders.

A copy of the deed poll containing the undertaking by the Purchaser and the supporting guarantee are available from the Group's website ([www.commbank.com.au](http://www.commbank.com.au)).

The payments under the Resale will be made to holders from whom PERLS V are acquired in the same manner in which their Distributions are usually paid.

Capitalised terms that are not defined in this notice have the same meaning given to them in the Preference Share Terms.

# Appendix B

## PERLS V Note Terms

The Notes will be debt obligations of CBA under the deed poll entitled “PERLS V Note Deed Poll” (**Note Deed Poll**) executed by CBA and will take the form of entries in a register (**Register**).

Each Holder of a Note is deemed to have notice of, and to be bound by, all the provisions contained in the Note Deed Poll (including these Note Terms).

## 1 Definitions and interpretation

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### 1.1 Definitions

In these Note Terms, unless the context otherwise requires:

**ADI** means CBA or, following the occurrence of a Downstream NOHC Event, the “authorised deposit taking institution” (as defined in the *Banking Act*) which succeeds to the banking business of CBA as a result of the Downstream NOHC Event.

**Appointed Person** has the meaning given to that term in the Preference Share Terms.

**APRA** means the Australian Prudential Regulation Authority.

**APRA Event** means:

- (a) APRA determines that the ADI has a Tier 1 Capital Ratio of less than 5% (or such other percentage as may be required from time to time by APRA) or a Risk Based Capital Ratio of less than 8% (or such other percentage as may be required from time to time by APRA);
- (b) APRA issues a written directive to the ADI under applicable banking regulations, legislation or guidelines for the ADI to increase its capital;
- (c) APRA appoints a statutory manager to the ADI or commences proceedings for the winding up of the ADI; or
- (d) the retained earnings of the ADI fall below zero.

**APRA Guidelines** means guidelines, policy statements and practice notes or other equivalent statements of APRA which are applicable to the ADI.

**Assignee** has the meaning given in clause 5.3(a).

**Assignment Event** has the meaning given in clause 5.1.

**Assignment Event Date** means the date on which CBA gives an Assignment Event Notice.

**Assignment Event Notice** means a notice given by CBA in accordance with clause 5.2(b).

**Assignment Prevention Optional Dividend** means a dividend paid by CBA on the Preference Shares prior to an Assignment Event Date in an amount equal to the amount of interest unpaid to Holders in the immediately preceding Interest Period which may only be paid with the prior written approval of APRA.

**ASTC** means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

**ASTC Settlement Rules** means the settlement rules of ASTC from time to time.

**ASX** means ASX Limited and any successor operator of the stock exchange operated by it.

**ASX Listing Rules** means the listing rules of ASX and any other applicable rules of ASX, each as amended or replaced from time to time, except to the extent of any written waiver granted by ASX.

**Authorised Officer** means each director and secretary of CBA and any person delegated on the authority of the board of directors of CBA to exercise the power of attorney and agency appointment conferred by clause 14.1.



# Appendix B

## PERLS V Note Terms

**Bank Bill Swap Rate** means the average mid-rate for bills of a term of 90 days (expressed as a percentage per annum) which average rate is displayed on the page of Reuters Monitor System designated "BBSW" (or any page which replaces that page) at 10.30am (Sydney time) on the relevant date, or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10.30am (Sydney time) on that date or, in the case of the Issue Date, if the period from the Issue Date to but excluding the first scheduled Interest Payment Date is not equal to 90 days, the rate specified in good faith by CBA at or around that time on that date having regard, to the extent possible, to comparable rates and indices then available.

**Banking Act** means the *Banking Act 1959* (Cth).

**Board** means either the board of directors of CBA or a committee appointed by the board of directors of CBA.

**Business Day** has the meaning given to that term in the ASX Listing Rules.

**Capital Security** means any equity, hybrid or subordinated debt security.

**CBA** means Commonwealth Bank of Australia ABN 48 123 123 124, including foreign branches of Commonwealth Bank of Australia.

**CBA Group** means CBA and its controlled entities.

**CBA Group Entity** means any entity in the CBA Group.

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

**CBA Stopper Resolution** means a resolution of the Board not to pay in full any Interest on any Interest Payment Date.

**Commissioner** has the meaning given to it in the Preference Share Terms.

**Constitution** means the constitution of CBA.

**Convert** or **Converted** have the meaning given to those terms in the Preference Share Terms.

**Current Branch** means CBA's New Zealand branch or the branch of CBA through which CBA elects to act in respect of the Notes under clause 9.

**Default Event** means:

- (a) CBA ceases or suspends the conduct of all of its business;
- (b) a proceeding is commenced by CBA or a person that controls CBA for an order that CBA be dissolved, wound up or liquidated or for the appointment of a provisional liquidator, liquidator, receiver, receiver and manager, administrator, controller or similar official in respect of CBA or all or substantially all of its property;
- (c) a proceeding for an order of a kind described in paragraph (b) is commenced by any other person for an order that CBA be dissolved, wound up or liquidated and is not dismissed within 30 Business Days of filing; or
- (d) a provisional liquidator, liquidator, receiver, receiver and manager, administrator, controller or similar official is appointed in respect of CBA or all or substantially all of its property and such appointment is not revoked or set aside within 30 Business Days of such appointment.

**Distributable Profits** means, in relation to an Interest Payment Date, the lesser of Level 1 Distributable Profits and Level 2 Distributable Profits (or any other amount determined by APRA to be appropriate in CBA's circumstances for the purposes of CBA's Tier 1 Capital obligations).

**Downstream NOHC Event** has the meaning given to that term in the Preference Share Terms.

**Encumbrance** means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

**Exchange Date** has the meaning given to that term in the Preference Share Terms.

**Exchanged** has the meaning given to that term in the Preference Share Terms.

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## PERLS V Note Terms

**Existing Capital Securities** means each of the:

- (a) PERLS III Securities;
- (b) PERLS IV Securities;
- (c) Trust Preferred Funding Securities; and
- (d) Trust Preferred Funding Securities II.

**Extended Licensed Entity** means the ADI and any subsidiary of the ADI that APRA has deemed to be part of the ADI itself for the purposes of measuring the ADI's exposures to related entities, pursuant to APS 110 as specified in the APRA Guidelines.

**Extraordinary Resolution** means a resolution passed at a meeting of Holders in accordance with the provisions of Schedule 1 of these Note Terms and carried by a majority of not less than three quarters of the persons voting on a show of hands or three quarters of the votes cast on a poll or a resolution passed in accordance with clause 22 of Schedule 1.

**Face Value** means the principal amount of a Note on its Issue Date, being A\$200.

**Government Agency** means a government or a governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

**Holder** means a person whose name is for the time being registered in the Register as the holder of a Note or Stapled Security.

**Insufficient Distributable Profits Circumstance** means that, in relation to an Interest Payment Date, the Interest payable on that Interest Payment Date on the Notes exceeds Distributable Profits.

**Interest** has the meaning given in clause 4.1.

**Interest Payment** means each of:

- (a) a payment of Interest in the amount determined in accordance with clause 4.1 (disregarding clause 4.4); and
- (b) Redemption Interest.

**Interest Payment Date** means:

- (a) 31 January, 30 April, 31 July and 31 October in each year; ~~and~~
- (b) an Exchange Date; ~~and~~
- (c) the Reinvestment Date,

provided that the first scheduled Interest Payment Date will be 1 February 2010.

**Interest Period** means in respect of a Note:

- (a) for the first Interest Period, the period from (and including) the Issue Date to (and excluding) the next Interest Payment Date; and
- (b) in all other circumstances, the period from (and including) the preceding Interest Payment Date to (and excluding) the next occurring Interest Payment Date.

**Interest Rate** means the percentage per annum calculated in accordance with the following formula:

$$(\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

**Issue Date** means the date on which a Note is issued under these Note Terms.

# Appendix B

## PERLS V Note Terms

**Level 1 Distributable Profits** means, in relation to an Interest Payment Date, an amount calculated in accordance with the following formula:

$$\text{Level 1 Distributable Profits} = A - B$$

where:

**A** is the aggregate of the consolidated net profits after income tax of CBA, its subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 1 basis for the immediately preceding 2 six-monthly financial periods for which results have been publicly announced; and

**B** is the aggregate amount of dividends, distributions or other amounts paid, decided to be paid or liable to be paid by CBA, any of its subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 1 basis on:

- (1) Preference Shares or Stapled Securities in the 12 months to and including the Interest Payment Date;
- (2) any other Tier 1 qualifying Capital Security of CBA or any of its subsidiaries or any other entities whose financial results are required by APRA to be consolidated with CBA on a Level 1 basis to the extent dividends or distributions on those securities are funded by CBA or by instruments of CBA in the 12 months to and including the Interest Payment Date; and
- (3) any other share capital of CBA (including CBA Ordinary Shares) in relation to the immediately preceding 2 six-monthly periods for which results have been publicly announced,

but excluding:

- (4) distributions payable in relation to the Preference Shares or Stapled Securities on the Interest Payment Date;
- (5) any such dividend, distribution or other amount to which CBA, any of its subsidiaries or any other entities whose financial results are required by APRA to be consolidated with CBA on a Level 1 basis was or is beneficially entitled; and
- (6) any such dividend, distribution or other amount which is included in the calculation of consolidated net profit after tax within the meaning of A.

**Level 2 Distributable Profits** means, in relation to an Interest Payment Date, an amount calculated in accordance with the following formula:

$$\text{Level 2 Distributable Profits} = A - B$$

where:

**A** is the aggregate of the consolidated net profits after income tax of CBA, its subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis for the immediately preceding two six-monthly financial periods for which results have been publicly announced; and

**B** is the aggregate amount of dividends, distributions or other amounts paid, decided to be paid or liable to be paid by CBA, any of its subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis on:

- (1) Preference Shares or Stapled Securities in the 12 months to and including the Interest Payment Date;
- (2) any other Tier 1 qualifying Capital Security of CBA or any of its subsidiaries or any other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis to the extent dividends or distributions on those securities are funded by CBA or by instruments of CBA in the 12 months to and including the Interest Payment Date; and

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## PERLS V Note Terms

- (3) any other share capital of CBA (including CBA Ordinary Shares) in relation to the immediately preceding two six-monthly periods for which results have been publicly announced,

but excluding:

- (4) distributions payable in relation to the Preference Shares or Stapled Securities on the Interest Payment Date;
- (5) any such dividend, distribution or other amount to which CBA, any of its subsidiaries or any other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis was or is beneficially entitled; and
- (6) any such dividend, distribution or other amount which is included in the calculation of consolidated net profit after tax within the meaning of A.

**Level 1, Level 2 and Level 3** have the meaning determined in accordance with APRA Guidelines.

**Margin** means 3.40% per annum.

**Marketable Parcel** has the meaning given to it in the ASX Market Rules.

**Market Rate** means, for each Interest Period, the Bank Bill Swap Rate on the first Business Day of that Interest Period; provided that the Market Rate for the Interest Period commencing on the Reinvestment Date is the same as the Market Rate for the Interest Period ending on the day prior to the Reinvestment Date.

**Market Transfer** means a transfer (within the meaning of the Corporations Act) that:

- (a) according to the ASTC Settlement Rules, is a proper ASTC transfer; or
- (b) is a valid transfer under a computerised or electronic system established or recognised by the Corporations Act, ASX Listing Rules or ASTC Settlement Rules for the purpose of facilitating dealings in securities.

**Maturity Date** means, if CBA has given an Assignment Event Notice, the date that is 40 years after the Issue Date.

**Meeting** means a meeting of Holders convened in accordance with these Note Terms.

**Non-Innovative Tier 1 Capital** means at any time any equity, debt or other Capital Security so described by APRA (or any equivalent successor term).

**Note** means a subordinated, unsecured note issued under the Note Deed Poll (including these Note Terms).

**Note Deed Poll** means the deed poll entitled "PERLS V Note Deed Poll" given by CBA, acting through its New Zealand branch, in favour of the Holders from time to time.

**Note Terms** means these terms of issue.

**Other CBA Creditors** means all creditors of CBA (including but not limited to all depositors of CBA) other than (a) Holders and (b) creditors whose claims against CBA rank, or are expressed to rank, on a winding up, equally with or junior to the claims of holders of Preference Shares or other preference shares of CBA that rank equally with the Preference Shares.

**PERLS III Securities** means convertible notes issued under the PERLS III Note Deed between CBA and Preferred Capital Limited and any preference shares in CBA issued on exchange of those convertible notes.

**PERLS IV Securities** means stapled securities comprising an unsecured subordinated Note issued by CBA's New York Branch and a preference share issued by CBA pursuant to a prospectus dated 1 July 2007.

**Preference Share** means a fully paid preference share in the capital of CBA issued on the Preference Share Terms.

**Preference Share Terms** means the terms of issue of the Preference Shares which are set out in Appendix A of the Prospectus.

**Prospectus** means the prospectus issued in relation to an offer of the Stapled Securities.

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## PERLS V Note Terms

**Record Date** means, in relation to a payment on a Note, the date which is 7 calendar days before the relevant Interest Payment Date for that payment or such other date as CBA determines in its absolute discretion and communicates to ASX not less than 6 Business Days before the specified Record Date, or such other date as is required by ASX.

**Redemption Date** means:

- (a) the Maturity Date; or
- (b) when redemption occurs pursuant to clause 6.2 or 6.4, the date on which the Notes are redeemed in accordance with clause 6.2 or 6.4.

**Redemption Interest** means, for a Note on a Redemption Date, the amount which is calculated in accordance with the following formula:

$$\text{Redemption Interest} = [(\text{Interest Rate} \times \text{Face Value} \times N)/365] + \text{AI}$$

where:

**N** is in respect of a Redemption Date occurring at any time:

- (a) before the first Interest Payment Date, the number of days from (and including) the Issue Date until (and excluding) the Redemption Date; and
- (b) after the first Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date until (and excluding) the Redemption Date; and

**AI** is any Interest (not being Interest in respect of the period from (and including) the Issue Date or preceding Interest Payment Date until (and excluding) the Redemption Date) due and payable to Holders but unpaid as at the Redemption Date.

**Register** means the Register of Notes maintained by the Registrar and includes any CHESSE sub-register (as defined in the ASX Listing Rules).

**Registrar** means Link Market Services Limited or any other registrar that maintains the Register.

**Reinvestment Date** means the date of issue of the Reinvestment Securities under the [Reinvestment Prospectus](#).

**Reinvestment Prospectus** means a prospectus to be lodged with ASIC on or about 18 August 2014 in respect of an offer by CBA of perpetual, exchangeable, resaleable, listed, subordinated, unsecured notes, including any supplementary or replacement prospectus in respect of that offer.

**Reinvestment Securities** means perpetual, exchangeable, resaleable, listed, subordinated, unsecured notes to be issued by CBA (acting through its New Zealand branch) on the terms and conditions set out in the [Reinvestment Prospectus](#).

**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 Substituted Issuer is incorporated, resident or domiciled for any tax purpose or carries on business; or
- (b) from which, or through which, any Interest Payment is made.

**Repurchase** has the meaning given to that term in the Preference Share Terms.

**Resale** and **Resold** have the meaning given to those terms in the Preference Share Terms.

**Risk Based Capital Ratio** means the ratio so described by APRA (or any equivalent successor term).

**Stapled Security** means a stapled security comprising a Preference Share stapled to a Note in accordance with clause 2.

**Substituted Issuer** has the meaning given in clause 11.1.

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## PERLS V Note Terms

**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) or *Income Tax Assessment Act 1997* of Australia, as the case may be.

**Tax Rate** means the Australian corporate tax rate applicable at the relevant Interest Payment Date, expressed as a decimal.

**Tier 1 Capital** means any equity, debt or other capital so described by APRA.

**Tier 1 Capital Ratio** means the ratio so described by APRA (or any equivalent successor term).

**Trust Preferred Funding Securities** means the convertible notes issued by CBA to CBA Funding Trust I in relation to the Trust Preferred Securities issued by CBA Capital Trust 1 pursuant to an offering memorandum dated 30 July 2003 and any preference shares in CBA issued on exchange of those securities.

**Trust Preferred Funding Securities II** means the preference shares issued by CBA to CBA Funding Trust II and the subordinated notes issued by CBA to CBA USD Funding Limited in relation to the Trust Preferred Securities issued by CBA Capital Trust II pursuant to an offering memorandum dated 7 March 2006.

### 1.2 Interpretation

Unless the context otherwise requires:

- (a) headings and boldings are for convenience only and do not affect the interpretation of these Note Terms;
- (b) the singular include the plural and vice versa;
- (c) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any government or semi-government agency;
- (d) a reference to a clause is to a clause of these Note Terms;
- (e) a reference to any statute or regulation includes all statutes and regulations amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (f) a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (g) where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day;
- (h) a reference to a body, other than a party to these Note Terms, including a commission or an exchange, whether statutory or not, which ceases to exist or whose functions or powers are transferred to another body, is a reference to the body which replaces it or substantially succeeds to its powers and functions;

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## PERLS V Note Terms

- (i) references to sums of money are to amounts in Australian dollars;
- (j) if a calculation is required under these Note Terms, the calculation will be performed to 4 decimal places, provided that any amount to be paid to a Holder will be rounded down to the nearest cent;
- (k) a Note is to be regarded as remaining outstanding unless:
  - (1) it has been redeemed or purchased and cancelled in accordance with these Note Terms; or
  - (2) the date for its redemption in accordance with these Note Terms has occurred and the principal amount and any accrued interest in respect of the Notes have been duly paid by CBA and have not been repaid to CBA (unless a claim against CBA is void under clause 10); or
  - (3) claims in respect of it have become void in accordance with clause 10;
- (l) if a Note is not outstanding it will be taken to be cancelled.

## 2 Stapling and transfer

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### 2.1 Stapling

Each Note will be stapled to a Preference Share if CBA issues the corresponding Preference Share, as referred to in the Prospectus, with effect from the time the corresponding Preference Share is issued. Each stapled Note and Preference Share together will constitute a Stapled Security. CBA will maintain a joint register for the Stapled Securities and joint holding statements or certificates will be issued to holders. Subject to the Note Terms and the Preference Share Terms, CBA will not take any corporate action which prejudices the stapling of Notes to the corresponding Preference Shares. This clause 2.1 is subject to clauses 2.10 and 5.3.

### 2.2 Transfer

A Holder may, subject to clauses 2.5, 2.6, 2.7 and 2.9, transfer any Note:

- (a) by a Market Transfer;
  - (b) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which Notes are quoted and which is applicable to securities of CBA; or
  - (c) by any sufficient instrument of transfer of marketable securities under applicable law.
- CBA must not charge any fee on transfer of a Note.

### 2.3 Market obligations

CBA must comply with the ASX Listing Rules, ASTC Settlement Rules, Corporations Act and any other relevant obligations imposed on it in relation to the transfer of a Note and the corresponding Preference Share which forms part of the same Stapled Security.

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## PERLS V Note Terms

### 2.4 Delivery of instrument

If an instrument is used to transfer Notes as described in clause 2.2, it must be duly stamped (if required) and delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes and the corresponding Preference Shares which forms part of the same Stapled Securities.

### 2.5 Refusal to Register

CBA may refuse to register a transfer of any Note:

- (a) if such registration would contravene the ASX Listing Rules, the ASTC Settlement Rules or the Note Terms;
- (b) if the Corporations Act or any other law or regulation binding on it forbids registration; or
- (c) after an Assignment Event Date.

If CBA refuses to register a transfer, CBA must give the lodging party notice of the refusal and the reasons for it within 5 Business Days after the date on which the transfer was delivered to it.

### 2.6 Transferor to remain Holder until Registration

Subject to clause 5.3, a transferor of a Note remains the Holder until the transfer is registered and the name of the transferee is entered in the Register.

### 2.7 Further restrictions on transfer

Except as stated in clauses 2.10 and 5.3:

- (a) **(Stapled Securities)** after the corresponding Preference Share has been issued, no transfer of a Note may be registered by the Registrar unless a transfer of the corresponding Preference Share which forms part of the same Stapled Securities, is registered at the same time from the same transferor to the same transferee; and
- (b) **(minimum holding)** if a Holder's holding of Stapled Securities is less than a Marketable Parcel at any time, subject to the law, the ASX Listing Rules and the Constitution, CBA on behalf of the Holder may sell all of those Notes which form part of the Stapled Securities held by that Holder, along with the corresponding Preference Shares, if the Constitution permits CBA to sell the corresponding Preference Shares which form part of those Stapled Securities. The Notes will be sold in the same manner as the Preference Shares in accordance with the Constitution.

### 2.8 No general restriction on transfer

- (a) Subject to these Note Terms, there is no restriction on the transfer of Notes and, subject to these Note Terms, CBA may not do anything which may prevent, delay or in any way interfere with, the registration of a transfer of Notes effected under clause 2.2.
- (b) Except as otherwise set out in these Note Terms, there is no restriction on any other transfer of Notes.



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## PERLS V Note Terms

### 2.9 No separate dealings

Except as stated in clauses 2.10 and 5.3, after the corresponding Preference Share has been issued, a Note, and any interest in a Note, is not capable of being transferred, assigned or made the subject of an Encumbrance or trust in whole or in part, separately from the corresponding Preference Share which forms part of the same Stapled Securities. Any transferee, assignee or holder of an Encumbrance or trust takes Stapled Securities subject to, and agrees to be bound by, the Note Terms.

### 2.10 Unstapling

On an Assignment Event Date, the corresponding Preference Share ceases to be stapled to the Note and, for the avoidance of doubt, clauses 2.1, 2.7(a) and 2.9 will cease to apply.

### 2.11 Resale

If the Preference Shares are Resold to a Purchaser in accordance with the Preference Share Terms prior to an Assignment Event Date, the Notes and all right, title and interest of the Holders in the Notes are automatically assigned to the Purchaser with effect from the time at which the Resale takes effect under the Preference Share Terms.

## 3 Form, Face Value and ranking

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### 3.1 Form

Notes are unsecured, subordinated notes constituted under and issued in accordance with the Note Deed Poll. Holders are entitled to the benefit of and are bound by the provisions of the Note Deed Poll, including the Note Terms.

### 3.2 Face Value

The Issue Price and Face Value of each Note is \$200.00.

### 3.3 Status of Notes

(a) The rights of the Holders against CBA under the Notes are subordinated to the claims of Other CBA Creditors and are intended to take effect as if those rights ranked equally with the Preference Shares. Accordingly:

- (1) the obligation of CBA to make, and the entitlement of the Holders to receive and retain, any payment of the principal of, interest on, or any other amount with respect to, the Notes is subject, from and after the occurrence of a winding-up or liquidation of CBA, to the satisfaction in full of the claims of the Other CBA Creditors, and no payment in respect of the principal of, interest on, or any other amount with respect to, the Notes which would otherwise fall due and payable will be so due and payable while the claims of the Other CBA Creditors remain unsatisfied in whole or in part; and
- (2) in a winding-up or liquidation of CBA, the rights of the Holders against CBA under the Notes are limited to, and the maximum amount that the Holders may recover is, such proportion (the **Notes Entitlement**) of the amount owing (or which but for this provision would be owing) to them under this instrument as would make it possible for a liquidator

# Appendix B

## PERLS V Note Terms

of CBA, after payment in full of all amounts owing to Other CBA Creditors and after payment of the Notes Entitlement, to pay the corresponding proportion of the Face Value of and any unpaid dividends or interest on the CBA Preference Shares, Existing Capital Securities and any other preference shares of CBA that rank equally with the Preference Shares and other securities or instruments of CBA that rank or are expressed to rank equally with the Preference Shares or such other preference shares of CBA, and to that end, each Holder waives to the maximum extent permitted by law any entitlement to interest under section 563B of the Corporations Act to the extent it would not otherwise be entitled to such amount if it held a Preference Share.

- (b) Subject to clause 3.3(a) of these Note Terms or clause 4.10(b) of the Preference Share Terms, the Notes rank equally with Existing Capital Securities with respect to payment of interest, dividends or similar payments.
- (c) The Notes are not deposit liabilities of CBA and are not subject to any depositor protection provisions applicable under Australian law.

### 3.4 No winding up

A Holder must not in its capacity as a Holder:

- (a) issue any demand under section 459E(1) of the Corporations Act (or any analogous provision under any other law) against CBA;
- (b) apply for the winding-up or dissolution of CBA;
- (c) levy or enforce any distress or other execution to, on, or against any assets of CBA;
- (d) apply for the appointment by a court of a receiver to any of the assets of CBA;
- (e) appoint, or agree to the appointment of, any administrator to CBA; or
- (f) take proceeding for any of the above.

### 3.5 Set-off

- (a) Holders must not exercise (either directly or indirectly) or claim a right of set-off or counterclaim against CBA against any amounts owed by CBA under these Note Terms.
- (b) CBA must not exercise (either directly or indirectly) or claim a right of set-off or counterclaim against a Holder against any amounts owed by the Holder under these Note Terms.

### 3.6 Issue of Notes

Notes are regarded as issued to a person if and when the person's name is recorded in the Register in accordance with these Note Terms. No rights whatsoever attach to Notes until issued.

# Appendix B

## PERLS V Note Terms

### 4 Interest

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#### 4.1 Calculation and payment of Interest

Subject to these Note Terms (including but not limited to clauses 4.4 and 4.6), the Holder of each Note on the relevant Record Date is entitled to receive on each relevant Interest Payment Date interest (**Interest**) calculated in accordance with the following formula:

$$\text{Interest} = \frac{\text{Interest Rate} \times \text{Face Value} \times \text{D}}{365}$$

where:

**D** is the number of days in the relevant Interest Period.

#### 4.2 Gross-up

(a) If any Interest payment before the application of this clause 4.2:

- (1) due to be made on a Note does not have a "franking percentage" of 100% CBA must notify the Holders as soon as practicable and (regardless of whether that notice is actually given) CBA must increase the Interest concerned; or
- (2) made on a Note is subsequently found not to have, or is treated by the Commissioner as not having, a "franking percentage" of 100% other than as a result of any actions by the Holders, CBA must notify the Holder as soon as practicable and (regardless of whether that notice is actually given) must pay within 30 Business Days of CBA becoming aware of such finding or treatment an amount which represents the difference between the Interest payment made and the increased Interest concerned,

so that the additional interest to be paid (the **Gross-Up Amount**) is the amount calculated in accordance with the following formula as adjusted by clause 4.2(a)(3):

$$\frac{I \times T \times (1-f1)}{(1 - T)}$$

where:

**I** = the Interest for the Interest Period calculated, prior to any increase, in accordance with clause 4.1;

**T** = the Australian corporate tax rate applicable at the relevant Interest Payment Date, expressed as a decimal; and

**f1** = the "franking percentage" of the Interest payable (excluding any payment under this clause 4.2 expressed as a decimal to four decimal places,

provided that:

- (3) any payment under this clause 4.2 will be adjusted in accordance with the following formula:

$$\frac{\text{Gross-Up Amount} \times (1-T)}{[1 - T + (T \times f2)]}$$

where **f2** = the "franking percentage" of the Gross-Up Amount expressed as a decimal to four decimal places.

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## PERLS V Note Terms

In this clause 4.2, "**franking percentage**" has the meaning given by section 203-35 of the Tax Act or any section that replaces or revises that section.

No interest is payable by CBA in respect of any amount payable under clause 4.2(a)(2).

(4) The foregoing provisions of this clause 4.2(a) will not apply in respect of a Note after the Assignment Event Date in respect of that Note.

(b) Notwithstanding any other provision of these Note Terms, if a Holder:

- (1) fails to abide, or treat itself as bound, by the outcome of any administrative or judicial proceedings referred to in clause 16(a)(1);
- (2) seeks an amended assessment of their taxation position in respect of the availability of the benefit of franking credits on any Interest;
- (3) seeks a determination from the Commissioner under section 177EA(5)(b) of the Tax Act in respect of any Interest;
- (4) makes an election in accordance with clause 16(b); or
- (5) does anything having a substantially similar effect to paragraphs (1) to (4),

CBA will not pay, and will not be under any obligation to pay:

- (6) any increased Interest pursuant to clause 4.2(a); or
- (7) any amount to the Commissioner under clause 16(a)(3) in respect of any tax liability in relation to any Interest received, or expected to be received, by that Holder.

### 4.3 Payment

Subject to this clause 4, the Interest for each Interest Period will be payable to Holders in arrears:

(a) -on each Interest Payment Date; or

~~(a)(b)~~ for the Interest Period ending on the Reinvestment Date, on or prior to the date that is [7] calendar days after the Reinvestment Date.

### 4.4 Payment of Interest

The payment of Interest to Holders on an Interest Payment Date before the Assignment Event Date is subject to:

- (a) no CBA Stopper Resolution having been passed which has not been rescinded. Without limiting the Board's discretion to resolve not to pay all of the interest, the Board will pass a CBA Stopper Resolution if in the opinion of the Board:
  - (1) CBA is not able, or payment of all or a portion of the Interest would cause CBA not to be able, to pay all of its debts as and when they become due and payable;
  - (2) payment of all or a portion of the Interest would result in CBA becoming, or being likely to become, insolvent for the purposes of the Corporations Act 2001 (Cth); or
  - (3) payment of the Interest would cause a breach of any APRA Guidelines (unless APRA has given its approval for the payment); and
- (b) none of the following conditions existing on the Business Day prior to the relevant Interest Payment Date:

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## PERLS V Note Terms

- (1) there is an Insufficient Distributable Profits Circumstance unless otherwise approved in writing by APRA;
- (2) the payment would result in the Risk Based Capital Ratio or the Tier 1 Capital Ratio of the ADI (on a Level 1, Level 2 or Level 3 basis as described by APRA) not complying with APRA Guidelines unless APRA otherwise gives its approval;
- (3) APRA has objected to the proposed payment; or
- (4) APRA has stated that the payment will result in the Preference Shares or Stapled Securities no longer being treated as Non-Innovative Residual Tier 1 Capital of the ADI (on a Level 1, Level 2 or Level 3 basis as described by APRA).

The Board may not pass a CBA Stopper Resolution in respect of only a portion of a payment of Interest.

### 4.5 Non-cumulative Interest

The right to receive Interest attached to the Notes is non-cumulative. Therefore, if and to the extent that all or any part of an Interest Payment is not paid because of any provision of clause 4.4 or because of any applicable law, CBA has no liability to pay that Interest to the Holder and the Holder has no claim or entitlement in respect of the non-payment of that Interest. No amount accrues on any unpaid Interest, and the Holder has no claim or entitlement in respect of interest on, or otherwise in respect of, any unpaid Interest.

### 4.6 Calculation of Interest

All calculations of Interest will be rounded to 4 decimal places. For the purpose of making any payment of Interest in respect of a Holder's aggregate holding of Notes, any fraction of a cent will be disregarded.

### 4.7 Deduction and Gross Up

- (a) Subject to clause 4.7(b), CBA will be entitled to deduct from any Interest Payment or other amount payable to a Holder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by CBA to the appropriate authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by CBA. 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 4.2, if (and to the extent that):
  - (1) a law of a Relevant Jurisdiction (other than Australia) requires CBA to deduct any withholding or other tax, duty or levy from any Interest which is payable to a Holder under clause 4.1, so that a Holder would not actually receive for its own benefit on the payment date the full amount which is so payable; and
  - (2) the relevant deduction is required to be made on a basis other than:
    - (A) the Holder having some connection with the Relevant Jurisdiction other than the mere holding of the Note or receipt of a payment in respect of it;
    - (B) the Holder:

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- (i) not having provided relevant information to CBA;
  - (ii) not having made a declaration or similar claim;
  - (iii) not having satisfied a reporting requirement;
- (C) on account of stamp duty, estate duty or similar transaction duty,

the amount of the Interest that is payable will be increased so that, after making the relevant deduction, and deductions applicable to increases in the amount of the Interest payable pursuant to this clause, the Holder receives the amount that the Holder would have received if no such deduction had been required.

### 4.8 Assignment Prevention Optional Dividends

Payment of an Assignment Prevention Optional Dividend will be deemed for the purpose of these Note Terms to be a payment of an equivalent amount of Interest on the Notes. Assignment Prevention Optional Dividends may only be paid with the prior written approval of APRA.

## 5 Assignment

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### 5.1 Assignment Event

An Assignment Event in relation to a Note means the occurrence of any of the following events after the issue of the Preference Shares comprising part of the Stapled Securities:

- (a) a Default Event;
- (b) an APRA Event occurring (other than where it occurs because APRA appoints a statutory manager to the ADI) and APRA requiring that such APRA Event be an Assignment Event;
- (c) APRA appoints a statutory manager to the ADI;
- (d) APRA requiring that an Assignment Event occur (to the extent required by APRA);
- (e) CBA electing that an Assignment Event occur (to the extent elected by CBA);
- (f) the date the Preference Shares are Repurchased or Converted, prior to the Repurchase or Conversion taking effect;
- (g) Interest on the Notes or an Assignment Prevention Optional Dividend on the Preference Shares has not been paid in full to Holders within 20 Business Days of an Interest Payment Date; or
- (h) the Face Value of the Preference Shares has not been paid in full to Holders where the Preference Shares are to be Repurchased.

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### 5.2 Irrevocable offer to assign

- (a) Upon the issue of the Preference Shares comprising part of the Stapled Securities or, if later, upon becoming a Holder, each Holder is taken irrevocably to offer to assign the Notes held by them on the Assignment Event Date, and all right, title and interest of the Holder in those Notes, to the Assignee on the Assignment Event Date on the terms set out in clause 5.3.
- (b) After the issue of the Preference Shares comprising part of the Stapled Securities, CBA may on the occurrence of an Assignment Event in clause 5.1 accept the offer referred to in clause 5.2(a) by giving a notice to ASX specifying:
- (1) the particular Assignment Event;
  - (2) if the Assignment Event does not apply to all of the Notes, the proportion of the Holder's Notes the subject of the Assignment Event in respect of which the offer referred to in clause 5.2(a) is accepted (which proportion must be, as far as practicable, the same for all Holders); and
  - (3) the Assignment Event Date.

CBA or an Appointed Person may receive CBA's acceptance of the Holder's offer (which will be announced by CBA to ASX as soon as practicable on or after the Assignment Event Date) and enter into the assignment agreement referred to in clause 5.3.

Any notice, once given, is irrevocable.

### 5.3 Notes Assigned to CBA

If, after the issue of the Preference Shares comprising part of the Stapled Securities, CBA accepts the irrevocable offer to assign referred to in clause 5.2(a), CBA and each Holder will be deemed to enter into an assignment agreement on the Assignment Event Date on the following terms:

- (a) all amounts payable in respect of the proportion of the Holder's Notes specified in the Assignment Event Notice after the Assignment Event Date (together with any amount unpaid at 7.00pm on the Assignment Event Date) will be paid to CBA or, with the written approval of APRA, any other entity nominated by CBA that is deemed to be part of the Extended Licensed Entity (the "**Assignee**"); and
- (b) the proportion of the Holder's Notes specified in the Assignment Event Notice and all right, title and interest of the Holder in them are automatically assigned to and vest in the Assignee on the Assignment Event Date, and CBA must cause the Register to be amended to reflect this (and thereafter the relevant Notes shall cease to be stapled to the corresponding Preference Shares).

Any transferee, assignee or holder of an Encumbrance or trust takes Stapled Securities subject to, and agrees to be bound by, the Note Terms, including this clause 5, and no such person shall have any right, title and interest in any Note after the Assignment Event Date.

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### 6 Redemption

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#### 6.1 Payment of Face Value

The Face Value of the Notes outstanding will only be payable if the Notes are redeemed for cash pursuant to these Note Terms.

#### 6.2 Redemption by CBA after an Assignment Event

If an Assignment Event occurs and a CBA Group Entity becomes the holder of the Notes, CBA may redeem all of the Notes for Face Value plus Redemption Interest.

#### 6.3 Redemption at Maturity

At the Maturity Date of the Notes, CBA will redeem each Note for cash equal to Face Value plus Redemption Interest. Any payment in respect of that redemption will be to the Assignee in accordance with clause 5.3.

#### 6.4 Redemption on a winding-up

Following an order made or effective resolution passed for the winding-up of CBA but subject to clause 3.3, the Holders will be entitled to an amount equal to Face Value plus Redemption Interest to the extent such Interest is due and payable to the Holder. Despite any other provisions of these Note Terms, any payment in respect of that redemption will be to the Assignee in accordance with clause 5.3.

### 7 Further issues

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#### 7.1 Participation in new issues

Notes do not confer any rights on Holders to subscribe for new securities in CBA or to participate in any bonus issues.

#### 7.2 Further issues

CBA reserves the right to issue further Notes, Preference Shares or Stapled Securities, or to issue further securities or permit the conversion of securities to securities which rank senior to, equally with or behind the Notes, whether in respect of interest, dividends, return of capital on a winding-up or otherwise.



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### 8 Payments

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- (a) Any interest or other money payable on or in respect of the Notes must be paid:
- (1) in Australian dollars only; and
  - (2) free of any set off, deduction or counter claim except as required by law.
- (b) CBA may pay a person entitled to any Interest or other amount payable in respect of a Note by:
- (1) crediting an account nominated in writing by that person;
  - (2) cheque made payable to bearer, sent to the person entitled to the amount; or
  - (3) any other manner as the Board resolves.
- Any payment made under clause 8(b)(2) is at the Holder's risk.
- (c) CBA may send a cheque referred to in clause 8(b)(2) to:
- (1) the address in the Register of the Holder of the Note;
  - (2) if that Note is jointly held, the address in the Register of the Holder named first in the Register in respect of the Note; or
  - (3) any other address which that person directs in writing.
- (d) If the Board decides to make a payment by electronic or other means approved by the Board under clause 8(b)(3) and an account is not nominated by the Holder or joint Holders, CBA may hold the amount payable in a separate account of CBA until the Holder or joint Holders nominate an account, without any obligation to pay interest, and the amount so held is to be treated as having been paid to the Holder or joint Holder at the time it is credited to that separate account of CBA.
- (e) All amounts payable but unclaimed may be invested by the Board as they think fit for the benefit of CBA until claimed or until required to be dealt with in accordance with any law relating to unclaimed monies.

### 9 Obligations of Current Branch

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- (a) Subject to clause 11, although these Note Terms are entered into by CBA initially through its New Zealand branch and the Notes will be taken to be issued in New Zealand, the obligations of CBA are not limited to the New Zealand assets of CBA. If CBA is unable to make a payment under the Notes from the Current Branch, it shall make the payment from some other branch on behalf of the Current Branch.
- (b) Subject to these Note Terms, CBA may by notice to Holders change the branch through which it elects to act in respect of the Notes.
- (c) CBA will not change the branch through which it elects to act in respect of the Notes if the issue or performance of the Notes would be illegal in the jurisdiction in which the proposed new branch is located.

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### 10 Time limits for claims

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A claim against CBA for a payment under a Note is void unless made within 5 years of the due date for that payment.

### 11 Substituted Issuer

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#### 11.1 Substitution of CBA

CBA may, without the consent of the Holder, substitute for itself any other subsidiary or holding company of CBA (which may be incorporated in any country) as the debtor in respect of the Notes (**Substituted Issuer**) by giving notice to ASX, provided that:

- (a) the Substituted Issuer has undertaken in favour of each Holder from time to time to be bound by the Note Terms and the Note Deed Poll, as the debtor in respect of the Notes in place of CBA (or of any previous substitute under this clause 11);
- (b) the Substituted Issuer and CBA have obtained all necessary authorisations, regulatory and governmental approvals and consents (including from APRA) for such substitution and for the performance by the Substituted Issuer of its obligations under the Notes and the documents effecting the substitution;
- (c) if the Substituted Issuer does not have a place of business in New South Wales, the Substituted Issuer has appointed a process agent as its agent to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes; and
- (d) the Substituted Issuer has, in the reasonable opinion of CBA, the financial capacity to satisfy its obligations under the Note Deed Poll.

#### 11.2 Substituted Issuer's rights and obligations under documents

Upon notice of such substitution under clause 11.1:

- (a) the Substituted Issuer shall succeed to, and be substituted for, CBA under the Notes with the same rights and obligations as if the Substituted Issuer had been named as CBA in the Notes Terms and the Note Deed Poll in respect of those rights and obligations, and CBA shall be released from its obligations under the Notes and under the Note Terms and the Note Deed Poll;
- (b) references in these Note Terms and the Note Deed Poll to CBA (including, without limitation, in this clause 11) are taken, where the context so requires, to be or include references to any such Substituted Issuer (provided that, without otherwise limiting this clause, references to CBA in the definitions of ADI, Assignment Prevention Optional Dividend, Default Event, Distributable Profits, PERLS III Securities, PERLS IV Securities, Trust Preferred Funding Securities, Trust Preferred Funding Securities II and Preference Share and in clause 5.1(d) will not be references to the Substituted Issuer and references to Capital Securities shall be references to Capital Securities as defined in the Preference Share Terms),

provided that if CBA reasonably considers that some adjustment is appropriate to the foregoing process (including in terms of how references in the Note Terms are to be understood following the substitution) then CBA may give notice to the Holders of the adjustment and the adjustment shall take effect accordingly unless the adjustment is, or is likely to become, materially prejudicial to holders of Stapled Securities or Preference Shares.

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### 11.3 Further substitutions

After a substitution under clause 11.1, the Substituted Issuer may, without the consent of any Holder, effect a further substitution (including to CBA or previous Substituted Issuer). All the provisions specified in clauses 11.1 and 11.2 will apply (with necessary changes).

### 11.4 Notice to Holders

CBA must notify the Holders of the particulars of any substitution under this clause 11 by publishing a notice in The Australian Financial Review or any other daily financial newspaper in Australia of national circulation as soon as practicable after the substitution.

## 12 Ownership and Transfer

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### 12.1 Non-beneficial holders

- (a) The Register is conclusive evidence of the ownership of a Note subject to rectification for fraud or error.
- (b) Subject to the Corporations Act, unless otherwise ordered by a court of competent jurisdiction or required by statute, CBA:
  - (1) must treat the registered Holder of a Note as the absolute owner of it; and
  - (2) need not in any way recognise any equitable or other claim to or interest in a Note by any person except a registered Holder.
- (c) No notice of any trust or other right to or interest in a Note will be entered in the Register unless required by law or permitted by CBA.

### 12.2 Joint Holders

If the Register names 2 or more joint Holders of a Note:

- (a) CBA is not bound to register more than 3 persons as the joint Holders of the Notes;
- (b) the joint Holders are jointly and severally liable in respect of all payments, including payment of any tax, which ought to be made in respect of the Notes;
- (c) on the death of a joint Holder, the survivor or survivors are the only person or persons whom CBA will recognise as having any title to the Notes, but CBA may require any evidence of death which it thinks fit;
- (d) the joint Holders of a Note are counted as a single Holder of that Note for the purposes of calculating the number of Holders or requisitioners who have applied for a Meeting; and
- (e) CBA must treat the person named first in the Register in respect of that Note as the sole owner of it for all purposes (including the giving of notice) except:
  - (1) for the right to vote (to which clause 8 of Schedule 1 applies);

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- (2) CBA may pay any Interest or other money payable in respect of a Note to the address of the joint Holder named first in the Register or to any other address all the joint Holders direct in writing;
- (3) it shall be a sufficient discharge of any of CBA's obligations to them if CBA discharges that obligation in relation to the firstnamed Holder of the Note in the Register;
- (4) the sale of non-Marketable Parcels under clause 2.7(b) of the Note Terms; and
- (5) for transfer.

### 12.3 Transmission of Notes on death of Holder

In the case of the death of a Holder, the survivor or survivors of a deceased Holder who was a joint Holder, and the legal personal representatives of a deceased Holder who was a sole Holder, shall be the only persons recognised by CBA as having any title to the Holder's interest in the Notes, but this clause does not release the estate of a deceased Holder or joint Holder from any liability in respect of a Note that had been held by the deceased solely or jointly held with other persons.

### 12.4 Right of registration on death or bankruptcy

- (a) Subject to the *Bankruptcy Act* 1966, a person becoming entitled to a Note in consequence of the death or bankruptcy of a Holder may, upon such information being produced as is properly required by the Board, elect either to be registered as Holder of the Note or to nominate some other person to be registered as the transferee of the Note.
- (b) A person becoming so entitled who elects to be registered shall deliver or send to CBA a notice in writing signed by that person advising of the election.
- (c) A person who elects to have another person registered shall execute or effect a transfer of the Note to that other person.
- (d) All the limitations, restrictions and provisions of this constitution relating to the right to transfer, and the registration of transfers of, Notes are applicable to any such notice or transfer as if the death or bankruptcy of the Holder had not occurred and the notice or transfer were a transfer signed by that Holder.

### 12.5 Effect of transmission

- (a) Where a Holder dies or becomes bankrupt, the Holder's legal personal representative or the trustee of the Holder's estate, as the case may be, is, upon the production of such information as is properly required by the Board, entitled to the same rights, as the registered Holder would have been entitled to if he or she had not died or become bankrupt.
- (b) Where 2 or more persons are jointly entitled to any Note in consequence of the death of the registered Holder they shall, for the purpose of this constitution, be deemed to be joint Holders of the Note and clause 12.2 will apply to them.
- (c) The Board may register a transfer of Notes signed by a Holder before the Holder's death or bankruptcy even though CBA has notice of the Holder's death or bankruptcy.

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### 12.6 Transmission of Notes

Until the Assignment Event Date, if CBA is required under the Constitution to register a person as a holder of a Preference Share because a holder of that Preference Share dies or because of the insolvency or mental incapacity of a holder of that Preference Share or for any other reason, then CBA must ensure that the Registrar registers that person as the holder of the corresponding Note which forms part of the same Stapled Security at the same time.

## 13 Meetings

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### 13.1 Convening of meetings

Meetings of Holders:

- (a) may be convened by CBA at any time and for any reason it thinks fit;
- (b) must be convened by CBA if:
  - (1) Holders who together hold 10% or more of the Face Value of the Notes direct CBA to do so; and
  - (2) the direction is given to CBA in writing at the address in clause 14.2(e)(1); and
  - (3) the purpose of the meeting is to consider CBA's failure to remedy any breach of the Note Terms.

### 13.2 Duty to give notification of Meeting

- (a) If CBA is required to convene a meeting under clause 13.1(b), it must be called within 30 days of receipt of the Holder's request, failing which the requisitioning Holders may together call and arrange to hold the meeting.
- (b) CBA may give notice to a Holder in accordance with clause 14.2.

### 13.3 Conduct of Meetings

A Meeting is to be convened and conducted, and may exercise its powers, in accordance with the provisions of Schedule 1.

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## PERLS V Note Terms

### 14 General

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#### 14.1 Power of attorney and agency appointment

Each Holder irrevocably:

- (a) appoints CBA, each of its Authorised Officers and any liquidator, administrator or statutory manager of CBA (each an Appointed Person) severally to be the attorney of Holders and the agent of Holders with power in the name and on behalf of Holders to do all such acts and things including signing all documents or transfers as may in the opinion of the Appointed Person be necessary or desirable to be done in order to effect, record or perfect the transfer, assignment or redemption (or transactions contemplated by the transfer, assignment or redemption) of the Notes when required or permitted in accordance with these Note Terms;
- (b) authorises and directs CBA to make such entries in the Register, including amendments and additions to the Register, which CBA considers necessary or desirable to record the transfer, assignment or redemption of the Note in accordance with these Note Terms, and to record that on that transfer or assignment the holder of Stapled Securities ceases to be registered as the holder of Stapled Securities or the Note and a new holder of that Note becomes registered in place of the Holder.

The power of attorney and agency appointment given in this clause 14.1 is given for valuable consideration and to secure the performance by the Holders of the Holders' obligations under these Note Terms and is irrevocable.

#### 14.2 Notices

- (a) Except where otherwise provided in these Note Terms, all notices to the Holders in connection with a Note must be in writing and must be sent by prepaid post (airmail if appropriate) or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the relevant communication).
- (b) Notices take effect from the time they are taken to be received unless a later time is specified in them.
- (c) Unless a later time is specified in it, a notice, if sent by post, is taken to be received on the first Business Day after posting.
- (d) The non-receipt of a notice by a Holder or an accidental omission to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.
- (e) All notices or other communications to CBA in respect of the Note Terms must be in legible writing and in English and:
  - (1) addressed as shown below:
    - Attention: Company secretary
    - Address: Level 7, 48 Martin Place, Sydney, NSW 1155, or such other address as CBA notifies to ASX as its address for notices or other communications in respect of the Note Terms.
    - Fax no: (02) 9378 3317, or such other address as CBA notifies to ASX as its fax number for notices or other communications in respect of the Note Terms;

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- (2) must be signed by the person making the communication or by a person duly authorised by that person;
- (3) must be delivered or posted by prepaid post to the address, or sent by fax to the fax number, of CBA in accordance with clause 14.2(e)(1);
- (4) will be regarded as received by CBA:
  - (A) if sent by fax, when actually received in its entirety in legible form, unless that local time is not a Business Day, or is after 5.00pm on a Business Day, in which case that communication will be regarded as received at 9.00am on the next Business Day; and
  - (B) in any other case, on delivery at the address of CBA as provided in clause 14.2(e)(1), unless that delivery is not made on a Business Day, or is after 5.00pm on a Business Day, in which case that communication will be regarded as received at 9.00am on the next Business Day.

### 14.3 Governing law and jurisdiction

- (a) These Note Terms are governed by the laws of New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales.

### 14.4 Amendment of terms

- (a) Subject to complying with all applicable laws and clause 14.4(c) and with the prior approval of APRA, CBA may, without the authority, assent or approval of Holders, by notice to the Holders amend or add to these Note Terms or the Note Deed Poll where the amendment or addition is, in the opinion of CBA:
  - (1) made to correct a manifest error;
  - (2) of a formal, minor or technical nature;
  - (3) made to comply with any law, the ASX Listing Rules or the listing or quotation requirements of any securities exchange on which CBA proposes from time to time to seek quotation of the Stapled Securities or Preference Shares;
  - (4) convenient for the purpose of obtaining or maintaining the listing or quotation of the Stapled Securities or Preference Shares; or
  - (5) is not, and is not likely to become, materially prejudicial to holders of Stapled Securities or Preference Shares generally.
- (b) Without limiting clause 14.3, CBA may by notice to the Holders amend or add to these Note Terms or the Note Deed Poll if the amendment or addition has been approved by an Extraordinary Resolution.
- (c) CBA must not, without the prior written approval of APRA, amend these Note Terms if the amendment may affect the eligibility of the Notes to continue to qualify as Non-Innovative Residual Tier 1 Capital.

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### 15 Appointment of Trustee

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- (a) CBA may establish a trust and appoint a trustee (**Trustee**) to act as trustee for the benefit of Holders:
- (1) when required by law to do so; or
  - (2) at any time at CBA's sole discretion.
- (b) If CBA appoints a Trustee under clause 7(a) of the Note Deed Poll and this clause 15 the Trustee will hold the benefit of:
- (1) the trust deed by which or under which it is appointed (**Trust Deed**);
  - (2) the right to enforce CBA's duty to repay the Notes;
  - (3) the right to enforce all other duties of CBA under the Note Terms, and the provisions of the Trust Deed; and
  - (4) any other right, power, authority, discretion or remedy conferred on the Trustee by the Trust Deed or by law and other property which the Trustee may receive or may be vested in the Trustee,
- in trust for the Holders subject to and in accordance with the Trust Deed and the Note Terms.
- (c) If CBA appoints a Trustee under clause 7(a) of the Note Deed Poll and this clause 15, the benefit which the Holder has under clause 2(a) of the Note Deed Poll will commence to be held on trust for it by the Trustee until termination of the Note Terms under clause 8 of the Note Deed Poll.

### 16 Taxation arrangements

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- (a) Subject to clause 16(b), each Holder agrees that, if the Commissioner makes a determination under section 177EA(5)(b) of the Tax Act in respect of any Interest in respect of one or more Holders:
- (1) it will be bound, and will treat itself as bound, by the outcome of any administrative or judicial proceedings between CBA (and/or its nominee) and the Commissioner in respect of the determination;
  - (2) it will not seek:
    - (A) an amended assessment of its taxation position in respect of the availability of the benefit of franking credits on any Interest; or
    - (B) a determination from the Commissioner under section 177EA(5)(b) of the Tax Act in respect of any Interest; and
  - (3) if CBA is required under any arrangement with the Commissioner to make a payment to the Commissioner in respect of any tax liability in relation to any Interest received, or expected to be received, by that Holder, it directs CBA to pay that amount to the Commissioner.
- (b) A Holder may elect by written notice to CBA not to be bound by the agreement in clause 16(a).



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- (c) If:
- (1) a Holder makes an election in accordance with clause 16(b)
  - (2) does not comply with the agreement in clauses 16(a)(1) or (2);
  - (3) does anything having a substantially similar effect to clause 16(c)(1) or (2),
- such Holder will be taken to have acknowledged and agreed that clause 4.2(b) will apply to that Holder.

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### Schedule 1

#### Meetings of Holders

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The following sets out the provisions which govern the convening and holding of Meetings and the exercise by such meetings of their powers.

#### 1 Notice of Meeting

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- (a) At least 10 Business Days notice in writing of any Meeting must be given to CBA and the Holders by the party convening the Meeting.
- (b) If a Holder does not receive notice of a Meeting in accordance with clause 1(a) of this Schedule, the Meeting is still validly convened, but no Meeting will be validly convened unless CBA has received notice of it in accordance with clause 1(c) of this Schedule.
- (c) The party convening the Meeting must notify CBA and Holders (as the case requires) in writing of:
  - (1) the place, day and time of the Meeting; and
  - (2) the nature of the business to be transacted.

#### 2 Who may attend and address Meeting?

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Each Holder is entitled to attend and vote at any Meeting or adjourned Meeting. CBA and any person invited by CBA is entitled to attend and address a Meeting or adjourned Meeting of Holders.

#### 3 Quorum

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- (a) No business may be transacted at any Meeting unless a quorum of Holders is present at the time when the Meeting proceeds to business.
- (b) A quorum for any Meeting is at least 5 persons holding or representing by attorney, representative or proxy at least 10% of the face value of the Notes.
- (c) If a quorum is not present within half an hour from the time appointed for the Meeting:

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- (1) where the Meeting was convened by or upon the requisition of the Holders, the Meeting must be dissolved; and
  - (2) in any other case, the Meeting must be adjourned as the chairperson directs.
- (d) At an adjourned Meeting the Holders with at least 5% of the face value of the Notes who are present either in person or by proxy constitute a quorum and are entitled to pass the resolution.

### 4 Chairperson

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- (a) The person nominated in writing by CBA will preside as chairperson at each Meeting unless rule 4(b) says otherwise.
- (b) If at a Meeting:
  - (1) there is no person that has been nominated by CBA to preside as chairperson;
  - (2) the nominated chairperson is not present within 30 minutes after the time appointed for the meeting; or
  - (3) the nominated chairperson is present within that time but is not willing to act as chairperson of the meeting,then the Holders present may elect as chairperson of the meeting a Holder or Proxy who is present and willing to act, failing which the Meeting will be dissolved.

### 5 Conduct of Meetings

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- (a) The chairperson of a Meeting is responsible for the general conduct of the meeting and for the procedures to be adopted at the meeting and may require the adoption of any rules or procedures which are in his or her opinion necessary or desirable for the proper and orderly conduct of the Meeting.
- (b) The chairperson of a Meeting may at any time he or she considers it necessary or desirable for the proper and orderly conduct of the meeting terminate debate or discussion on any matter being considered by the Meeting and put the matter to a vote of the Holders present.
- (c) The chairperson of a Meeting may refuse to allow any amendment to be moved to a resolution of which notice has been given under rule 5(b).
- (d) The chairperson of a Meeting may at any time during the course of the Meeting adjourn the Meeting or any matter being considered or remaining to be considered by the Meeting to an adjourned Meeting, but may not do so without the approval of the Holders present if the Meeting has been called by or on the requisition of Holders.
- (e) No business may be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.
- (f) CBA must give at least 10 days' notice to the Holders of the date, time and place of any adjourned Meeting where the adjournment is due to lack of a quorum. It is not otherwise necessary to give notice of an adjournment or of the business to be transacted at an adjourned Meeting.

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- (g) Where a Meeting is adjourned, CBA may change the venue of, postpone or cancel the adjourned Meeting unless the meeting was called and arranged to be held by or on the requisition of the Holders.
- (h) The convenor or chairperson of a Meeting may permit the Meeting to be held by the contemporaneous linking together by telephone or other electronic means of persons entitled to be present at the Meeting provided that the Holders, CBA and the Registrar all have a reasonable opportunity to participate in this way and dial-in or other relevant details are notified to such persons not less than 48 hours before the start of the Meeting. These rules apply, so far as they can and with such changes as are necessary, to Meetings held in this way.

## 6 Voting

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- (a) Any question submitted to a Meeting must be decided on a show of hands, but a poll will be taken in any case where:
  - (1) it is required by the Note Terms or by law that the question be decided by a majority which is to be measured by a percentage of the votes cast by those present; or
  - (2) either before or immediately after any question is put to a show of hands a poll is demanded by the chairman of the Meeting, CBA, or at least 5 Holders, present personally or by proxy, representative or attorney, holding or representing by proxy, representative or attorney at least 5% of the face value of the Notes.
- (b) In the case of equality of votes, the chairman of a Meeting has a casting vote in addition to his votes (if any) as a Holder both on a show of hands and on a poll.

## 7 Votes

---

- (a) At a Meeting:
  - (1) on a show of hands each Holder present personally or by proxy, attorney or representative with the right to vote at that Meeting has one vote; and
  - (2) on a poll each Holder present personally or by proxy, attorney or representative with a right to vote at that Meeting is entitled to one vote for each Note held by the Holder.
- (b) Where a person present at a Meeting represents personally or as proxy, attorney or representative more than one Holder:
  - (1) on a show of hands the person is entitled to one vote only;
  - (2) that vote will be taken as having been cast for all the Holders the person represents; and
  - (3) the person must not exercise that vote in a way which would contravene any directions given to the person in any instrument appointing the person as proxy, attorney or representative.

# Appendix B

## PERLS V Note Terms

### 8 Voting by joint holders

---

- (a) If Notes are held jointly, the most senior Holder's vote either in person or by proxy is accepted to the exclusion of the other joint Holders.
- (b) The most senior Holder is the person whose name appears first on the Register.

### 9 Voting by corporation

---

- (a) A corporation who is a Holder may vote through a representative authorised in writing.
- (b) The corporation's representative is regarded as a Holder and has the same rights as a Holder.

### 10 Voting by person of unsound mind

---

If a Holder is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health, the person who properly has the management of the Holder's estate may exercise any rights of the Holder in relation to a Meeting as if that person were the Holder.

### 11 Objection to voter's qualification

---

- (a) An objection may be raised to the qualification of a voter only at the Meeting where the vote objected to is given or tendered.
- (b) An objection must be referred to the chairperson whose decision is final.
- (c) The chairperson may consult with any representative of CBA present at the Meeting.
- (d) A vote allowed at a Meeting is valid for all purposes.

### 12 Proxies

---

A Holder is entitled to appoint another person as his proxy to attend and vote at a Meeting. Any person including a Holder may act as a proxy, and that proxy has the same rights as the appointor to vote whether on a show of hands, to speak, and be reckoned in the quorum.

# Appendix B

## PERLS V Note Terms

### 13 Proxy instrument

---

- (a) If the appointer of a proxy is an individual, the instrument of appointment must be in writing and signed by the appointer or the appointer's attorney authorised in writing.
- (b) If the appointer of a proxy is a corporation, the instrument of appointment must be:
  - (1) under its common seal, or by 2 directors, or by a director and secretary; or
  - (2) under the hand of an officer or attorney who has been authorised by the corporation (and evidence to CBA's satisfaction of such authorisation must be provided).

### 14 Voting authority to be deposited with CBA

---

- (a) The instrument appointing a proxy or a facsimile copy of it and the original or certified copy of the power of attorney or authority under which it is signed or a facsimile copy of it must be deposited with CBA or CBA's agent at least 48 hours, or any shorter period determined by CBA from time to time, before the time appointed for the Meeting at which the proxy proposes to vote. The original of any facsimile instrument provided under this clause 14(a) of this Schedule must be deposited with CBA or CBA's agent before the time appointed for the Meeting.
- (b) If clause 14(a) of this Schedule is not complied with, the proxy is invalid.
- (c) An instrument appointing a proxy is only valid for 12 months from its execution date.

### 15 Effect of death or insanity on vote under proxy

---

- (a) A vote given under an instrument of proxy is valid even though the principal is insane at the time, has died or has revoked the proxy or the authority under which the proxy was executed.
- (b) Clause 15(a) of this Schedule does not apply if CBA has notice in writing of the death, insanity or revocation before the Meeting at which the proxy is to be used.

### 16 Adjournments

---

The chairperson may adjourn a Meeting with the consent of the majority of Holders present, and must do so if CBA so requires.

### 17 Declaration by chairperson of voting

---

Unless a poll has been demanded under clause 6 of this Schedule, a declaration by the chairperson that a resolution has been carried or lost by a particular majority is conclusive evidence of that fact.

# Appendix B

## PERLS V Note Terms

### 18 Demand for a poll and manner of poll

---

- (a) A poll is to be conducted as directed by the chairperson at the Meeting or any adjournment of the Meeting.
- (b) The demand for a poll may be withdrawn by the person who demanded it.
- (c) The demand for a poll does not discontinue the Meeting except to decide the question for which the poll is demanded.
- (d) The result of the poll is regarded as the resolution of the Meeting.

### 19 Poll on election of chairperson or question of adjournment

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A poll demanded on the election of a chairperson or on a question of adjournment must be taken immediately.

### 20 Effect of resolution and enforcement

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If an Extraordinary Resolution is passed by Holders, all Holders will be bound by the Extraordinary Resolution, but CBA is not bound by any resolution unless it agrees to be so bound.

### 21 Minutes

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- (a) The chairperson must ensure that minutes of proceedings at every Meeting of Holders are taken and entered in a minute book provided by CBA.
- (b) The signature by the chairperson of minutes of a Meeting is conclusive evidence of the matters stated in the minutes.
- (c) Unless there is proof to the contrary, a minuted Meeting is regarded as properly held and a resolution passed at the Meeting is regarded as properly passed.

### 22 Resolution in writing

---

- (a) An Extraordinary Resolution is passed by the Holders without holding a Meeting if:
  - (1) notice of the proposed resolution of Holders and of the Record Date in relation to the resolution is given to the Holders and, unless it is the person proposing the resolution, CBA;
  - (2) the Record Date specified falls not less than 1 Business Day after the date notice has been given as required by rule 22(a)(1) (Notification Date) and not more than 5 Business

# Appendix B

## PERLS V Note Terms

Days after notice has been given to any of the persons to whom notice is required to be given under that rule; and

- (3) within one month after the Notification Date, the Registrar has received evidence satisfactory to it that Holders representing more than 75% of the aggregate outstanding Face Value as at 5.00pm on the Record Date have executed a document containing a statement to the effect that the persons signing the document are in favour of the resolution.
- (b) A resolution passed under rule 22(a) is passed on the date on which the Registrar receives evidence satisfactory to it of the execution of the document by the last Holder evidence of whose execution is required to be received by the Registrar to cause the resolution to be passed.
- (c) Several documents in like form each sent to or executed by one or more Holders are taken to be the one document for the purposes of this rule 22.

### 23 Powers

---

The Holders at a Meeting may exercise the following powers by Extraordinary Resolution:

- (a) power to authorise CBA to take or to refrain from taking any action which may be taken by CBA under any express or implied power or authority howsoever conferred;
- (b) power to sanction the release of CBA from any obligation under the Note Terms either unconditionally or upon any conditions specified in the Extraordinary Resolution;
- (c) power to sanction agreement to any modification or compromise of any of the rights of all the Holders against CBA;
- (d) power to agree to the postponement of the repayment of the principal secured in respect of any part of the Notes beyond their due dates and to the suspension or postponement of the payment of interest on any part of the Notes;
- (e) power to authorise CBA to sanction on behalf of all the Holders any scheme for reconstruction of CBA or for the amalgamation of CBA with any other corporation (if and to the extent such sanction is required);
- (f) power to authorise CBA to accept on behalf of the Holders any other property or securities instead of any part of the Holder's rights and in particular any debt securities of CBA; and
- (g) power to give any release or waiver in respect of any breach or default by CBA.



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Secretariat

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Margaret Taylor  
Group Company Secretary

29 August 2014

000007

MS JANE SAMPLE  
67 SAMPLE ROAD  
SAMPLEVILLE  
AUCKLAND 2222  
NEW ZEALAND

Dear PERLS V Holder

## Your PERLS V (ASX trading code CBAPA)

On 18 August 2014, Commonwealth Bank of Australia (the **Group**) announced its intention to:

- buy-back Perpetual Exchangeable Resaleable Listed Securities issued in 2009 (**PERLS V**) from eligible holders seeking to reinvest in a new security, CommBank PERLS VII Capital Notes (**PERLS VII**);
- publish a resale notice affecting all remaining PERLS V not subject to the buy-back; and
- amend the terms applying to PERLS V.

## Resale Notice

Under the 'Resale' notified in the Resale Notice:

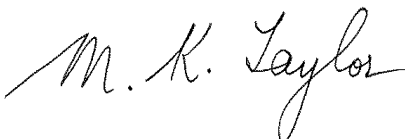
- all PERLS V on issue on 31 October 2014 will be transferred to Morgan Stanley Australia Securities Limited (**Purchaser**) on that date; and
- the holders of PERLS V will receive A\$200 for each of their PERLS V transferred to the Purchaser.

A copy of the Resale Notice is enclosed.

## Amendment of PERLS V terms

To facilitate the offer of PERLS VII, the Group has approved an amendment of the PERLS V Note Terms. The amendment permits the distribution for the distribution period 31 July 2014 to 30 October 2014 inclusive to be split in two parts. Holders of PERLS V on 30 September 2014 will have a proportion of this distribution paid early on 8 October 2014 and holders on 21 October 2014 will be paid the remaining amount on 31 October 2014. The distribution rate applying will be the same for each period (4.2385%, as announced to ASX on 31 July 2014). A copy of the amended terms is also enclosed.

Yours sincerely



Margaret Taylor  
**Group Company Secretary**

## RESALE NOTICE

Commonwealth Bank of Australia (the **Group**) notifies holders of the Perpetual Exchangeable Resaleable Listed Securities issued in 2009 (**PERLS V**) that, on 31 October 2014, a Resale of all PERLS V on issue at that time will occur. Under the Resale, all PERLS V on issue on 31 October 2014 will be automatically transferred to Morgan Stanley Australia Securities Limited (**Purchaser**).

Subject to the terms of the deed poll referred to below, the Purchaser will pay each holder of PERLS V A\$200 for each PERLS V that is transferred from that holder to the Purchaser under the Resale.

Subject to the Purchaser making those payments, on 31 October 2014:

- all Preference Shares then on issue will be transferred to the Purchaser in accordance with the Preference Share Terms in Appendix A of the PERLS V Prospectus dated 7 September 2009 (**Prospectus**); and
- all Notes to which those Preference Shares are stapled will be automatically assigned to the Purchaser in accordance with the Note Terms in Appendix B of the Prospectus.

As required by the Preference Share Terms:

- the Purchaser has given an undertaking in favour of each PERLS V holder at the time of the Resale to acquire each PERLS V that will be Resold from the relevant holder for A\$200 on 31 October 2014; and
- Morgan Stanley (the ultimate parent company of the Purchaser) has given a guarantee supporting the Purchaser's undertaking to PERLS V holders.

A copy of the deed poll containing the undertaking by the Purchaser and the supporting guarantee are available from the Group's website ([www.commbank.com.au](http://www.commbank.com.au)).

The payments under the Resale will be made to holders from whom PERLS V are acquired in the same manner in which their Distributions are usually paid.

Capitalised terms that are not defined in this notice have the same meaning given to them in the Preference Share Terms.

# Appendix B

## PERLS V Note Terms

The Notes will be debt obligations of CBA under the deed poll entitled “PERLS V Note Deed Poll” (**Note Deed Poll**) executed by CBA and will take the form of entries in a register (**Register**).

Each Holder of a Note is deemed to have notice of, and to be bound by, all the provisions contained in the Note Deed Poll (including these Note Terms).

## 1 Definitions and interpretation

---

### 1.1 Definitions

In these Note Terms, unless the context otherwise requires:

**ADI** means CBA or, following the occurrence of a Downstream NOHC Event, the “authorised deposit taking institution” (as defined in the *Banking Act*) which succeeds to the banking business of CBA as a result of the Downstream NOHC Event.

**Appointed Person** has the meaning given to that term in the Preference Share Terms.

**APRA** means the Australian Prudential Regulation Authority.

**APRA Event** means:

- (a) APRA determines that the ADI has a Tier 1 Capital Ratio of less than 5% (or such other percentage as may be required from time to time by APRA) or a Risk Based Capital Ratio of less than 8% (or such other percentage as may be required from time to time by APRA);
- (b) APRA issues a written directive to the ADI under applicable banking regulations, legislation or guidelines for the ADI to increase its capital;
- (c) APRA appoints a statutory manager to the ADI or commences proceedings for the winding up of the ADI; or
- (d) the retained earnings of the ADI fall below zero.

**APRA Guidelines** means guidelines, policy statements and practice notes or other equivalent statements of APRA which are applicable to the ADI.

**Assignee** has the meaning given in clause 5.3(a).

**Assignment Event** has the meaning given in clause 5.1.

**Assignment Event Date** means the date on which CBA gives an Assignment Event Notice.

**Assignment Event Notice** means a notice given by CBA in accordance with clause 5.2(b).

**Assignment Prevention Optional Dividend** means a dividend paid by CBA on the Preference Shares prior to an Assignment Event Date in an amount equal to the amount of interest unpaid to Holders in the immediately preceding Interest Period which may only be paid with the prior written approval of APRA.

**ASTC** means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

**ASTC Settlement Rules** means the settlement rules of ASTC from time to time.

**ASX** means ASX Limited and any successor operator of the stock exchange operated by it.

**ASX Listing Rules** means the listing rules of ASX and any other applicable rules of ASX, each as amended or replaced from time to time, except to the extent of any written waiver granted by ASX.

**Authorised Officer** means each director and secretary of CBA and any person delegated on the authority of the board of directors of CBA to exercise the power of attorney and agency appointment conferred by clause 14.1.

# Appendix B

## PERLS V Note Terms

**Bank Bill Swap Rate** means the average mid-rate for bills of a term of 90 days (expressed as a percentage per annum) which average rate is displayed on the page of Reuters Monitor System designated "BBSW" (or any page which replaces that page) at 10.30am (Sydney time) on the relevant date, or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10.30am (Sydney time) on that date or, in the case of the Issue Date, if the period from the Issue Date to but excluding the first scheduled Interest Payment Date is not equal to 90 days, the rate specified in good faith by CBA at or around that time on that date having regard, to the extent possible, to comparable rates and indices then available.

**Banking Act** means the *Banking Act 1959* (Cth).

**Board** means either the board of directors of CBA or a committee appointed by the board of directors of CBA.

**Business Day** has the meaning given to that term in the ASX Listing Rules.

**Capital Security** means any equity, hybrid or subordinated debt security.

**CBA** means Commonwealth Bank of Australia ABN 48 123 123 124, including foreign branches of Commonwealth Bank of Australia.

**CBA Group** means CBA and its controlled entities.

**CBA Group Entity** means any entity in the CBA Group.

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

**CBA Stopper Resolution** means a resolution of the Board not to pay in full any Interest on any Interest Payment Date.

**Commissioner** has the meaning given to it in the Preference Share Terms.

**Constitution** means the constitution of CBA.

**Convert** or **Converted** have the meaning given to those terms in the Preference Share Terms.

**Current Branch** means CBA's New Zealand branch or the branch of CBA through which CBA elects to act in respect of the Notes under clause 9.

**Default Event** means:

- (a) CBA ceases or suspends the conduct of all of its business;
- (b) a proceeding is commenced by CBA or a person that controls CBA for an order that CBA be dissolved, wound up or liquidated or for the appointment of a provisional liquidator, liquidator, receiver, receiver and manager, administrator, controller or similar official in respect of CBA or all or substantially all of its property;
- (c) a proceeding for an order of a kind described in paragraph (b) is commenced by any other person for an order that CBA be dissolved, wound up or liquidated and is not dismissed within 30 Business Days of filing; or
- (d) a provisional liquidator, liquidator, receiver, receiver and manager, administrator, controller or similar official is appointed in respect of CBA or all or substantially all of its property and such appointment is not revoked or set aside within 30 Business Days of such appointment.

**Distributable Profits** means, in relation to an Interest Payment Date, the lesser of Level 1 Distributable Profits and Level 2 Distributable Profits (or any other amount determined by APRA to be appropriate in CBA's circumstances for the purposes of CBA's Tier 1 Capital obligations).

**Downstream NOHC Event** has the meaning given to that term in the Preference Share Terms.

**Encumbrance** means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

**Exchange Date** has the meaning given to that term in the Preference Share Terms.

**Exchanged** has the meaning given to that term in the Preference Share Terms.

# Appendix B

## PERLS V Note Terms

**Existing Capital Securities** means each of the:

- (a) PERLS III Securities;
- (b) PERLS IV Securities;
- (c) Trust Preferred Funding Securities; and
- (d) Trust Preferred Funding Securities II.

**Extended Licensed Entity** means the ADI and any subsidiary of the ADI that APRA has deemed to be part of the ADI itself for the purposes of measuring the ADI's exposures to related entities, pursuant to APS 110 as specified in the APRA Guidelines.

**Extraordinary Resolution** means a resolution passed at a meeting of Holders in accordance with the provisions of Schedule 1 of these Note Terms and carried by a majority of not less than three quarters of the persons voting on a show of hands or three quarters of the votes cast on a poll or a resolution passed in accordance with clause 22 of Schedule 1.

**Face Value** means the principal amount of a Note on its Issue Date, being A\$200.

**Government Agency** means a government or a governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

**Holder** means a person whose name is for the time being registered in the Register as the holder of a Note or Stapled Security.

**Insufficient Distributable Profits Circumstance** means that, in relation to an Interest Payment Date, the Interest payable on that Interest Payment Date on the Notes exceeds Distributable Profits.

**Interest** has the meaning given in clause 4.1.

**Interest Payment** means each of:

- (a) a payment of Interest in the amount determined in accordance with clause 4.1 (disregarding clause 4.4); and
- (b) Redemption Interest.

**Interest Payment Date** means:

- (a) 31 January, 30 April, 31 July and 31 October in each year; ~~and~~
- (b) an Exchange Date; ~~and~~
- (c) the Reinvestment Date,

provided that the first scheduled Interest Payment Date will be 1 February 2010.

**Interest Period** means in respect of a Note:

- (a) for the first Interest Period, the period from (and including) the Issue Date to (and excluding) the next Interest Payment Date; and
- (b) in all other circumstances, the period from (and including) the preceding Interest Payment Date to (and excluding) the next occurring Interest Payment Date.

**Interest Rate** means the percentage per annum calculated in accordance with the following formula:

$$(\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

**Issue Date** means the date on which a Note is issued under these Note Terms.

# Appendix B

## PERLS V Note Terms

**Level 1 Distributable Profits** means, in relation to an Interest Payment Date, an amount calculated in accordance with the following formula:

$$\text{Level 1 Distributable Profits} = A - B$$

where:

**A** is the aggregate of the consolidated net profits after income tax of CBA, its subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 1 basis for the immediately preceding 2 six-monthly financial periods for which results have been publicly announced; and

**B** is the aggregate amount of dividends, distributions or other amounts paid, decided to be paid or liable to be paid by CBA, any of its subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 1 basis on:

- (1) Preference Shares or Stapled Securities in the 12 months to and including the Interest Payment Date;
- (2) any other Tier 1 qualifying Capital Security of CBA or any of its subsidiaries or any other entities whose financial results are required by APRA to be consolidated with CBA on a Level 1 basis to the extent dividends or distributions on those securities are funded by CBA or by instruments of CBA in the 12 months to and including the Interest Payment Date; and
- (3) any other share capital of CBA (including CBA Ordinary Shares) in relation to the immediately preceding 2 six-monthly periods for which results have been publicly announced,

but excluding:

- (4) distributions payable in relation to the Preference Shares or Stapled Securities on the Interest Payment Date;
- (5) any such dividend, distribution or other amount to which CBA, any of its subsidiaries or any other entities whose financial results are required by APRA to be consolidated with CBA on a Level 1 basis was or is beneficially entitled; and
- (6) any such dividend, distribution or other amount which is included in the calculation of consolidated net profit after tax within the meaning of A.

**Level 2 Distributable Profits** means, in relation to an Interest Payment Date, an amount calculated in accordance with the following formula:

$$\text{Level 2 Distributable Profits} = A - B$$

where:

**A** is the aggregate of the consolidated net profits after income tax of CBA, its subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis for the immediately preceding two six-monthly financial periods for which results have been publicly announced; and

**B** is the aggregate amount of dividends, distributions or other amounts paid, decided to be paid or liable to be paid by CBA, any of its subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis on:

- (1) Preference Shares or Stapled Securities in the 12 months to and including the Interest Payment Date;
- (2) any other Tier 1 qualifying Capital Security of CBA or any of its subsidiaries or any other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis to the extent dividends or distributions on those securities are funded by CBA or by instruments of CBA in the 12 months to and including the Interest Payment Date; and

# Appendix B

## PERLS V Note Terms

- (3) any other share capital of CBA (including CBA Ordinary Shares) in relation to the immediately preceding two six-monthly periods for which results have been publicly announced,

but excluding:

- (4) distributions payable in relation to the Preference Shares or Stapled Securities on the Interest Payment Date;
- (5) any such dividend, distribution or other amount to which CBA, any of its subsidiaries or any other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis was or is beneficially entitled; and
- (6) any such dividend, distribution or other amount which is included in the calculation of consolidated net profit after tax within the meaning of A.

**Level 1, Level 2 and Level 3** have the meaning determined in accordance with APRA Guidelines.

**Margin** means 3.40% per annum.

**Marketable Parcel** has the meaning given to it in the ASX Market Rules.

**Market Rate** means, for each Interest Period, the Bank Bill Swap Rate on the first Business Day of that Interest Period; provided that the Market Rate for the Interest Period commencing on the Reinvestment Date is the same as the Market Rate for the Interest Period ending on the day prior to the Reinvestment Date.

**Market Transfer** means a transfer (within the meaning of the Corporations Act) that:

- (a) according to the ASTC Settlement Rules, is a proper ASTC transfer; or
- (b) is a valid transfer under a computerised or electronic system established or recognised by the Corporations Act, ASX Listing Rules or ASTC Settlement Rules for the purpose of facilitating dealings in securities.

**Maturity Date** means, if CBA has given an Assignment Event Notice, the date that is 40 years after the Issue Date.

**Meeting** means a meeting of Holders convened in accordance with these Note Terms.

**Non-Innovative Tier 1 Capital** means at any time any equity, debt or other Capital Security so described by APRA (or any equivalent successor term).

**Note** means a subordinated, unsecured note issued under the Note Deed Poll (including these Note Terms).

**Note Deed Poll** means the deed poll entitled "PERLS V Note Deed Poll" given by CBA, acting through its New Zealand branch, in favour of the Holders from time to time.

**Note Terms** means these terms of issue.

**Other CBA Creditors** means all creditors of CBA (including but not limited to all depositors of CBA) other than (a) Holders and (b) creditors whose claims against CBA rank, or are expressed to rank, on a winding up, equally with or junior to the claims of holders of Preference Shares or other preference shares of CBA that rank equally with the Preference Shares.

**PERLS III Securities** means convertible notes issued under the PERLS III Note Deed between CBA and Preferred Capital Limited and any preference shares in CBA issued on exchange of those convertible notes.

**PERLS IV Securities** means stapled securities comprising an unsecured subordinated Note issued by CBA's New York Branch and a preference share issued by CBA pursuant to a prospectus dated 1 July 2007.

**Preference Share** means a fully paid preference share in the capital of CBA issued on the Preference Share Terms.

**Preference Share Terms** means the terms of issue of the Preference Shares which are set out in Appendix A of the Prospectus.

**Prospectus** means the prospectus issued in relation to an offer of the Stapled Securities.

# Appendix B

## PERLS V Note Terms

**Record Date** means, in relation to a payment on a Note, the date which is 7 calendar days before the relevant Interest Payment Date for that payment or such other date as CBA determines in its absolute discretion and communicates to ASX not less than 6 Business Days before the specified Record Date, or such other date as is required by ASX.

**Redemption Date** means:

- (a) the Maturity Date; or
- (b) when redemption occurs pursuant to clause 6.2 or 6.4, the date on which the Notes are redeemed in accordance with clause 6.2 or 6.4.

**Redemption Interest** means, for a Note on a Redemption Date, the amount which is calculated in accordance with the following formula:

$$\text{Redemption Interest} = [(\text{Interest Rate} \times \text{Face Value} \times N)/365] + \text{AI}$$

where:

**N** is in respect of a Redemption Date occurring at any time:

- (a) before the first Interest Payment Date, the number of days from (and including) the Issue Date until (and excluding) the Redemption Date; and
- (b) after the first Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date until (and excluding) the Redemption Date; and

**AI** is any Interest (not being Interest in respect of the period from (and including) the Issue Date or preceding Interest Payment Date until (and excluding) the Redemption Date) due and payable to Holders but unpaid as at the Redemption Date.

**Register** means the Register of Notes maintained by the Registrar and includes any CHESSE sub-register (as defined in the ASX Listing Rules).

**Registrar** means Link Market Services Limited or any other registrar that maintains the Register.

**Reinvestment Date** means the date of issue of the Reinvestment Securities under the [Reinvestment Prospectus](#).

**Reinvestment Prospectus** means a prospectus to be lodged with ASIC on or about 18 August 2014 in respect of an offer by CBA of perpetual, exchangeable, resaleable, listed, subordinated, unsecured notes, including any supplementary or replacement prospectus in respect of that offer.

**Reinvestment Securities** means perpetual, exchangeable, resaleable, listed, subordinated, unsecured notes to be issued by CBA (acting through its New Zealand branch) on the terms and conditions set out in the [Reinvestment Prospectus](#).

**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 Substituted Issuer is incorporated, resident or domiciled for any tax purpose or carries on business; or
- (b) from which, or through which, any Interest Payment is made.

**Repurchase** has the meaning given to that term in the Preference Share Terms.

**Resale** and **Resold** have the meaning given to those terms in the Preference Share Terms.

**Risk Based Capital Ratio** means the ratio so described by APRA (or any equivalent successor term).

**Stapled Security** means a stapled security comprising a Preference Share stapled to a Note in accordance with clause 2.

**Substituted Issuer** has the meaning given in clause 11.1.



# Appendix B

## PERLS V Note Terms

**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) or *Income Tax Assessment Act 1997* of Australia, as the case may be.

**Tax Rate** means the Australian corporate tax rate applicable at the relevant Interest Payment Date, expressed as a decimal.

**Tier 1 Capital** means any equity, debt or other capital so described by APRA.

**Tier 1 Capital Ratio** means the ratio so described by APRA (or any equivalent successor term).

**Trust Preferred Funding Securities** means the convertible notes issued by CBA to CBA Funding Trust I in relation to the Trust Preferred Securities issued by CBA Capital Trust 1 pursuant to an offering memorandum dated 30 July 2003 and any preference shares in CBA issued on exchange of those securities.

**Trust Preferred Funding Securities II** means the preference shares issued by CBA to CBA Funding Trust II and the subordinated notes issued by CBA to CBA USD Funding Limited in relation to the Trust Preferred Securities issued by CBA Capital Trust II pursuant to an offering memorandum dated 7 March 2006.

### 1.2 Interpretation

Unless the context otherwise requires:

- (a) headings and boldings are for convenience only and do not affect the interpretation of these Note Terms;
- (b) the singular include the plural and vice versa;
- (c) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any government or semi-government agency;
- (d) a reference to a clause is to a clause of these Note Terms;
- (e) a reference to any statute or regulation includes all statutes and regulations amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (f) a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (g) where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day;
- (h) a reference to a body, other than a party to these Note Terms, including a commission or an exchange, whether statutory or not, which ceases to exist or whose functions or powers are transferred to another body, is a reference to the body which replaces it or substantially succeeds to its powers and functions;

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## PERLS V Note Terms

- (i) references to sums of money are to amounts in Australian dollars;
- (j) if a calculation is required under these Note Terms, the calculation will be performed to 4 decimal places, provided that any amount to be paid to a Holder will be rounded down to the nearest cent;
- (k) a Note is to be regarded as remaining outstanding unless:
  - (1) it has been redeemed or purchased and cancelled in accordance with these Note Terms; or
  - (2) the date for its redemption in accordance with these Note Terms has occurred and the principal amount and any accrued interest in respect of the Notes have been duly paid by CBA and have not been repaid to CBA (unless a claim against CBA is void under clause 10); or
  - (3) claims in respect of it have become void in accordance with clause 10;
- (l) if a Note is not outstanding it will be taken to be cancelled.

## 2 Stapling and transfer

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### 2.1 Stapling

Each Note will be stapled to a Preference Share if CBA issues the corresponding Preference Share, as referred to in the Prospectus, with effect from the time the corresponding Preference Share is issued. Each stapled Note and Preference Share together will constitute a Stapled Security. CBA will maintain a joint register for the Stapled Securities and joint holding statements or certificates will be issued to holders. Subject to the Note Terms and the Preference Share Terms, CBA will not take any corporate action which prejudices the stapling of Notes to the corresponding Preference Shares. This clause 2.1 is subject to clauses 2.10 and 5.3.

### 2.2 Transfer

A Holder may, subject to clauses 2.5, 2.6, 2.7 and 2.9, transfer any Note:

- (a) by a Market Transfer;
- (b) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which Notes are quoted and which is applicable to securities of CBA; or
- (c) by any sufficient instrument of transfer of marketable securities under applicable law.  
CBA must not charge any fee on transfer of a Note.

### 2.3 Market obligations

CBA must comply with the ASX Listing Rules, ASTC Settlement Rules, Corporations Act and any other relevant obligations imposed on it in relation to the transfer of a Note and the corresponding Preference Share which forms part of the same Stapled Security.

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## PERLS V Note Terms

### 2.4 Delivery of instrument

If an instrument is used to transfer Notes as described in clause 2.2, it must be duly stamped (if required) and delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes and the corresponding Preference Shares which forms part of the same Stapled Securities.

### 2.5 Refusal to Register

CBA may refuse to register a transfer of any Note:

- (a) if such registration would contravene the ASX Listing Rules, the ASTC Settlement Rules or the Note Terms;
- (b) if the Corporations Act or any other law or regulation binding on it forbids registration; or
- (c) after an Assignment Event Date.

If CBA refuses to register a transfer, CBA must give the lodging party notice of the refusal and the reasons for it within 5 Business Days after the date on which the transfer was delivered to it.

### 2.6 Transferor to remain Holder until Registration

Subject to clause 5.3, a transferor of a Note remains the Holder until the transfer is registered and the name of the transferee is entered in the Register.

### 2.7 Further restrictions on transfer

Except as stated in clauses 2.10 and 5.3:

- (a) **(Stapled Securities)** after the corresponding Preference Share has been issued, no transfer of a Note may be registered by the Registrar unless a transfer of the corresponding Preference Share which forms part of the same Stapled Securities, is registered at the same time from the same transferor to the same transferee; and
- (b) **(minimum holding)** if a Holder's holding of Stapled Securities is less than a Marketable Parcel at any time, subject to the law, the ASX Listing Rules and the Constitution, CBA on behalf of the Holder may sell all of those Notes which form part of the Stapled Securities held by that Holder, along with the corresponding Preference Shares, if the Constitution permits CBA to sell the corresponding Preference Shares which form part of those Stapled Securities. The Notes will be sold in the same manner as the Preference Shares in accordance with the Constitution.

### 2.8 No general restriction on transfer

- (a) Subject to these Note Terms, there is no restriction on the transfer of Notes and, subject to these Note Terms, CBA may not do anything which may prevent, delay or in any way interfere with, the registration of a transfer of Notes effected under clause 2.2.
- (b) Except as otherwise set out in these Note Terms, there is no restriction on any other transfer of Notes.

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### 2.9 No separate dealings

Except as stated in clauses 2.10 and 5.3, after the corresponding Preference Share has been issued, a Note, and any interest in a Note, is not capable of being transferred, assigned or made the subject of an Encumbrance or trust in whole or in part, separately from the corresponding Preference Share which forms part of the same Stapled Securities. Any transferee, assignee or holder of an Encumbrance or trust takes Stapled Securities subject to, and agrees to be bound by, the Note Terms.

### 2.10 Unstapling

On an Assignment Event Date, the corresponding Preference Share ceases to be stapled to the Note and, for the avoidance of doubt, clauses 2.1, 2.7(a) and 2.9 will cease to apply.

### 2.11 Resale

If the Preference Shares are Resold to a Purchaser in accordance with the Preference Share Terms prior to an Assignment Event Date, the Notes and all right, title and interest of the Holders in the Notes are automatically assigned to the Purchaser with effect from the time at which the Resale takes effect under the Preference Share Terms.

## 3 Form, Face Value and ranking

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### 3.1 Form

Notes are unsecured, subordinated notes constituted under and issued in accordance with the Note Deed Poll. Holders are entitled to the benefit of and are bound by the provisions of the Note Deed Poll, including the Note Terms.

### 3.2 Face Value

The Issue Price and Face Value of each Note is \$200.00.

### 3.3 Status of Notes

(a) The rights of the Holders against CBA under the Notes are subordinated to the claims of Other CBA Creditors and are intended to take effect as if those rights ranked equally with the Preference Shares. Accordingly:

- (1) the obligation of CBA to make, and the entitlement of the Holders to receive and retain, any payment of the principal of, interest on, or any other amount with respect to, the Notes is subject, from and after the occurrence of a winding-up or liquidation of CBA, to the satisfaction in full of the claims of the Other CBA Creditors, and no payment in respect of the principal of, interest on, or any other amount with respect to, the Notes which would otherwise fall due and payable will be so due and payable while the claims of the Other CBA Creditors remain unsatisfied in whole or in part; and
- (2) in a winding-up or liquidation of CBA, the rights of the Holders against CBA under the Notes are limited to, and the maximum amount that the Holders may recover is, such proportion (the **Notes Entitlement**) of the amount owing (or which but for this provision would be owing) to them under this instrument as would make it possible for a liquidator

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## PERLS V Note Terms

of CBA, after payment in full of all amounts owing to Other CBA Creditors and after payment of the Notes Entitlement, to pay the corresponding proportion of the Face Value of and any unpaid dividends or interest on the CBA Preference Shares, Existing Capital Securities and any other preference shares of CBA that rank equally with the Preference Shares and other securities or instruments of CBA that rank or are expressed to rank equally with the Preference Shares or such other preference shares of CBA, and to that end, each Holder waives to the maximum extent permitted by law any entitlement to interest under section 563B of the Corporations Act to the extent it would not otherwise be entitled to such amount if it held a Preference Share.

- (b) Subject to clause 3.3(a) of these Note Terms or clause 4.10(b) of the Preference Share Terms, the Notes rank equally with Existing Capital Securities with respect to payment of interest, dividends or similar payments.
- (c) The Notes are not deposit liabilities of CBA and are not subject to any depositor protection provisions applicable under Australian law.

### 3.4 No winding up

A Holder must not in its capacity as a Holder:

- (a) issue any demand under section 459E(1) of the Corporations Act (or any analogous provision under any other law) against CBA;
- (b) apply for the winding-up or dissolution of CBA;
- (c) levy or enforce any distress or other execution to, on, or against any assets of CBA;
- (d) apply for the appointment by a court of a receiver to any of the assets of CBA;
- (e) appoint, or agree to the appointment of, any administrator to CBA; or
- (f) take proceeding for any of the above.

### 3.5 Set-off

- (a) Holders must not exercise (either directly or indirectly) or claim a right of set-off or counterclaim against CBA against any amounts owed by CBA under these Note Terms.
- (b) CBA must not exercise (either directly or indirectly) or claim a right of set-off or counterclaim against a Holder against any amounts owed by the Holder under these Note Terms.

### 3.6 Issue of Notes

Notes are regarded as issued to a person if and when the person's name is recorded in the Register in accordance with these Note Terms. No rights whatsoever attach to Notes until issued.

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## PERLS V Note Terms

### 4 Interest

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#### 4.1 Calculation and payment of Interest

Subject to these Note Terms (including but not limited to clauses 4.4 and 4.6), the Holder of each Note on the relevant Record Date is entitled to receive on each relevant Interest Payment Date interest (**Interest**) calculated in accordance with the following formula:

$$\text{Interest} = \frac{\text{Interest Rate} \times \text{Face Value} \times \text{D}}{365}$$

where:

**D** is the number of days in the relevant Interest Period.

#### 4.2 Gross-up

(a) If any Interest payment before the application of this clause 4.2:

- (1) due to be made on a Note does not have a "franking percentage" of 100% CBA must notify the Holders as soon as practicable and (regardless of whether that notice is actually given) CBA must increase the Interest concerned; or
- (2) made on a Note is subsequently found not to have, or is treated by the Commissioner as not having, a "franking percentage" of 100% other than as a result of any actions by the Holders, CBA must notify the Holder as soon as practicable and (regardless of whether that notice is actually given) must pay within 30 Business Days of CBA becoming aware of such finding or treatment an amount which represents the difference between the Interest payment made and the increased Interest concerned,

so that the additional interest to be paid (the **Gross-Up Amount**) is the amount calculated in accordance with the following formula as adjusted by clause 4.2(a)(3):

$$\frac{I \times T \times (1-f1)}{(1 - T)}$$

where:

**I** = the Interest for the Interest Period calculated, prior to any increase, in accordance with clause 4.1;

**T** = the Australian corporate tax rate applicable at the relevant Interest Payment Date, expressed as a decimal; and

**f1** = the "franking percentage" of the Interest payable (excluding any payment under this clause 4.2 expressed as a decimal to four decimal places,

provided that:

- (3) any payment under this clause 4.2 will be adjusted in accordance with the following formula:

$$\frac{\text{Gross-Up Amount} \times (1-T)}{[1 - T + (T \times f2)]}$$

where **f2** = the "franking percentage" of the Gross-Up Amount expressed as a decimal to four decimal places.

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In this clause 4.2, "**franking percentage**" has the meaning given by section 203-35 of the Tax Act or any section that replaces or revises that section.

No interest is payable by CBA in respect of any amount payable under clause 4.2(a)(2).

(4) The foregoing provisions of this clause 4.2(a) will not apply in respect of a Note after the Assignment Event Date in respect of that Note.

(b) Notwithstanding any other provision of these Note Terms, if a Holder:

- (1) fails to abide, or treat itself as bound, by the outcome of any administrative or judicial proceedings referred to in clause 16(a)(1);
- (2) seeks an amended assessment of their taxation position in respect of the availability of the benefit of franking credits on any Interest;
- (3) seeks a determination from the Commissioner under section 177EA(5)(b) of the Tax Act in respect of any Interest;
- (4) makes an election in accordance with clause 16(b); or
- (5) does anything having a substantially similar effect to paragraphs (1) to (4),

CBA will not pay, and will not be under any obligation to pay:

- (6) any increased Interest pursuant to clause 4.2(a); or
- (7) any amount to the Commissioner under clause 16(a)(3) in respect of any tax liability in relation to any Interest received, or expected to be received, by that Holder.

### 4.3 Payment

Subject to this clause 4, the Interest for each Interest Period will be payable to Holders in arrears:

(a) -on each Interest Payment Date; or

~~(a)(b)~~ for the Interest Period ending on the Reinvestment Date, on or prior to the date that is [7] calendar days after the Reinvestment Date.

### 4.4 Payment of Interest

The payment of Interest to Holders on an Interest Payment Date before the Assignment Event Date is subject to:

- (a) no CBA Stopper Resolution having been passed which has not been rescinded. Without limiting the Board's discretion to resolve not to pay all of the interest, the Board will pass a CBA Stopper Resolution if in the opinion of the Board:
  - (1) CBA is not able, or payment of all or a portion of the Interest would cause CBA not to be able, to pay all of its debts as and when they become due and payable;
  - (2) payment of all or a portion of the Interest would result in CBA becoming, or being likely to become, insolvent for the purposes of the Corporations Act 2001 (Cth); or
  - (3) payment of the Interest would cause a breach of any APRA Guidelines (unless APRA has given its approval for the payment); and
- (b) none of the following conditions existing on the Business Day prior to the relevant Interest Payment Date:

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## PERLS V Note Terms

- (1) there is an Insufficient Distributable Profits Circumstance unless otherwise approved in writing by APRA;
- (2) the payment would result in the Risk Based Capital Ratio or the Tier 1 Capital Ratio of the ADI (on a Level 1, Level 2 or Level 3 basis as described by APRA) not complying with APRA Guidelines unless APRA otherwise gives its approval;
- (3) APRA has objected to the proposed payment; or
- (4) APRA has stated that the payment will result in the Preference Shares or Stapled Securities no longer being treated as Non-Innovative Residual Tier 1 Capital of the ADI (on a Level 1, Level 2 or Level 3 basis as described by APRA).

The Board may not pass a CBA Stopper Resolution in respect of only a portion of a payment of Interest.

### 4.5 Non-cumulative Interest

The right to receive Interest attached to the Notes is non-cumulative. Therefore, if and to the extent that all or any part of an Interest Payment is not paid because of any provision of clause 4.4 or because of any applicable law, CBA has no liability to pay that Interest to the Holder and the Holder has no claim or entitlement in respect of the non-payment of that Interest. No amount accrues on any unpaid Interest, and the Holder has no claim or entitlement in respect of interest on, or otherwise in respect of, any unpaid Interest.

### 4.6 Calculation of Interest

All calculations of Interest will be rounded to 4 decimal places. For the purpose of making any payment of Interest in respect of a Holder's aggregate holding of Notes, any fraction of a cent will be disregarded.

### 4.7 Deduction and Gross Up

- (a) Subject to clause 4.7(b), CBA will be entitled to deduct from any Interest Payment or other amount payable to a Holder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by CBA to the appropriate authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by CBA. 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 4.2, if (and to the extent that):
  - (1) a law of a Relevant Jurisdiction (other than Australia) requires CBA to deduct any withholding or other tax, duty or levy from any Interest which is payable to a Holder under clause 4.1, so that a Holder would not actually receive for its own benefit on the payment date the full amount which is so payable; and
  - (2) the relevant deduction is required to be made on a basis other than:
    - (A) the Holder having some connection with the Relevant Jurisdiction other than the mere holding of the Note or receipt of a payment in respect of it;
    - (B) the Holder:



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- (i) not having provided relevant information to CBA;
  - (ii) not having made a declaration or similar claim;
  - (iii) not having satisfied a reporting requirement;
- (C) on account of stamp duty, estate duty or similar transaction duty,

the amount of the Interest that is payable will be increased so that, after making the relevant deduction, and deductions applicable to increases in the amount of the Interest payable pursuant to this clause, the Holder receives the amount that the Holder would have received if no such deduction had been required.

### 4.8 Assignment Prevention Optional Dividends

Payment of an Assignment Prevention Optional Dividend will be deemed for the purpose of these Note Terms to be a payment of an equivalent amount of Interest on the Notes. Assignment Prevention Optional Dividends may only be paid with the prior written approval of APRA.

## 5 Assignment

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### 5.1 Assignment Event

An Assignment Event in relation to a Note means the occurrence of any of the following events after the issue of the Preference Shares comprising part of the Stapled Securities:

- (a) a Default Event;
- (b) an APRA Event occurring (other than where it occurs because APRA appoints a statutory manager to the ADI) and APRA requiring that such APRA Event be an Assignment Event;
- (c) APRA appoints a statutory manager to the ADI;
- (d) APRA requiring that an Assignment Event occur (to the extent required by APRA);
- (e) CBA electing that an Assignment Event occur (to the extent elected by CBA);
- (f) the date the Preference Shares are Repurchased or Converted, prior to the Repurchase or Conversion taking effect;
- (g) Interest on the Notes or an Assignment Prevention Optional Dividend on the Preference Shares has not been paid in full to Holders within 20 Business Days of an Interest Payment Date; or
- (h) the Face Value of the Preference Shares has not been paid in full to Holders where the Preference Shares are to be Repurchased.

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### 5.2 Irrevocable offer to assign

- (a) Upon the issue of the Preference Shares comprising part of the Stapled Securities or, if later, upon becoming a Holder, each Holder is taken irrevocably to offer to assign the Notes held by them on the Assignment Event Date, and all right, title and interest of the Holder in those Notes, to the Assignee on the Assignment Event Date on the terms set out in clause 5.3.
- (b) After the issue of the Preference Shares comprising part of the Stapled Securities, CBA may on the occurrence of an Assignment Event in clause 5.1 accept the offer referred to in clause 5.2(a) by giving a notice to ASX specifying:
- (1) the particular Assignment Event;
  - (2) if the Assignment Event does not apply to all of the Notes, the proportion of the Holder's Notes the subject of the Assignment Event in respect of which the offer referred to in clause 5.2(a) is accepted (which proportion must be, as far as practicable, the same for all Holders); and
  - (3) the Assignment Event Date.

CBA or an Appointed Person may receive CBA's acceptance of the Holder's offer (which will be announced by CBA to ASX as soon as practicable on or after the Assignment Event Date) and enter into the assignment agreement referred to in clause 5.3.

Any notice, once given, is irrevocable.

### 5.3 Notes Assigned to CBA

If, after the issue of the Preference Shares comprising part of the Stapled Securities, CBA accepts the irrevocable offer to assign referred to in clause 5.2(a), CBA and each Holder will be deemed to enter into an assignment agreement on the Assignment Event Date on the following terms:

- (a) all amounts payable in respect of the proportion of the Holder's Notes specified in the Assignment Event Notice after the Assignment Event Date (together with any amount unpaid at 7.00pm on the Assignment Event Date) will be paid to CBA or, with the written approval of APRA, any other entity nominated by CBA that is deemed to be part of the Extended Licensed Entity (the "**Assignee**"); and
- (b) the proportion of the Holder's Notes specified in the Assignment Event Notice and all right, title and interest of the Holder in them are automatically assigned to and vest in the Assignee on the Assignment Event Date, and CBA must cause the Register to be amended to reflect this (and thereafter the relevant Notes shall cease to be stapled to the corresponding Preference Shares).

Any transferee, assignee or holder of an Encumbrance or trust takes Stapled Securities subject to, and agrees to be bound by, the Note Terms, including this clause 5, and no such person shall have any right, title and interest in any Note after the Assignment Event Date.

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### 6 Redemption

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#### 6.1 Payment of Face Value

The Face Value of the Notes outstanding will only be payable if the Notes are redeemed for cash pursuant to these Note Terms.

#### 6.2 Redemption by CBA after an Assignment Event

If an Assignment Event occurs and a CBA Group Entity becomes the holder of the Notes, CBA may redeem all of the Notes for Face Value plus Redemption Interest.

#### 6.3 Redemption at Maturity

At the Maturity Date of the Notes, CBA will redeem each Note for cash equal to Face Value plus Redemption Interest. Any payment in respect of that redemption will be to the Assignee in accordance with clause 5.3.

#### 6.4 Redemption on a winding-up

Following an order made or effective resolution passed for the winding-up of CBA but subject to clause 3.3, the Holders will be entitled to an amount equal to Face Value plus Redemption Interest to the extent such Interest is due and payable to the Holder. Despite any other provisions of these Note Terms, any payment in respect of that redemption will be to the Assignee in accordance with clause 5.3.

### 7 Further issues

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#### 7.1 Participation in new issues

Notes do not confer any rights on Holders to subscribe for new securities in CBA or to participate in any bonus issues.

#### 7.2 Further issues

CBA reserves the right to issue further Notes, Preference Shares or Stapled Securities, or to issue further securities or permit the conversion of securities to securities which rank senior to, equally with or behind the Notes, whether in respect of interest, dividends, return of capital on a winding-up or otherwise.

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### 8 Payments

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- (a) Any interest or other money payable on or in respect of the Notes must be paid:
- (1) in Australian dollars only; and
  - (2) free of any set off, deduction or counter claim except as required by law.
- (b) CBA may pay a person entitled to any Interest or other amount payable in respect of a Note by:
- (1) crediting an account nominated in writing by that person;
  - (2) cheque made payable to bearer, sent to the person entitled to the amount; or
  - (3) any other manner as the Board resolves.
- Any payment made under clause 8(b)(2) is at the Holder's risk.
- (c) CBA may send a cheque referred to in clause 8(b)(2) to:
- (1) the address in the Register of the Holder of the Note;
  - (2) if that Note is jointly held, the address in the Register of the Holder named first in the Register in respect of the Note; or
  - (3) any other address which that person directs in writing.
- (d) If the Board decides to make a payment by electronic or other means approved by the Board under clause 8(b)(3) and an account is not nominated by the Holder or joint Holders, CBA may hold the amount payable in a separate account of CBA until the Holder or joint Holders nominate an account, without any obligation to pay interest, and the amount so held is to be treated as having been paid to the Holder or joint Holder at the time it is credited to that separate account of CBA.
- (e) All amounts payable but unclaimed may be invested by the Board as they think fit for the benefit of CBA until claimed or until required to be dealt with in accordance with any law relating to unclaimed monies.

### 9 Obligations of Current Branch

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- (a) Subject to clause 11, although these Note Terms are entered into by CBA initially through its New Zealand branch and the Notes will be taken to be issued in New Zealand, the obligations of CBA are not limited to the New Zealand assets of CBA. If CBA is unable to make a payment under the Notes from the Current Branch, it shall make the payment from some other branch on behalf of the Current Branch.
- (b) Subject to these Note Terms, CBA may by notice to Holders change the branch through which it elects to act in respect of the Notes.
- (c) CBA will not change the branch through which it elects to act in respect of the Notes if the issue or performance of the Notes would be illegal in the jurisdiction in which the proposed new branch is located.

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### 10 Time limits for claims

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A claim against CBA for a payment under a Note is void unless made within 5 years of the due date for that payment.

### 11 Substituted Issuer

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#### 11.1 Substitution of CBA

CBA may, without the consent of the Holder, substitute for itself any other subsidiary or holding company of CBA (which may be incorporated in any country) as the debtor in respect of the Notes (**Substituted Issuer**) by giving notice to ASX, provided that:

- (a) the Substituted Issuer has undertaken in favour of each Holder from time to time to be bound by the Note Terms and the Note Deed Poll, as the debtor in respect of the Notes in place of CBA (or of any previous substitute under this clause 11);
- (b) the Substituted Issuer and CBA have obtained all necessary authorisations, regulatory and governmental approvals and consents (including from APRA) for such substitution and for the performance by the Substituted Issuer of its obligations under the Notes and the documents effecting the substitution;
- (c) if the Substituted Issuer does not have a place of business in New South Wales, the Substituted Issuer has appointed a process agent as its agent to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes; and
- (d) the Substituted Issuer has, in the reasonable opinion of CBA, the financial capacity to satisfy its obligations under the Note Deed Poll.

#### 11.2 Substituted Issuer's rights and obligations under documents

Upon notice of such substitution under clause 11.1:

- (a) the Substituted Issuer shall succeed to, and be substituted for, CBA under the Notes with the same rights and obligations as if the Substituted Issuer had been named as CBA in the Notes Terms and the Note Deed Poll in respect of those rights and obligations, and CBA shall be released from its obligations under the Notes and under the Note Terms and the Note Deed Poll;
- (b) references in these Note Terms and the Note Deed Poll to CBA (including, without limitation, in this clause 11) are taken, where the context so requires, to be or include references to any such Substituted Issuer (provided that, without otherwise limiting this clause, references to CBA in the definitions of ADI, Assignment Prevention Optional Dividend, Default Event, Distributable Profits, PERLS III Securities, PERLS IV Securities, Trust Preferred Funding Securities, Trust Preferred Funding Securities II and Preference Share and in clause 5.1(d) will not be references to the Substituted Issuer and references to Capital Securities shall be references to Capital Securities as defined in the Preference Share Terms),

provided that if CBA reasonably considers that some adjustment is appropriate to the foregoing process (including in terms of how references in the Note Terms are to be understood following the substitution) then CBA may give notice to the Holders of the adjustment and the adjustment shall take effect accordingly unless the adjustment is, or is likely to become, materially prejudicial to holders of Stapled Securities or Preference Shares.

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### 11.3 Further substitutions

After a substitution under clause 11.1, the Substituted Issuer may, without the consent of any Holder, effect a further substitution (including to CBA or previous Substituted Issuer). All the provisions specified in clauses 11.1 and 11.2 will apply (with necessary changes).

### 11.4 Notice to Holders

CBA must notify the Holders of the particulars of any substitution under this clause 11 by publishing a notice in The Australian Financial Review or any other daily financial newspaper in Australia of national circulation as soon as practicable after the substitution.

## 12 Ownership and Transfer

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### 12.1 Non-beneficial holders

- (a) The Register is conclusive evidence of the ownership of a Note subject to rectification for fraud or error.
- (b) Subject to the Corporations Act, unless otherwise ordered by a court of competent jurisdiction or required by statute, CBA:
  - (1) must treat the registered Holder of a Note as the absolute owner of it; and
  - (2) need not in any way recognise any equitable or other claim to or interest in a Note by any person except a registered Holder.
- (c) No notice of any trust or other right to or interest in a Note will be entered in the Register unless required by law or permitted by CBA.

### 12.2 Joint Holders

If the Register names 2 or more joint Holders of a Note:

- (a) CBA is not bound to register more than 3 persons as the joint Holders of the Notes;
- (b) the joint Holders are jointly and severally liable in respect of all payments, including payment of any tax, which ought to be made in respect of the Notes;
- (c) on the death of a joint Holder, the survivor or survivors are the only person or persons whom CBA will recognise as having any title to the Notes, but CBA may require any evidence of death which it thinks fit;
- (d) the joint Holders of a Note are counted as a single Holder of that Note for the purposes of calculating the number of Holders or requisitioners who have applied for a Meeting; and
- (e) CBA must treat the person named first in the Register in respect of that Note as the sole owner of it for all purposes (including the giving of notice) except:
  - (1) for the right to vote (to which clause 8 of Schedule 1 applies);

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- (2) CBA may pay any Interest or other money payable in respect of a Note to the address of the joint Holder named first in the Register or to any other address all the joint Holders direct in writing;
- (3) it shall be a sufficient discharge of any of CBA's obligations to them if CBA discharges that obligation in relation to the firstnamed Holder of the Note in the Register;
- (4) the sale of non-Marketable Parcels under clause 2.7(b) of the Note Terms; and
- (5) for transfer.

### 12.3 Transmission of Notes on death of Holder

In the case of the death of a Holder, the survivor or survivors of a deceased Holder who was a joint Holder, and the legal personal representatives of a deceased Holder who was a sole Holder, shall be the only persons recognised by CBA as having any title to the Holder's interest in the Notes, but this clause does not release the estate of a deceased Holder or joint Holder from any liability in respect of a Note that had been held by the deceased solely or jointly held with other persons.

### 12.4 Right of registration on death or bankruptcy

- (a) Subject to the *Bankruptcy Act* 1966, a person becoming entitled to a Note in consequence of the death or bankruptcy of a Holder may, upon such information being produced as is properly required by the Board, elect either to be registered as Holder of the Note or to nominate some other person to be registered as the transferee of the Note.
- (b) A person becoming so entitled who elects to be registered shall deliver or send to CBA a notice in writing signed by that person advising of the election.
- (c) A person who elects to have another person registered shall execute or effect a transfer of the Note to that other person.
- (d) All the limitations, restrictions and provisions of this constitution relating to the right to transfer, and the registration of transfers of, Notes are applicable to any such notice or transfer as if the death or bankruptcy of the Holder had not occurred and the notice or transfer were a transfer signed by that Holder.

### 12.5 Effect of transmission

- (a) Where a Holder dies or becomes bankrupt, the Holder's legal personal representative or the trustee of the Holder's estate, as the case may be, is, upon the production of such information as is properly required by the Board, entitled to the same rights, as the registered Holder would have been entitled to if he or she had not died or become bankrupt.
- (b) Where 2 or more persons are jointly entitled to any Note in consequence of the death of the registered Holder they shall, for the purpose of this constitution, be deemed to be joint Holders of the Note and clause 12.2 will apply to them.
- (c) The Board may register a transfer of Notes signed by a Holder before the Holder's death or bankruptcy even though CBA has notice of the Holder's death or bankruptcy.

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### 12.6 Transmission of Notes

Until the Assignment Event Date, if CBA is required under the Constitution to register a person as a holder of a Preference Share because a holder of that Preference Share dies or because of the insolvency or mental incapacity of a holder of that Preference Share or for any other reason, then CBA must ensure that the Registrar registers that person as the holder of the corresponding Note which forms part of the same Stapled Security at the same time.

## 13 Meetings

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### 13.1 Convening of meetings

Meetings of Holders:

- (a) may be convened by CBA at any time and for any reason it thinks fit;
- (b) must be convened by CBA if:
  - (1) Holders who together hold 10% or more of the Face Value of the Notes direct CBA to do so; and
  - (2) the direction is given to CBA in writing at the address in clause 14.2(e)(1); and
  - (3) the purpose of the meeting is to consider CBA's failure to remedy any breach of the Note Terms.

### 13.2 Duty to give notification of Meeting

- (a) If CBA is required to convene a meeting under clause 13.1(b), it must be called within 30 days of receipt of the Holder's request, failing which the requisitioning Holders may together call and arrange to hold the meeting.
- (b) CBA may give notice to a Holder in accordance with clause 14.2.

### 13.3 Conduct of Meetings

A Meeting is to be convened and conducted, and may exercise its powers, in accordance with the provisions of Schedule 1.



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### 14 General

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#### 14.1 Power of attorney and agency appointment

Each Holder irrevocably:

- (a) appoints CBA, each of its Authorised Officers and any liquidator, administrator or statutory manager of CBA (each an Appointed Person) severally to be the attorney of Holders and the agent of Holders with power in the name and on behalf of Holders to do all such acts and things including signing all documents or transfers as may in the opinion of the Appointed Person be necessary or desirable to be done in order to effect, record or perfect the transfer, assignment or redemption (or transactions contemplated by the transfer, assignment or redemption) of the Notes when required or permitted in accordance with these Note Terms;
- (b) authorises and directs CBA to make such entries in the Register, including amendments and additions to the Register, which CBA considers necessary or desirable to record the transfer, assignment or redemption of the Note in accordance with these Note Terms, and to record that on that transfer or assignment the holder of Stapled Securities ceases to be registered as the holder of Stapled Securities or the Note and a new holder of that Note becomes registered in place of the Holder.

The power of attorney and agency appointment given in this clause 14.1 is given for valuable consideration and to secure the performance by the Holders of the Holders' obligations under these Note Terms and is irrevocable.

#### 14.2 Notices

- (a) Except where otherwise provided in these Note Terms, all notices to the Holders in connection with a Note must be in writing and must be sent by prepaid post (airmail if appropriate) or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the relevant communication).
- (b) Notices take effect from the time they are taken to be received unless a later time is specified in them.
- (c) Unless a later time is specified in it, a notice, if sent by post, is taken to be received on the first Business Day after posting.
- (d) The non-receipt of a notice by a Holder or an accidental omission to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.
- (e) All notices or other communications to CBA in respect of the Note Terms must be in legible writing and in English and:
  - (1) addressed as shown below:
    - Attention: Company secretary
    - Address: Level 7, 48 Martin Place, Sydney, NSW 1155, or such other address as CBA notifies to ASX as its address for notices or other communications in respect of the Note Terms.
    - Fax no: (02) 9378 3317, or such other address as CBA notifies to ASX as its fax number for notices or other communications in respect of the Note Terms;

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- (2) must be signed by the person making the communication or by a person duly authorised by that person;
- (3) must be delivered or posted by prepaid post to the address, or sent by fax to the fax number, of CBA in accordance with clause 14.2(e)(1);
- (4) will be regarded as received by CBA:
  - (A) if sent by fax, when actually received in its entirety in legible form, unless that local time is not a Business Day, or is after 5.00pm on a Business Day, in which case that communication will be regarded as received at 9.00am on the next Business Day; and
  - (B) in any other case, on delivery at the address of CBA as provided in clause 14.2(e)(1), unless that delivery is not made on a Business Day, or is after 5.00pm on a Business Day, in which case that communication will be regarded as received at 9.00am on the next Business Day.

### 14.3 Governing law and jurisdiction

- (a) These Note Terms are governed by the laws of New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales.

### 14.4 Amendment of terms

- (a) Subject to complying with all applicable laws and clause 14.4(c) and with the prior approval of APRA, CBA may, without the authority, assent or approval of Holders, by notice to the Holders amend or add to these Note Terms or the Note Deed Poll where the amendment or addition is, in the opinion of CBA:
  - (1) made to correct a manifest error;
  - (2) of a formal, minor or technical nature;
  - (3) made to comply with any law, the ASX Listing Rules or the listing or quotation requirements of any securities exchange on which CBA proposes from time to time to seek quotation of the Stapled Securities or Preference Shares;
  - (4) convenient for the purpose of obtaining or maintaining the listing or quotation of the Stapled Securities or Preference Shares; or
  - (5) is not, and is not likely to become, materially prejudicial to holders of Stapled Securities or Preference Shares generally.
- (b) Without limiting clause 14.3, CBA may by notice to the Holders amend or add to these Note Terms or the Note Deed Poll if the amendment or addition has been approved by an Extraordinary Resolution.
- (c) CBA must not, without the prior written approval of APRA, amend these Note Terms if the amendment may affect the eligibility of the Notes to continue to qualify as Non-Innovative Residual Tier 1 Capital.

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### 15 Appointment of Trustee

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- (a) CBA may establish a trust and appoint a trustee (**Trustee**) to act as trustee for the benefit of Holders:
- (1) when required by law to do so; or
  - (2) at any time at CBA's sole discretion.
- (b) If CBA appoints a Trustee under clause 7(a) of the Note Deed Poll and this clause 15 the Trustee will hold the benefit of:
- (1) the trust deed by which or under which it is appointed (**Trust Deed**);
  - (2) the right to enforce CBA's duty to repay the Notes;
  - (3) the right to enforce all other duties of CBA under the Note Terms, and the provisions of the Trust Deed; and
  - (4) any other right, power, authority, discretion or remedy conferred on the Trustee by the Trust Deed or by law and other property which the Trustee may receive or may be vested in the Trustee,
- in trust for the Holders subject to and in accordance with the Trust Deed and the Note Terms.
- (c) If CBA appoints a Trustee under clause 7(a) of the Note Deed Poll and this clause 15, the benefit which the Holder has under clause 2(a) of the Note Deed Poll will commence to be held on trust for it by the Trustee until termination of the Note Terms under clause 8 of the Note Deed Poll.

### 16 Taxation arrangements

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- (a) Subject to clause 16(b), each Holder agrees that, if the Commissioner makes a determination under section 177EA(5)(b) of the Tax Act in respect of any Interest in respect of one or more Holders:
- (1) it will be bound, and will treat itself as bound, by the outcome of any administrative or judicial proceedings between CBA (and/or its nominee) and the Commissioner in respect of the determination;
  - (2) it will not seek:
    - (A) an amended assessment of its taxation position in respect of the availability of the benefit of franking credits on any Interest; or
    - (B) a determination from the Commissioner under section 177EA(5)(b) of the Tax Act in respect of any Interest; and
  - (3) if CBA is required under any arrangement with the Commissioner to make a payment to the Commissioner in respect of any tax liability in relation to any Interest received, or expected to be received, by that Holder, it directs CBA to pay that amount to the Commissioner.
- (b) A Holder may elect by written notice to CBA not to be bound by the agreement in clause 16(a).

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- (c) If:
- (1) a Holder makes an election in accordance with clause 16(b)
  - (2) does not comply with the agreement in clauses 16(a)(1) or (2);
  - (3) does anything having a substantially similar effect to clause 16(c)(1) or (2),
- such Holder will be taken to have acknowledged and agreed that clause 4.2(b) will apply to that Holder.

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### Schedule 1

#### Meetings of Holders

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The following sets out the provisions which govern the convening and holding of Meetings and the exercise by such meetings of their powers.

#### 1 Notice of Meeting

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- (a) At least 10 Business Days notice in writing of any Meeting must be given to CBA and the Holders by the party convening the Meeting.
- (b) If a Holder does not receive notice of a Meeting in accordance with clause 1(a) of this Schedule, the Meeting is still validly convened, but no Meeting will be validly convened unless CBA has received notice of it in accordance with clause 1(c) of this Schedule.
- (c) The party convening the Meeting must notify CBA and Holders (as the case requires) in writing of:
  - (1) the place, day and time of the Meeting; and
  - (2) the nature of the business to be transacted.

#### 2 Who may attend and address Meeting?

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Each Holder is entitled to attend and vote at any Meeting or adjourned Meeting. CBA and any person invited by CBA is entitled to attend and address a Meeting or adjourned Meeting of Holders.

#### 3 Quorum

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- (a) No business may be transacted at any Meeting unless a quorum of Holders is present at the time when the Meeting proceeds to business.
- (b) A quorum for any Meeting is at least 5 persons holding or representing by attorney, representative or proxy at least 10% of the face value of the Notes.
- (c) If a quorum is not present within half an hour from the time appointed for the Meeting:

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- (1) where the Meeting was convened by or upon the requisition of the Holders, the Meeting must be dissolved; and
  - (2) in any other case, the Meeting must be adjourned as the chairperson directs.
- (d) At an adjourned Meeting the Holders with at least 5% of the face value of the Notes who are present either in person or by proxy constitute a quorum and are entitled to pass the resolution.

### 4 Chairperson

---

- (a) The person nominated in writing by CBA will preside as chairperson at each Meeting unless rule 4(b) says otherwise.
- (b) If at a Meeting:
  - (1) there is no person that has been nominated by CBA to preside as chairperson;
  - (2) the nominated chairperson is not present within 30 minutes after the time appointed for the meeting; or
  - (3) the nominated chairperson is present within that time but is not willing to act as chairperson of the meeting,then the Holders present may elect as chairperson of the meeting a Holder or Proxy who is present and willing to act, failing which the Meeting will be dissolved.

### 5 Conduct of Meetings

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- (a) The chairperson of a Meeting is responsible for the general conduct of the meeting and for the procedures to be adopted at the meeting and may require the adoption of any rules or procedures which are in his or her opinion necessary or desirable for the proper and orderly conduct of the Meeting.
- (b) The chairperson of a Meeting may at any time he or she considers it necessary or desirable for the proper and orderly conduct of the meeting terminate debate or discussion on any matter being considered by the Meeting and put the matter to a vote of the Holders present.
- (c) The chairperson of a Meeting may refuse to allow any amendment to be moved to a resolution of which notice has been given under rule 5(b).
- (d) The chairperson of a Meeting may at any time during the course of the Meeting adjourn the Meeting or any matter being considered or remaining to be considered by the Meeting to an adjourned Meeting, but may not do so without the approval of the Holders present if the Meeting has been called by or on the requisition of Holders.
- (e) No business may be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.
- (f) CBA must give at least 10 days' notice to the Holders of the date, time and place of any adjourned Meeting where the adjournment is due to lack of a quorum. It is not otherwise necessary to give notice of an adjournment or of the business to be transacted at an adjourned Meeting.

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- (g) Where a Meeting is adjourned, CBA may change the venue of, postpone or cancel the adjourned Meeting unless the meeting was called and arranged to be held by or on the requisition of the Holders.
- (h) The convenor or chairperson of a Meeting may permit the Meeting to be held by the contemporaneous linking together by telephone or other electronic means of persons entitled to be present at the Meeting provided that the Holders, CBA and the Registrar all have a reasonable opportunity to participate in this way and dial-in or other relevant details are notified to such persons not less than 48 hours before the start of the Meeting. These rules apply, so far as they can and with such changes as are necessary, to Meetings held in this way.

## 6 Voting

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- (a) Any question submitted to a Meeting must be decided on a show of hands, but a poll will be taken in any case where:
  - (1) it is required by the Note Terms or by law that the question be decided by a majority which is to be measured by a percentage of the votes cast by those present; or
  - (2) either before or immediately after any question is put to a show of hands a poll is demanded by the chairman of the Meeting, CBA, or at least 5 Holders, present personally or by proxy, representative or attorney, holding or representing by proxy, representative or attorney at least 5% of the face value of the Notes.
- (b) In the case of equality of votes, the chairman of a Meeting has a casting vote in addition to his votes (if any) as a Holder both on a show of hands and on a poll.

## 7 Votes

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- (a) At a Meeting:
  - (1) on a show of hands each Holder present personally or by proxy, attorney or representative with the right to vote at that Meeting has one vote; and
  - (2) on a poll each Holder present personally or by proxy, attorney or representative with a right to vote at that Meeting is entitled to one vote for each Note held by the Holder.
- (b) Where a person present at a Meeting represents personally or as proxy, attorney or representative more than one Holder:
  - (1) on a show of hands the person is entitled to one vote only;
  - (2) that vote will be taken as having been cast for all the Holders the person represents; and
  - (3) the person must not exercise that vote in a way which would contravene any directions given to the person in any instrument appointing the person as proxy, attorney or representative.

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### 8 Voting by joint holders

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- (a) If Notes are held jointly, the most senior Holder's vote either in person or by proxy is accepted to the exclusion of the other joint Holders.
- (b) The most senior Holder is the person whose name appears first on the Register.

### 9 Voting by corporation

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- (a) A corporation who is a Holder may vote through a representative authorised in writing.
- (b) The corporation's representative is regarded as a Holder and has the same rights as a Holder.

### 10 Voting by person of unsound mind

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If a Holder is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health, the person who properly has the management of the Holder's estate may exercise any rights of the Holder in relation to a Meeting as if that person were the Holder.

### 11 Objection to voter's qualification

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- (a) An objection may be raised to the qualification of a voter only at the Meeting where the vote objected to is given or tendered.
- (b) An objection must be referred to the chairperson whose decision is final.
- (c) The chairperson may consult with any representative of CBA present at the Meeting.
- (d) A vote allowed at a Meeting is valid for all purposes.

### 12 Proxies

---

A Holder is entitled to appoint another person as his proxy to attend and vote at a Meeting. Any person including a Holder may act as a proxy, and that proxy has the same rights as the appointor to vote whether on a show of hands, to speak, and be reckoned in the quorum.



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### 13 Proxy instrument

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- (a) If the appointer of a proxy is an individual, the instrument of appointment must be in writing and signed by the appointer or the appointer's attorney authorised in writing.
- (b) If the appointer of a proxy is a corporation, the instrument of appointment must be:
  - (1) under its common seal, or by 2 directors, or by a director and secretary; or
  - (2) under the hand of an officer or attorney who has been authorised by the corporation (and evidence to CBA's satisfaction of such authorisation must be provided).

### 14 Voting authority to be deposited with CBA

---

- (a) The instrument appointing a proxy or a facsimile copy of it and the original or certified copy of the power of attorney or authority under which it is signed or a facsimile copy of it must be deposited with CBA or CBA's agent at least 48 hours, or any shorter period determined by CBA from time to time, before the time appointed for the Meeting at which the proxy proposes to vote. The original of any facsimile instrument provided under this clause 14(a) of this Schedule must be deposited with CBA or CBA's agent before the time appointed for the Meeting.
- (b) If clause 14(a) of this Schedule is not complied with, the proxy is invalid.
- (c) An instrument appointing a proxy is only valid for 12 months from its execution date.

### 15 Effect of death or insanity on vote under proxy

---

- (a) A vote given under an instrument of proxy is valid even though the principal is insane at the time, has died or has revoked the proxy or the authority under which the proxy was executed.
- (b) Clause 15(a) of this Schedule does not apply if CBA has notice in writing of the death, insanity or revocation before the Meeting at which the proxy is to be used.

### 16 Adjournments

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The chairperson may adjourn a Meeting with the consent of the majority of Holders present, and must do so if CBA so requires.

### 17 Declaration by chairperson of voting

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Unless a poll has been demanded under clause 6 of this Schedule, a declaration by the chairperson that a resolution has been carried or lost by a particular majority is conclusive evidence of that fact.

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### 18 Demand for a poll and manner of poll

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- (a) A poll is to be conducted as directed by the chairperson at the Meeting or any adjournment of the Meeting.
- (b) The demand for a poll may be withdrawn by the person who demanded it.
- (c) The demand for a poll does not discontinue the Meeting except to decide the question for which the poll is demanded.
- (d) The result of the poll is regarded as the resolution of the Meeting.

### 19 Poll on election of chairperson or question of adjournment

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A poll demanded on the election of a chairperson or on a question of adjournment must be taken immediately.

### 20 Effect of resolution and enforcement

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If an Extraordinary Resolution is passed by Holders, all Holders will be bound by the Extraordinary Resolution, but CBA is not bound by any resolution unless it agrees to be so bound.

### 21 Minutes

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- (a) The chairperson must ensure that minutes of proceedings at every Meeting of Holders are taken and entered in a minute book provided by CBA.
- (b) The signature by the chairperson of minutes of a Meeting is conclusive evidence of the matters stated in the minutes.
- (c) Unless there is proof to the contrary, a minuted Meeting is regarded as properly held and a resolution passed at the Meeting is regarded as properly passed.

### 22 Resolution in writing

---

- (a) An Extraordinary Resolution is passed by the Holders without holding a Meeting if:
  - (1) notice of the proposed resolution of Holders and of the Record Date in relation to the resolution is given to the Holders and, unless it is the person proposing the resolution, CBA;
  - (2) the Record Date specified falls not less than 1 Business Day after the date notice has been given as required by rule 22(a)(1) (Notification Date) and not more than 5 Business

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Days after notice has been given to any of the persons to whom notice is required to be given under that rule; and

- (3) within one month after the Notification Date, the Registrar has received evidence satisfactory to it that Holders representing more than 75% of the aggregate outstanding Face Value as at 5.00pm on the Record Date have executed a document containing a statement to the effect that the persons signing the document are in favour of the resolution.
- (b) A resolution passed under rule 22(a) is passed on the date on which the Registrar receives evidence satisfactory to it of the execution of the document by the last Holder evidence of whose execution is required to be received by the Registrar to cause the resolution to be passed.
- (c) Several documents in like form each sent to or executed by one or more Holders are taken to be the one document for the purposes of this rule 22.

## 23 Powers

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The Holders at a Meeting may exercise the following powers by Extraordinary Resolution:

- (a) power to authorise CBA to take or to refrain from taking any action which may be taken by CBA under any express or implied power or authority howsoever conferred;
- (b) power to sanction the release of CBA from any obligation under the Note Terms either unconditionally or upon any conditions specified in the Extraordinary Resolution;
- (c) power to sanction agreement to any modification or compromise of any of the rights of all the Holders against CBA;
- (d) power to agree to the postponement of the repayment of the principal secured in respect of any part of the Notes beyond their due dates and to the suspension or postponement of the payment of interest on any part of the Notes;
- (e) power to authorise CBA to sanction on behalf of all the Holders any scheme for reconstruction of CBA or for the amalgamation of CBA with any other corporation (if and to the extent such sanction is required);
- (f) power to authorise CBA to accept on behalf of the Holders any other property or securities instead of any part of the Holder's rights and in particular any debt securities of CBA; and
- (g) power to give any release or waiver in respect of any breach or default by CBA.