

Prospectus

COMMBANK PERLS IX CAPITAL NOTES

Issuer Commonwealth Bank of Australia ABN 48 123 123 124

Date of Prospectus: 28 February 2017

Arrangers

Commonwealth Bank of Australia
Morgan Stanley Australia Securities Limited

Joint Lead Managers

Commonwealth Bank of Australia
Evans and Partners Pty Limited
J.P. Morgan Australia Limited
Morgan Stanley Australia Securities Limited
Morgans Financial Limited
National Australia Bank Limited
Westpac Institutional Bank

Co-Managers

Bell Potter Securities Limited
Ord Minnett Limited
Shaw and Partners Limited

Important Notices

Prospectus

This Prospectus relates to the offer by the Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA") through its New Zealand branch of CommBank PERLS IX Capital Notes ("PERLS IX") in Australia to raise A\$1.45 billion, with the ability to raise more or less ("Offer").

This Prospectus is dated 28 February 2017 and a copy was lodged with the Australian Securities and Investments Commission ("ASIC") on this date. This is a replacement prospectus that replaces the prospectus dated and lodged with ASIC on 20 February 2017 ("Original Prospectus"). This Prospectus contains updated information on the Offer size, the Margin and Allocation policy. This Prospectus expires 13 months after the date of the Original Prospectus and no PERLS IX will be issued on the basis of this Prospectus after that expiry date.

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

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

Documents relevant to the Offer

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

- the full terms of PERLS IX (see Appendix A to this Prospectus);
- if you are a Colonial Group Subordinated Noteholder, the Colonial Group Subordinated Notes Information Booklet is also relevant to you (see Section 5.2 "Other documents relevant to the Offer");
- the Trust Deed (see Section 5.2 "Other documents relevant to the Offer"); and
- the Constitution (see Section 5.2 "Other documents relevant to the Offer").

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

Status of PERLS IX

PERLS IX are subordinated¹, unsecured notes, issued by CBA.

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

Information about the risks of investing in PERLS IX is detailed in Section 4 "Risks of CommBank PERLS IX Capital Notes".

No representations other than in this Prospectus

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

Past performance information

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

Prospectus does not provide investment advice

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

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

Obtaining a Prospectus and Application Form

Paper copies of this Prospectus and an Application Form can be obtained free of charge by registering online at www.commsec.com.au, or by calling the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period.

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

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

Restrictions on foreign jurisdictions

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

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

Restrictions applying to US Persons are outlined in Section 5.5 "US Persons".

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined in Section 7 "Glossary".

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

If you have any questions about PERLS IX or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker.

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

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Guidance for Retail Investors

ASIC guidance for retail investors

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

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

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

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

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

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

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

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

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

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

Can I receive email notification of announcements or new information?

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

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

Key dates for the Offer

Securityholder Offer Record Date	9 February 2017
Lodgement of Original Prospectus with ASIC	20 February 2017
Bookbuild	27 February 2017
Announcement of Margin	28 February 2017
Opening Date for the Offer and lodgement of this Prospectus with ASIC	28 February 2017
Closing Date for the Offer	5.00pm (Sydney time) 24 March 2017
Issue Date	31 March 2017
Commencement of deferred settlement trading	3 April 2017
Despatch of Holding Statements	4 April 2017
Commencement of trading on normal settlement basis	5 April 2017

Key dates for CommBank PERLS IX Capital Notes

First Distribution Payment Date ¹	15 June 2017
Call Date	31 March 2022
Mandatory Exchange Date ²	31 March 2024

Note

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

Dates may change

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

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Section ONE

Investment Overview

- 1.1 What are the basic facts about CBA and CommBank PERLS IX Capital Notes?
- 1.2 What are the key benefits and risks of CommBank PERLS IX Capital Notes?
- 1.3 What is the Offer and how do I apply?

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

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

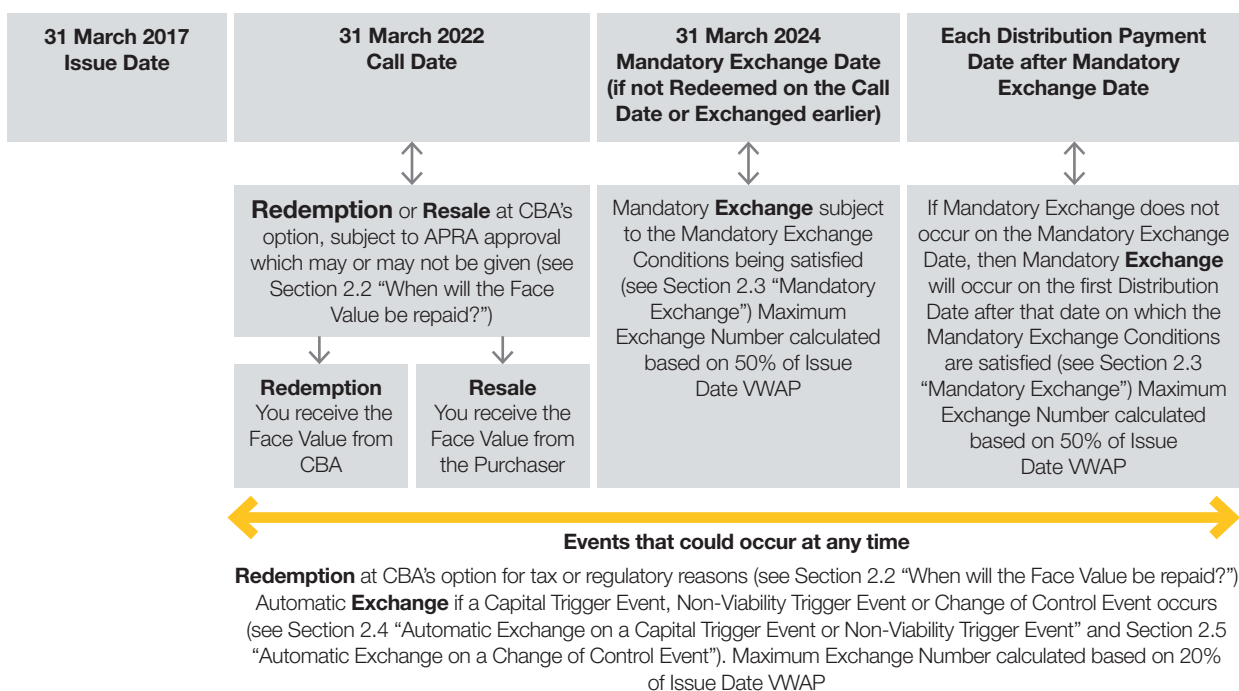
		Further information	Page
Issuer	Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA"), through its New Zealand branch CBA is one of Australia's leading providers of integrated financial services including retail, business and institutional banking, funds management, superannuation, life insurance, general insurance, broking services and finance company activities	Section 3 "Information About CBA"	33
		For further information about CBA's business strategy, see Section 3.2 "Businesses of CBA" and Section 3.3 "Business strategy of CBA"	34, 35
		For further information about CBA's Directors, see Section 3.4 "Directors of CBA"	35
		For further information about the management of the businesses of CBA, see Section 3.5 "Management of the businesses of CBA"	35
CommBank PERLS IX Capital Notes ("PERLS IX")	CommBank PERLS IX Capital Notes, also referred to as PERLS IX, are subordinated, unsecured notes issued by CBA The PERLS IX Terms are complex and include features to comply with the detailed regulatory capital requirements which APRA applies to these securities	For financial information about CBA, see Section 3.7 "Financial information about CBA"	36
		Appendix A "Terms of CommBank PERLS IX Capital Notes"	75
Offer size	A\$1.45 billion, with the ability to raise more or less		
Use of proceeds	The Offer raises Tier 1 Capital to satisfy CBA's regulatory capital requirements and maintain the diversity of CBA's sources and types of funding. The net proceeds of the Offer will be used to fund CBA's business	Section 3.7 "Financial information about CBA"	36
Face Value	Initial Face Value is A\$100 per PERLS IX but may be reduced following a Capital Trigger Event or Non-Viability Trigger Event	Appendix A "Terms of CommBank PERLS IX Capital Notes" Clauses 1.2, 4.1 and 4.2 and definition of Face Value	76, 78, 79, 91

		Further information	Page
Term	<p>PERLS IX are perpetual, which means they have no fixed maturity date and if not Exchanged or Redeemed could remain on issue indefinitely</p> <p>CBA must Exchange PERLS IX into Ordinary Shares on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), and may, at CBA's option, Redeem PERLS IX on the Call Date, or Exchange or Redeem PERLS IX earlier on the occurrence of certain events (subject to APRA approval)¹</p>	Appendix A "Terms of CommBank PERLS IX Capital Notes" Clauses 3, 4, 5 and 7	78, 81, 82
Distributions	<p>PERLS IX are scheduled to pay quarterly, floating rate Distributions until all PERLS IX are Exchanged or Redeemed</p> <p>The Distribution Rate is calculated using the following formula:</p> <p>Distribution Rate = (Market Rate + Margin) x (1 – Tax Rate)</p> <p>Distributions are expected to be fully franked</p> <p>The first Distribution is scheduled to be paid on 15 June 2017</p> <p>Distributions are discretionary and subject to the distribution payment conditions being satisfied. This means a Distribution may not be paid. Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution</p>	<p>Section 2.1.1 "How are Distributions calculated on PERLS IX?"</p> <p>Section 2.1.2 "How are Distributions paid on PERLS IX?"</p> <p>Appendix A "Terms of CommBank PERLS IX Capital Notes" Clause 2</p>	16 18 77
ASX quotation	<p>CBA has applied for quotation of PERLS IX on ASX. It is expected that PERLS IX will be quoted under code "CBAPF"</p>	Section 6.3 "Issue and quotation of CommBank PERLS IX Capital Notes"	67

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

1.1.1 Summary of events that may affect PERLS IX

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



Event	When could it occur?	Is APRA approval required? ¹	Do conditions apply?	What value will you receive?	How will that value be provided?	Further information
Optional early Redemption by CBA	31 March 2022	Yes	Yes ²	Face Value (A\$100 based on the Initial Face Value)	Cash	Section 2.2 Appendix A "Terms of CommBank PERLS IX Capital Notes" Clause 5.1
Early Redemption by CBA for tax or regulatory reasons	At any time if CBA is unable to frank Distributions, or for other tax or regulatory reasons	Yes	Yes ²	Face Value (A\$100 based on the Initial Face Value)	Cash	Section 2.2 Appendix A "Terms of CommBank PERLS IX Capital Notes" Clause 5
Optional Resale	31 March 2022	No	No	Face Value (A\$100 based on the Initial Face Value)	Cash ³	Section 2.2 Appendix A "Terms of CommBank PERLS IX Capital Notes" Clause 6

Event	When could it occur?	Is APRA approval required? ¹	Do conditions apply?	What value will you receive?	How will that value be provided?	Further information
Mandatory Exchange	31 March 2024 (if the Mandatory Exchange Conditions are satisfied) or the first Distribution Payment Date after the date on which the Mandatory Exchange Conditions are satisfied	No	Yes ⁴	Approximately 1.01 x Face Value (A\$101 based on the Initial Face Value)	Variable number of Ordinary Shares, up to the Maximum Exchange Number	Section 2.3 Appendix A “Terms of CommBank PERLS IX Capital Notes” Clauses 3 and 7
Automatic Exchange	At any time if a Capital Trigger Event or Non-Viability Trigger Event occurs	No	No	Depending on the price of Ordinary Shares at the time, Holders may receive significantly less than Face Value ⁵	Variable number of Ordinary Shares, up to the Maximum Exchange Number However, if CBA has not Exchanged PERLS IX into Ordinary Shares at the relevant time, Holders’ rights under the relevant PERLS IX will be terminated. This will result in a Holder’s investment losing all of its value - the Face Value will not be repaid and they will not receive any compensation	Section 2.4 Appendix A “Terms of CommBank PERLS IX Capital Notes” Clauses 4 and 7
	If a Change of Control Event occurs	No	Yes ⁶	Approximately 1.01 x Face Value (A\$101 based on the Initial Face Value)	Variable number of Ordinary Shares, up to the Maximum Exchange Number	Section 2.5 Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 4.7

¹ APRA’s approval may or may not be given

² CBA may only Redeem PERLS IX if it replaces them with capital of the same or better quality or obtains confirmation that APRA is satisfied CBA does not need to replace PERLS IX


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

⁴ The Mandatory Exchange Conditions apply

⁵ Holders are likely to receive significantly less than the Face Value if the Ordinary Share Price is less than 20% of the Issue Date VWAP (being CBA’s share price at the time PERLS IX are issued)

⁶ The second and third Mandatory Exchange Conditions apply

1.1.2 Ranking of PERLS IX in a winding up of CBA

Existing CBA obligations / securities ¹		
Higher ranking 	Secured debt	<ul style="list-style-type: none"> Covered bonds
	Liabilities preferred by law	<ul style="list-style-type: none"> Liabilities in Australia in relation to protected accounts Other liabilities preferred by law including employee entitlements
	Senior Ranking Obligations	<ul style="list-style-type: none"> Deposits (other than protected accounts) Senior debt General unsubordinated unsecured creditors Tier 2 Capital
	Equal Ranking Securities	<ul style="list-style-type: none"> PERLS IX² PERLS VIII, PERLS VII, PERLS VI² Any preference shares or other subordinated unsecured debts³
Lower ranking	Junior Ranking Securities	<ul style="list-style-type: none"> Ordinary Shares

¹ This is a simplified capital structure of CBA and does not include every type of security issued or that could be issued in the future by CBA. CBA could raise more debt or guarantee additional amounts at any time

² Ranking prior to Exchange

³ Excluding Junior Ranking Securities

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

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

	Savings account	Term deposit	CommBank PERLS IX Capital Notes	Ordinary Shares
Guarantee under the Australian government Financial Claims Scheme¹	Yes	Yes	No	No
Term	At call (usually)	One month to five years (usually)	Perpetual with the first possible Mandatory Exchange Date in seven years ²	Perpetual (no maturity date)
Distribution rate	Variable (usually)	Fixed (usually)	Floating	Variable dividends are payable
Distribution payment dates	Monthly (usually)	End of term or per annum (usually)	Quarterly	Semi-annually
Distributions are discretionary	No	No	Yes	Yes
Transferable	N/A	No ³	Yes – quoted on ASX ⁴	Yes – quoted on ASX
Ranking	See Section 1.1.2 “Ranking of PERLS IX in a winding up of CBA”			

¹ The guarantee is provided for up to A\$250,000 deposited per person with each Australian authorised deposit-taking institution

² The Mandatory Exchange Date is 31 March 2024 or, if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied

³ Can be withdrawn subject to conditions

⁴ CBA has applied for PERLS IX to be quoted on ASX and they are expected to trade under code “CBAPF”

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

1.2.1 Key benefits of PERLS IX

Floating Distributions	PERLS IX are scheduled to pay a floating Distribution Rate
Quarterly Distributions	PERLS IX Distributions are scheduled to be paid quarterly in arrears
Fixed Margin	PERLS IX pay a fixed Margin of 3.90% per annum
Franked Distributions	PERLS IX Distributions are expected to be fully franked
Listed on ASX	PERLS IX are expected to be listed on ASX and may be traded on ASX
Diversification	PERLS IX provide investors an opportunity to diversify their investment portfolio

1.2.2 Key risks of PERLS IX

You should read Section 4 “Risks of CommBank PERLS IX Capital Notes” in full before deciding to invest. The risks outlined in that section include risks associated with PERLS IX specifically and risks associated with CBA's businesses which may affect PERLS IX. These are summarised below.

		Further information	Page
Risks associated with PERLS IX specifically			
PERLS IX are not deposit liabilities or protected accounts	Investments in PERLS IX are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA and other risks associated with CBA's businesses. They are not deposit liabilities or protected accounts of CBA under the Banking Act	Section 4.2.1 “Investments in PERLS IX are not deposit liabilities or protected accounts under the Banking Act”	48
PERLS IX are subordinated and unsecured	Investments in PERLS IX are subordinated and unsecured liabilities. On a winding up of CBA, there is a risk that you may lose some or all of the money you invested in PERLS IX	Section 4.2.2 “Holders of PERLS IX are subordinated and unsecured creditors”	48
Distributions may not be paid	Distributions are discretionary and subject to the distribution payment conditions being satisfied. Distributions that are not paid do not accrue and will not be subsequently paid	Section 4.2.3 “Distributions may not be paid”	48
PERLS IX may be Exchanged for Ordinary Shares	PERLS IX may be Exchanged for Ordinary Shares on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions) or on another date if certain events occur. This includes if a Capital Trigger Event, Non-Viability Trigger Event or Change of Control Event occurs. There is a risk that on Exchange you may receive a number of Ordinary Shares with a value which is significantly less than the Face Value, including as a result of the application of the Maximum Exchange Number and of the market price for Ordinary Shares at the time you may sell your Ordinary Shares	Section 4.2.4 “PERLS IX may be Exchanged for Ordinary Shares on the Mandatory Exchange Date or if certain events occur”	49

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A failure to Exchange following a Capital Trigger Event or Non-Viability Trigger Event may cause you to lose your investment	If a Capital Trigger Event or Non-Viability Trigger Event occurs and Exchange is not effective and CBA has not otherwise issued Ordinary Shares within 5 Business Days, then Holders' rights under the relevant PERLS IX will be terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. Your investment in the relevant PERLS IX will lose all of its value – the Face Value will not be paid and you will not receive any compensation. This could occur if CBA was prevented from issuing Ordinary Shares by circumstances outside its control, for example, if CBA was prevented by an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares	Section 4.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"	50
Ordinary Shares are a different type of investment to PERLS IX	Dividends are payable at the absolute discretion of CBA and the amount of each dividend is discretionary (not subject to a formula). In a winding up of CBA, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of CBA. In contrast, distributions on PERLS IX are payable in accordance with the Terms and claims of PERLS IX holders rank ahead of holders of Ordinary Shares	Section 4.2.4.4 "Consequences of holding Ordinary Shares"	50
PERLS IX are perpetual and may not be Exchanged	PERLS IX may not be Exchanged on the scheduled Mandatory Exchange Date and you may continue to hold PERLS IX indefinitely	Section 4.2.6 "PERLS IX may not be Exchanged on the scheduled Mandatory Exchange Date"	51
CBA has early Redemption rights	CBA may Redeem PERLS IX on the Call Date or at any time for tax or regulatory reasons, subject to APRA's prior written approval. APRA's approval may or may not be given	Section 4.2.7 "CBA may Redeem PERLS IX if certain events occur"	51
Holders have no rights to request Exchange or Redemption	You do not have a right to request that your PERLS IX be Exchanged or Redeemed early	Section 4.2.8 "Holders do not have a right to request that their PERLS IX be Exchanged or Redeemed early"	52
CBA may issue additional securities	CBA may raise more debt and issue further securities which rank equally with or ahead of PERLS IX, whether or not secured	Section 4.2.9 "CBA may raise more debt and issue other securities"	52
The Distribution Rate will fluctuate	The Distribution Rate will fluctuate with changes in the Market Rate. There is a risk the Distribution Rate may become less attractive compared to returns on comparable securities or investments	Section 4.2.10 "The Distribution Rate will fluctuate"	52
The market price will fluctuate	The market price of PERLS IX on ASX will fluctuate and you may lose some or all of the money you invested in PERLS IX if you sell them	Section 4.2.11 "The market price of PERLS IX will fluctuate"	52
Liquidity may be low	Liquidity of PERLS IX on ASX may be low and you may not be able to sell your PERLS IX at an acceptable price or at all	Section 4.2.12 "The liquidity of PERLS IX may be low"	53

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Risks associated with CBA's businesses which may affect PERLS IX			
Downturn in the Australian and New Zealand economy	As a financial group whose core businesses are primarily located in Australia and New Zealand, the performance of CBA is dependent on the state of the Australian and New Zealand economies	Section 4.3.1 "CBA may be adversely affected by a downturn in the Australian and New Zealand economy"	53
Disruption to global markets	CBA may be adversely affected either directly or indirectly by disruption to global markets	Section 4.3.2 "CBA may be adversely affected by disruption to global markets"	54
Regulatory change	CBA is subject to extensive regulation. Changes in regulation may adversely affect CBA's performance or financial position	Section 4.3.3 "CBA is subject to extensive regulation which may adversely affect its performance or financial position"	54
Customer, counterparty, supplier and partner exposures	CBA may incur losses associated with exposures to customers, counterparties, suppliers and partners who default on their obligations to CBA	Section 4.3.4 "CBA may incur losses associated with customer, counterparty, supplier and partner exposures"	54
Exchange rate risk	A significant proportion of CBA's wholesale funding is obtained, and a proportion of its profits are earned, in currencies other than Australian dollars. CBA hedges these risks where appropriate but there is no guarantee that CBA's hedging strategy will be sufficient or effective	Section 4.3.5 "CBA may be adversely affected by exchange rates"	55
Operational risks	CBA is subject to operational risks and may incur losses	Section 4.3.6 "CBA is subject to operational risks and may incur losses"	55
Information security risks	CBA is subject to information security risks, including cyber attacks and data security breaches	Section 4.3.7 "CBA is subject to information security risks, including cyber attacks and data security breaches"	55
Change in credit ratings	CBA's ability to raise capital and funding may be adversely affected by changes in credit ratings	Section 4.3.8 "CBA may be adversely affected by changes in credit ratings"	55
Competitive pressures	CBA is subject to intense competition which may adversely affect its performance	Section 4.3.9 "CBA is subject to intense competition which may adversely affect its performance"	55
Reputational harm	CBA may be adversely affected by harm to its reputation amongst customers and investors	Section 4.3.10 "CBA may be adversely affected by harm to its reputation"	55

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Failure to innovate and adapt business models	CBA is subject to the risk of failing to adapt its business to meet new regulatory and social drivers	Section 4.3.11 “CBA is subject to the risk of failure to innovate and adapt business models”	55
Human capital risk	CBA is subject to human capital risk	Section 4.3.12 “CBA is subject to human capital risk”	56
Acquisition of other businesses	Acquisitions of other businesses by CBA may adversely affect its performance and financial position for example due to difficulties in integrating systems and processes or not achieving expected cost savings	Section 4.3.13 “Acquisitions of other businesses, or divestments of existing businesses, by CBA may adversely affect its performance and financial position”	56
Environmental factors	CBA’s businesses may be affected by environmental factors	Section 4.3.14 “CBA could suffer losses due to environmental factors”	56

1.3 What is the Offer and how do I apply?

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Offer structure	The Offer comprises: <ul style="list-style-type: none"> • a Broker Firm Offer; and • a Securityholder Offer 	For further information on the different types of Offer and how to apply, see Section 6 “How to Apply”	65
Minimum and maximum Application for PERLS IX	Your Application for PERLS IX must be for 50 PERLS IX (A\$5,000), thereafter in multiples of 10 PERLS IX (A\$1,000), and a maximum of 150 PERLS IX (A\$15,000). The maximum does not apply if you are applying under the Broker Firm Offer. If you are an Eligible Colonial Group Subordinated Noteholder, these minimums and maximum only apply to Applications for additional PERLS IX in excess of the number of Colonial Group Subordinated Notes you hold. They do not apply to your Application for PERLS IX under the priority Securityholder Offer	Section 6.2.1 “Minimum and maximum Application”	66
How to apply	To apply for PERLS IX, you must complete an Application Form and follow the instructions in Section 6 “How to Apply”	Section 6 “How to Apply”	65

If you have any questions about PERLS IX or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker

The Woman Can network aims to increase the representation of women in senior leadership



Section TWO

Information About CommBank PERLS IX Capital Notes

- 2.1 Distributions on CommBank PERLS IX Capital Notes
 - 2.1.1 How are Distributions calculated on PERLS IX?
 - 2.1.2 How are Distributions paid on PERLS IX?
- 2.2 When will the Face Value be repaid?
- 2.3 Mandatory Exchange
- 2.4 Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event
- 2.5 Automatic Exchange on a Change of Control Event
- 2.6 How will CommBank PERLS IX Capital Notes rank in a winding up?
- 2.7 What else should I know about?
- 2.8 Summary of the key differences between CommBank PERLS IX Capital Notes and other securities issued by CBA

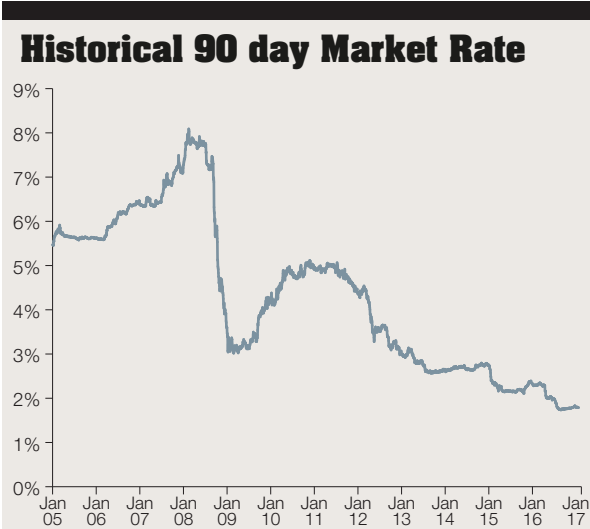
The following is an overview of the key terms of CommBank PERLS IX Capital Notes. It is important that you read this Prospectus, the Terms, Trust Deed and Constitution in full before deciding to invest in PERLS IX. If you have any questions, you should seek advice from your financial adviser or other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

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

2.1 Distributions on CommBank PERLS IX Capital Notes

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

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2.1.1 How are Distributions calculated on PERLS IX?			
Distribution Rate	<p>The Distribution Rate is calculated using the following formula:</p> <p>Distribution Rate = (Market Rate + Margin) x (1 – Tax Rate)</p> <p>where</p> <p>Market Rate is a primary benchmark interest rate for the Australian money market. It is based on the average of rates at which major Australian financial institutions lend short-term cash to each other over a 90 day period. It changes to reflect supply and demand within the cash and currency markets. The Market Rate for each Distribution Period is set on the first Business Day of the Distribution Period</p> <p>Margin is 3.90% per annum</p> <p>Tax Rate is the Australian corporate tax rate on the relevant Distribution Payment Date</p> <p>Distributions are expected to be fully franked</p> <p>The first Distribution is scheduled to be paid on 15 June 2017</p> <p>Distributions are discretionary and subject to the distribution payment conditions being satisfied. Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution</p>	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 2	77



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

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Calculation of Distributions	<p>The Distribution payable on each PERLS IX for each Distribution Period is calculated using the following formula:</p> <p>Distribution payable = Distribution Rate x Face Value x Number of days in the Distribution Period / 365</p> <p>For example, if the Face Value was A\$100 (based on the Initial Face Value), the Market Rate was 1.78% per annum, the Margin was 3.90% per annum, the Australian corporate tax rate was 30% and the Distribution Period was 90 days in length, the Distribution for the relevant Distribution Period would be calculated as follows:</p> <p>5.68% x (1 - 30%) x A\$100 x 90/365 = A\$0.9804 per PERLS IX</p> <p>This Distribution would be expected to be fully franked</p> <p>The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Distribution Rate for any Distribution Period. The actual Distribution payable may be higher or lower than this example</p> <p>The Face Value used in this example is the Initial Face Value but the Face Value could be reduced if a Capital Trigger Event or Non-Viability Trigger Event occurs</p> <p>CBA will announce to ASX the applicable Distribution Rate and the amount of the Distribution payable for each Distribution Period. Information about the Distribution Rate can also be obtained from ASX at www.asx.com.au and from the Shareholder Centre at www.commbank.com.au</p>	<p>Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 2</p>	77
Franking credits	<p>Distributions are expected to be fully franked</p> <p>If any Distribution is not fully franked for any reason, then that Distribution will be calculated according to the formula in Clause 2.4 of the Terms</p>	<p>Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 2.4</p> <p>For further information about the tax consequences of receiving Distributions, see Section 5.4 “Summary of Australian tax consequences for Holders”</p>	<p>77</p> <p>58</p>

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2.1.2 How are Distributions paid on PERLS IX?			
Distribution Payment Dates	<p>Distributions are scheduled to be paid quarterly in arrears on the following dates until all PERLS IX have been Exchanged or Redeemed:</p> <ul style="list-style-type: none"> • 15 March • 15 June • 15 September • 15 December <p>If any of these scheduled dates is not a Business Day, then the payment is scheduled to be made on the next Business Day. If a payment is postponed, there is no adjustment to the amount of the Distribution payable. The first Distribution is scheduled to be paid on 15 June 2017</p>	<p>Appendix A “Terms of CommBank PERLS IX Capital Notes”</p> <p>Clauses 2.1 and 9.3 and definition of Distribution Payment Date</p>	77, 86, 91
Payments	<p>Distributions are scheduled to be paid to Holders whose details are recorded with the Registry at 7.00pm on the Record Date</p> <p>Distributions and any other amount payable will be paid by electronic transfer to a bank account maintained in Australia with a financial institution nominated by you</p>	<p>Appendix A “Terms of CommBank PERLS IX Capital Notes”</p> <p>Clauses 9.1 and 9.4</p>	85, 86
Distributions are subject to distribution payment conditions Dividend and capital restrictions may then apply to Ordinary Shares	<p>Payment of a Distribution is subject to the following conditions:</p> <ul style="list-style-type: none"> • CBA, in its absolute discretion, making the Distribution; • payment not resulting in a breach of CBA’s capital requirements as they are applied to the CBA Level 1 Group or the CBA Level 2 Group or both under APRA’s prudential standards; • payment not resulting in CBA becoming insolvent; and • APRA not otherwise objecting to the payment <p>Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution. However, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date (or all PERLS IX are Exchanged or Redeemed), CBA cannot (subject to certain exceptions):</p> <ul style="list-style-type: none"> • declare or determine a dividend on Ordinary Shares; or • return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares 	<p>Appendix A “Terms of CommBank PERLS IX Capital Notes”</p> <p>Clauses 2.5, 2.6 and 2.7</p>	77

2.2 When will the Face Value be repaid?

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

		Further information	Page
Optional early Redemption by CBA	<p>CBA has the right to Redeem the following number of PERLS IX in the following circumstances (subject to certain conditions, including prior written approval from APRA and CBA either replacing PERLS IX with capital of the same or better quality or APRA being satisfied that CBA does not need to replace PERLS IX):</p> <ul style="list-style-type: none"> • on the Call Date (31 March 2022) – all or some PERLS IX; or • at any time – all PERLS IX for tax or regulatory reasons (described below) <p>It should be noted that approval is at the discretion of APRA and may or may not be given</p> <p>On the Call Date or Redemption Date (as applicable), you will receive an amount equal to the Face Value for each of your PERLS IX being Redeemed</p>	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 5	81
Early Redemption by CBA – for taxation reasons	<p>A tax reason arises when:</p> <ul style="list-style-type: none"> • as a result of a change in, or amendment to, laws of Australia, or any change in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), other than a change or amendment expected by CBA as at the Issue Date, there is a material risk that CBA would not be able to frank Distributions; or • CBA receives an opinion from reputable legal counsel or other tax adviser that there is a material risk that as a result of a change in the laws of Australia or New Zealand, or any change in their application or official judicial interpretation, which change or amendment becomes effective on or after the Issue Date (including any announcement of a prospective change or amendment which has been or will be introduced) CBA would be required to pay an increased amount under Clause 9.6 of the Terms, or would be exposed to a more than de minimis adverse tax consequence in relation to PERLS IX (other than a tax consequence expected by CBA as at the Issue Date) 	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clauses 5.2 and 5.3	81
Early Redemption by CBA – for regulatory reasons	<p>A regulatory reason arises when CBA determines that all or some PERLS IX are not or will not be treated as Tier 1 Capital of the CBA Group under APRA’s prudential standards as a result of a change in the laws of Australia or a change in APRA’s prudential standards or guidelines, or any change in their application or official or judicial interpretation or administration (including following any announcement of a prospective change or amendment which has been or will be introduced) other than as a result of a change of treatment expected by CBA as at the Issue Date</p>	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 5.4	82

		Further information	Page
Resale on the Call Date	CBA may elect that Resale occur in relation to all or some PERLS IX on the Call Date (31 March 2022). If Resale occurs, your PERLS IX will be purchased by a third party for a cash amount equal to their Face Value The third party will be one or more parties selected by CBA in its absolute discretion	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 6	82
No early Exchange or Redemption rights for Holders	You do not have a right to request that your PERLS IX be Exchanged or Redeemed early for any reason To realise your investment, you can sell your PERLS IX on ASX at the prevailing market price	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 5.7	82

2.3 Mandatory Exchange

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

		Further information	Page
Mandatory Exchange Date	The Mandatory Exchange Date is 31 March 2024 or, if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 3	78
Exchange on the Mandatory Exchange Date	On the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), you will receive for each of your PERLS IX a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value and the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Exchange Date with the benefit of a 1% discount). The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a Capital Trigger Event or Non-Viability Trigger Event) To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price	Appendix A Terms of CommBank PERLS IX Capital Notes Clauses 3 and 7	78, 82
Exchange Number	CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS IX held by a Holder The Exchange Number is calculated according to the following formula and is subject to the Exchange Number being no greater than the Maximum Exchange Number: Face Value 0.99 x VWAP Based on a Face Value of A\$100 (the Initial Face Value) and with the benefit of the 1% discount, this means that you will receive a variable number of Ordinary Shares with a value equal to A\$101.01. The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event) or if the Maximum Exchange Number applies	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clauses 4.1, 4.2 and 7.1	78, 79, 82

		Further information	Page
Maximum Exchange Number	<p>The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula:</p> $\frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$ <p>The Relevant Percentage is 0.50 if Exchange is occurring on a Mandatory Exchange Date</p> <p>The Issue Date VWAP is the VWAP of Ordinary Shares during the 20 Business Days immediately preceding (but not including) the Issue Date for PERLS IX</p> <p>For example, if the Face Value was A\$100 (based on the Initial Face Value) and the Issue Date VWAP was A\$83, the Maximum Exchange Number would be calculated as follows:</p> $\frac{\text{A\$100}}{(0.50 \times \text{A\$83})}$ <p>= 2.4096 Ordinary Shares per PERLS IX</p> <p>The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value which is significantly less than the Face Value. To provide some protection for Holders against this occurring, CBA will normally not be required to Exchange PERLS IX unless the Mandatory Exchange Conditions are satisfied</p> <p>Depending on the market price of Ordinary Shares at the time you may sell your Ordinary Shares, you may receive Ordinary Shares that are worth significantly less than A\$101.01 per PERLS IX (based on the Initial Face Value of A\$100), and may suffer loss as a consequence</p> <p>The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)</p>	Appendix A "Terms of CommBank PERLS IX Capital Notes" Clause 7.1	82
VWAP	<p>VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant period of 20 Business Days, subject to adjustments</p> <p>It is intended to calculate a fair price of Ordinary Shares which is used to calculate the Exchange Number and Maximum Exchange Number</p>	Appendix A "Terms of CommBank PERLS IX Capital Notes" definition of VWAP	93

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Mandatory Exchange Conditions	<p>Exchange will not occur unless all the Mandatory Exchange Conditions are satisfied. If Exchange does not occur, you will continue to hold your PERLS IX until the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied at which time Exchange will occur</p> <p>The Mandatory Exchange Conditions are:</p> <ul style="list-style-type: none"> • First Mandatory Exchange Condition: the VWAP of Ordinary Shares on the 25th Business Day before (but not including) a potential Mandatory Exchange Date is greater than 56% of the Issue Date VWAP. This takes the 1% discount for Exchange into account • Second Mandatory Exchange Condition: the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) a potential Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP. This also takes the 1% discount for Exchange into account • Third Mandatory Exchange Condition: Ordinary Shares are listed or admitted to trading on ASX as at the Mandatory Exchange Date <p>The First and Second Mandatory Exchange Conditions are intended to provide some protection for Holders against Exchange occurring when the price of Ordinary Shares has fallen to such a level that you would only receive the Maximum Exchange Number</p> <p>The Third Mandatory Exchange Condition is intended to provide protection to Holders to enable them to sell the Ordinary Shares they receive on ASX if they wish to do so</p>	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clauses 3.1 and 3.2	78
	<p>The following diagram illustrates the timeframes that are relevant for the Mandatory Exchange Conditions, using the date of 31 March 2024 as a potential Mandatory Exchange Date. These dates are indicative only and may change</p>		

23 February 2024
25th Business Day
before a potential
Mandatory Exchange
Date

1 March 2024
20th Business Day
before potential
Mandatory Exchange
Date

28 March 2024
Last Business Day of
VWAP Period (Business
Day before potential
Mandatory Exchange
Date)

31 March 2024
Potential Mandatory
Exchange Date (subject
to satisfaction of the
Mandatory Exchange
Conditions)

20 Business Day VWAP Period

First Mandatory Exchange Condition

The VWAP of Ordinary Shares on the 25th Business Day before (but not including) a potential Mandatory Exchange Date must be greater than 56% of the Issue Date VWAP

Second Mandatory Exchange Condition

The VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) a potential Mandatory Exchange Date must be greater than 50.51% of the Issue Date VWAP

Third Mandatory Exchange Condition

Ordinary Shares must be listed or admitted to trading on ASX on the potential Mandatory Exchange Date

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

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

If Exchange occurs and you have notified CBA that you do not wish to receive Ordinary Shares, or if you are an Ineligible Holder¹, then CBA will issue the relevant number of Ordinary Shares to the Trustee who will hold the Ordinary Shares on trust for sale for your benefit². At the first opportunity, the Trustee will arrange for the sale of the Ordinary Shares on your behalf and pay the proceeds less selling costs to you. No guarantee is given in relation to the timing or price at which any sale will occur

Appendix A "Terms of 84
CommBank PERLS
IX Capital Notes"
Clause 7.10

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

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

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

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

		Further information	Page
Automatic early Exchange – general	<p>CBA must Exchange all or some PERLS IX or a percentage of the Face Value of each PERLS IX in the following circumstances:</p> <ul style="list-style-type: none"> • if a Capital Trigger Event occurs; or • if a Non-Viability Trigger Event occurs <p>The Mandatory Exchange Conditions do not apply</p> <p>On the Exchange Date (subject to the Maximum Exchange Number), you will receive for each of your PERLS IX a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value of A\$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount). The VWAP is based on the 5 Business Days before the Exchange Date</p> <p>The value of Ordinary Shares you receive could be less than this amount if only a percentage of the Face Value is being Exchanged, if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event) or if the Maximum Exchange Number applies</p> <p>As a result of the application of the Maximum Exchange Number and depending on the market price of Ordinary Shares at the time you may sell your Ordinary Shares, you may receive Ordinary Shares that are worth significantly less than A\$101.01 per PERLS IX (based on an Initial Face Value of A\$100), and may suffer a loss as a consequence</p> <p>To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price</p>	<p>Section 4.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”</p> <p>Appendix A “Terms of CommBank PERLS IX Capital Notes”</p> <p>Clauses 4 and 7 and definition of VWAP</p>	<p>50</p> <p>78, 82, 93</p>
Automatic early Exchange – Capital Trigger Event	<p>A Capital Trigger Event occurs when:</p> <ul style="list-style-type: none"> • CBA determines; or • APRA notifies CBA in writing that it believes, that either or both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% <p>The Common Equity Tier 1 Capital Ratio is the ratio of CBA’s Common Equity Tier 1 Capital to its risk-weighted assets, where Common Equity Tier 1 Capital is the strongest form of capital held by CBA. CBA’s Level 2 Common Equity Tier 1 Capital Ratio was 9.9% as at 31 December 2016, which equates to a surplus of approximately A\$20.9 billion above the Capital Trigger Event level of 5.125%. CBA’s Level 1 Common Equity Tier 1 Capital Ratio was 10.3% as at 31 December 2016, which equates to a surplus of approximately A\$21.2 billion above the Capital Trigger Event level of 5.125%</p> <p>If a Capital Trigger Event occurs, CBA must immediately Exchange such number of PERLS IX (or a percentage of the Face Value of each PERLS IX) as is sufficient to return the relevant Common Equity Tier 1 Capital Ratio to above 5.125%</p>	<p>Section 3.7.1.2 “Capital Trigger Event”</p> <p>Section 4.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”</p> <p>Appendix A “Terms of CommBank PERLS IX Capital Notes”</p> <p>Clauses 4.1, 4.3, 4.4, 4.5 and 4.6 and definitions of CBA Level 1 Common Equity Tier 1 Capital Ratio and CBA Level 2 Common Equity Tier 1 Capital Ratio</p>	<p>37</p> <p>50</p> <p>78, 80, 91</p>

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Automatic early Exchange – Non-Viability Trigger Event	<p>A Non-Viability Trigger Event occurs when APRA notifies CBA in writing that it believes:</p> <ul style="list-style-type: none"> • Exchange of all or some PERLS IX (or the taking of an action in relation to other capital instruments of the CBA Group) is necessary because, without it, CBA would become non-viable; or • a public sector injection of capital, or equivalent support, is necessary because, without it, CBA would become non-viable <p>If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS IX (or a percentage of the Face Value of each PERLS IX) as specified by APRA or necessary to satisfy APRA that CBA will no longer be non-viable. In the case of a public sector injection of capital, or equivalent support, all PERLS IX must be immediately Exchanged</p>	<p>Section 4.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”</p> <p>Appendix A “Terms of CommBank PERLS IX Capital Notes”</p> <p>Clauses 4.2, 4.3, 4.4, 4.5 and 4.6</p>	<p>50</p> <p>79, 80</p>
How does Exchange work upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event?	<p>Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, CBA must immediately Exchange all or some PERLS IX (or a percentage of the Face Value of each PERLS IX). The Mandatory Exchange Conditions do not apply and the Terms provide that Exchange occurs automatically without the need for any further act or step by CBA and that CBA will recognise Holders as having been issued Ordinary Shares</p> <p>Any ASX trades in PERLS IX that have not settled on the date a Capital Trigger Event or Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+2 settlement, although the seller will be treated as having delivered, and the buyer will be treated as having acquired, the number of Ordinary Shares into which PERLS IX have been Exchanged as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event</p> <p>If Exchange is not effective and CBA has not otherwise issued Ordinary Shares within 5 Business Days, then Holders’ rights under the relevant PERLS IX will be terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. Your investment in the relevant PERLS IX will lose all of its value and you will not receive any compensation. This could occur if CBA is prevented from issuing Ordinary Shares by circumstances outside its control, for example, if CBA is prevented by an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares</p>	<p>Section 4.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”</p> <p>Appendix A “Terms of CommBank PERLS IX Capital Notes”</p> <p>Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7.9</p>	<p>50</p> <p>78, 79, 80, 84</p>

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Exchange Number	<p>CBA will issue the Exchange Number of Ordinary Shares for each PERLS IX held by a Holder</p> <p>The Exchange Number is calculated according to the same formula that applies to Exchange on the Mandatory Exchange Date (see Section 2.3 “Mandatory Exchange”), but with the VWAP based on the 5 Business Days before the Exchange Date, and is subject to the Exchange Number being no greater than the Maximum Exchange Number</p> <p>The amount used as the Face Value in this calculation will only be the affected percentage of the Face Value required to be Exchanged and, if the full Face Value is not required to be Exchanged, you will continue to hold your PERLS IX with a reduced Face Value</p>	<p>Appendix A “Terms of CommBank PERLS IX Capital Notes” Clauses 4.1, 4.2 and 7.1</p>	<p>78, 79, 82</p>
Maximum Exchange Number	<p>The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula:</p> $\frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$ <p>The Relevant Percentage is 0.20 if a Capital Trigger Event or Non-Viability Trigger Event has occurred</p> <p>The Issue Date VWAP is the VWAP of Ordinary Shares during the 20 Business Days immediately preceding (but not including) the Issue Date for PERLS IX</p> <p>For example, if the Face Value was A\$100 (based on the Initial Face Value) and the Issue Date VWAP was A\$83, the Maximum Exchange Number would be calculated as follows:</p> $\frac{\text{A\$100}}{(0.20 \times \text{A\$83})}$ <p>= 6.0241 Ordinary Shares per PERLS IX</p> <p>The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value which is significantly less than the Face Value</p> <p>The Mandatory Exchange Conditions do not apply if a Capital Trigger Event or Non-Viability Trigger Event has occurred</p> <p>As a result of the application of the Maximum Exchange Number and depending on the market price of Ordinary Shares at the time you may sell your Ordinary Shares, you may receive Ordinary Shares that are worth significantly less than A\$101.01 per PERLS IX (based on the Initial Face Value of A\$100), and may suffer loss as a consequence</p> <p>The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)</p>	<p>Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 7.1</p>	<p>82</p>

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What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date and the same process outlined in Section 2.3 “Mandatory Exchange” will apply	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 7.10	84

2.5 Automatic Exchange on a Change of Control Event

CBA must Exchange all PERLS IX if certain events occur.

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Automatic early Exchange	<p>CBA must Exchange all PERLS IX if a Change of Control Event occurs, in respect of CBA</p> <p>A Change of Control Event occurs when:</p> <ul style="list-style-type: none"> • a takeover bid for Ordinary Shares is made and certain conditions are satisfied; or • a scheme of arrangement is proposed and certain conditions are satisfied <p>On the Exchange Date (subject to the Maximum Exchange Number), you will receive for each of your PERLS IX a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value of A\$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount). The VWAP will be based on the 20 Business Days before the Exchange Date</p> <p>The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)</p> <p>To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price</p>	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 4.7	80
How does Exchange work upon the occurrence of a Change of Control Event?	Upon the occurrence of a Change of Control Event, CBA must Exchange all PERLS IX. The Second and Third Mandatory Exchange Conditions will apply with the modifications in Clause 4.7(c) of the Terms	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 4.7	80
Exchange Number	<p>CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS IX held by that Holder</p> <p>The Exchange Number is calculated according to the same formula that applies to Exchange on the Mandatory Exchange Date (see Section 2.3 “Mandatory Exchange”) and is subject to the Exchange Number being no greater than the Maximum Exchange Number</p>	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clauses 4.7 and 7.1	80, 82

		Further information	Page
Maximum Exchange Number	<p>The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula:</p> $\frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$ <p>The Relevant Percentage is 0.20 if a Change of Control Event has occurred</p> <p>The Issue Date VWAP is the VWAP of Ordinary Shares during the 20 Business Days immediately preceding (but not including) the Issue Date for PERLS IX</p> <p>The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event)</p>	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 7.1	82
What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date and the same process outlined in Section 2.3 “Mandatory Exchange” will apply	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 7.10	84

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

PERLS IX are subordinated, unsecured liabilities of CBA.

		Further information	Page
No security	PERLS IX are not secured by any assets of CBA or its subsidiaries	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 1.1	76
Ranking in a winding up of CBA	<p>Senior Ranking Obligations are all deposits and other liabilities, securities and other obligations of CBA (other than Equal Ranking Securities or Junior Ranking Securities). In a winding up of CBA, your claim will rank after the claims of holders of Senior Ranking Obligations, including creditors preferred by law and secured creditors</p> <p>Your claim will rank equally with claims of other Holders and holders of Equal Ranking Securities. This means your PERLS IX rank equivalently to a preference share</p> <p>Your claim will rank ahead of claims of holders of Junior Ranking Securities (being holders of Ordinary Shares)</p> <p>On Exchange, Holders will become holders of Ordinary Shares and rank equally with other holders of Ordinary Shares and could lose all of their investment on a winding up of CBA</p>	<p>Section 1.1.2 “Ranking of PERLS IX in a winding up of CBA”</p> <p>Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 1.5</p> <p>For further information about the situation where a Capital Trigger Event or Non-Viability Trigger Event has occurred but CBA is not able to issue Ordinary Shares, see Section 2.4 “Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event” and Section 4.2.5.3 “Consequences of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event”</p>	<p>10</p> <p>76</p> <p>24, 51</p>

2.7 What else should I know about?

		Further information	Page
No voting rights for Holders at CBA shareholder meetings	<p>You do not have a right to vote at meetings of shareholders of CBA</p> <p>You may vote at meetings for PERLS IX Holders in accordance with the Trust Deed</p>	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clauses 1.8 and 13.2	76, 88
Further issues of securities	CBA has the right in its absolute discretion to issue additional Senior Ranking Obligations or Equal Ranking Securities which may rank ahead of or equally with PERLS IX, whether or not secured. A holding of PERLS IX does not confer any right to participate in further issues of securities by CBA	<p>Section 4.2.9 “CBA may raise more debt and issue other securities”</p> <p>Appendix A “Terms of CommBank PERLS IX Capital Notes” Clauses 1.5 and 1.8</p>	52 76
No set off	CBA has no right to set-off amounts owing to Holders under PERLS IX against amounts owing by Holders to CBA or any member of the CBA Group. Holders have no right to set-off any amounts owed to CBA or other members of the CBA Group against amounts owing to Holders under PERLS IX	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 1.6	76
Not guaranteed	PERLS IX are not deposit liabilities or protected accounts of CBA under the Banking Act. They are not guaranteed or insured by any Australian government, government agency or compensation scheme. No member of the CBA Group guarantees PERLS IX and no member of the CBA Group, other than CBA, has any liability for PERLS IX	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clause 1.7	76
Substitution	<p>CBA may, in connection with a NOHC Event, without the consent of Holders but subject to APRA approval³, substitute a NOHC as the debtor under PERLS IX and as the issuer of ordinary shares on Exchange by giving notice to the Holders and ASX (Full Successor). Alternatively, CBA may substitute a NOHC only as the issuer of ordinary shares (Partial Successor). Any substitution is subject to the NOHC expressly assuming the relevant obligations of CBA under the Terms and Trust Deed (including, in the instance of a Full Successor, the restrictions on paying Distributions and dividends on Ordinary Shares (with appropriate modifications)) and satisfying certain other conditions, including the quotation of the ordinary shares of the NOHC on a securities exchange. The substitution of a NOHC does not allow CBA to elect to Exchange PERLS IX nor does it give you a right to request Exchange of your PERLS IX</p> <p>Following substitution and prior to Exchange, you will continue to hold PERLS IX. The NOHC will be required to deliver its own ordinary shares in all circumstances when CBA would otherwise have been required to deliver Ordinary Shares (including on Exchange) and to use reasonable endeavours to procure the quotation of those ordinary shares on the relevant securities exchange</p>	Appendix A “Terms of CommBank PERLS IX Capital Notes” Clauses 2.5, 2.7 and 12	77, 87

³ Approval is at the discretion of APRA and may or may not be given

		Further information	Page
ASX quotation	CBA has applied for quotation of PERLS IX on ASX. It is expected that PERLS IX will be quoted under code "CBAPF"	Section 6.3 "Issue and quotation of CommBank PERLS IX Capital Notes"	67
Trustee and Trust Deed	<p>CBA has elected to appoint a trustee in connection with PERLS IX. The Trustee is not appointed under a requirement in the Corporations Act (Chapter 2L) and the provisions of Chapter 2L do not apply</p> <p>The Trustee holds certain property and rights in relation to PERLS IX on trust for Holders under the Trust Deed. In certain circumstances, the Trustee will act on behalf of Holders</p> <p>The Trustee holds on trust for the Holders the right to enforce any obligations of CBA under the Terms and Trust Deed. The Trustee will be entitled to take any action against CBA to enforce any obligations of CBA, subject to the Terms and Trust Deed. The Trustee must take action to enforce the Terms and Trust Deed if it has been directed to do so by the required majority of Holders (or the Terms otherwise oblige it to act), it is indemnified to its reasonable satisfaction, and is not restricted or prohibited from taking such action by any court order or law</p> <p>Holders will not be entitled to take any action to enforce any obligations of CBA under the Terms or Trust Deed unless the Trustee fails to do so within a reasonable period after becoming required to take that action in accordance with the Trust Deed. If the Trustee continues to fail to act, a Holder may, in the name of the Trustee and subject to the Terms and Trust Deed, take the required action to the same extent as the Trustee would have been entitled to do so</p>	Section 5.2.2 "Trust Deed"	58
Governing law	New South Wales, Australia	Appendix A "Terms of CommBank PERLS IX Capital Notes" Clause 13.9	89

If you have any questions about PERLS IX or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker

2.8 Summary of the key differences between CommBank PERLS IX Capital Notes and other securities issued by CBA

	CommBank PERLS IX Capital Notes	Other securities issued by CBA		
		PERLS VI	PERLS VII	PERLS VIII
Issuer	CBA	CBA	CBA	CBA
Legal form	Perpetual note	Perpetual note	Perpetual note	Perpetual note
Initial Face Value	A\$100	A\$100	A\$100	A\$100
ASX code	CBAPF ⁴	CBAPC	CBAPD	CBAPE
Margin	3.90% per annum	3.80% per annum	2.80% per annum	5.20% per annum
Quarterly distributions	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked
Call Date/Resale Date	31 March 2022 ⁵	15 December 2018 ⁵	15 December 2022 ⁵	15 October 2021 ⁵
Exchange	CBA must Exchange on 31 March 2024 if the Mandatory Exchange Conditions are satisfied	CBA must exchange for Ordinary Shares on 15 December 2020 if certain conditions are satisfied	CBA must exchange for Ordinary Shares on 15 December 2024 if certain conditions are satisfied	CBA must exchange for Ordinary Shares on 15 October 2023 if certain conditions are satisfied
CBA ordinary share price for first mandatory exchange condition	56% of the Issue Date VWAP	\$31.41	\$44.03	\$42.28
Capital Trigger Event	Common Equity Tier 1 Capital Ratio equal to or less than 5.125%	Common Equity Tier 1 Capital Ratio equal to or less than 5.125%	Common Equity Tier 1 Capital Ratio equal to or less than 5.125%	Common Equity Tier 1 Capital Ratio equal to or less than 5.125%
Non-Viability Trigger Event	Yes	Yes	Yes	Yes
Ranking in a winding up (assuming no Exchange)	Ranks equivalent to a preference share	Ranks equivalent to a preference share	Ranks equivalent to a preference share	Ranks equivalent to a preference share

⁴ CBA has applied for quotation of PERLS IX on ASX. It is expected that PERLS IX will be quoted under this code

⁵ Call Date/Resale is two years prior to the Mandatory Exchange Date

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For personal use only

For over 17 years, CBA has sponsored the Australian women's cricket team, The Southern Stars, enabling women to be a powerful force in pushing the game forward

Section THREE

Information About CBA

- 3.1 Profile of CBA
- 3.2 Businesses of CBA
- 3.3 Business strategy of CBA
- 3.4 Directors of CBA
- 3.5 Management of the businesses of CBA
- 3.6 Corporate governance of CBA
- 3.7 Financial information about CBA

3.1 Profile of CBA

CBA is one of Australia's leading providers of integrated financial services including retail, business, and institutional banking, funds management, superannuation, life insurance, general insurance, broking services and financial company activities. CBA is one of the largest companies listed on ASX and had a market capitalisation of A\$142 billion as at 27 February 2017. CBA is an authorised deposit-taking institution regulated by APRA and other regulatory bodies. CBA conducts its operations primarily in Australia, New Zealand and the Asia Pacific region. It also operates in a number of other countries including the United Kingdom and the United States.

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

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

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

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

3.2 Businesses of CBA

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

- **Retail Banking Services**

Retail Banking Services provides home loan, consumer finance and retail deposit products and servicing to all retail bank customers and non-relationship managed small business customers.

In addition, income is received for the distribution of Wealth Management products through the retail distribution network.

- **Business and Private Banking**

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

- **Institutional Banking and Markets**

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

- **Wealth Management**

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

- **New Zealand**

New Zealand includes banking and global markets, funds management and insurance businesses operating in New Zealand.

- **Bankwest**

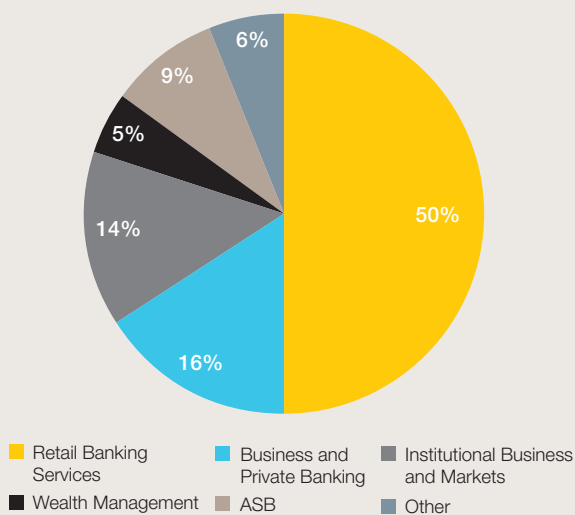
Bankwest is active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products.

- **International Financial Services and other divisions**

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

- o International Financial Services (IFS) incorporates the Asian retail and business banking operations (Indonesia, China, India and Vietnam), investments in Chinese and Vietnamese banks, the joint venture Chinese life insurance business, the life insurance operations in Indonesia and a financial services technology business in South Africa. It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia; and
- o Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Marketing and Strategy, Group Governance and Group Treasury.

Business contribution to CBA's net profit after tax¹ for the half year ended 31 December 2016



¹ Net profit after tax ("cash basis")

3.3 Business strategy of CBA

CBA's strategy remains focused on creating long-term value for CBA's customers, shareholders and people. The overarching priority is customer focus.

CBA's customer-focused strategy is supported by four market-leading capabilities: People, Productivity, Technology and Strength.

CBA's strategy is split into three elements:

- **Customer Focus**

CBA's objective is to continuously improve the value and experiences provided to customers;

- **Market-leading capabilities**

CBA invests in and leverages four capabilities, to reinforce and enhance its competitive advantage: People, Productivity, Technology and Strength;

- **Growth opportunities**

CBA recognises the three growth opportunities that define the most significant opportunities for CBA to create shareholder value:

- One CommBank where CBA aims to meet more of its customers' financial needs;
- Continued growth in business and institutional banking; and
- Disciplined capability-led growth outside Australia.

3.4 Directors of CBA

The Directors are:

- Catherine Livingstone AO, Chairman
- Ian Narev, Managing Director and Chief Executive Officer
- Shirish Apte
- Sir David Higgins
- Launa Inman
- Brian Long
- Andrew Mohl
- Mary Padbury
- Wendy Stops
- Harrison Young

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

3.5 Management of the businesses of CBA

The senior managers of the businesses of CBA include:

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

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

3.6 Corporate governance of CBA

The Board has consistently placed great importance on the governance of CBA and has adopted a comprehensive framework of corporate governance guidelines. The corporate governance guidelines and practices of CBA comply with the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

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

3.7 Financial information about CBA

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

CBA's consolidated income statements and balance sheets for the half years ended 31 December 2016 and 30 June 2016 and full years ended 30 June 2016 and 30 June 2015 are summarised in Sections 3.7.4 "Commonwealth Bank of Australia Consolidated Income Statement" and 3.7.5 "Commonwealth Bank of Australia Consolidated Balance Sheet".

The financial information presented in this section has been presented in abbreviated form. It does not contain all of the disclosures usually provided in an annual report prepared in accordance with the Corporations Act. In particular, the consolidated income statement and consolidated balance sheet have been extracted from the Profit Announcement for the Half Year Ended 31 December 2016 and the Annual Report 2016.

The Profit Announcement for the Half Year Ended 31 December 2016 and the Annual Report 2016 are available from the Shareholder Centre at www.commbank.com.au.

3.7.1 Capital adequacy

3.7.1.1 Capital generally

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

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

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

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

Tier 2 Capital comprises certain securities having features eligible to be recognised as Tier 2 Capital.

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

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

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

CBA is required to maintain a capital conservation buffer ("CCB") in the form of Common Equity Tier 1 Capital equal to 2.5% of risk-weighted assets.

CBA is a Domestic Systemically Important Bank ("D-SIB") and the CCB that applies to CBA increases by a 1% D-SIB buffer. The total CCB is therefore 3.5%, making the total Common Equity Tier 1 Capital requirement equal to at least 8%.

APRA also has the discretion to apply an additional countercyclical capital buffer to all banks with an indicative range of between 0% and 2.5% of Common Equity Tier 1 Capital. If applicable, this forms part of the CCB. APRA has set the countercyclical capital buffer applicable to Australian exposures at 0%.

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

CBA Level 2 Common Equity Tier 1 Capital levels and 4.5% minimum requirements¹

	Common Equity Tier 1 Capital ratio	Common Equity Tier 1 Capital (A\$Bn)	Minimum Common Equity Tier 1 Capital Ratio	Minimum Common Equity Tier 1 Capital (A\$Bn)	Surplus above minimum Common Equity Tier 1 Capital Ratio	Surplus Common Equity Tier 1 Capital (A\$Bn)
31 Dec 2016	9.9%	43.3	4.5%	19.6	5.4%	23.7
30 June 2016	10.6%	41.7	4.5%	17.8	6.1%	23.9
31 Dec 2015	10.2%	40.2	4.5%	17.7	5.7%	22.5
30 Jun 2015	9.1%	33.4	4.5%	16.6	4.6%	16.8
31 Dec 2014	9.2%	32.6	4.5%	15.9	4.7%	16.7
30 Jun 2014	9.3%	31.4	4.5%	15.2	4.8%	16.2

¹ Does not include the CCB. For a comparison including the CCB, see the table entitled "CBA Level 2 Common Equity Tier 1 Capital levels and 8% minimum requirements" on page 38

CBA's Level 1 Common Equity Tier 1 Capital Ratio was 10.3% as at 31 December 2016, which equates to a surplus of approximately A\$23.7 billion above the minimum Common Equity Tier 1 ratio.

3.7.1.2 Capital Trigger Event

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

A Capital Trigger Event may occur if either or both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio as calculated under APRA's approach is equal to or less than 5.125% (see Section 4.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"). CBA has held Common Equity Tier 1 Capital at levels above 5.125% and intends to hold capital above this level in the future.

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

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

	Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital (A\$Bn)	Capital Trigger Event	Capital Trigger Event (A\$Bn)	Surplus above Capital Trigger Event	Surplus Common Equity Tier 1 Capital (A\$Bn)
31 Dec 2016	9.9%	43.3	5.125%	22.4	4.8%	20.9
30 Jun 2016	10.6%	41.7	5.125%	20.2	5.5%	21.5
31 Dec 2015	10.2%	40.2	5.125%	20.1	5.1%	20.1
30 Jun 2015	9.1%	33.4	5.125%	18.9	4.0%	14.5
31 Dec 2014	9.2%	32.6	5.125%	18.1	4.1%	14.5
30 Jun 2014	9.3%	31.4	5.125%	17.3	4.2%	14.1

CBA's Level 1 Common Equity Tier 1 Capital Ratio was 10.3% as at 31 December 2016, which equates to a surplus of approximately A\$21.2 billion above the Capital Trigger Event level.

3.7.1.3 Potential impact of falling into the capital conservation buffer (“CCB”)

CBA is required to maintain a CCB in the form of Common Equity Tier 1 Capital equal to 2.5% of risk-weighted assets.

CBA is a Domestic Systemically Important Bank (“D-SIB”) and the CCB that applies to CBA increases by a 1% D-SIB buffer. The total CCB is therefore 3.5%, making the total Common Equity Tier 1 Capital requirement equal to at least 8%.

APRA also has the discretion to apply an additional countercyclical capital buffer to all banks with an indicative range of between 0% and 2.5% of risk-weighted assets. If applicable, this forms part of the CCB. APRA has set the countercyclical capital buffer applicable to Australian exposures at 0%.

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

Capital conservation buffer (“CCB”) rules¹

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

¹ Above example assumes the total CCB (including the D-SIB buffer of 1% and countercyclical capital buffer of 0%) is 3.5%

² 4.5% minimum plus any additional amount required by APRA

CBA Level 2 Common Equity Tier 1 Capital levels and 8% minimum requirements¹

	Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital (A\$Bn)	Minimum Common Equity Tier 1 Capital Ratio ¹	Minimum Common Equity Tier 1 Capital requirement at 8% (A\$Bn) ¹	Surplus above Minimum Common Equity Tier 1 Capital Ratio ¹	Surplus Common Equity Tier 1 Capital (A\$Bn)
31 Dec 2016	9.9%	43.3	8%	34.9	1.9%	8.4
30 Jun 2016	10.6%	41.7	8%	31.6	2.6%	10.1
31 Dec 2015	10.2%	40.2	8%	31.4	2.2%	8.8
30 Jun 2015	9.1%	33.4	8%	29.5	1.1%	3.9
31 Dec 2014	9.2%	32.6	8%	28.2	1.2%	4.4
30 Jun 2014	9.3%	31.4	8%	27.0	1.3%	4.4

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

CBA's Level 1 Common Equity Tier 1 Capital Ratio was 10.3% as at 31 December 2016, which equates to a surplus of approximately A\$9.4 billion above the minimum Common Equity Tier 1 capital requirement.

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

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

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

3.7.1.4 CBA's approach to capital management

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

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

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

Further information about CBA's approach to capital management can be found in the section entitled "Capital" in the Profit Announcement for the Half Year Ended 31 December 2016 which is available from the Shareholder Centre at www.commbank.com.au.

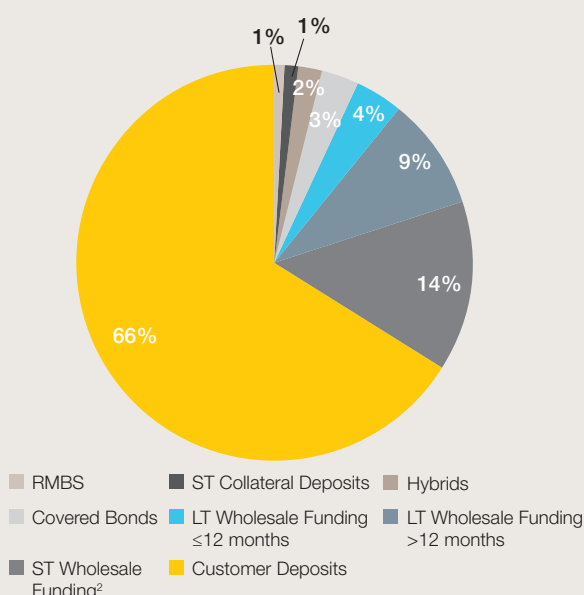
3.7.2 Funding and liquidity

3.7.2.1 Funding

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

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

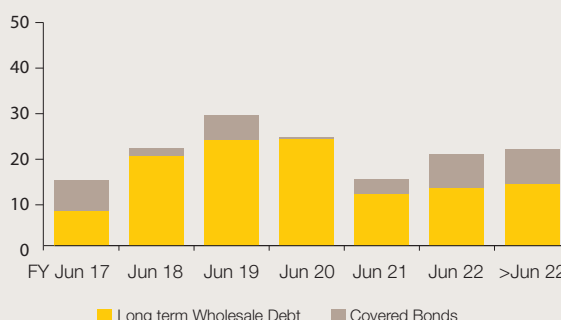
CBA's Funding Composition¹ as at 31 December 2016



¹ Reported at current FX rates

² Includes central bank deposits and liabilities due to other financial institutions (including collateral received)

CBA's Term Wholesale Funding profile as at 31 December 2016 (A\$Bn)

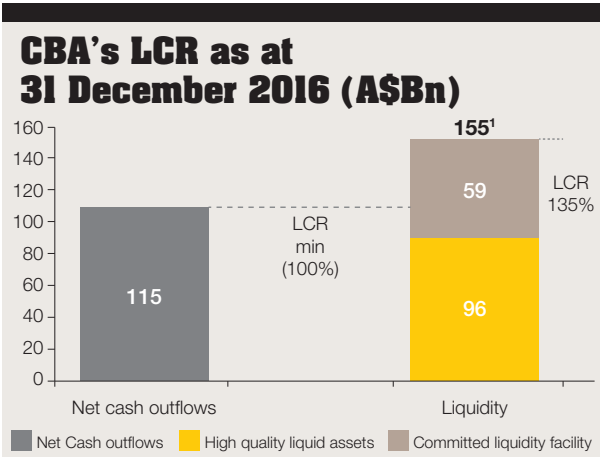


3.7.2.2 Liquidity

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

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

As at 31 December 2016, CBA’s LCR was 135%.



¹ Liquids are reported net of applicable regulatory haircuts

3.7.3 Explanation of CBA’s revenue model

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

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

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

3.7.4 Commonwealth Bank of Australia

Consolidated Income Statement

	Half Year Ended 31 December 2016 A\$M	Half Year Ended 30 June 2016 A\$M	Year Ended 30 June 2016 A\$M	Year Ended 30 June 2015 A\$M
Interest income	16,674	16,974	33,817	34,145
Interest expense	(7,933)	(8,465)	(16,882)	(18,322)
Net interest income	8,741	8,509	16,935	15,823
Other banking income	2,998	2,372	4,576	4,828
Net banking operating income	11,739	10,881	21,511	20,651
Funds management income	1,157	1,129	2,315	2,396
Investment revenue	268	193	283	618
Claims, policyholder liability and commission expense	(434)	(285)	(537)	(1,011)
Net funds management operating income	991	1,037	2,061	2,003
Premiums from insurance contracts	1,510	1,458	2,921	2,797
Investment (expense)/revenue	(14)	337	467	543
Claims, policyholder liability and commission expense from insurance contracts	(1,118)	(1,341)	(2,382)	(2,326)
Net insurance operating income	378	454	1,006	1,014
Total net operating income before impairment and operating expenses	13,108	12,372	24,578	23,668
Loan impairment expense	(599)	(692)	(1,256)	(988)
Operating expenses ¹	(5,679)	(5,226)	(10,468)	(10,068)
Net profit before income tax	6,830	6,454	12,854	12,612
Corporate tax expense ¹	(1,950)	(1,753)	(3,506)	(3,429)
Policyholder tax benefit/(expense)	24	(92)	(101)	(99)
Net profit after income tax	4,904	4,609	9,247	9,084
Non-controlling interests	(9)	(9)	(20)	(21)
Net profit attributable to Equity holders of CBA	4,895	4,600	9,227	9,063

¹ Comparative information for the half year ended 30 June 2016 has been restated to conform to presentation in the Profit Announcement for the Half Year Ended 31 December 2016. Comparative information for the years ended 30 June 2016 and 30 June 2015 is as reported in the Profit Announcement for the Year Ended 30 June 2016

3.7.5 Commonwealth Bank of Australia

Consolidated Balance Sheet

	As at 31 December 2016 A\$M	As at 30 June 2016 A\$M	As at 30 June 2015 A\$M
Assets			
Cash and liquid assets	44,709	23,372	33,116
Receivables due from other financial institutions	10,612	11,591	13,063
Assets at fair value through Income Statement			
Trading	34,199	34,067	26,424
Insurance	13,795	13,547	14,088
Other	803	1,480	1,278
Derivative assets	45,837	46,567	46,154
Available-for-sale investments	81,675	80,898	74,684
Loans, bills discounted and other receivables	712,905	695,398	639,262
Bank acceptances of customers	1,440	1,431	1,944
Property, plant and equipment	4,094	3,940	2,833
Investment in associates and joint ventures	2,842	2,776	2,637
Intangible assets	10,000	10,384	9,970
Deferred tax assets ¹	782	389	455
Other assets ¹	8,026	7,161	7,538
Total assets	971,719	933,001	873,446
Liabilities			
Deposits and other public borrowings	606,091	588,045	543,231
Payables due to other financial institutions	34,031	28,771	36,416
Liabilities at fair value through Income Statement	8,404	10,292	8,493
Derivative liabilities	38,042	39,921	35,213
Bank acceptances	1,440	1,431	1,944
Current tax liabilities	1,012	1,022	661
Deferred tax liabilities	332	340	351
Other provisions	1,625	1,656	1,726
Insurance policy liabilities	12,388	12,636	12,911
Debt issues	175,583	161,284	154,429
Managed funds units on issue	2,362	1,606	1,149
Bills payable and other liabilities ¹	11,600	9,889	11,105
Loan capital	16,997	15,544	12,824
Total liabilities	909,907	872,437	820,453
Net assets	61,812	60,564	52,993
Shareholders' Equity			
Share capital			
Ordinary share capital	34,455	33,845	27,619
Other equity instruments	—	—	939
Reserves	2,144	2,734	2,345
Retained profits ¹	24,662	23,435	21,528
Shareholders' Equity attributable to Equity holders of CBA	61,261	60,014	52,431
Non-controlling interests	551	550	562
Total Shareholders' Equity	61,812	60,564	52,993

¹ Comparative information as at 30 June 2016 has been restated to conform to presentation in the Profit Announcement for the Half Year Ended 31 December 2016

3.7.6 Relevant financial ratios

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

- **Expense to income ratio**

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

For the six months to 31 December 2016, CBA's expense to income ratio (cash basis) was 43.3%. This means that, for every A\$1 of operating income it earned, it had operating expenses of A\$0.433.

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

- **Return on equity ratio**

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

For the six months to 31 December 2016, CBA's return on equity ratio (cash basis) was 16.0%. This means that, for every A\$1 of shareholders' equity it held, it earned net profit after tax of A\$0.16.

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

- **Capital ratios**

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

As at 31 December 2016, CBA's Level 2 Common Equity Tier 1 Capital Ratio was 9.9%, its Tier 1 Capital Ratio was 11.5% and its Total Capital Ratio was 13.7%. Using the Level 2 Common Equity Tier 1 Capital Ratio as an example, this means that, for every A\$1 of risk-weighted assets it had, it held A\$0.099 of capital in the form of Common Equity Tier 1 Capital.

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

A Capital Trigger Event may occur if the Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% (see Section 4.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"). CBA has held Common Equity Tier 1 Capital at levels above 5.125% and intends to hold capital above this level in the future.

For further information about CBA's capital ratios, see Section 3.7.1 "Capital adequacy".

- **Leverage Ratio**

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

As at 31 December 2016, CBA's Leverage Ratio was 4.9%. This means that, for every A\$1 of exposures it had, it held A\$0.49 of capital in the form of Tier 1 Capital.

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

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

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

As at 31 December 2016, CBA's LCR was 135%. This means that, for every A\$1 of potential net cash outflow, it held A\$1.35 of liquidity.

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

Relevant financial ratios as at 31 December 2016

	Half Year Ended 31 December 2016	Half Year Ended 30 June 2016	Year Ended 30 June 2016	Year Ended 30 June 2015
Expense to income ratio ¹ (cash basis)	43.3%	42.7%	42.4%	42.8%
Return on equity ratio ¹ (cash basis)	16.0%	15.6%	16.5%	18.2%
Common Equity Tier 1 Capital Ratio ²	9.9%	10.6%	10.6%	9.1%
Tier 1 Capital Ratio ²	11.5%	12.3%	12.3%	11.2%
Total Capital Ratio ²	13.7%	14.3%	14.3%	12.7%
Leverage Ratio ³	4.9%	5.0%	5.0%	n/a
Liquidity Coverage Ratio	135%	120%	120%	120%

¹ Comparative information for the half year ended 30 June 2016 has been restated to conform to presentation in the Profit Announcement for the Half Year Ended 31 December 2016. Comparative information for the years ended 30 June 2016 and 30 June 2015 is as reported in the Profit Announcement for the Year Ended 30 June 2016

² Level 2 capital ratio

³ CBA first disclosed a Leverage Ratio for the period ended 30 September 2015. At this time, the Leverage Ratio was 4.7%

3.7.7 Impact of the Offer on CBA

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

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

The following pro forma adjustments show the changes that would be made to CBA's consolidated balance sheet for the period ended 31 December 2016 assuming the Offer was completed, A\$1.45 billion of PERLS IX were issued and issue costs of A\$28 million were incurred, on 31 December 2016. CBA has the ability to raise more or less than A\$1.45 billion of PERLS IX. An adjustment has also been made for A\$1 billion of Colonial Group Subordinated Notes which will be redeemed on 31 March 2017¹.

¹ On 20 February 2017, Colonial Holding Company Limited announced that it will redeem Colonial Group Subordinated Notes on 31 March 2017

Commonwealth Bank of Australia**Consolidated pro forma Balance Sheet as at 31 December 2016**

	As reported A\$M	Pro forma Adjustment A\$M	Pro forma A\$M
Assets			
Cash and liquid assets	44,709	422	45,131
Receivables due from other financial institutions	10,612		10,612
Assets at fair value through Income Statement			
Trading	34,199		34,199
Insurance	13,795		13,795
Other	803		803
Derivative assets	45,837		45,837
Available-for-sale investments	81,675		81,675
Loans, bills discounted and other receivables	712,905		712,905
Bank acceptances of customers	1,440		1,440
Property, plant and equipment	4,094		4,094
Investment in associates and joint ventures	2,842		2,842
Intangible assets	10,000		10,000
Deferred tax assets	782		782
Other assets	8,026		8,026
Total assets	971,719	422	972,141
Liabilities			
Deposits and other public borrowings	606,091		606,091
Payables due to other financial institutions	34,031		34,031
Liabilities at fair value through Income Statement	8,404		8,404
Derivative liabilities	38,042		38,042
Bank acceptances	1,440		1,440
Current tax liabilities	1,012		1,012
Deferred tax liabilities	332		332
Other provisions	1,625		1,625
Insurance policy liabilities	12,388		12,388
Debt issues	175,583	(1,000)	174,583
Managed funds units on issue	2,362		2,362
Bills payable and other liabilities	11,600		11,600
Loan capital	16,997	1,422	18,419
Total liabilities	909,907	422	910,329
Net assets	61,812	–	61,812
Shareholders' Equity			
Share capital			
Ordinary share capital	34,455		34,455
Other equity instruments	–		–
Reserves	2,144		2,144
Retained profits	24,662		24,662
Shareholders' Equity attributable to Equity holders of CBA	61,261	–	61,261
Non-controlling interests	551		551
Total Shareholders' Equity	61,812	–	61,812

The following pro forma adjustments show the changes that would be made to relevant financial ratios as at 31 December 2016 assuming the Offer was completed, A\$1.45 billion of PERLS IX were issued and issue costs of A\$28 million were incurred, on 31 December 2016. An adjustment has also been made for A\$1 billion of Colonial Group Subordinated Notes which will be redeemed on 31 March 2017.

Pro forma relevant financial ratios as at 31 December 2016

	As reported	Pro forma adjustment	Pro forma
Expense to income ratio ¹ (cash basis)	43.3%	–	43.3%
Return on Equity Ratio ¹ (cash basis)	16.0%	–	16.0%
Common Equity Tier 1 Capital Ratio ²	9.9%	–	9.9%
Tier 1 Capital Ratio ²	11.5%	0.3%	11.8%
Total Capital Ratio ²	13.7%	0.3%	14.0%
Leverage Ratio	4.9%	0.2%	5.1%
Liquidity Coverage Ratio	135%	–	135%

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

² Level 2 capital ratio

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Section FOUR

Risks of CommBank PERLS IX Capital Notes

- 4.1 Introduction
- 4.2 Risks associated with CommBank PERLS IX Capital Notes specifically
- 4.3 Risks associated with CBA's businesses which may affect CommBank PERLS IX Capital Notes

4.1 Introduction

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

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

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

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

4.2 Risks associated with CommBank PERLS IX Capital Notes specifically

4.2.1 Investments in PERLS IX are not deposit liabilities or protected accounts under the Banking Act

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

4.2.2 Holders of PERLS IX are subordinated and unsecured creditors

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

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

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

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

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

4.2.3 Distributions may not be paid

Payment of a Distribution is subject to:

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

In addition the capital conservation buffer requirement applies to CBA. Distributions may not be paid if CBA's Common Equity Tier 1 Ratio falls into the capital conservation buffer. For further information, see Section 3.7.1 "Capital adequacy".

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

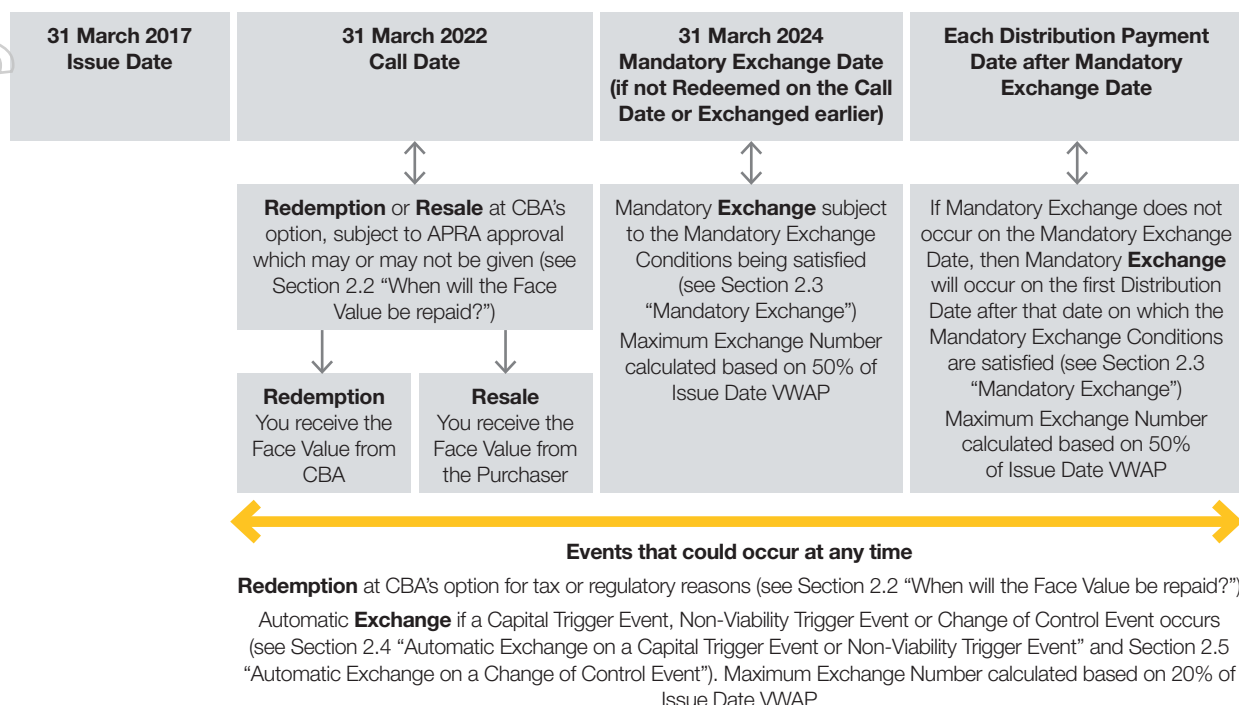
- declare or determine a dividend on Ordinary Shares; or
- return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares.

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

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

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

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



4.2.4.1 Holders may receive Ordinary Shares on the Mandatory Exchange Date

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

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

However, CBA will only be required to Exchange PERLS IX if all the Mandatory Exchange Conditions are satisfied (see Section 2.3 "Mandatory Exchange"). For example, if the *Issue Date VWAP* had been A\$83, then:

- under the First Mandatory Exchange Condition, if the VWAP of Ordinary Shares on the 25th Business Day before the Mandatory Exchange Date was greater than A\$46.48, the First Mandatory Exchange Condition would be satisfied;
- under the Second Mandatory Exchange Condition, if the VWAP of Ordinary Shares during the period of 20 Business Days before the Mandatory Exchange Date was greater than A\$41.92, then the Second Mandatory Exchange Condition would be satisfied;

- under the Third Mandatory Exchange Condition, if the Ordinary Shares are listed or admitted to trading on ASX as at the date of the Mandatory Exchange Date, then the Third Mandatory Exchange Condition would not be satisfied.

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

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

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

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

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

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

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

- if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event);
- the maximum number of Ordinary Shares that you can receive is limited to a number calculated based on 20% of the Issue Date VWAP. For example, if the *Issue Date VWAP* had been A\$83, then the Maximum Exchange Number would be 6.0241 Ordinary Shares per PERLS IX; and
- to realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price. However, depending on the time you decide to sell and the market price at that time, it is possible that your sale proceeds may be less than the Face Value.

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

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

Unless Redeemed or Exchanged earlier, PERLS IX must be Exchanged upon the occurrence of a Change of Control Event (subject to the Mandatory Exchange Conditions applying with the modifications in Clause 4.7(c) of the Terms).

The consequences of Exchange in this situation are the same as for Mandatory Exchange (see Section 4.2.4.1 "Holders may receive Ordinary Shares on the Mandatory Exchange Date").

4.2.4.4 Consequences of holding Ordinary Shares

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

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

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

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

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

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

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

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

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

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

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

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

In Section 4.3 "Risks associated with CBA's businesses which may affect CommBank PERLS IX Capital Notes", a number of general risks associated with CBA's businesses are outlined. If one, or a combination, of these risks leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, CBA believes this may be the type of situation in

which APRA becomes concerned and notifies CBA that it has become non-viable. It should be noted that these are examples. The risks outlined in Section 4.3 are not exhaustive and there may be other risks which affect the performance of CBA.

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

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

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

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

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

However, the number of Ordinary Shares you will receive is limited to the Maximum Exchange Number. For further information about the consequences of the application of the Maximum Exchange Number, see Section 4.2.4.2 "Holders may receive Ordinary Shares upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event".

If the Exchange is not effective and CBA has not otherwise issued Ordinary Shares within 5 Business Days, then Holders' rights under the relevant PERLS IX will be terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. Your investment in the relevant PERLS IX will lose all of its value – the Face Value will not be repaid and you will not receive any compensation. This could occur if CBA was prevented from issuing Ordinary Shares by

circumstances outside its control, for example, if CBA was prevented by an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares.

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

CBA conservatively and proactively manages its capital, funding and liquidity positions to avoid experiencing financial difficulty. As at 31 December 2016, CBA's Level 2 Common Equity Tier 1 Capital Ratio was 9.9%, which equates to a surplus of approximately A\$20.9 billion above the Capital Trigger Event level of 5.125%.

For further information about CBA's capital, funding and liquidity positions, how they are managed and the CBA Level 2 Common Equity Tier 1 Capital Ratio surplus above the level of 5.125%, see Section 3.7.1 "Capital adequacy" and Section 3.7.2 "Funding and liquidity". However, there are a number of risks which are wholly or partly outside CBA's control as discussed in Section 4.3 below.

4.2.6 PERLS IX may not be Exchanged on the scheduled Mandatory Exchange Date

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

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

4.2.7 CBA may Redeem PERLS IX if certain events occur

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

In relation to potential tax issues, Australia is currently considering the potential implementation of anti-hybrid rules being developed by the Organisation for Economic Cooperation and Development ("OECD"). The proposed OECD rules refer to "hybrids", which is a reference to specific types of cross-border hybrid mismatch arrangements which can arise due to different tax rules applying in different countries to the same instrument. In November 2015, the Board of Taxation published a consultation paper which, amongst other things, asked for industry input on a possible exemption for

arrangements which form part of a financial institution's regulatory capital. In May 2016, the Government released the Board of Taxation report but asked the Board of Taxation to conduct further work on the application to regulatory capital. The Board of Taxation's further report has not been released. At this time, there is currently no indication in relation to (i) the form of any legislation that the Government may introduce affecting the ability of banks to frank regulatory capital securities, (ii) the time when the Government may implement such legislation or (iii) whether any new legislation will apply to regulatory capital securities that have been issued prior to the date any new legislation is introduced (so called "grandfathering" provisions). In September 2016, the New Zealand Government published a discussion document explaining the OECD's recommendations in relation to hybrid mismatch arrangements, and seeking submissions as to how those recommendations could be incorporated into New Zealand law. Final policy decisions will be made by the New Zealand Government in relation to the OECD's recommendations following completion of the consultation. CBA does not expect that implementation of the OECD's recommendations by Australia or New Zealand in relation to hybrid mismatches as currently proposed would result in CBA seeking to Redeem PERLS IX under Clauses 5.2 or 5.3 of the Terms. However, CBA may seek to Redeem PERLS IX under Clauses 5.2 or 5.3 of the Terms if any change in law arises which was not expected on issue of the PERLS IX.

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

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

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

To realise your investment, you can sell your PERLS IX on ASX at the prevailing market price. However, depending on market conditions at the time, PERLS IX may be trading at a market price below the Face Value and/or the market for PERLS IX may not be liquid. For further information about liquidity risks associated with PERLS IX, see Section 4.2.12 "The liquidity of PERLS IX may be low".

4.2.9 CBA may raise more debt and issue other securities

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

- rank for dividends or payments of capital (including on the winding-up of CBA) equal with, behind or ahead of PERLS IX;

- have the same or different dividend, interest or distribution rates as PERLS IX;
- have payment tests and distributions restrictions or other covenants which may affect PERLS IX (including by restricting circumstances in which Distributions can be paid on PERLS IX or PERLS IX can be Redeemed); or
- have the same or different terms and conditions as PERLS IX.

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

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

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

4.2.10 The Distribution Rate will fluctuate

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

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

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

4.2.11 The market price of PERLS IX will fluctuate

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

- changes in Australian and international economic conditions, interest rates, credit margins, inflation rates and foreign exchange rates;
- if CBA's financial performance or position declines, or if market participants anticipate that it may decline, an investment in PERLS IX could decline in value even if PERLS IX have not been Exchanged;
- changes to CBA's credit rating. For further information about the impacts of credit ratings on CBA, see Section 4.3.8 "CBA may be adversely affected by changes in credit ratings";
- movements in the market price of equity and/or other debt issued by CBA or by other issuers;
- changes in investor perceptions and sentiment in relation to CBA or the financial services industry; and
- other major Australian and international events such as hostilities and tensions, and acts of terrorism.

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

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

CBA does not guarantee the market price of PERLS IX.

4.2.12 The liquidity of PERLS IX may be low

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

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

4.2.13 Holders may be subject to FATCA withholding and information reporting

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

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

If CBA or any other person is required to withhold amounts as a result of Holders and beneficial owners of PERLS IX not providing the required information or documentation, then those Holders and beneficial owners will not be entitled to receive any gross up or additional amounts to compensate them for such withholding.

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

4.2.14 CBA may amend the Terms

CBA may amend the Terms in two ways:

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

In both cases, the Terms of all PERLS IX will be amended. However, in particular in the latter case, Holders who did not vote with the majority will be subject

to the amended Terms which may not coincide with their individual preferences.

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

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

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

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

4.2.16 Powers of an ADI Statutory Manager and of APRA

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

4.3 Risks associated with CBA's businesses which may affect CommBank PERLS IX Capital Notes

4.3.1 CBA may be adversely affected by a downturn in the Australian and New Zealand economy

As a financial group whose core businesses are banking, funds management and insurance primarily located in Australia and New Zealand, the performance of CBA is dependent on the state of the Australian and New Zealand economies, as well as customer and investor confidence and prevailing market conditions.

A material downturn in the economy may increase unemployment, increase loan defaults, decrease property prices and other asset prices such as dairy and other commodities, decrease the value of security held and adversely affect CBA's opportunities for business growth. Different parts of the economy may be affected at different times.

CBA monitors market, industry and company specific developments which may affect the Australian and New Zealand economies and adjusts its

businesses, to the extent possible, to reflect current and expected conditions. However, it is difficult to predict every development that may affect the Australian and New Zealand economies, particularly international developments.

4.3.2 CBA may be adversely affected by disruption to global markets

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

CBA's ability to raise funding or hedge market risks (such as interest or exchange rates) at an acceptable price, or at all, may be affected. This may adversely affect its costs, performance, financial position and financial flexibility. It may affect its ability to repay debt and access capital and funding for growth.

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

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

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

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

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

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

The Australian Government completed a review of the Australian financial system, called the Financial System Inquiry. The Financial System Inquiry released a final report containing recommendations for policy changes in December 2014. In July 2015, APRA responded to a Financial System Inquiry recommendation that

Australian authorised deposit-taking institutions that use internal ratings based methodologies to determine their regulatory capital requirements should be required to hold higher levels of capital against their mortgage portfolios applying from 1 July 2016. CBA prudently raised A\$5.1bn of capital through the issue of ordinary shares to satisfy the current and expected future requirements, completing this equity raising in September 2015. In October 2015, the Australian Government also responded to the report and agreed that 33 out of 34 of the Inquiry's recommendations should be implemented. The financial services industry is currently awaiting details as to how most of these recommendations will be implemented.

In relation to the review of Basel III, the BCBS is reviewing a number of technical issues in relation to credit risk, trading risk and operational risk. It has also proposed to introduce a capital floor based on a standardised (or non-internal ratings based) approach.

On 3 January 2017, the BCBS advised that more time is needed to finalise some work, including ensuring final calibration of all of the reforms. Consequently, the impact of the review on CBA is not yet known. The BCBS advised that they expect to complete this work in the near future but did not outline a deadline for completion or eventual implementation by local regulators. Banks globally have made representations to the BCBS that the proposals should include a sufficient implementation period to enable banks to implement the regulatory reforms in an orderly manner.

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

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

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

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

4.3.5 CBA may be adversely affected by exchange rates

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

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

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

4.3.6 CBA is subject to operational risks and may incur losses

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

In addition, CBA is exposed to the risk of loss resulting from product complexity and pricing risk; client suitability and servicing risk (including distribution risk and inappropriate advice); incorrect evaluating (including reliance on incorrect data and models), recording or accounting for transactions; human error; breaches of CBA's internal policies and regulations; breaches of security; theft and fraud; inappropriate conduct of employees; and improper business practices.

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

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

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

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

4.3.8 CBA may be adversely affected by changes in credit ratings

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

CBA's ability to raise funding and other aspects of its performance may be affected if it fails to maintain its credit ratings. Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which they assign credit ratings. Such changes could adversely affect the market price, liquidity and performance of PERLS IX or Ordinary Shares received on Exchange. In July and August 2016, as a result of concern about macroeconomic issues affecting Australia and the Australian Government, both Standard and Poor's and Moody's revised the credit ratings outlook of CBA, among others, from stable to negative.

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

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

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

4.3.10 CBA may be adversely affected by harm to its reputation

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

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

4.3.11 CBA is subject to the risk of failure to innovate and adapt business models

CBA faces the risk of failing to adapt its business models to meet new regulatory and social drivers. In particular, CBA is exposed to the competitive landscape where government policies may encourage new entrants to the market and introduce different regulatory standards which may represent a strategic threat to CBA's market share. A failure by CBA to produce an appropriate response or pursuing an inappropriate response to the operating environment could lead to financial loss.

4.3.12 CBA is subject to human capital risk

CBA may be unable to attract, develop, motivate and retain human capital to meet current and future business needs. This could result in poor financial and customer outcomes arising from a reduced ability to deliver against customer and other stakeholder expectations.

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

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

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

In relation to divestments, CBA evaluates its business segments regularly, including in light of its business strengths and opportunities for synergies; the competitive environment in which it operates; its risk appetite; customer needs; and the ability to obtain an appropriate return against the cost of capital and funding. From time to time, CBA may divest businesses or capabilities it considers non-core or wind down businesses or product areas. There is a risk that CBA may experience disruptions in the divestment, transition or wind down process, including to existing businesses, which may cause customers to remove their business from CBA or have other adverse impacts to CBA.

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

4.3.14 CBA could suffer losses due to environmental factors

CBA operates businesses and holds assets in a diverse range of geographical locations. Any significant environmental change or external event (including fire, storm, flood, earthquake, pandemic or other widespread health emergency, civil unrest, war or terrorism) in any of these locations has the potential to disrupt business activities, customers' business activities, impact on CBA's operations, damage property and otherwise affect the value of assets held in the affected locations and CBA's ability to recover amounts owing to it. CBA maintains a global insurance program for a number of these events. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence or the levels of volatility in financial markets.

The risk of losses due to environmental factors is also directly relevant to CBA's insurance business. CBA operates general and life insurance businesses under various brands, including CommInsure in Australia and Sovereign in New Zealand, and may experience higher than expected losses as a result of paying claims. CBA re-insures these risks where practical and appropriate.

MOSAIC, an employee-led network, has a long term aim to move beyond celebrating cultural days of significance to increasing the representation of culturally diverse leaders



Section FIVE

Other Information

- 5.1 No material breaches of loan covenants or debt obligations
- 5.2 Other documents relevant to the Offer
- 5.3 Incorporation by reference
- 5.4 Summary of Australian tax consequences for Holders
- 5.5 US Persons
- 5.6 Consents to be named
- 5.7 Interests of Advisers
- 5.8 Interests of Directors
- 5.9 Dealings in CommBank PERLS IX Capital Notes
- 5.10 Personal information
- 5.11 ASX and ASIC relief
- 5.12 Governing law
- 5.13 Consent of Directors

5.1 No material breaches of loan covenants or debt obligations

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

5.2 Other documents relevant to the Offer

5.2.1 Colonial Group Subordinated Notes Information Booklet

The Colonial Group Subordinated Notes Information Booklet provides information to Eligible Colonial Group Subordinated Noteholders in respect of the offer by CBA to purchase Colonial Group Subordinated Notes for A\$100 per Colonial Group Subordinated Note and for the proceeds to be automatically invested in PERLS IX under this Prospectus. The Colonial Group Subordinated Notes Information Booklet includes information concerning the key differences between the Colonial Group Subordinated Notes and PERLS IX, further details of the options available for Eligible Colonial Group Subordinated Noteholders, the tax consequences and how to apply (including completing and lodging an Application).

If you are a Colonial Group Subordinated Noteholder, it is important that you read this Prospectus, the other documents referred to in this Prospectus and the Colonial Group Subordinated Notes Information Booklet in full before deciding to invest in PERLS IX.

5.2.2 Trust Deed

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

5.2.3 Financial Statements

The Profit Announcement for the Half Year Ended 31 December 2016 contains certain financial information for the Half Year Ended 31 December 2016.

5.2.4 Summary of the Offer Management Agreement

The Arrangers and the Joint Lead Managers have entered into the Offer Management Agreement with CBA to manage the Offer.

A summary of the fees payable to the Arrangers, Joint Lead Managers and other Syndicate Brokers is outlined in Section 5.7 "Interests of Advisers".

5.2.5 Constitution

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

5.2.6 Availability of documents

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

- the Profit Announcement for the Half Year Ended 31 December 2016 lodged with ASIC by CBA;
- the Annual Report 2016 lodged with ASIC by CBA; and
- any continuous disclosure notices given by CBA in the period after the lodgement of the Annual Report 2016 and before the lodgement of this Prospectus with ASIC.

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

Investor Relations

Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

5.3 Incorporation by reference

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

5.4 Summary of Australian tax consequences for Holders

5.4.1 Introduction

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

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

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

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

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

In May 2016, the Australian Government released the Board of Taxation report on the potential implementation of anti-hybrid rules being developed by the OECD. The proposed OECD rules refer to “hybrids”, which is a reference to specific types of cross-border hybrid mismatch arrangements which can arise due to different tax rules applying in different countries to the same instrument. However, the Government asked the Board of Taxation to conduct further work on the application to regulatory capital. The Board of Taxation’s further report has not been released. At this time, there is currently no indication in relation to (i) the form of any legislation that the Government may introduce affecting the ability of banks to frank regulatory capital hybrid securities, (ii) the time when the Government may implement such legislation or (iii) whether any new legislation will apply to regulatory capital securities that have been issued prior to the date any new legislation is introduced (so called “grandfathering” provisions). For further information on this issue, see Section 4.2.7 “CBA may Redeem PERLS IX if certain events occur”.

5.4.2 Class ruling sought on PERLS IX

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

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

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

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

apply to the financial arrangements of individuals, unless an election has been made for those rules to apply.

5.4.3 Distributions on PERLS IX

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

5.4.3.1 Australian resident Holders

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

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

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

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

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

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

There are anti-avoidance rules which can deny the benefit of franking credits to Holders in certain situations. The

most significant of these rules is in section 177EA of the Tax Act.

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

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

5.4.3.2 Non-Australian resident Holders

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

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

5.4.4 Disposal of PERLS IX

5.4.4.1 Disposal other than through Exchange

(a) Australian resident Holders

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

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

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

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

(b) Non-Australian resident Holders

As PERLS IX are not “traditional securities”, non-Australian resident Holders should generally not be taxable on any gain realised on disposal of their PERLS

IX (as PERLS IX should generally not be “taxable Australian property”).

5.4.4.2 Disposal through Exchange

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

5.4.5 Ordinary Shares acquired on Exchange

5.4.5.1 Australian resident Holders

The taxation treatment of any dividends received on Ordinary Shares acquired on Exchange will be broadly similar to that discussed in Section 5.4.3.1.

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

5.4.5.2 Non-Australian resident Holders

The tax treatment of any dividends received on Ordinary Shares will be broadly similar to that discussed in section 5.4.3.2.

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

5.4.6 Provision of TFN and/or ABN

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

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

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

5.4.7 GST

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

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

5.4.8 Stamp duty

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

5.5 US Persons

PERLS IX have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. They may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person, unless an exemption from such registration applies.

Any offer, sale or resale of PERLS IX within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if made prior to 40 days after the Closing Date or if purchased by a dealer in the Offer.

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

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

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

5.6 Consents to be named

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

- Colonial Holding Company Limited;
- each Arranger;
- each Joint Lead Manager;
- each Co-Manager;
- each Participating Broker named in this Prospectus;
- Trustee;
- PricewaterhouseCoopers Securities Ltd;
- Herbert Smith Freehills;
- Greenwoods & Herbert Smith Freehills;
- Russell McVeagh; and
- Registry.

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

5.7 Interests of Advisers

CBA will pay to the Arrangers a fee of A\$25 million, based on certain assumptions in relation to the final Offer size and the allocation of PERLS IX between the Broker Firm Offer and Securityholder Offer.

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

Certain large cornerstone investors have agreed or may agree with CBA to participate in the Offer, and either:

- if they apply for and hold their PERLS IX until the second Distribution Payment Date, CBA will pay the investors, through the Arrangers, a fee of 0.50% of their Allocation; or
- if they apply for and hold their PERLS IX until the fourth Distribution Payment Date, CBA will pay the investors, through the Arrangers, a fee of 1.00% of their Allocation.

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

Herbert Smith Freehills is acting as Australian legal adviser (other than in relation to taxation) to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A\$220,000 (excluding disbursements and GST) will be payable to Herbert Smith Freehills. Further amounts may be paid to Herbert Smith Freehills under its normal time based charges.

Greenwoods & Herbert Smith Freehills is acting as Australian tax adviser to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A\$90,000 (excluding disbursements and GST) will be payable to Greenwoods & Herbert Smith Freehills. Further amounts may be paid to Greenwoods & Herbert Smith Freehills under its normal time based charges.

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

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

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

Other than as disclosed in this Prospectus:

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

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

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

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

5.8 Interests of Directors

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

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

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

The Directors (and their respective associates) may acquire PERLS IX under the Offer including through the priority Securityholder Offer to the extent they hold Colonial Group Subordinated Notes. Holdings of these securities are subject to the ASX Listing Rules (including the waivers described in Section 5.11 "ASX and ASIC relief"). Details of the Directors' holdings of Ordinary Shares and other securities of CBA are disclosed to, and available from, the ASX at www.asx.com.au. Details of the remuneration paid to Directors is set out in the

Remuneration Report in the Annual Report 2016. The Annual Report 2016 can be obtained free of charge from the Shareholder Centre at www.commbank.com.au.

5.9 Dealings in CommBank PERLS IX Capital Notes

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

5.10 Personal information

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

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

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

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

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

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

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

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

5.11 ASX and ASIC relief

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

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

ASX has also provided certain confirmations in relation to CBA's use of CHESS message functionality in connection with the Securityholder Offer as it applies to Colonial Group Subordinated Noteholders.

CBA has received ASIC relief from Section 1019G(1) of the Corporations Act in relation to the offer period for CBA's offer to purchase Colonial Group Subordinated Notes (subject to certain conditions).

5.12 Governing law


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

5.13 Consent of Directors

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

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UNITY, an employee-led network, aims to build a culture of inclusion where LGBTI employees feel safe to be themselves at work

Section SIX

How to Apply

- 6.1 Applying for CommBank PERLS IX Capital Notes
- 6.2 Completing and lodging your Application
- 6.3 Issue and quotation of CommBank PERLS IX Capital Notes
- 6.4 Trading and Holding Statements

6.1 Applying for CommBank PERLS IX Capital Notes

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

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

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

Holders of Colonial Group Subordinated Notes who participate in the Securityholder Offer will receive a priority allocation to other securityholders in relation to the proceeds of their Colonial Group Subordinated Notes being invested in PERLS IX.

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

6.1.1 Applying under the Broker Firm Offer

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

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

6.1.2 Applying under the Securityholder Offer

The Securityholder Offer is available to Eligible Securityholders.

You are an Eligible Securityholder if, on 9 February 2017, you:

- are a holder of Ordinary Shares; or
- are a holder of PERLS VI, PERLS VII or PERLS VIII; or
- are a holder of Colonial Group Subordinated Notes, and;
- you have a registered address in Australia; or
- you have a registered address outside Australia and you satisfy the conditions outlined in "Restrictions on foreign jurisdictions" on the inside front cover of this Prospectus.

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

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

Holders of Colonial Group Subordinated Notes who participate in the Securityholder Offer will receive a priority allocation to other securityholders in relation to the proceeds of their Colonial Group Subordinated Notes being invested in PERLS IX. Additional information relevant to Colonial Group Subordinated Noteholders, and an offer by CBA to purchase their Colonial Group Subordinated Notes for A\$100 per Colonial Group Subordinated Note on the basis that those proceeds are to be automatically invested in PERLS IX under this Prospectus, is contained in the separate Colonial Group Subordinated Notes Information Booklet provided to those holders with this Prospectus. In addition, you must apply using the personalised Application form for Colonial Group Subordinated Noteholders, provided with this Prospectus and the Colonial Group Subordinated Notes Information Booklet.

If you are a Colonial Group Subordinated Noteholder, it is important that you read this Prospectus, the other documents referred to in this Prospectus and the Colonial Group Subordinated Notes Information Booklet in full before deciding to invest in PERLS IX.

6.1.3 Applications by Institutional Investors

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

6.2 Completing and lodging your Application

6.2.1 Minimum and maximum Application

The amount you have to pay for each PERLS IX is A\$100. You must apply for a minimum of 50 PERLS IX (A\$5,000), thereafter in multiples of 10 PERLS IX (A\$1,000), and are limited to a maximum of 150 PERLS IX (A\$15,000). The maximum does not apply if you are applying under the Broker Firm Offer.

If you are an Eligible Colonial Group Subordinated Noteholder, you must apply using the personalised Application form for Colonial Group Subordinated Noteholders accompanying this Prospectus and the Colonial Group Subordinated Notes Information Booklet. In this case, the above mentioned minimums and maximum only apply to Applications for additional PERLS IX in excess of the number of Colonial Group Subordinated Notes you hold. They do not apply to your Application for PERLS IX under the priority Securityholder Offer.

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

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

your Application with your Syndicate Broker. CBA and the Registry take no responsibility for any acts or omissions by your Syndicate Broker in connection with your Application.

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

Mail Address

PERLS IX Offer
C/- Link Market Services Limited
Reply Paid 3560
Sydney NSW 2001
Australia

Delivery Address

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

If you are applying under the priority Securityholder Offer for Colonial Group Subordinated Noteholders (other than through a Syndicate Broker), you should lodge your Application and accompanying Application Monies (if applying for additional PERLS IX) with the Registry by mailing or delivering it to:

Mail Address

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

Delivery Address

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

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

Applications and Application Monies must be received at one of the above addresses by 5.00pm (Sydney time) on the Closing Date which is expected to be 24 March 2017.

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

6.2.3 No brokerage or stamp duty

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

6.2.4 Allocation policy and refunds

Applications may be for a maximum of 150 PERLS IX (A\$15,000) per Application and may be scaled back if there is excess demand for the Offer. This limit and scaling will apply both to:

- Applications from holders of Colonial Group Subordinated Notes for additional PERLS IX in excess of the number of Colonial Group Subordinated Notes they held; and
- All other applications under the Securityholder Offer.

If your Application is accepted, this does not mean that your Application will be accepted in full as CBA reserves the right to scale back your Application. Any scale back and the basis of Allocation will be announced on the date that deferred settlement trading commences (expected to be 3 April 2017) on ASX and through advertisements in The Australian and The Australian Financial Review newspapers.

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

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

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

6.3 Issue and quotation of CommBank PERLS IX Capital Notes

CBA has applied for PERLS IX to be quoted on ASX.

It is expected that PERLS IX will be quoted under code "CBAPF".

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

6.4 Trading and Holding Statements**6.4.1 Commencement of trading of PERLS IX on ASX**

It is expected that PERLS IX will begin trading on ASX on a deferred settlement basis on 3 April 2017. Trading on a deferred settlement basis occurs when Holding Statements have not yet been despatched and it is not possible to settle trades on a trade date plus two business days (T+2) basis. The trade is settled on a date specified by ASX.

It is expected that PERLS IX will begin trading on ASX on a normal settlement basis on 5 April 2017.

It is your responsibility to determine your holding of PERLS IX before trading to avoid the risk of selling PERLS IX you do not own. To assist you in determining your holding prior to receipt of a Holding Statement, CBA will announce the basis of Allocation by placing advertisements in The Australian and The Australian Financial Review newspapers on or around the date that deferred settlement trading commences (expected to be 3 April 2017). You should also check your holding by asking your Syndicate Broker or calling the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am - 7.30pm, Sydney time) from the Issue Date.

6.4.2 Holding Statements

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

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

6.4.3 Provision of TFN and/or ABN

When your Holding Statement is mailed, you will be also be mailed a form on which to provide your TFN and/or ABN should you wish to do so (see Section 5.4.6 "Provision of TFN and/or ABN").

6.4.4 Provision of bank account details for payments

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

In 2016, CBA introduced a corporate hijab to support our colleagues in their culture



Section SEVEN

Glossary

KEY DATES

SECTION 1

SECTION 2

SECTION 3

SECTION 4

SECTION 5

SECTION 6

SECTION 7

APPENDIX A

Term	Meaning
ABN	Australian Business Number
Allocation	The number of PERLS IX allocated under this Prospectus to Applicants under the Broker Firm Offer and Securityholder Offer. Allocated has a corresponding meaning
Annual Report 2016	The annual report issued by CBA for the financial year ended 30 June 2016
Applicant	A person who lodges an Application Form in accordance with this Prospectus
Application	A valid application for PERLS IX made through a completed Application Form in accordance with this Prospectus
Application Form	A paper or online form (as the context requires) attached to, or accompanying, this Prospectus or available at www.commsec.com.au upon which an application for PERLS IX may be made
Application Monies	The amount payable on each Application, being the Initial Face Value multiplied by the number of PERLS IX applied for
APRA	Australian Prudential Regulation Authority
Arrangers	Commonwealth Bank of Australia ABN 48 123 123 124 Morgan Stanley Australia Securities Limited ABN 55 078 652 276
ASIC	Australian Securities and Investments Commission
ASIC Guidance	The guidance on hybrid securities published by ASIC on its MoneySmart website which can be found by searching "hybrid securities" at www.moneysmart.gov.au
ASX	ASX Limited ABN 98 008 624 691 or the securities market operated by it (as the context requires)
ASX Listing Rules	The listing rules of ASX, with any modification or waivers which ASX may grant to CBA from time to time
ATO	Australian Taxation Office
Australian Financial Services Licence or AFSL	Has the meaning given to that term in the Corporations Act
Banking Act	Banking Act 1959 (Cth)
Board	The Directors of CBA acting as a board or a committee appointed by the board of Directors of CBA
Bookbuild	The process conducted before the Offer opens where Syndicate Brokers and certain investors bid for an Allocation of PERLS IX at different proposed Margin levels under the Broker Firm Offer. CBA will set the final Margin through the Bookbuild process on the basis of those bids and announced to ASX
Broker Firm Allocation	The Allocation allocated to a Syndicate Broker through the Bookbuild process
Broker Firm Offer	The offer to clients of Syndicate Brokers as described in Section 6 "How to Apply"
Business Day	A day which is: (a) a business day within the meaning of the ASX Listing Rules; and (b) for the purposes of calculation or payment of a Distribution, a date on which banks are open for general business in Sydney
Call Date	31 March 2022
Capital Trigger Event	Occurs when CBA determines, or APRA notifies CBA in writing that it believes, that either or both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%
CBA	Commonwealth Bank of Australia ABN 48 123 123 124, including foreign branches of Commonwealth Bank of Australia

Term	Meaning
CBA Group	CBA (or any NOHC that is a holding company of CBA) and its subsidiaries
CBA Level 1 Group	CBA, or the “the “extended licensed entity” which is comprised of CBA and each subsidiary of CBA as specified in any approval granted by APRA in accordance with APRA’s prudential standards (as amended from time to time)
CBA Level 2 Group	CBA and each subsidiary that is recognised by APRA as part of CBA’s Level 2 group in accordance with APRA’s prudential standards (as amended from time to time)
CBA Level 1 Common Equity Tier 1 Capital Ratio	Has the meaning given in the Terms
CBA Level 2 Common Equity Tier 1 Capital Ratio	Has the meaning given in the Terms
CHESS	Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited ABN 49 008 504 532
Change of Control Event	Occurs when: <ul style="list-style-type: none"> • a takeover bid is made and certain conditions are satisfied; or • a scheme of arrangement that is proposed is approved and certain conditions are satisfied A Change of Control Event does not include the implementation of a NOHC structure
CGT	Capital Gains Tax
Closing Date	The closing date for the Offer which is expected to be 24 March 2017
Colonial Group Subordinated Notes	Colonial Group Subordinated Notes issued by Colonial Holding Company Limited, a subsidiary of CBA, on 29 March 2012
Colonial Group Subordinated Notes Information Booklet	The information booklet providing additional information to holders of Colonial Group Subordinated Notes in respect of an offer by CBA to purchase their Colonial Group Subordinated Notes for A\$100 per Colonial Group Subordinated Note and for the proceeds to be automatically invested in PERLS IX under this Prospectus
Co-Managers	Bell Potter Securities Limited; Ord Minnett Limited; Shaw and Partners Limited
Common Equity Tier 1 Capital	Ordinary share capital, retained earnings and certain other items recognised as capital under APRA’s prudential standards
Common Equity Tier 1 Capital Ratio	Ratio of Common Equity Tier 1 Capital to risk-weighted assets, calculated in accordance with APRA’s prudential standards (as amended from time to time)
Constitution	The constitution of CBA as amended from time to time
Corporations Act	Corporations Act 2001 (Cth)
Directors	Some or all of the directors of CBA
Distribution	Interest payable on each PERLS IX
Distribution Payment Dates	15 March, 15 June, 15 September and 15 December each year until the PERLS IX have been Exchanged or Redeemed, and also the Exchange Date or Redemption Date. If any of these scheduled dates is not a Business Day, then the payment will be made on the next Business Day. If a payment is postponed until the next Business Day, there is no adjustment to the amount of Distribution payable. The first Distribution is scheduled to be paid on 15 June 2017

Term	Meaning
Distribution Period	Each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However: (a) the first Distribution Period commences on (and includes) the Issue Date; and (b) the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date (as the case may be)
Distribution Rate	$(\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$
Eligible Colonial Group Subordinated Noteholder	Holders of Colonial Group Subordinated Notes as described in Section 2 “What is the Priority Securityholder Offer and is it relevant to me” of the Colonial Group Subordinated Notes Information Booklet
Eligible Securityholder	Holders of Ordinary Shares, PERLS VI, PERLS VII, PERLS VIII and Colonial Group Subordinated Notes as described in Section 6.1.2 “Applying under the Securityholder Offer”
Equal Ranking Securities	PERLS VI, PERLS VII, PERLS VIII, PERLS IX, any preference shares in the capital of CBA and any other securities which rank equally with PERLS IX in a winding up of CBA, present and future (excluding any Junior Ranking Securities)
Exchange	The exchange of all, some or a proportion of each PERLS IX for Ordinary Shares under the Terms. Exchanged has a corresponding meaning
Exchange Number	The number of Ordinary Shares on Exchange calculated in accordance with Clause 7.1 of the Terms
Face Value	A\$100 per PERLS IX (Initial Face Value) reduced (if applicable) by the amount of Face Value per PERLS IX which has previously been Exchanged or the amount of Face Value per PERLS IX for which Holders’ rights have been irrevocably terminated
FATCA	Foreign Account Tax Compliance Act (“FATCA”) incorporated in sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those sections) and includes the Double Tax Agreement (United States of America – FATCA) Order 2014
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999 (Cth)
HIN	The holder identification number identifying the registration on the Register
Holder	A registered holder of PERLS IX
Holding	At any time after Allocation, the number of PERLS IX held by a Holder
Holding Statement	A statement issued to Holders by the Registry which sets out the number of PERLS IX Issued to that Holder
Ineligible Holder	Has the meaning given in Clause 14.2 of the Terms
Institutional Investor	An investor to whom PERLS IX are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than a registration or formality which CBA is willing to comply with)
IRS	The United States Internal Revenue Service
Issue	The process of issuing PERLS IX to Holders. Issued has a corresponding meaning
Issue Date	The date PERLS IX are Issued which is expected to be 31 March 2017
Joint Lead Managers	Commonwealth Bank of Australia; Evans and Partners Pty Limited; J.P. Morgan Australia Limited; Morgan Stanley Australia Securities Limited; Morgans Financial Limited; National Australia Bank Limited; Westpac Institutional Bank

Term	Meaning
Junior Ranking Securities	All Ordinary Shares, present and future
Mandatory Exchange Conditions	The conditions in Clause 3.2 of the Terms which must be satisfied before Exchange will occur. These are outlined in Section 2.3 "Mandatory Exchange"
Mandatory Exchange Date	31 March 2024
Margin	The margin is 3.90% per annum
Market Rate	The rate (expressed as a percentage per annum) which is the average mid-rate for prime bank eligible securities for a term of 90 days as displayed on the "BBSW" page of the Reuters Monitor System (or any page that replaces that page)
Maximum Exchange Number	The number of Ordinary Shares calculated in accordance with the formula in Clause 7.1 of the Terms
NOHC	A "non-operating holding company" within the meaning of the Banking Act
NOHC Event	Has the meaning given in the Terms
Non-Viability Trigger Event	Occurs when APRA notifies CBA in writing that it believes: <ul style="list-style-type: none"> • Exchange of all or some PERLS IX (or the taking of an action in relation to other capital instruments of the CBA Group) is necessary because, without it, CBA would become non-viable; or • a public sector injection of capital or equivalent support, is necessary because, without it, CBA would become non-viable
Offer	The offer made through this Prospectus by CBA of PERLS IX to raise A\$1.45 billion, with the ability to raise more or less. The offer comprises the Broker Firm Offer and Securityholder Offer
Offer Management Agreement	The arrangement between CBA, the Arrangers and Joint Lead Managers dated on or about 20 February 2017
Offer Period	The period from the Opening Date to the Closing Date
Opening Date	The opening date of the Offer which is 28 February 2017
Ordinary Share	A fully paid ordinary share in CBA
Original Prospectus	The prospectus dated 20 February 2017 and lodged with ASIC on that day, which was replaced with this Prospectus
Participating Brokers	Any participating organisation of ASX selected by CBA or the Arrangers to participate in the Bookbuild
PERLS VI	Perpetual Exchangeable Resaleable Listed Securities issued by CBA on 17 October 2012
PERLS VII	CommBank PERLS VII Capital Notes issued by CBA on 1 October 2014
PERLS VIII	CommBank PERLS VIII Capital Notes issued by CBA on 30 March 2016
PERLS IX	CommBank PERLS IX Capital Notes to be issued by CBA under the Terms
Profit Announcement for the Half Year Ended 31 December 2016	The interim report issued by CBA for the half year results ended 31 December 2016
Prospectus	This Prospectus (whether in paper or electronic format) as supplemented or replaced
Record Date	For payment of Distributions: <ul style="list-style-type: none"> (a) subject to paragraph (b) below, the date that is eight calendar days prior to the relevant Distribution Payment Date; or (b) such other date determined by CBA in its absolute discretion and communicated to ASX, or such other date as may be required by ASX

Term	Meaning
Redemption	The process through which CBA repays the Face Value of all or some PERLS IX under the Terms. Redeem and Redeemed have a corresponding meaning
Redemption Date	The date on which Redemption occurs
Register	The register of PERLS IX maintained by the Registry on CBA's behalf, and where appropriate including any subregister established and maintained in CHESS and any branch register
Registry	Link Market Services Limited ABN 54 083 214 537 or any other registry that CBA appoints to maintain the Register
Resale	The sale of PERLS IX by Holders to the Purchaser in accordance with Appendix A "Terms of CommBank PERLS IX Capital Notes" Clause 6
Securityholder Offer	The offer to Eligible Securityholders as described in Section 6 "How to Apply"
Securityholder Offer Record Date	9 February 2017
Senior Ranking Obligations	All deposits and other liabilities, securities (including Tier 2 Capital securities) and other obligations of CBA, present and future, other than Equal Ranking Securities or Junior Ranking Securities
Shareholder	A registered holder of Ordinary Shares in CBA
Special Resolution	Has the meaning given in Clause 14.2 of the Terms
SRN	Shareholder Registration Number
Syndicate Broker	Any of the Joint Lead Managers, Co-Managers and Participating Brokers
Tax Act	Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth)
Terms	The terms of PERLS IX attached as a schedule to the Trust Deed, as set out in Appendix A
TFN	Tax File Number
Tier 1 Capital	Common Equity Tier 1 Capital and certain securities recognised as Tier 1 Capital under APRA's prudential standards, on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time
Tier 2 Capital	Certain securities recognised as Tier 2 Capital under APRA's prudential standards, on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time
Total Capital	Sum of Tier 1 Capital (including Common Equity Tier 1 Capital) and Tier 2 Capital
Trust Deed	The deed entered into between CBA and the Trustee dated on or about 20 February 2017
Trustee	The Trust Company (Australia) Limited or any other trustee that CBA appoints under the Trust Deed and Terms (who cannot be CBA, a member of the CBA Group or a related entity of CBA)
US Person	Has the meaning given in Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
VWAP	The average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant period, subject to adjustments

Appendix A

Terms of CommBank PERLS IX Capital Notes

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

1 Form of PERLS IX and ranking

1.1 Form

- (a) PERLS IX are perpetual, subordinated, unsecured notes of CBA, acting through its New Zealand branch, issued in registered form by entry in the Register.
- (b) Each entry in the Register evidences a separate and independent obligation which CBA owes to the relevant Holder, which that Holder may enforce without joining any other Holder or any previous Holder.
- (c) No certificates will be issued to Holders unless CBA is required to provide certificates by any applicable law or regulation.

1.2 Initial Face Value

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

1.3 CHESS

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

1.4 ASX quotation

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

1.5 Payment and ranking in a winding up of CBA

- (a) If an order is made by a court of competent jurisdiction in Australia (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution is passed, for the winding up of CBA in Australia, CBA must redeem each PERLS IX for its Face Value in accordance with this clause.
- (b) Neither the Trustee nor any Holder has any right to prove in a winding up of CBA in respect of PERLS IX, other than a right to prove in a winding up of CBA in Australia as permitted under clauses 1.5(c) and 1.5(d).
- (c) Each PERLS IX ranks for payment in a winding up of CBA in Australia:
 - (i) after the claims of all holders of Senior Ranking Obligations;
 - (ii) equally with each Holder and holders of Equal Ranking Securities; and
 - (iii) ahead of holders of Junior Ranking Securities.
- (d) In order to give effect to the ranking specified in clause 1.5(c), in any winding up of CBA in Australia,

the claims of Holders are limited to the extent necessary to ensure that:

- (i) all holders of Senior Ranking Obligations receive payment in full before any payment is made to Holders; and
- (ii) Holders of PERLS IX and holders of any Equal Ranking Securities receive payments on a pro-rata basis.
- (e) Nothing in this clause limits the ability of CBA to, in its absolute discretion from time to time, issue further Senior Ranking Obligations or Equal Ranking Securities.
- (f) Neither the Trustee nor any Holder may exercise voting rights as a creditor in respect of PERLS IX in a winding up of CBA to defeat the subordination in this clause.
- (g) PERLS IX are perpetual and the terms of PERLS IX do not include events of default or any other provisions entitling the Trustee or the Holders to require that PERLS IX be Redeemed other than under this clause 1.5. Neither the Trustee nor any Holder has any right to apply for the winding up or administration of CBA, or to cause a receiver, or receiver and manager, to be appointed in respect of CBA, on the ground of CBA's failure to pay Distributions or for any other reason.
- (h) To avoid doubt but subject to clause 4.6, if a Capital Trigger Event or Non-Viability Trigger Event has occurred, Holders (or if applicable the Trustee) will rank for payment in a winding up of CBA in Australia as holders of the number of Ordinary Shares to which they became entitled under clauses 4.1 or 4.2.

1.6 No set off

- (a) CBA has no right to set-off any amounts owing by it to a Holder in respect of PERLS IX against any claims owing by the Holder to it or to any member of the CBA Group.
- (b) No Holder has any right to set-off any amounts, merge accounts or exercise any other rights the effect of which is or may be to reduce the amount payable by CBA in respect of PERLS IX to the Holder.

1.7 Not deposit liabilities of CBA

- (a) PERLS IX are not deposit liabilities or "protected accounts" of CBA for the purpose of the Banking Act.
- (b) No member of the CBA Group guarantees PERLS IX and no member of the CBA Group, other than CBA, has any liability for PERLS IX.

1.8 No other rights

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

- (a) to attend or vote at any meeting of CBA members;
- (b) to subscribe for new securities of CBA or to participate in any bonus issues of securities of CBA; or
- (c) to otherwise participate in the profits or property of CBA, except by receiving payments as set out in these Terms.

2 Distributions

2.1 Distributions

- Each PERLS IX bears interest on its Face Value during each Distribution Period from (and including) the Issue Date to (but excluding) the Exchange Date or Redemption Date for that PERLS IX, at the Distribution Rate.
- Interest on each PERLS IX is payable in arrears on each Distribution Payment Date.
- Payment of interest on each PERLS IX is subject to clauses 2.5, 2.6 and 9.

2.2 Distribution Rate determination

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

Distribution Rate =

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

where:

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

- the rates otherwise bid and offered for prime bank eligible securities of a term of 90 days at or around that time on that day (including any displayed on the “BBSW” page of the Reuters Monitor System (or its successor or replacement page)); and
- if bid and offer rates for prime bank eligible securities of a term of 90 days are not otherwise available, the rates otherwise bid and offered for funds of a term of 90 days at or around that time on that day;

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

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

2.3 Calculation of Distributions

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

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

where:

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

2.4 Adjustment to calculation of Distributions if not fully franked

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

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

Where:

D means the Distribution calculated under clause 2.3;

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

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

2.5 Distribution payment conditions

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

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

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

2.6 Distributions are discretionary and non-cumulative

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

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

- Subject to clause 2.7(b), if any Distribution is not paid to Holders in full on the relevant Distribution Payment Date, then CBA must not, without the approval of a Special Resolution:
 - declare or determine a dividend; or
 - return any capital or undertake any buy-backs or repurchases,

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

- (b) Clause 2.7(a) does not apply to:
- (i) Restricted Actions which CBA is legally obliged to pay or complete at the time any Distribution is not paid in full to Holders on a relevant Distribution Payment Date; or
 - (ii) Restricted Actions in connection with:
 - (A) any employment contract, employee share scheme, employee rights or option plan, or similar arrangement with, or for the benefit of, any one or more employees, officers, directors or consultants of CBA or its Related Bodies Corporate; or
 - (B) CBA or any of its Related Bodies Corporate purchasing Ordinary Shares in connection with transactions for the account of customers of CBA or customers of any of its Related Bodies Corporate.

2.8 Notification of Distribution Rate, Distribution payable and other items

- (a) CBA must notify ASX of the Distribution Rate, amount of Distribution payable and Distribution Payment Date for each Distribution Period.
- (b) CBA must give notice under this clause as soon as practicable after it makes its calculations and by no later than the fourth Business Day of the relevant Distribution Period.
- (c) CBA may amend its calculation or determination of any date, rate or amount (or make appropriate alternative arrangements by way of adjustment) including as a result of the extension or reduction of the Distribution Period or calculation period without prior notice but must notify ASX promptly after doing so.

2.9 Determination final

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

2.10 Calculations

For the purposes of any calculations required under these Terms:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable must be rounded to the nearest one Australian cent (with one half of an Australian cent being rounded up to one Australian cent).

3 Mandatory Exchange

3.1 Mandatory Exchange

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

- (a) 31 March 2024 (**Scheduled Mandatory Exchange Date**); and
- (b) the first Distribution Payment Date after the Scheduled Mandatory Exchange Date,

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

3.2 Mandatory Exchange Conditions

- (a) The Mandatory Exchange Conditions for each Mandatory Exchange Date are:
 - (i) the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 56.00% of the Issue Date VWAP (**First Mandatory Exchange Condition**);
 - (ii) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP (the **Second Mandatory Exchange Condition**); and
 - (iii) Ordinary Shares have not been Delisted as at the Mandatory Exchange Date (**Third Mandatory Exchange Condition**).
- (b) If the First Mandatory Exchange Condition is not satisfied, CBA will announce to ASX between the 25th and the 21st Business Day before the Mandatory Exchange Date that Exchange will not proceed on the Mandatory Exchange Date.
- (c) If the Second Mandatory Exchange Condition or Third Mandatory Exchange Condition is not satisfied, CBA will notify Holders on or as soon as practicable after the Mandatory Exchange Date that Exchange did not occur.

4 Early Exchange

4.1 Capital Trigger Event

- (a) A **Capital Trigger Event** occurs when:
 - (i) CBA determines; or
 - (ii) APRA notifies CBA in writing that it believes, that either or both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%. CBA must immediately notify APRA in writing if it makes a determination under clause 4.1(a)(i).
- (b) If a Capital Trigger Event occurs, CBA must Exchange such number of PERLS IX (or, if it so determines, such percentage of the Face Value of each PERLS IX) as is sufficient (taking into account any exchange, conversion or write down of Relevant Securities as referred to in paragraph (c) below) to return either or

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

- (c) In determining the number of PERLS IX, or percentage of the Face Value of each PERLS IX, which must be Exchanged in accordance with this clause, CBA will:
- (i) firstly, exchange, convert or write down the face value of any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of PERLS IX; and
 - (ii) secondly, if exchange, conversion or write down of those Relevant Securities is not sufficient, Exchange (in the case of PERLS IX) or exchange, convert or write down (in the case of any other Relevant Securities) on a pro-rata basis or in a manner that is otherwise, in the opinion of CBA, fair and reasonable, PERLS IX and any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be Exchanged, converted or written down in that manner (subject to such adjustment as CBA may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any PERLS IX or other Relevant Securities remaining on issue),
- but such determination will not impede the immediate Exchange of the relevant number of PERLS IX or percentage of the Face Value of each PERLS IX (as the case may be).
- (d) For the purposes of clauses 4.1(b) and 4.1(c), where the specified currency of the face value of Relevant Securities and/or PERLS IX is not the same, CBA may treat them as if converted into a single currency of CBA's choice at such rate of exchange as CBA in good faith considers reasonable.
- (e) If a Capital Trigger Event occurs:
- (i) the relevant number of PERLS IX, or percentage of the Face Value of each PERLS IX, must be Exchanged immediately upon occurrence of the Capital Trigger Event in accordance with clauses 4.5 and 7 and the Exchange will be irrevocable;
 - (ii) CBA must give notice as soon as practicable that Exchange has occurred to ASX and the Holders;
 - (iii) the notice must specify the date on which the Capital Trigger Event occurred; and
 - (iv) the notice must specify the details of the Exchange process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any PERLS IX remaining on issue.

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

4.2 Non-Viability Trigger Event

- (a) A **Non-Viability Trigger Event** occurs when APRA notifies CBA in writing that it believes:
- (i) Exchange of all or some PERLS IX, or exchange, conversion or write down of capital instruments of the CBA Group, is necessary because, without it, CBA would become non-viable; or
 - (ii) a public sector injection of capital, or equivalent support, is necessary because, without it, CBA would become non-viable.

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

- (b) If a Non-Viability Trigger Event occurs, CBA must Exchange such number of PERLS IX (or, if it so determines, such percentage of the Face Value of each PERLS IX) as is equal (taking into account any exchange, conversion or write down of Relevant Securities as referred to in paragraph (c) below) to the aggregate face value of capital instruments which APRA has notified CBA must be Exchanged, converted or written down (or, if APRA has not so notified CBA, such number or, if CBA so determines, such percentage of the Face Value of each PERLS IX, as is necessary to satisfy APRA that CBA will no longer be non-viable). If a Non-Viability Trigger Event occurs under clause 4.2(a)(ii), CBA must Exchange all PERLS IX.
- (c) In determining the number of PERLS IX, or percentage of the Face Value of each PERLS IX, which must be Exchanged in accordance with this clause, CBA will:
- (i) firstly, exchange, convert or write down the face value of any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of PERLS IX; and
 - (ii) secondly, if exchange, conversion or write down of those securities is not sufficient, Exchange (in the case of PERLS IX) or exchange, convert or write down (in the case of any other Relevant Securities), on a pro-rata basis or in a manner that is otherwise, in the opinion of CBA, fair and reasonable, PERLS IX and any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be Exchanged, converted or written down in that manner (subject to such adjustments as CBA may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any PERLS IX or other Relevant Securities remaining on issue),

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

- (d) For the purposes of clauses 4.2(b) and 4.2(c), where the specified currency of the face value of Relevant Securities and/or PERLS IX is not the same, CBA

may treat them as if converted into a single currency of CBA's choice at such rate of exchange as CBA in good faith considers reasonable.

- (e) If a Non-Viability Trigger Event occurs:
- (i) the relevant number of PERLS IX, or percentage of the Face Value of each PERLS IX, must be Exchanged immediately upon occurrence of the Non-Viability Trigger Event in accordance with clauses 4.5 and 7 and the Exchange will be irrevocable;
 - (ii) CBA must give notice as soon as practicable that Exchange has occurred to ASX and the Holders;
 - (iii) the notice must specify the date on which the Non-Viability Trigger Event occurred; and
 - (iv) the notice must specify the details of the Exchange process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any PERLS IX remaining on issue.

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

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

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

4.4 Priority of Early Exchange Obligations

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

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

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

- (a) Exchange of the relevant PERLS IX or percentage of the Face Value of each PERLS IX will occur in accordance with clause 7 immediately upon the date of occurrence of the Capital Trigger Event or Non-Viability Trigger Event; and
- (b) the entry of the corresponding PERLS IX in each relevant Holder's holding in the Register will constitute an entitlement of that Holder (or, if applicable, of the Trustee) to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of PERLS IX or remaining percentage of the Face Value of each PERLS IX), and CBA will recognise the Holder (or, if applicable, the Trustee) as having been issued the relevant Ordinary Shares for all purposes,

in each case without the need for any further act or step by CBA, the Holder or any other person (and CBA will, as

soon as possible thereafter and without delay on the part of CBA, take any appropriate procedural steps to record such Exchange, including updating the Register and the Ordinary Share register and seek quotation of Ordinary Shares issued on Exchange).

For the avoidance of doubt:

- (c) nothing in this clause allows a payment to be made to a Holder upon Exchange; and
- (d) Exchange under this clause takes priority over a notice for Redemption issued under clauses 5.1, 5.2, 5.3 or 5.4.

4.6 No further rights if Exchange cannot occur

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

4.7 Change of Control Event

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

- (i) a takeover bid is made for Ordinary Shares (A) acceptance of which is recommended by the Board and which is or has become unconditional or (B) which is or has become unconditional and the voting power of the offeror in CBA is or has become greater than 50%; or
- (ii) in respect of a scheme of arrangement under Part 5.1 of the Corporations Act which would result (if implemented) in a person having voting power in more than 50% of CBA, the earlier of (A) a court approving the scheme, and (B) the Board determining that such event should be treated as a Change of Control Event for the purposes of this clause,

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

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

- (i) CBA must Exchange all (but not some) PERLS IX;
- (ii) CBA must give notice as soon as practicable and in any event within 10 Business Days after becoming aware of that event occurring to ASX and the Holders;

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

- (1) in the case of a Change of Control Event under clause 4.7(a)(i), no later than the Business Day prior to the then announced closing date of the relevant takeover bid;
- (2) in the case of a Change of Control Event under clause 4.7(a)(ii)(A), a date no later than the record date for participation in the relevant scheme of arrangement; or
- (3) in the case of a Change of Control Event under clause 4.7(a)(ii)(B), a date no later than 25 Business Days following the date the notice is given, or the record date for participation in the relevant scheme of arrangement, whichever is earlier; and

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

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

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

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

- (i) PERLS IX must Exchange on the next Distribution Payment Date on which the Second Mandatory Exchange Condition and Third Mandatory Exchange Condition are satisfied; and
- (ii) CBA will notify Holders as soon as practicable after the proposed Exchange Date that Exchange did not occur.

5 Early Redemption

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

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

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

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

- (a) in a manner that is, in the opinion of CBA, fair and reasonable; and
- (b) in compliance with any applicable law, directive or requirement of ASX.

5.2 Early Redemption for inability to frank Distributions

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

However, CBA may only Redeem under this clause if:

- (a) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (b) the proposed Redemption Date is a Distribution Payment Date; and
- (c) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which a Distribution would not be a frankable Distribution.

5.3 Early Redemption for other taxation reasons

If CBA receives an opinion from reputable legal counsel or other tax adviser in Australia or New Zealand, experienced in such matters, to the effect that there is a material risk that as a result of a change in, or amendment to, the laws of Australia or New Zealand, or their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), which change or amendment was not expected by CBA at the Issue Date and becomes or is expected to become effective on or after the Issue Date:

- (a) CBA would be required to pay an increased amount under clause 9.6; or
- (b) CBA would be exposed to a more than de minimis adverse tax consequence in relation to PERLS IX other than a tax consequence that CBA expected as at the Issue Date,

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

However, CBA may only Redeem under this clause if:

- (c) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (d) the proposed Redemption Date is a Distribution Payment Date; and
- (e) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which CBA would be subject to the adverse tax consequence.

5.4 Early redemption for regulatory reasons

If, at any time after the Issue Date, CBA determines that as a result of a change in, or amendment to, the laws of Australia or APRA's prudential standards or guidelines, or in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), all, some or a proportion of all or some PERLS IX are not or will not be treated as Tier 1 Capital of the CBA Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by CBA as at the Issue Date, CBA may Redeem all (but not some) PERLS IX for their Face Value.

However, CBA may only Redeem under this clause if:

- (a) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (b) the proposed Redemption Date is a Distribution Payment Date; and
- (c) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which all, some or a proportion of all or some PERLS IX will cease to be treated as Tier 1 Capital.

5.5 APRA approval to Redeem

CBA may only Redeem under this clause 5 if:

- (a) either:
 - (i) before or concurrently with Redemption, CBA replaces PERLS IX with a capital instrument which is of the same or better quality (for the purposes of APRA's prudential standards as they are applied to the CBA Group at the relevant time) than PERLS IX and the replacement of PERLS IX is done under conditions that are sustainable for the income capacity of CBA; or
 - (ii) CBA obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the CBA Level 1 Group and CBA Level 2 Group, that CBA does not have to replace PERLS IX; and
- (b) APRA has given its prior written approval to the Redemption. Approval is at the discretion of APRA and may or may not be given.

5.6 Final Distribution

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

5.7 No Redemption at the option of the Holders

Holdes do not have a right to request Redemption of their PERLS IX at any time.

5.8 Effect of notice of Redemption

Any notice of Redemption given under this clause 5 is irrevocable and CBA must (subject to clauses 1.5, 4.5(d) and 9.3) Redeem PERLS IX on the Redemption Date specified in that notice.

6 Resale on the Call Date

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

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

- (i) in a manner that is, in the opinion of CBA, fair and reasonable; and
 - (ii) in compliance with any applicable law, directive or requirement of ASX.
- (b) If CBA issues a Resale Notice:
- (i) each Holder is taken irrevocably to offer to sell the relevant number of their PERLS IX to the Purchaser on the Call Date for a cash amount per PERLS IX equal to the Face Value (and to have appointed CBA as its agent and attorney to do and execute all things and documents which CBA considers may be necessary or desirable in connection with that offer and any resulting sale);
 - (ii) subject to payment by the Purchaser of the Face Value to Holders, all right, title and interest in the relevant number of PERLS IX will be transferred from the Holders to the Purchaser on the Call Date; and
 - (iii) if the Purchaser does not pay the Face Value to the relevant Holders on the Call Date, the relevant number of PERLS IX will not be transferred to the Purchaser and a Holder has no claim on CBA as a result of that non-payment.
- (c) Clause 9 will apply to payments by the Purchaser as if the Purchaser was CBA. If any payment to a particular Holder is not made or treated as made on the Call Date because of any error by or on behalf of the Purchaser, the relevant PERLS IX of that Holder will not be transferred until payment is made but the transfer of all other relevant PERLS will not be affected by the failure.

7 General provisions applicable to Exchange

7.1 Exchange

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

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

$$\text{Exchange Number for each PERLS IX} = \frac{\text{FaceValue}}{0.99 \times \text{VWAP}}$$

where:

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

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

$$\text{Maximum Exchange Number} = \frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$$

where:

Relevant Percentage means:

- (i) if Exchange is occurring on a Mandatory Exchange Date, 0.50; and
- (ii) if Exchange is occurring at any other time, 0.20.
- (b) Each Holder's rights (including to payment of Distributions) in relation to each PERLS IX that is being Exchanged will be immediately and irrevocably terminated for an amount equal to the Face Value and CBA will apply the Face Value of each PERLS IX by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 7.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 7.1 is to be applied as provided for in this clause and no Holder has any right to payment in any other way.
- (c) If the total number of additional Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of PERLS IX includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

7.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under clause 7.1:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as *cum* dividend or *cum* any other distribution or entitlement and PERLS IX will be Exchanged for Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted *cum* dividend or *cum* any other distribution or entitlement will be reduced by an amount (**Cum Value**) equal to:
 - (i) in the case of a dividend or other distribution, the amount of that dividend or other distribution;
 - (ii) in the case of any other entitlement that is not a dividend or other distribution under clause 7.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or
 - (iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by the Board; and

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

7.3 Adjustments to VWAP for capital reconstruction

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

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

Where:

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

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

- (b) Any adjustment made by CBA in accordance with clause 7.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.
- (c) For the avoidance of doubt, nothing in this clause allows a cash payment or other distribution to be made to or by a Holder as part of a Reclassification or as a result of a Reclassification.

7.4 Adjustments to Issue Date VWAP generally

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

- (a) may be made by CBA in accordance with clauses 7.5 to 7.7 (inclusive);
- (b) if so made, will correspondingly affect the application of the Mandatory Exchange Conditions and cause an adjustment to the Maximum Exchange Number; and
- (c) if so made, will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

7.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clauses 7.5(b) and 7.5(c), if CBA makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP

will be adjusted immediately in accordance with the following formula:

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

Where:

- V** means the Issue Date VWAP applying immediately after the application of this formula;
 - V_o** means the Issue Date VWAP applying immediately prior to the application of this formula;
 - RD** means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and
 - RN** means the number of Ordinary Shares issued pursuant to the bonus issue.
- (b) Clause 7.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purposes of this clause 7.5, an issue will be regarded as a bonus issue notwithstanding that CBA does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia (or to whom an offer is otherwise subject to foreign securities laws), provided that in so doing CBA is not in contravention of ASX Listing Rules.

7.6 Adjustments to Issue Date VWAP for capital reconstruction

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

A

B

where:

- A** means the aggregate number of Ordinary Shares on issue immediately before the Reclassification; and
- B** means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

7.7 No adjustment to Issue Date VWAP in certain circumstances

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

7.8 Announcement of adjustments to Issue Date VWAP

CBA will notify any adjustment to the Issue Date VWAP under this clause 7 to ASX and the Holders within 10

Business Days of CBA determining the adjustment (or such shorter period as is required by ASX Listing Rules) and the adjustment will be final and binding.

7.9 Status and listing of Ordinary Shares

- (a) Ordinary Shares issued or arising from Exchange will rank equally with all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Exchange do not take effect until 5.00pm (Sydney time) on the Exchange Date (or such other time required by APRA).
- (b) CBA will use all reasonable endeavours to list the Ordinary Shares issued on Exchange of PERLS IX on ASX.
- (c) Holders acknowledge that any ASX trades in PERLS IX that have not settled on the Exchange Date will continue to settle in accordance with the normal ASX settlement process, although the seller will be treated as having delivered and the buyer will be treated as having acquired, the number of Ordinary Shares into which PERLS IX have been Exchanged.

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

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

- (a) the Holder has notified CBA that it does not wish to receive Ordinary Shares as a result of Exchange, which notice may be given at any time on or after the Issue Date and prior to the Exchange Date;
- (b) the Holder is an Ineligible Holder; or
- (c) CBA has not received (for any reason whether or not due to the fault of that Holder) any information required by it in accordance with the Terms so as to impede CBA issuing the Ordinary Shares to a Holder on the Exchange Date,

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

If Exchange is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and the Exchange fails to take effect and CBA has not otherwise issued Ordinary Shares to the Trustee within five Business Days after the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event, then Holders' rights will be immediately and irrevocably terminated under clause 4.6.

7.11 Final Distribution

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

7.12 No Exchange after winding up commences

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

7.13 Exchange of a percentage of Face Value

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

8 Title and transfer of PERLS IX

8.1 Effect of entries in Register

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

- (a) conclusive evidence of that person's:
 - (i) absolute ownership of that PERLS IX;
 - (ii) entitlement to the other benefits given to Holders under these Terms and the Trust Deed in respect of PERLS IX; and
- (b) an undertaking by CBA to pay Distributions and any other amount in accordance with these Terms, subject to correction of the Register for fraud or error.

8.2 Non-recognition of interests

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

8.3 Joint holders

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

8.4 Transfers

- (a) A Holder may transfer PERLS IX:
 - (i) while PERLS IX are registered with CHESS, in accordance with the rules and regulations of CHESS; or

- (ii) at any other time:

- (A) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act; or
 - (B) by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is delivered to the Registry with any evidence the Registry reasonably requires to prove title to or the right to transfer PERLS IX.
- (b) Title to PERLS IX passes when details of the transfer are entered in the Register.
 - (c) PERLS IX may be transferred in whole but not in part.
 - (d) CBA must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of PERLS IX.
 - (e) CBA must not charge any fee on the transfer of PERLS IX.
 - (f) The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with PERLS IX.
 - (g) Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under these Terms and the Trust Deed in respect of the transferred PERLS IX.
 - (h) Subject to Applicable Regulations, CBA may determine that transfers of some or all PERLS IX will not be registered during any period reasonably specified by it prior to the Exchange Date, Redemption Date or Resale Date of such PERLS IX.

8.5 Refusal to register

CBA may only refuse to register a transfer of PERLS IX if permitted by, or if such registration would contravene or is forbidden by, Applicable Regulations or the Terms.

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

8.6 Transmission

A person becoming entitled to PERLS IX as a consequence of the death, bankruptcy, liquidation or a winding-up of a Holder or of a vesting order by a court or other body with power to make the order, or a person administering the estate of a Holder, may, upon providing evidence as to that entitlement or status, and if CBA so requires an indemnity in relation to the correctness of such evidence, as CBA considers sufficient, become registered as the Holder of those PERLS IX.

9 Payments

9.1 Payments to registered Holder

- (a) Payment of Distributions will be made to the person registered at 7.00pm on the Record Date as the Holder.

- (b) Payment of any other amount in accordance with these Terms will be made to the person registered as the Holder on the relevant date for payment.
- (c) A payment to any one of joint Holders will discharge CBA's liability in respect of the payment.

9.2 Payments subject to law

All payments are subject to applicable law.

9.3 Payments on Business Days

If any payment:

- (a) is due on a day which is not a Business Day, then the due date for payment will be the next Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the next day on which banks are open for general banking business in that place.

No additional amount is payable in respect of any delay in payment. Nothing in this clause 9.3 applies to any payment referred to in clause 7.1(b).

9.4 Payments to accounts

Monies payable by CBA to a Holder may be paid by crediting an Australian dollar bank account maintained in Australia with a financial institution and nominated in writing by the Holder by close of business on the relevant Record Date or in any other manner CBA decides.

9.5 Unsuccessful attempts to pay

- (a) If the Holder has not notified the Registry of a bank account for the purposes of payment under clause 9.4 or the transfer of any amount does not complete for any reason (other than an error made by or on behalf of CBA), CBA will be treated as having paid the amount on the date on which it would otherwise have made the payment.
- (b) CBA will send a notice to the registered address of the Holder advising of the unsuccessful payment and the amount of the unsuccessful payment will be held on deposit in a non-interest bearing bank account maintained by CBA or the Registry until the Holder nominates an Australian dollar bank account maintained in Australia for crediting with the payment (or nominates a new bank account as the case may be) or the claim becomes void under clause 13.1.
- (c) No additional amount is payable in respect of any delay in payment.
- (d) For the avoidance of doubt, nothing in this clause 9.5 obliges CBA to make a payment it has not otherwise determined to make under clause 2.

9.6 Withholdings and Deductions

- (a) All payments in respect of PERLS IX must be made without any withholding or deduction in respect of taxes, unless the withholding or deduction is required by law or permitted by this clause 9.6. CBA shall pay the full amount deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and

shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without delay after it is received by CBA.

- (b) Subject to clause 2.4, if (and to the extent that):
 - (i) a law of any Relevant Jurisdiction (other than Australia) requires CBA to deduct any amount on account of tax from any Distribution which is payable to a Holder under clause 2.1, so that a Holder would not receive the full amount which is so payable; and
 - (ii) the relevant deduction is required to be made on a basis other than:
 - (A) the Holder having a connection with the Relevant Jurisdiction (other than the mere holding of the PERLS IX or receipt of a payment in respect of it) or holding PERLS IX jointly with a person having such a connection;
 - (B) the Holder:
 - (1) not having provided relevant information to CBA;
 - (2) not having made a declaration or similar claim which could have avoided such a deduction; or
 - (3) not having satisfied a reporting requirement which could have avoided such a deduction;
 - (C) on account of stamp duty, estate duty or similar transaction duty; or
 - (D) on account of resident withholding tax imposed in accordance with the laws of New Zealand,

subject to clause 9.6(d), the amount of the Distribution that is payable will be increased so that, after making the relevant deduction, the Holder receives the amount that the Holder would have received if no deduction had been required.

- (c) CBA intends to register PERLS IX for the purposes of the Approved Issuer Levy. Where CBA is lawfully able to pay the Approved Issuer Levy in respect of any Distribution payable to a Holder, CBA will pay the amount of such levy to the New Zealand Inland Revenue (or other appropriate government authority) and will not deduct an amount on account of such levy from the relevant Distribution.
- (d) CBA, in its absolute discretion, may withhold or deduct payments to a Holder (including, if applicable, any other person who beneficially derives Distributions under PERLS IX) where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of PERLS IX may be subject to FATCA, and may deal with such payment and the Holder's PERLS IX in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, CBA will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of PERLS IX for or in respect of any such withholding or deduction.

- (e) Each Holder (including, if applicable, any other person who beneficially derives Distributions under PERLS IX) will, within 10 Business Days of request by CBA, supply to CBA such forms, documentation and other information relating to its status under FATCA as CBA reasonably requests for the purposes of the CBA Group's compliance with FATCA.

10 Tax File Number withholdings

- (a) CBA will withhold an amount from payments of Distributions on PERLS IX at the highest marginal tax rate plus the highest Medicare levy if a Holder has not supplied an appropriate tax file number, Australian business number or exemption details.
- (b) If a Holder supplies exemption details and CBA subsequently determines that the relevant exemption was not available, CBA may recover the amount that should have been deducted from the relevant Holder and may deduct that amount from any subsequent payment due to that Holder in respect of PERLS IX.

11 Obligations of the New Zealand Branch

- (a) Subject to clause 12, although PERLS IX are issued by CBA acting through its New Zealand branch, the obligations of CBA are not limited to the New Zealand branch assets of CBA. If CBA is unable to make a payment under PERLS IX from the New Zealand branch, it may make the payment from some other branch (including CBA itself) on behalf of the New Zealand branch.
- (b) Subject to receiving APRA's prior written approval, CBA may, by notice to Holders, change the branch through which it elects to act in respect of PERLS IX from the New Zealand branch to another branch, including CBA itself.
- (c) CBA will not change the branch through which it elects to act in respect of PERLS IX if the issue or performance of PERLS IX would be illegal in the jurisdiction in which the proposed new branch is located.

12 Substitution of CBA

12.1 Substitution

CBA may, in connection with a NOHC Event, without the consent of Holders and provided that the Substitution Conditions are satisfied, by giving notice to ASX and the Holders:

- (a) substitute for itself a NOHC as the debtor in respect of PERLS IX and as the issuer of Ordinary Shares on Exchange (**Full Successor**); or
- (b) substitute for itself a NOHC as the issuer of Ordinary Shares on Exchange (**Partial Successor**),

and a reference to the **Successor** shall be a reference to the Full Successor or the Partial Successor, as applicable. The notice shall specify the date on which the substitution is to take effect (**Date of Substitution**).

12.2 Substitution Conditions

The **Substitution Conditions** are:

- (a) in the case of the Full Successor:
- (i) the Full Successor or another entity (which is a parent entity) subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or takes other steps acceptable to APRA, to ensure that the capital position of the CBA Level 1 Group and CBA Level 2 Group will not be adversely affected;
 - (ii) the Full Successor will expressly assume CBA's obligations under these Terms and the Trust Deed by entering into a deed poll for the benefit of Holders (**Successor Deed Poll**) under which it agrees (among other things):
 - (A) to comply with the restrictions in clause 2.7 of these Terms (with all necessary modifications); and
 - (B) to deliver fully paid ordinary shares in its capital under all circumstances when CBA would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Terms (with all necessary modifications);
- (b) in the case of the Partial Successor:
- (i) the Partial Successor agrees with effect on and from the Date of Substitution, by entering into a Successor Deed Poll, to deliver fully paid ordinary shares in its capital under all circumstances when CBA would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Terms (with all necessary modifications); and
 - (ii) the Partial Successor agrees that in all circumstances where the Partial Successor delivers fully paid ordinary shares in its capital under the Successor Deed Poll in clause 12.2(b) (i), the Partial Successor or another entity (which is a parent entity) will subscribe for Ordinary Shares in such amount as may be necessary, or take other steps acceptable to APRA, to ensure that the capital position of the CBA Level 1 Group and CBA Level 2 Group is equivalent to the position if the Successor Deed Poll had not been entered into and CBA was required to issue the Ordinary Shares; and
- (c) in the case of either the Full Successor or the Partial Successor (as applicable):
- (i) the Successor's ordinary shares are or are to be quoted on ASX, and the Successor agrees to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of ordinary shares issued under these Terms on the securities exchanges on which the Successor's ordinary shares are quoted at the time of delivery;

- (ii) the Successor and CBA have obtained APRA approval and all other necessary authorisations, regulatory and governmental approvals and consents for such substitution and for the performance by the Successor of its obligations under PERLS IX and the documents effecting substitution;
- (iii) if the Successor does not have a place of business in New South Wales, the Successor has appointed a process agent in New South Wales to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with PERLS IX;
- (iv) the Successor has, in the reasonable opinion of CBA, the financial capacity to satisfy its obligations under the Successor Deed Poll;
- (v) CBA has used all reasonable endeavours to give an irrevocable notice to the Holders as soon as practicable before a NOHC Event occurs specifying the amendments to PERLS IX which will be made under these Terms in connection with the substitution of a NOHC as the issuer of ordinary shares on Exchange; and
- (vi) CBA may, by an instrument in writing and without the authority, assent or approval of Holders, amend these Terms if such amendment is necessary or expedient for the purposes of complying with the provisions of Chapter 2L of the Corporations Act.

12.3 Effect of Substitution of Full Successor

If the relevant requirements set out in clauses 12.1 and 12.2 relating to a substitution under clause 12.1(a) have been completed, on and from the Date of Substitution:

- (a) the Full Successor will assume all of the obligations of, succeed to, and be substituted for, and may exercise every right and power of, CBA under these Terms and the Trust Deed (as may be amended from time to time) with the same effect as if the Successor had been named as CBA in these Terms and the Trust Deed;
- (b) CBA (or any corporation which has previously assumed the obligations of CBA) will be released from its liability under the Terms and the Trust Deed;
- (c) if CBA gives a notice to Holders under clause 12.2(c)(v), the amended terms will have effect on and from the date specified in the notice; and
- (d) references to CBA in these Terms and the Trust Deed will be taken to be references to the Full Successor.

12.4 Effect of Substitution of Partial Successor

If the relevant requirements set out in clauses 12.1 and 12.2 relating to a substitution under clause 12.1(b) have been completed, on and from the Date of Substitution:

- (a) CBA (or any corporation which has previously assumed the obligations of CBA) will be released from any obligation it would otherwise have under these Terms to issue Ordinary Shares to Holders upon Exchange; and
- (b) if CBA gives a notice to Holders under clause 12.2(c)(v), the amended terms will have effect on and from the date specified in the notice.

13 General

13.1 Time limit for claims

A claim against CBA for a payment under PERLS IX is void unless made within five years from the date on which payment became due.

13.2 Voting

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests including certain variations of these Terms which require the Holders' consent. Resolutions passed in accordance with such provisions will be binding on all Holders.

13.3 Amendments without consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, CBA may by deed poll, without the consent of the Holders, amend these Terms or the Trust Deed, from the date specified by CBA, if CBA is of the opinion that such alteration is:

- (a) of a formal, technical or minor nature;
- (b) made to cure any ambiguity, correct any manifest error or correct or supplement any defective provision of the Terms or amend any provision of the Trust Deed;
- (c) necessary or expedient for the purpose of:
 - (i) enabling PERLS IX to be listed for quotation, or to retain quotation, on any securities exchange or to be offered for subscription or for sale under the laws for the time being in force in any place;
 - (ii) complying with the provisions of any statute, the requirements of any statutory authority, ASX Listing Rules or the listing or quotation requirements of any securities exchange on which CBA may propose to seek a listing or quotation of PERLS IX; or
 - (iii) facilitating a substitution in accordance with clause 12.1 (including satisfying any requirement of APRA in connection with such a substitution);
- (d) made to amend any date or time period stated, required or permitted in connection with any Exchange or Redemption (including, without limitation, when the proceeds of Redemption are to be reinvested in a new security to be issued by CBA or a Related Body Corporate); or

- (e) not materially prejudicial to the interests of Holders as a whole.

The Terms of all PERLS IX will be amended from the date specified by CBA.

13.4 Amendments with consent

Without limiting clause 13.3, CBA may by deed poll amend these Terms or the Trust Deed if such alteration is approved by a Special Resolution.

In this case, the Terms of all PERLS IX will be amended from the date specified in the Special Resolution or otherwise notified to the Holders (provided such date is permitted by the terms of the Special Resolution).

13.5 Meaning of amend

In clauses 13.3 and 13.4, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

13.6 APRA approval of amendments

Prior to any amendment under clauses 13.3 and 13.4 being effective, where required CBA must obtain APRA's prior written approval (APRA approval is required where the proposed amendment may affect the capital treatment of PERLS IX under APRA's prudential standards at the relevant time) and any consent or approval required under any applicable law, regulation or ASX Listing Rule.

13.7 Notices

(a) To Holders

Subject to clauses 4.1(e) and 4.2(e), unless otherwise specified, all notices and other communications to Holders must be in writing and either (i) sent by prepaid post (airmail if appropriate) to or left at the address of the Holders (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication), (ii) (if available) issued to Holders through CHESS in accordance with any applicable rules and regulations of CHESS, or (iii) announced to ASX. An accidental or inadvertent failure to give notice to a particular Holder will not invalidate a notice otherwise properly given to Holders.

(b) To CBA, Trustee and Registry

Subject to clauses 4.1(e) and 4.2(e), all notices and other communications to all or any of CBA, the Trustee and the Registry must be in writing and sent by prepaid post (airmail if appropriate) to or left at the address of CBA, the Trustee and the Registry, as applicable.

(c) When effective

Subject to clauses 4.1(e) and 4.2(e), notices and other communications take effect from the time they are taken to be received unless a later time is specified in them.

(d) Receipt

- (i) If sent by post, notices or other communications are taken to be received three Business Days after posting (or five Business Days after posting if sent to or from a place outside Australia).
- (ii) If left at the address, notices or other communications are taken to be received when given unless received after 5.00 pm in the place of receipt or on a non-Business Day, in which case they are taken to be received at 9.00 am on the next Business Day.
- (iii) Notices given to Holders by being announced to ASX are taken to be received on the date of announcement.

13.8 Ability to trade

CBA or any member of the CBA Group may, to the extent permitted by applicable laws and regulations and with APRA's prior written approval (where required), at any time buy or sell PERLS IX in the open market, by tender to all or some of the Holders, by private agreement or in any other manner, at any price.

13.9 Governing law

These Terms are governed by and must be governed in accordance with the law in force in New South Wales, Australia.

13.10 Jurisdiction

CBA submits, and each Holder is taken to have irrevocably and unconditionally submitted, to the non-exclusive jurisdiction of the courts of New South Wales and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to these Terms.

13.11 Trust Deed

CBA's obligations in respect of PERLS IX are constituted by and subject to the Trust Deed. Each Holder is taken to have notice of, and be bound by, the provisions of the Trust Deed.

13.12 Waiver of immunity

CBA irrevocably and unconditionally waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 13.10.

14 Interpretation and definitions

14.1 Interpretation

In these Terms, except where the contrary intention appears:

- (a) a reference to:
 - (i) an agreement or instrument includes any variation, supplement, replacement or novation of that agreement or instrument;
 - (ii) a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
 - (iii) any thing is a reference to the whole and each part of it;
 - (iv) one gender includes every other gender;
 - (v) a document includes all schedules or annexes to it;
 - (vi) a clause or paragraph is to a clause or paragraph of these Terms;
 - (vii) "Australian dollars", "A\$" or "Australian cent" is a reference to the lawful currency of Australia; and
 - (viii) a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (b) the singular includes the plural and vice versa;
- (c) the word "person" includes a firm, body corporate, an unincorporated association, or governmental or local authority or agency or other entity;
- (d) the word "law" includes common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) any reference to time is to Sydney time;
- (f) headings are inserted for convenience and do not affect the interpretation of these Terms;
- (g) another grammatical form of a defined word or expression has a corresponding meaning;
- (h) if an event under these Terms must occur on a stipulated day which is not a Business Day, then, for an event other than a Capital Trigger Event or Non-Viability Trigger Event, the stipulated day will be taken to be the next Business Day, unless a contrary intention is expressed;
- (i) the meaning of general words is not limited by specific examples introduced by "including", "for example" or similar expressions;
- (j) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;

- (k) any provisions which refer to APRA requirements or any other prudential regulatory requirements will apply to CBA only if CBA is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of an entity (including a NOHC) subject to regulation and supervision by APRA at the relevant time;
- (l) any provisions which require APRA's consent or approval (written or otherwise) will apply only if APRA requires that such consent or approval be given at the relevant time; and
- (m) any provisions in these Terms requiring prior APRA approval for a particular course of action to be taken by CBA do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.

14.2 Definitions

In these Terms, except where the contrary intention appears:

ADI means an Authorised Deposit-taking Institution under the Banking Act;

Applicable Regulation means ASX Listing Rules, ASX Settlement Operating Rules, the rules and regulations of CHESS, the Corporations Act and any rules or regulations made under or pursuant to them;

Approved Issuer Levy means, in relation to a Distribution, the levy payable in accordance with section 86J of the Stamp and Duties Act 1971 (NZ) or any similar levy;

APRA means the Australian Prudential Regulation Authority;

ASX means ASX Limited ABN 98 008 624 691 or the securities market operated by it, as the context requires;

ASX Listing Rules means the listing rules of ASX from time to time with any applicable modification or waiver granted by ASX;

ASX Settlement Operating Rules means the settlement operating rules of ASX from time to time with any applicable modification or waiver granted by ASX;

Banking Act means the Banking Act 1959 (Cth);

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

Bookbuild means the process conducted before the Offer opens where brokers and investors bid for PERLS IX and, on the basis of those bids, CBA sets the final Margin and announces it on ASX;

Business Day means a day which is (i) a business day within the meaning of ASX Listing Rules, and (ii) for the purposes of calculation or payment of a Distribution, a date on which banks are open for general business in Sydney;

Call Date means 31 March 2022;

Capital Trigger Event has the meaning given in clause 4.1;

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

CBA Group means CBA (or any NOHC that is the holding company of CBA) and its Subsidiaries;

CBA Level 1 Common Equity Tier 1 Capital Ratio means, in respect of the CBA Level 1 Group, the ratio of the Common Equity Tier 1 Capital of the CBA Level 1 Group to the risk weighted assets of the CBA Level 1 Group, calculated in accordance with APRA's prudential standards (as amended from time to time);

CBA Level 1 Group means:

- (a) CBA; or
- (b) the "extended licensed entity" which is comprised of CBA and each Subsidiary of CBA as specified in any approval granted by APRA in accordance with APRA's prudential standards (as amended from time to time);

CBA Level 2 Common Equity Tier 1 Capital Ratio means, in respect of the CBA Level 2 Group, the ratio of the Common Equity Tier 1 Capital of the CBA Level 2 Group to the risk weighted assets of the CBA Level 2 Group, calculated in accordance with APRA's prudential standards (as amended from time to time);

CBA Level 2 Group means CBA and each Subsidiary that is recognised by APRA as part of CBA's Level 2 group in accordance with APRA's prudential standards (as amended from time to time);

Change of Control Event has the meaning given in clause 4.7;

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited ABN 49 008 504 532;

Common Equity Tier 1 Capital has, in respect of each of the CBA Level 1 Group and the CBA Level 2 Group, the meaning determined for that term or its equivalent by APRA;

Corporations Act means the Corporations Act 2001 (Cth);

Delisted means, in relation to an Exchange Date, that Ordinary Shares are not listed or admitted to trading on a securities exchange on that date;

Distribution means interest payable on PERLS IX under these Terms;

Distribution Payment Date means, in respect of each PERLS IX, 15 March, 15 June, 15 September and 15 December each year until that PERLS IX has been Exchanged or Redeemed, and also the Exchange Date or Redemption Date. If any of these Distribution Payment Dates is not a Business Day, then the payment will be made in accordance with clause 9.3. The first Distribution Payment Date is 15 June 2017;

Distribution Period means each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However:

- (a) the first Distribution Period commences on (and includes) the Issue Date; and
- (b) the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date, as applicable;

Distribution Rate means the interest rate (expressed as a percentage per annum) calculated or determined in accordance with clause 2.2;

Equal Ranking Securities means each of:

- (a) PERLS VI;
- (b) PERLS VII;
- (c) PERLS VIII;
- (d) PERLS IX; and
- (e) any preference shares in the capital of CBA or any other securities which rank or are expressed to rank equally with PERLS IX in a winding up of CBA, present and future, excluding any Junior Ranking Securities;

Exchange means, the exchange of all, some or a proportion of each PERLS IX for Ordinary Shares under these Terms and **Exchanged** has a corresponding meaning;

Exchange Date means the applicable:

- (a) Mandatory Exchange Date;
- (b) date for Exchange specified in accordance with clause 4.1(e)(iii);
- (c) date for Exchange specified in accordance with clause 4.2(e)(iii);
- (d) date for Exchange specified in accordance with clause 4.7(b)(iii) or otherwise determined under clause 4.7(d);

Exchange Number has the meaning given in clause 7.1;

Face Value means A\$100 per PERLS IX (**Initial Face Value**) reduced (if applicable) by the amount of Face Value per PERLS IX which has previously been Exchanged or the amount of Face Value per PERLS IX for which Holders' rights have been irrevocably terminated;

FATCA means Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into or non-US laws enacted in relation to those sections); and includes the Double Tax Agreement (United States of America – FATCA) Order 2014;

Foreign Holder means a Holder:

- (a) whose address in the Register is a place outside Australia;
- (b) who CBA otherwise believes may not be a resident of Australia; or
- (c) who CBA otherwise believes are subject to the securities laws of another country and CBA is not satisfied that the laws permit the offer, holding or acquisition of Ordinary Shares to the Holder (but CBA will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which CBA, in its absolute discretion, regards as acceptable and not unduly onerous;

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

Ineligible Holder means a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Financial Sector (Shareholdings) Act 1998 (Cth) and Part IV of the Competition and Consumer Act 2010) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its PERLS IX, it shall only be treated as an Ineligible Holder in respect of those PERLS IX and not in respect of the balance of its PERLS IX), and includes a Foreign Holder. CBA will be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Exchange Date;

Insolvent means insolvent under section 95A of the Corporations Act;

IRS means the United States Internal Revenue Service;

Issue Date means the date on which PERLS IX are issued;

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clauses 7.4 to 7.7;

Junior Ranking Securities means all Ordinary Shares, present and future;

Level 1, Level 2 and Level 3 means those terms as defined by APRA from time to time;

Mandatory Exchange Conditions means the conditions in clause 3.2;

Mandatory Exchange Date 31 March 2024 or such other date as determined under clause 3.1;

Margin has the meaning given in clause 2.2;

Market Rate has the meaning given in clause 2.2;

Maximum Exchange Number has the meaning given in clause 7.1;

Meeting Provisions means the provisions for meetings of Holders set out in schedule 4 of the Trust Deed;

NOHC means a “non-operating holding company” within the meaning of the Banking Act;

NOHC Event occurs when the Board initiates a restructure of the CBA Group and a NOHC becomes the ultimate holding company of CBA;

Non-Viability Trigger Event has the meaning given in clause 4.2;

Offer means the invitation by CBA in the Prospectus to subscribe for PERLS IX;

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

PERLS VI means Perpetual Exchangeable Resaleable Listed Securities issued by CBA in October 2012;

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

PERLS VIII means CommBank PERLS VIII Capital Notes issued by CBA in March 2016;

PERLS IX means CommBank PERLS IX Capital Notes issued by CBA under these Terms;

Prospectus means the prospectus relating to the offer of PERLS IX dated on or about 20 February 2017 as supplemented or replaced;

Purchaser means one or more third parties selected by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a Related Body Corporate of CBA);

Reclassification has the meaning given in clause 7.3;

Record Date means, for payment of Distributions:

- (a) the date that is eight calendar days prior to the relevant Distribution Payment Date; or
- (b) such other date determined by CBA in its absolute discretion and communicated to ASX,

or in either case such other date as may be required by, or agreed with, ASX;

Redemption means the redemption of all or some PERLS IX for their Face Value under these Terms and **Redeem** and **Redeemed** have corresponding meanings;

Redemption Date means, in respect of each PERLS IX, the date specified by CBA as the Redemption Date in accordance with clause 5;

Register means the register of Holders established and maintained under clause 12 of the Trust Deed and, where appropriate, the term Register includes:

- (a) a sub-register maintained by or for CBA in CHES;
- and
- (b) any branch register;

Registry means Link Market Services Limited ABN 54 083 214 537 or any other person appointed by CBA to maintain the Registry;

Related Body Corporate means a related body corporate as defined in the Corporations Act, or an entity over which CBA, or a future parent entity of CBA, exercises control or significant influence;

Relevant Jurisdiction means any country, or political subdivision of one or more countries, or any federation or association of countries:

- (a) in which CBA (or a Successor) is incorporated, resident or domiciled for any tax purpose or carries on business; or
- (b) from which, or through which, any Distribution is paid;

Relevant Security means a security forming part of the Tier 1 Capital of CBA on a Level 1 basis or Level 2 basis;

Resale means the sale of PERLS IX by Holders to the Purchaser in accordance with clause 6 and **Resell** and **Resold** have corresponding meanings;

Resale Notice means a notice issued in accordance with clause 6;

Senior Ranking Obligations means all deposits and other liabilities, securities (including Tier 2 Capital securities) and other obligations of CBA, present and future, other than Equal Ranking Securities or Junior Ranking Securities;

Special Resolution means:

- (a) a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions:
 - (i) by at least 75% of Holders voting on a show of hands (unless paragraph (b) below applies); or
 - (ii) if a poll is duly demanded, by at least 75% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution by Holders of at least 75% of the aggregate Face Value of PERLS IX then outstanding;

Subsidiary has the meaning given in the Corporations Act;

Tax means:

- (a) any tax, including GST, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding; or
- (b) any income, stamp or transaction duty, tax or charge, which is assessed, levied, imposed or collected by any governmental agency and includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed on or in respect of any of the above;

Tax Act means the Income Tax Assessment Act 1936 (Cth) and, where applicable, the Income Tax Assessment Act 1997 (Cth) (both as amended from time to time);

Terms means these terms and conditions of PERLS IX, as set out in schedule 1 of the Trust Deed;

Tier 1 Capital means the Tier 1 Capital of CBA on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;

Tier 2 Capital means the Tier 2 Capital of CBA on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;

Trust Deed means the deed entitled "PERLS IX Trust Deed" between CBA, acting through its New Zealand branch, and the Trustee and dated on or about 20 February 2017;

Trustee means The Trust Company (Australia) Limited (or any replacement trustee under the Trust Deed, who cannot be CBA, a member of the CBA Group or a Related Body Corporate of CBA);

VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant VWAP Period, subject to any adjustments made under clauses 7.2 and 7.3, but the trades taken into account in determining such daily volume weighted average prices will exclude special crossings, crossings prior to the commencement of normal trading or during the closing phase or after hours adjustment phase, overnight crossings, overseas trades, trades pursuant to the exercise of options over Ordinary Shares, or any other trade determined by the Board in its discretion not to be reflective of normal trading in Ordinary Shares; and

VWAP Period means:

- (a) in the case of an Exchange resulting from a Capital Trigger Event, or a Non-Viability Trigger Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date;
- (b) in the case of any other Exchange, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date; or
- (c) otherwise, the period for which the VWAP is to be calculated in accordance with these Terms.

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For personal use only

This Application Form is for PERLS IX as outlined in the Prospectus dated 28 February 2017 issued by Commonwealth Bank of Australia (CBA) (Prospectus). Capitalised words used in this Application Form have the meanings given to them in the Prospectus. **The Prospectus contains important information about investing in PERLS IX and you should read it in full before applying for PERLS IX.** A person who gives another person access to this Application Form must also give that other person access (at the same time and by the same means) to the Prospectus and any supplementary documentation.

A free paper copy of the Prospectus, the Application Form and any supplementary documents will be provided upon request by registering online at www.commsec.com.au or by telephoning the PERLS IX Information Line on 1800 095 654 (Monday to Friday, 8:00am–7:30pm, Sydney time) during the Offer Period.

If you have a registered address in Australia and you are either a holder of CBA Ordinary Shares, PERLS VI, PERLS VII, PERLS VIII or Colonial Group Subordinated Notes ("Eligible Securityholder") mark the relevant box in Section A below. If you are not an Eligible Securityholder and are applying under the Broker Firm Offer, go directly to Section B.

CBA Ordinary Shareholder	PERLS VIII holder
PERLS VI holder	Colonial Group Subordinated Noteholder
PERLS VII holder	SRN

* If you are an Eligible Colonial Group Subordinated Noteholder, you must complete the personalised Priority Application Form that was sent to you with the PERLS IX Prospectus and the Colonial Group Subordinated Notes Information Booklet.

Number of PERLS IX applied for	Issue Price per PERLS IX	Application payment
<input type="text"/>	at A\$100	C A\$ <input type="text"/>
		<input type="text"/> 0 0

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Title	First name	Middle name

Title	First name	Middle name

PO Box / RMB / Locked bag / Care of (c/-) / Property name / Building name (if applicable)

Unit number / Level	Street number	Street name

[illegible][illegible]

Please note: if you supply a CHESS HIN but the full name and address details on this Application Form do not correspond exactly with your CHESS registration details you will not be able to include any PERLS IX Allocated to you on your existing CHESS HIN. Instead, you will be issued with an issuer-sponsored holding for any PERLS IX Allocated to you.

Telephone number where you can be contacted during business hours Contact name (PRINT)

Securityholder Offer: You must return your Application Form with your Application Monies so that it is received before 5:00pm (Sydney time) on Friday, 24 March 2017 by mailing it to: PERLS IX Offer, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235; or by delivering it to: PERLS IX Offer, C/- Link Market Services Limited, 1A Homebush Bay Drive, Rhodes, NSW, 2138. Application Forms and Application Payments will NOT be accepted at any CBA branch or office.

Broker Firm Offer: You must return your Application directly to the Syndicate Broker who offered you a Broker Firm Allocation in accordance with the instructions. You should ensure your broker receives your Application with sufficient time to allow processing of the Application by the Closing Date for the Broker Firm Offer at 5:00pm (Sydney time) on Friday, 24 March 2017. **Do not send to the Registry or CBA.**

CBA BRO002

GUIDE TO THE APPLICATION FORM

- A** Tick one box (where relevant) if you are applying under the Securityholder Offer and insert the corresponding SRN/HIN.
- B** **Number of PERLS IX applied for:** Enter the number of PERLS IX you wish to apply for. The Application must be a minimum 50 PERLS IX (A\$5,000), thereafter in multiples of 10 PERLS IX (A\$1,000) and a maximum of 150 PERLS IX (A\$15,000). The maximum does not apply if you are applying under the Broker Firm Offer. CBA may Allocate you all of the PERLS IX applied for, a lesser number, or none at all.
- C** **Application payment:** Enter the amount of your Application payment. To calculate the amount, multiply the number of PERLS IX applied for by the Issue Price (A\$100). Amounts should be in Australian dollars. Please ensure you enclose your Application payment equaling this amount with your Application.
- Broker Firm Applicants must contact the Syndicate Broker who offered them an Allocation under the Broker Firm Offer for instructions on how to submit their Application Form and Application payment. Do not send your completed Application Form and Application payment to the Registry or CBA.
- D** **Registrable name(s):** Enter the full name you wish to appear on your Holding Statement. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable names. Applications using the wrong form of names may be rejected. **CHESS participants should complete their name identically** to that presently registered in CHESS.

DECLARATIONS:

By returning this Application Form I/we represent, warrant and agree that I/we:

- **have 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 or a recommendation that PERLS IX 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 IX in the United States or to, or for 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 IX set out on this Application Form and agree to be issued such number of PERLS IX or a lesser number;
- represent and warrant that all details and statements in the Application Form are complete and accurate;

Once you become a Holder, Chapter 2C of the Corporations Act requires information about you (including your name, address and details of the PERLS IX you hold) to be included in a public register. The personal information submitted on this Application Form will be collected, used and disclosed as set out in Section 5.10 of the Prospectus. This information must continue to be included in CBA'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 CBA and its subsidiaries is available on CBA's website (www.commbank.com.au).

The Registry's privacy policy is available on its website (www.linkmarketservices.com.au).

CORRECT FORMS OF REGISTRABLE NAME(S)

Note that ONLY legal entities are allowed to hold PERLS IX. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable name(s) below.

Type of investor	Correct form of registration	Incorrect form of registration
Individual Use given name(s) in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s) or company name (in the case of a corporate trustee)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>, or ABC Pty Ltd <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs / Unincorporated bodies / Business names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicants and/or account description using < > as indicated above in designated spaces at section D on this Application Form.

- E** **Address:** Enter your postal address for all correspondence. All communications to you from CBA and the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** **CHESS participant:** If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold PERLS IX Allocated to you under this Application on the CHESS sub-register, enter your CHESS Holder Identification Number (HIN). **PERLS IX will only be issued under an existing CHESS HIN if your full name and address details on this Application Form are identical to your CHESS registration details.** If your CHESS registration details are not identical, you will not be able to include any PERLS IX Allocated to you on your existing CHESS HIN. Instead, you will be issued with an issuer-sponsored holding for any PERLS IX Allocated to you. Once PERLS IX have been allotted, you may be able to combine your PERLS IX holding with your existing CHESS sponsored holdings by contacting your broker.
- G** **Contact details:** Enter your telephone number and contact name in case we need to contact you in relation to your Application.

- acknowledge and declare that I/we authorise you to use and disclose my/our personal information in the manner set out in Section 5.10 entitled "Personal Information" in the Prospectus;
- authorise CBA, the Joint Lead Manager(s) and their respective affiliates, to do anything on my/our behalf necessary for PERLS IX to be Allocated to me/us, including to act on instructions received by the Registry upon using the contact details in Section G;
- 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 IX 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 IX are subject to risks which could affect their performance, including loss of investment and income. CBA does not guarantee the market price of PERLS IX or any particular rate of return;
- acknowledge that if ASX does not grant permission for PERLS IX to be quoted by the Issue Date, PERLS IX will not be Issued and all Application Monies will be refunded (without interest) as soon as practicable; and
- agree on Exchange of my/our PERLS IX 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.

GUIDE TO THE APPLICATION FORM

A Tick one box (where relevant) if you are applying under the Securityholder Offer and insert the corresponding SRN/HIN.

B Number of PERLS IX applied for: Enter the number of PERLS IX you wish to apply for. The Application must be a minimum 50 PERLS IX (A\$5,000), thereafter in multiples of 10 PERLS IX (A\$1,000) and a maximum of 150 PERLS IX (A\$15,000). The maximum does not apply if you are applying under the Broker Firm Offer. CBA may Allocate you all of the PERLS IX applied for, a lesser number, or none at all.

C Application payment: Enter the amount of your Application payment. To calculate the amount, multiply the number of PERLS IX applied for by the Issue Price (A\$100). Amounts should be in Australian dollars. Please ensure you enclose your Application payment equaling this amount with your Application.

Broker Firm Applicants must contact the Syndicate Broker who offered them an Allocation under the Broker Firm Offer for instructions on how to submit their Application Form and Application payment. Do not send your completed Application Form and Application payment to the Registry or CBA.

D Registrable name(s): Enter the full name you wish to appear on your Holding Statement. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable names. Applications using the wrong form of names may be rejected. **CHES participants should complete their name identically** to that presently registered in CHES.

DECLARATIONS:

By returning this Application Form I/we represent, warrant and agree that I/we:

- **have 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 or a recommendation that PERLS IX 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 IX in the United States or to, or for 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 IX set out on this Application Form and agree to be issued such number of PERLS IX or a lesser number;

- represent and warrant that all details and statements in the Application Form are complete and accurate;

Once you become a Holder, Chapter 2C of the Corporations Act requires information about you (including your name, address and details of the PERLS IX you hold) to be included in a public register. The personal information submitted on this Application Form will be collected, used and disclosed as set out in Section 5.10 of the Prospectus. This information must continue to be included in CBA'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 CBA and its subsidiaries is available on CBA's website (www.commbank.com.au).

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Type of investor	Correct form of registration	Incorrect form of registration
Individual Use given name(s) in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
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Joint holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s) or company name (in the case of a corporate trustee)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>, or ABC Pty Ltd <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs / Unincorporated bodies / Business names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicants and/or account description using < > as indicated above in designated spaces at section D on this Application Form.

E Address: Enter your postal address for all correspondence. All communications to you from CBA and the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F CHES participant: If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold PERLS IX Allocated to you under this Application on the CHES sub-register, enter your CHES Holder Identification Number (HIN).

PERLS IX will only be issued under an existing CHES HIN if your full name and address details on this Application Form are identical to your CHES registration details. If your CHES registration details are not identical, you will not be able to include any PERLS IX Allocated to you on your existing CHES HIN. Instead, you will be issued with an issuer-sponsored holding for any PERLS IX Allocated to you. Once PERLS IX have been allotted, you may be able to combine your PERLS IX holding with your existing CHES sponsored holdings by contacting your broker.

G Contact details: Enter your telephone number and contact name in case we need to contact you in relation to your Application.

- acknowledge and declare that I/we authorise you to use and disclose my/our personal information in the manner set out in Section 5.10 entitled "Personal Information" in the Prospectus;

- authorise CBA, the Joint Lead Manager(s) and their respective affiliates, to do anything on my/our behalf necessary for PERLS IX to be Allocated to me/us, including to act on instructions received by the Registry upon using the contact details in Section G;

- 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 IX 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 IX are subject to risks which could affect their performance, including loss of investment and income. CBA does not guarantee the market price of PERLS IX or any particular rate of return;

- acknowledge that if ASX does not grant permission for PERLS IX to be quoted by the Issue Date, PERLS IX will not be Issued and all Application Monies will be refunded (without interest) as soon as practicable; and

- agree on Exchange of my/our PERLS IX 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.

Corporate Directory

Registered Office of CBA

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Arrangers

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Morgan Stanley Australia Securities Limited
Level 39, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Joint Lead Managers

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Evans and Partners Pty Limited
Mayfair Building
Level 7, 171 Collins Street
Melbourne VIC 3000

J.P. Morgan Australia Limited
Level 18, J.P. Morgan House
85 Castlereagh Street
Sydney NSW 2000

Morgan Stanley Australia Securities Limited
Level 39, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Morgans Financial Limited
Level 29, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

National Australia Bank Limited
Level 25, NAB House
255 George Street
Sydney NSW 2000

Westpac Institutional Bank
Level 2, Westpac Place
275 Kent Street
Sydney NSW 2000

Co-Managers

Bell Potter Securities Limited
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Ord Minnett Limited
Level 8, NAB House
255 George Street
Sydney NSW 2000

Shaw and Partners Limited
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Participating Broker

Credit Suisse (Australia) Limited
Level 31, Gateway
1 Macquarie Place
Sydney, NSW 2000

Trustee

The Trust Company (Australia) Limited
Level 18, Angel Place
123 Pitt Street
Sydney NSW 2000

Legal and Tax Advisers

Herbert Smith Freehills
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Greenwoods & Herbert Smith Freehills Pty Limited
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Russell McVeagh
Level 30, Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

Accounting Adviser

PricewaterhouseCoopers Securities Ltd
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

PERLS IX Information Line

1800 095 654 (Monday to Friday 8.00am - 7.30pm, Sydney time)

For personal use only



COLONIAL GROUP SUBORDINATED NOTES

PRIORITY SECURITYHOLDER OFFER

Information about investing in CommBank **PERLS IX** Capital Notes

There are significant differences between Colonial Group Subordinated Notes and CommBank PERLS IX Capital Notes. You should read the PERLS IX Prospectus, the other documents referred to in the PERLS IX Prospectus and this Information Booklet carefully before deciding to participate in the Priority Securityholder Offer

Date of Information Booklet: 20 February 2017



Important Notices

Information Booklet

This Information Booklet provides additional information to certain holders of Colonial Group Subordinated Notes ("Eligible Colonial Group Subordinated Noteholders") in respect of an offer by the Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA") to purchase their Colonial Group Subordinated Notes for A\$100 per Colonial Group Subordinated Note and for the proceeds to be automatically invested in CommBank PERLS IX Capital Notes ("PERLS IX") under the PERLS IX Prospectus lodged with the Australian Securities and Investments Commission ("ASIC") by CBA through its New Zealand branch on 20 February 2017.

This Information Booklet is incorporated by reference into the PERLS IX Prospectus. This Information Booklet is dated 20 February 2017 and a copy was lodged with ASIC on this date.

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

Documents relevant to the Priority Securityholder Offer

This document is not a prospectus or disclosure document and you cannot apply for PERLS IX under this Information Booklet.

The following documents are also relevant to the Priority Securityholder Offer and can be obtained from www.commsec.com.au during the Offer Period and from the Shareholder Centre at www.commbank.com.au after the Issue Date:

- PERLS IX Prospectus; and
- other documents referred to in the PERLS IX Prospectus.

You should read the PERLS IX Prospectus, the other documents referred to in the PERLS IX Prospectus and this Information Booklet in full before deciding to invest in PERLS IX.

Information Booklet does not provide investment advice

The information provided in this Information Booklet is not investment advice and has been prepared without taking into account your investment

objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read this Information Booklet and the PERLS IX Prospectus in full before deciding to invest in PERLS IX and consider the risks that could affect the performance of PERLS IX.

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

Market price

The market price of Colonial Group Subordinated Notes as at the date of the Information Booklet is A\$100.90¹. Up to date information about the market price of Colonial Group Subordinated Notes can be obtained from www.asx.com.au (ASX code: CNGHA).

Withdrawal

CBA may withdraw the offer to purchase Colonial Group Subordinated Notes for A\$100 per Colonial Group Subordinated Note and for the proceeds to be automatically invested in PERLS IX under the PERLS IX Prospectus by sending a withdrawal document to Eligible Colonial Group Subordinated Noteholders, but generally not within one month of the date of this Information Booklet.

Defined words and expressions

Some words and expressions used in this Information Booklet have defined meanings. These words and expressions are capitalised and are defined in the "Glossary" of this Information Booklet and Section 7 "Glossary" of the PERLS IX Prospectus.

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

If you have any questions about PERLS IX or the Priority Securityholder Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

¹ Being the last closing market price on 17 February 2017

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Key dates for Eligible Colonial Group Subordinated Noteholders

Priority Securityholder Offer Record Date	9 February 2017
Lodgement of the CommBank PERLS IX Capital Notes Prospectus and Colonial Group Subordinated Notes Priority Securityholder Offer Information Booklet with ASIC	20 February 2017
Lodgement of the CommBank PERLS IX Replacement Prospectus and Opening Date for the PERLS IX Priority Securityholder Offer	28 February 2017
Last day of ASX trading for Colonial Group Subordinated Notes	21 March 2017
Record date for final distribution on Colonial Group Subordinated Notes (both participating and not participating in the Priority Securityholder Offer)	23 March 2017
Closing Date for the Priority Securityholder Offer	5.00pm (Sydney time) 24 March 2017
Purchase Date	31 March 2017
Issue Date – when CommBank PERLS IX Capital Notes are Issued under the Priority Securityholder Offer	31 March 2017
Payment date for final distribution on Colonial Group Subordinated Notes	31 March 2017
Redemption date for Colonial Group Subordinated Notes which did not participate in the Priority Securityholder Offer	31 March 2017

Dates may change

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

For further information about key dates for the CommBank PERLS IX Capital Notes Offer, see the PERLS IX Prospectus.

The following provides information about the PERLS IX Priority Securityholder Offer for Eligible Colonial Group Subordinated Noteholders. The Priority Securityholder Offer for Eligible Colonial Group Subordinated Noteholders is being made under the PERLS IX Prospectus. Detailed information about CommBank PERLS IX Capital Notes and CBA is provided in the PERLS IX Prospectus and it is important that you read the PERLS IX Prospectus, the other documents referred to in the PERLS IX Prospectus and this Information Booklet in full before deciding to participate in the Priority Securityholder Offer and invest in PERLS IX.

If you have any questions about the PERLS IX Priority Securityholder Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

Section 1 What are the key differences between Colonial Group Subordinated Notes and CommBank PERLS IX Capital Notes?

There are significant differences between Colonial Group Subordinated Notes and CommBank PERLS IX Capital Notes. In particular, in relation to:

- the issuer of Colonial Group Subordinated Notes is Colonial Holding Company Limited, a subsidiary of CBA, while the issuer of PERLS IX is CBA. The risks associated with each business are different because the issuers are different – for further information about the risks of PERLS IX, see Section 4 “Risks of CommBank PERLS IX Capital Notes” of the PERLS IX Prospectus;
- the risks associated with each security are different because the type of security and terms are different – for further information about the risks of PERLS IX, see Section 4 “Risks of CommBank PERLS IX Capital Notes” of the PERLS IX Prospectus;
- the length or term of each security – Colonial Group Subordinated Notes have a Call Date of 31 March 2017¹ and a Maturity Date of 31 March 2037, while PERLS IX is perpetual, with a Call Date of 31 March 2022 and a Mandatory Exchange Date of 31 March 2024²;
- the margin payable on Colonial Group Subordinated Notes is 3.25% per annum¹, while the margin on PERLS IX is expected to be between 3.90% and 4.10% and will be determined through the Bookbuild. The Margin will be disclosed in the PERLS IX Replacement Prospectus;
- distributions on Colonial Group Subordinated Notes are paid wholly in cash, while distributions on PERLS IX will be paid in a combination of cash and franking credits. For further information about the franked value of distributions, see Section 5.4.3 “Distributions on PERLS IX” of the PERLS IX Prospectus;

¹ On 20 February 2017, Colonial Holding Company Limited announced that it will redeem Colonial Group Subordinated Notes on 31 March 2017. Therefore, the face value will be repaid on this date, the final distribution will be paid on this date and no further distributions will be paid after this date

² If not Exchanged, may remain on issue indefinitely

- distributions on Colonial Group Subordinated Notes may be deferred but accrue and remain payable, while distributions on PERLS IX are discretionary. Distributions that are not paid on PERLS IX do not accrue and will not be paid;
- if Colonial Group Subordinated Notes is not redeemed on the Call Date of 31 March 2017³, Colonial Group Subordinated Notes may remain on issue until the Maturity Date. In contrast, if PERLS IX is not redeemed on the Call Date of 31 March 2022, then PERLS IX may then be Exchanged for Ordinary Shares on the Mandatory Exchange Date of 31 March 2024⁴, subject to the Mandatory Exchange Conditions being satisfied; and
- PERLS IX are capital notes satisfying certain APRA requirements and include a Capital Trigger Event and a Non-Viability Trigger Event. If a Capital Trigger Event or Non-Viability Trigger Event occurs and Exchange is not effective and CBA has not otherwise issued Ordinary Shares within 5 Business Days, then Holders' rights under the relevant PERLS IX will be terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. Your investment in the relevant PERLS IX will lose all of its value – the Face Value will not be paid and you will not receive any compensation.

Other key differences between Colonial Group Subordinated Notes and CommBank PERLS IX Capital Notes are summarised below.

The Priority Securityholder Offer is being made to Eligible Colonial Group Subordinated Noteholders under the PERLS IX Prospectus. CommBank PERLS IX Capital Notes may not suit your investment objectives, financial situation or particular needs. If you have any questions about the differences between Colonial Group Subordinated Notes and PERLS IX, you should seek advice from your financial adviser or other professional adviser before deciding to invest in PERLS IX.

³ On 20 February 2017, Colonial Holding Company Limited announced that it will redeem Colonial Group Subordinated Notes on 31 March 2017. Therefore, the face value will be repaid on this date, the final distribution will be paid on this date and no further distributions will be paid after this date

⁴ If not Exchanged, may remain on issue indefinitely

Summary of the key differences between Colonial Group Subordinated Notes and CommBank PERLS IX Capital Notes

	Colonial Group Subordinated Notes	CommBank PERLS IX Capital Notes
Issuer	Colonial Holding Company Limited, a subsidiary of CBA	CBA
Legal form	Subordinated unsecured note	Perpetual, subordinated, unsecured note
Initial Face Value	A\$100	A\$100
ASX code	CNGHA	CBAPF ¹
Margin	3.25% per annum	Expected to be between 3.90% and 4.10% and will be determined through the Bookbuild. The Margin will be disclosed in the PERLS IX Replacement Prospectus
Quarterly distributions	Floating rate	Floating rate, expected to be fully franked
Call Date/Resale Date	31 March 2017	31 March 2022 ²
Maturity Date	31 March 2037	Perpetual — if not Exchanged or Redeemed, could remain on issue indefinitely
Exchange	N/A	CBA must Exchange on 31 March 2024 if the Mandatory Exchange Conditions are satisfied. This means you will receive Ordinary Shares

¹ CBA will apply for quotation of PERLS IX on ASX. It is expected that PERLS IX will be quoted under this code

² Call Date/Resale is two years prior to the Mandatory Exchange Date

	Colonial Group Subordinated Notes	CommBank PERLS IX Capital Notes
CBA ordinary share price for first mandatory exchange condition	N/A	56% of the Issue Date VWAP
Capital Trigger Event	No	Yes. Exchange automatically occurs if CBA's Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%
Non-Viability Trigger Event	No	<p>Yes. Exchange automatically occurs if APRA notifies CBA in writing that it believes:</p> <ul style="list-style-type: none"> • Exchange of all or some PERLS IX (or the taking of an action in relation to other capital instruments of the CBA Group) is necessary because, without it, CBA would become non-viable; or • a public sector injection of capital, or equivalent support, is necessary because, without it, CBA would become non-viable
Ranking in a winding up (assuming no Exchange)	Ranks equivalent to other subordinated unsecured creditors of Colonial Holding Company Limited	Ranks equivalent to a CBA preference share

Section 2 What is the Priority Securityholder Offer and is it relevant to me?

The Priority Securityholder Offer is part of the Securityholder Offer and permits Eligible Colonial Group Subordinated Noteholders to sell all or some of their Colonial Group Subordinated Notes to CBA for A\$100 per Colonial Group Subordinated Note on the Purchase Date and to automatically invest the sale proceeds in CommBank PERLS IX Capital Notes.

The Priority Securityholder Offer is only relevant to Eligible Colonial Group Subordinated Noteholders. You are an Eligible Colonial Group Subordinated Noteholder if you are a registered holder of Colonial Group Subordinated Notes at 7.00pm on the Priority Securityholder Offer Record Date (9 February 2017) and:

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

Holders of Colonial Group Subordinated Notes who participate in the Priority Securityholder Offer will receive priority in relation to the proceeds of their Colonial Group Subordinated Notes being invested in PERLS IX. This means that, for every Colonial Group Subordinated Note you sell, you will receive one PERLS IX.

For further information about the how to participate in the Priority Securityholder Offer, see Section 3 “If I am an Eligible Colonial Group Subordinated Noteholder, what are my options” of this Information Booklet

Colonial Group Subordinated Noteholders may apply for additional PERLS IX through their broker via the Broker Firm Offer or via the Securityholder Offer. In the first case, if you are applying under the Broker Firm Offer, you should contact the Syndicate Broker who has offered you an allocation from their own Broker Firm Allocation for information about how and when to lodge your Application and accompanying Application Monies. Generally, you will lodge your Application with your Syndicate Broker. In the second case, if you are applying under the Securityholder Offer, you should note that applications for additional PERLS IX may be scaled back for Colonial Group Subordinated Noteholders consistently with applications from other securityholders.

If you hold PERLS VI, PERLS VII, PERLS VIII, or Ordinary Shares but do not hold Colonial Group Subordinated Notes, you are eligible to apply for PERLS IX under the Securityholder Offer but will not receive the same priority in allocation.

Section 3 If I am an Eligible Colonial Group Subordinated Noteholder, what are my options?

You have two options:

Option 1 – Invest in CommBank PERLS IX Capital Notes by participating in the Priority Securityholder Offer

If you are an Eligible Colonial Group Subordinated Noteholder, you can invest in CommBank PERLS IX Capital Notes through the Priority Securityholder Offer. To participate in the Priority Securityholder Offer, you must complete the personalised Priority Application Form that was sent to you along with the PERLS IX Prospectus. If you did not receive a Priority Application Form or would like a replacement Priority Application Form, please call the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

The benefits of participating in the Priority Securityholder Offer are:

- All or some of your Colonial Group Subordinated Notes (as you nominate on the Priority Application Form) will be bought back from you on the Purchase Date. The proceeds will be automatically applied for investment in PERLS IX. If you choose this option, no brokerage or other expenses in relation to the Priority Securityholder Offer will be payable by you; and
- CBA will give priority in allocation of PERLS IX to Applications received from Colonial Group Subordinated Noteholders over other Applications received under the Securityholder Offer.

For further information on the allocation policy for PERLS IX, see Section 6.2.4 “Allocation policy and refunds” of the PERLS IX Prospectus

You can also apply for additional PERLS IX through the Securityholder Offer by completing Section D of the Priority Application Form accompanying the PERLS IX Prospectus and this Information Booklet or by completing the Priority Application Form online at www.commsec.com.au. You will have to lodge your Priority Application Form with accompanying Application Monies for any additional PERLS IX that you apply for by 24 March 2017.

For further information on how to apply under the Priority Securityholder Offer, see Section 6 “How do I Apply for the Priority Securityholder Offer” of this Information Booklet

On the Purchase Date (31 March 2017), CBA will buy all Colonial Group Subordinated Notes participating in the Priority Securityholder Offer for A\$100 per Colonial Group Subordinated Note.

CBA will then invest the proceeds on your behalf in PERLS IX. For every Colonial Group Subordinated Note you sell, you will receive one PERLS IX.

Eligible Colonial Group Subordinated Noteholders who apply to participate in the Priority Securityholder Offer for a nominated number of Colonial Group Subordinated Notes are

taken to agree to a holding lock being placed on those Colonial Group Subordinated Notes, pending completion of the Priority Securityholder Offer. Once the holding lock has been applied, you will not be able to trade those Colonial Group Subordinated Notes on-market.

Colonial Holding Company Limited will redeem any Colonial Group Subordinated Notes acquired by CBA on 31 March 2017.

Option 2 – Do not participate in the Priority Securityholder Offer

If you do not wish to participate in the Priority Securityholder Offer, you may sell your Colonial Group Subordinated Notes on ASX for cash through your own broker (and may have to pay brokerage) at the prevailing market price, which may be more or less than A\$100. The last day for ASX trading in Colonial Group Subordinated Notes is expected to be 28 March 2017 after which trading will be suspended. The market price of Colonial Group Subordinated Notes is subject to change from time to time. You may be able to sell or dispose of your Colonial Group Subordinated Notes on ASX for a price which is higher or lower than the price you paid for your Colonial Group Subordinated Notes. Up to date information about the market price of Colonial Group Subordinated Notes can be obtained from www.asx.com.au (ASX code: CNGHA).

If you do not sell your Colonial Group Subordinated Notes on ASX, then on 31 March 2017, your Colonial Group Subordinated Notes will be compulsorily redeemed by Colonial Holding Company Limited for A\$100 per Colonial Group Subordinated Note. Colonial Holding Company Limited will pay the sale proceeds to you in the same way in which distributions on your Colonial Group Subordinated Notes have previously been paid to you. No brokerage will be payable by you.

Section 4 How will the final distribution on my Colonial Group Subordinated Notes be paid?

The Record Date for the final distribution on Colonial Group Subordinated Notes is 23 March 2017. Holders of Colonial Group Subordinated Notes who participate in the Priority Securityholder Offer will be the holder of their Colonial Group Subordinated Notes on the Record Date and will be entitled to the full amount of the final distribution.

Holders of Colonial Group Subordinated Notes who did not participate in the Priority Securityholder Offer but hold their Colonial Group Subordinated Notes on the Record Date will also be entitled to the full amount of the final distribution.

New investors who purchased Colonial Group Subordinated Notes after the Record Date but before trading of Colonial Group Subordinated Notes is suspended from the close of trading on 28 March 2017 will not be entitled to the final distribution.

The final distribution will be paid to you in the same way in which distributions on your Colonial Group Subordinated Notes have previously been paid to you.

Section 5 What are the Australian tax consequences of the Priority Securityholder Offer for me?

The following is a summary of the Australian tax consequences for certain Eligible Colonial Group Subordinated Noteholders who participate in the Priority Securityholder Offer.

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

- hold Colonial Group Subordinated Notes in their business of share trading, dealing in securities or otherwise hold their Colonial Group Subordinated Notes on revenue account or as trading stock; and/or
- are subject to the “taxation of financial arrangements” provisions in Division 230 of the Tax Act in relation to their holding of Colonial Group Subordinated Notes.

5.1 Final distribution on Colonial Group Subordinated Notes

Eligible Colonial Group Subordinated Noteholders who participate in the Priority Securityholder Offer will be eligible to receive a final distribution on their Colonial Group Subordinated Notes on 31 March 2017.

Australian resident Holders (and non-residents holding Colonial Group Subordinated Notes through a permanent establishment in Australia) will be required to include this final distribution in their assessable income.

As the Colonial Group Subordinated Notes were issued in a manner which satisfied the requirements of section 128F of the Tax Act, payment of the final distribution to non-resident Holders (not holding the Colonial Group Subordinated Notes through a permanent establishment in Australia) should not be subject to Australian interest withholding tax (provided that a Holder is not an “offshore associate” of Colonial Holding Company Limited).

5.2 Disposal of Colonial Subordinated Group Notes

Eligible Colonial Group Subordinated Noteholders who participate in the Priority Securityholder Offer will be taken to have disposed of their Colonial Group Subordinated Notes. The proceeds from the disposal will be A\$100 per Colonial Group Subordinated Note (such proceeds will then be used to subscribe for CommBank PERLS IX Capital Notes).

A Holder's cost in their Colonial Group Subordinated Notes should generally reflect the amount they paid to subscribe for or acquire the Colonial Group Subordinated Notes. If a Holder originally acquired their Colonial Group Subordinated Notes under the initial offering then their cost in the Colonial Group Subordinated Notes should be A\$100 per Colonial Group Subordinated Note (together with certain incidental costs of acquisition and disposal).

Any gain or loss realised by an Australian resident Holder (and a non-resident holding Colonial Group Subordinated Notes through a permanent establishment in Australia) on disposal of their Colonial Group Subordinated Notes should be recognised as either assessable income (in relation to a gain) or a deductible loss (in relation to a loss).

As such, to the extent that the proceeds from the disposal exceed a Holder's cost of acquisition for their Colonial Group Subordinated Notes, an Australian resident Holder (and a non-resident holding Colonial Group Subordinated Notes through a permanent establishment in Australia) will be required to include the excess as a gain in their assessable income in the income tax year in which the disposal occurs. Conversely, if the proceeds from disposal are less than a Holder's cost of acquisition, an Australian resident Holder (and a non-resident holding the Notes through a permanent establishment in Australia) should be entitled to include any loss as an allowable deduction in the calculation of their taxable income in the income tax year in which the disposal occurs.

Whilst a capital gains tax event will also occur on disposal, any capital gain or capital loss should be disregarded.

Non-resident Holders (who do not hold the Colonial Group Subordinated Notes through a permanent establishment in Australia) may be subject to Australian income tax on any gain realised on the disposal of their Colonial Group Subordinated Notes, depending upon whether or not that gain has an Australian source. If a non-resident Holder (not holding the Colonial Group Subordinated Notes through a permanent establishment in Australia) is a resident in a country which has entered into a double tax treaty with Australia, then generally any such gain should not be assessable in Australia.

Section 6 How do I apply for the Priority Securityholder Offer?

You must complete the personalised Priority Application Form that was sent to you along with the PERLS IX Prospectus and this Information Booklet. If you did not receive a Priority Application Form or would like a replacement Priority Application Form, please call the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

You may apply for CommBank PERLS IX Capital Notes under the Priority Securityholder Offer by either:

- completing the personalised Priority Application Form accompanying the PERLS IX Prospectus and this Information Booklet and lodging your Priority Application Form with the Registry; or
- completing the Priority Application Form online at www.commsec.com.au.

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

If you wish to apply for additional PERLS IX, you can do so through the Securityholder Offer by completing Section D of the Priority Application Form accompanying the PERLS IX Prospectus and this Information Booklet or by completing the Priority Application Form online at www.commsec.com.au. You will have to lodge your Priority Application Form, with accompanying Application Monies for any additional PERLS IX that you apply for by 24 March 2017.

For further information about the Securityholder Offer, see section 6.1.2 “Applying under the Securityholder Offer” of the PERLS IX Prospectus

Section 7 Completing and lodging your Application

7.1 Minimum Application

If you are an Eligible Colonial Group Subordinated Noteholder, you must apply using the personalised Application form for Colonial Group Subordinated Noteholders accompanying the PERLS IX Prospectus and this Information Booklet. In this case, there are no minimums that apply to your Application for PERLS IX under the Priority Securityholder Offer.

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

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

If you are applying under the Priority Securityholder Offer for Colonial Group Subordinated Noteholders, you should lodge your Application and accompanying Application Monies (if applying for additional PERLS IX) with the Registry by mailing or delivering it to:

Mail Address

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

Delivery Address

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

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

Applications and Application Monies must be received at one of the above addresses by 5.00pm (Sydney time) on the Closing Date which is expected to be 24 March 2017.

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

For further information on the completing and lodging your Application, see Section 6.2 "Completing and lodging your Application" of the PERLS IX Prospectus

Glossary

Term	Meaning
Closing Date	The closing date for the Offer which is expected to be 24 March 2017 for Applications under the Priority Securityholder Offer and for all other Applications
Colonial Group Subordinated Notes	Colonial Group Subordinated Notes issued by Colonial Holding Company Limited, a subsidiary of CBA, on 29 March 2012
Colonial Group	Colonial Holding Company Limited ABN 61 074 706 782 and its subsidiaries
Eligible Colonial Group Subordinated Noteholder	Holders of Colonial Group Subordinated Notes as described in Section 2 "What is the Priority Securityholder Offer and is it relevant to me"
Offer Period	The period from the Opening Date to the Closing Date
Opening Date	The opening date of the Offer which is 28 February 2017
PERLS IX Prospectus	The CommBank PERLS IX Capital Notes Prospectus and the CommBank PERLS IX Capital Notes Replacement Prospectus (whether in paper or electronic format) as supplemented or replaced
Purchase Date	31 March 2017
Priority Application Form	A paper or online form (as the context requires) accompanying the PERLS IX Prospectus or available at www.commsec.com.au upon which an application to participate in the Priority Securityholder Offer may be made
Priority Securityholder Offer	Part of the Securityholder Offer made under the PERLS IX Prospectus which permits Eligible Colonial Group Subordinated Noteholders to sell all or some of their Colonial Group Subordinated Notes to CBA for A\$100 per Colonial Group Subordinated Note on the Purchase Date and to automatically invest the sale of proceeds in CommBank PERLS IX Capital Notes as described in this Information Booklet

Glossary (continued)

Term	Meaning
Priority Securityholder Offer Record Date	9 February 2017
Record Date	The record date for final distribution on Colonial Group Subordinated Notes (both participating and not participating in the Priority Securityholder Offer) which is expected to be 23 March 2017
Tax Act	Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth)

For further definitions of words and expressions that are capitalised, see Section 7 “Glossary” of the PERLS IX Prospectus

For personal use only

PERLS IX Information Line

1800 095 654 (Monday to Friday 8.00am - 7.30pm, Sydney time)

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