Agricultural Swap

Product Disclosure Statement

Effective 17 July 2026

This product is issued by the
Commonwealth Bank of Australia
ABN 48 123 123 124
AFSL and Australian Credit Licence 234945.

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Contents

Part 1: Features at a glance

Defined terms are in italics and are set out in the "Definitions" section of this Product Disclosure Statement (PDS).

Topic	Description	Part in PDS
What is an *AS transaction*?	An agricultural swap or *AS transaction* is a financial product that allows *you* to manage the risk of changes in the price of a commodity (for example, wheat, cotton or canola). Under an *AS transaction*, *you* agree with the *Bank* on a *fixed price* for a specified quantity of a commodity over a set period. On the *settlement date*, a *cash settlement amount* is calculated by reference to the difference between the agreed *fixed price* and the relevant *commodity reference price*. An *AS transaction* does not involve the physical delivery of the commodity. It is a cash-settled contract. The product can help provide greater certainty over *commodity price*s, but it may also result in *you* making out of pocket payments to the *Bank*, which can be significant.	See Part 3 "What is an *AS transaction*?"
Purpose	An *AS transaction* may be appropriate for customers with the objective of limiting exposure to future fluctuations in the price of the agricultural commodity involved in the transaction. For example, producers of agricultural commodities such as wheat farmers seeking to protect against falling *commodity price*s or consumers of agricultural commodities such as dairy farmers requiring cattle feed, seeking to protect against rising *commodity price*s. An *AS transaction* is intended for customers seeking to manage an underlying commercial exposure to agricultural *commodity price* movements, rather than to speculate on agricultural *commodity price* movements.	See Part 3 "What is an *AS transaction*?" and Part 4 "Uses of an *AS transaction*"
Significant benefits	• An *AS transaction* can help manage exposure to adverse *commodity price* movements by allowing *you* to lock in a *fixed price* for an agreed quantity of a commodity for a future period. • This may provide greater certainty over future revenues, input costs or cash flows associated with *your* underlying physical commodity exposure. • *AS transaction*s can be tailored to agreed commodities, quantities, *pricing date*s and *settlement dates* to support *your* risk management objectives.	See Part 7 "What are the significant benefits of an *AS transaction*?"

Topic	Description	Part in PDS
Significant disadvantages	• An *AS transaction* may not perfectly offset *your* physical commodity exposure. Differences between the *commodity reference price* and the price of *your* physical commodity exposure (basis risk) may reduce the effectiveness of the *AS transaction*. • An *AS transaction* fixes the price for the agreed *transaction amount*. As a result, *you* may not fully benefit from favourable *commodity price* movements for the quantity covered by the *AS transaction*. • Depending on market movements, *you* may be required to make payments to the *Bank* under the *AS transaction*, including on settlement or early termination. These amounts may be significant. • In volatile or illiquid market conditions, it may be difficult or costly to terminate or amend an *AS transaction* before maturity. • If *your* underlying production, consumption or physical commodity exposure changes, the *AS transaction* may no longer match *your* commercial requirements and may expose *you* to additional financial risk or payment obligations. • Cooling-off rights do not apply to *AS transaction*s.	See Part 8 "What are the significant disadvantages of an *AS transaction*?"
Significant risks	Significant risks include: • **Market risk** – *Commodity price*s may move against *you*. Depending on market movements, *you* may be required to make payments to the *Bank* under the *AS transaction*, including significant payments. • **Liquidity and market disruption risk** – In volatile markets, it may be difficult or costly to close out *your AS transaction*, and the termination amount may be significant or unfavourable. • **Basis risk** – The *commodity reference price* used in *your AS transaction* may not move in line with the price of *your* physical commodity exposure. • **Credit risk** – *You* are exposed to the risk that the *Bank* may not be able to meet its obligations under an *AS transaction*. If the *Bank* becomes insolvent, *you* may not receive amounts owing to *you*. • **Operational and legal risk** – Systems failures, market disruptions, benchmark or *commodity reference price* disruptions, documentation issues or legal/regulatory changes may adversely affect *your AS transaction* or the amounts payable under it. *AS transaction*s can result in significant losses and may not achieve the intended objective. *You* should not enter into an *AS transaction* unless *you* understand the risks.	See Part 9 "What are the significant risks of an *AS transaction*"

Topic	Description	Part in PDS
Minimum *transaction amounts*	**Commodity – Minimum *transaction amount*/Quantity** Barley 250 metric tonnes Canola 250 metric tonnes Coffee 250 metric tonnes Corn 250 metric tonnes Rapeseed 250 metric tonnes Soybean 250 metric tonnes Soybean meal 250 metric tonnes Soybean oil 250 metric tonnes Wheat 250 metric tonnes Cotton 100 bales Sugar 100 metric tonnes *AS transaction*s for smaller *transaction amount*s and other commodities may be available on request at the *Bank*'s discretion.	See Part 3 "What is an *AS transaction*?"
Term (*transaction period*)	3 *business day*s to 3 years (up to 5 years for sugar), depending on the commodity. *AS transaction*s for longer terms may be available on request at the *Bank*'s discretion.	See Part 3 "What is an *AS transaction*?"
Costs	The cost of an *AS transaction* is reflected in the *fixed price* quoted to *you* by the *Bank*.	See Part 14 "What are the costs involved in an *AS transaction*?"
Settlement	A *cash settlement amount* may be payable by *you* to the *Bank* or by the *Bank* to *you* on the *settlement date*. No physical settlement is permitted. The *settlement date*, once agreed, cannot be varied except in accordance with its terms or as otherwise agreed with the *Bank*.	See Part 10 "Entering into and settling an *AS transaction*"
Early termination	If an *AS transaction* is terminated early, an amount determined by reference to the *mark-to-market value* may be payable by *you* to the *Bank* or by the *Bank* to *you*, depending on market conditions and the value of the *AS transaction* at the time of termination.	See Part 12 "Terminating an *AS transaction*"
Cooling-off rights	Cooling-off rights do not apply to *AS transaction*s. Once entered into, an *AS transaction* cannot be cancelled except in accordance with its terms or as otherwise agreed with the *Bank*.	See Part 20 "Cooling-off rights do not apply to an *AS transaction*"

Important Information: An *AS transaction* is a financial product which involves dealing in agricultural derivatives. The information in this Product Disclosure Statement (PDS) does not take into account *your* personal objectives, financial situation and needs. Before entering into an *AS transaction you* should be satisfied that the *AS transaction* is suitable for *you* in view of *your* objectives, financial situation and needs, and *we* recommend that *you* consult *your* investment adviser or obtain other independent advice. Unless *you* are familiar with agricultural derivatives and products of this type, an *AS transaction* may not be suitable for *you*. Please refer to the Target Market Determination for Agricultural Swap which is available at **www.commbank.com.au**.

Part 2: Purpose of a Product Disclosure Statement (PDS)

A PDS aims to provide *you* with information to help *you* decide whether the financial product listed in this document will meet *your* needs. It also helps *you* to compare the product with others *you* may be considering.

Issuer

The financial product described in this PDS is issued by the Commonwealth Bank of Australia ABN 48 123 123 124, Australian Financial Services Licence (AFSL) and Australian Credit Licence 234945.

Contact details

If *you* have any questions or wish to contact *us*, please call **13 2221** between 6am and 10pm (Sydney time), Monday to Friday, visit *our* website at **www.commbank.com.au**, call CBA Commodities & Environmental Markets or contact *your* relationship manager.

Telephone conversations with the *Bank* may be recorded and retained by the *Bank*. *You* consent to those recordings being made and used as evidence of *your* instructions and the terms of any *AS transaction*.

Definitions

To assist *you* in understanding this PDS, the definitions of words appearing in italics are provided in Part 21 “Definitions”.

General information only

An *AS transaction* is a financial product which involves dealing in agricultural derivatives. This PDS provides information about *AS transaction*s and does not take into account *your* personal objectives, financial situation and needs. Before trading this product, *you* should be satisfied that the product is suitable for *you* in view of *your* objectives, financial situation and needs.

Please refer to the Target Market Determination for Agricultural Swap published by the *Bank*, which is available at **www.commbank.com.au**.

We recommend that *you* consult *your* investment adviser or obtain other independent advice. Unless *you* are familiar with agricultural derivatives and products of this type, an *AS transaction* may not be suitable for *you*.

Tax information

This information has been prepared without taking account of *your* taxation situation or needs. Taxation considerations are general and based on present taxation laws and may be subject to change. *You* should seek independent, professional tax advice before making any decision to enter into an *AS transaction* based on this information.

The *Bank* is not a registered tax (financial) adviser under the *Tax Agent Services Act 2009* and *you* should seek tax advice from a registered tax agent or a registered tax adviser if *you* intend to rely on this information to satisfy the liabilities or obligations or claim entitlements that arise, or could arise, under a taxation law.

Australian distribution only

This PDS relates to *AS transaction*s between the *Bank* and persons who are residents of Australia. The distribution of this PDS in any jurisdiction outside of Australia may be restricted by law. This PDS does not constitute an offer or invitation in any jurisdiction in which, or to whom, it would be unlawful to offer or invite a person to enter into an *AS transaction*.

Updated information

The information in this PDS is subject to change and is up to date as at the date stated on the cover. Where new information arises that is materially adverse to the information in this PDS, the *Bank* will either issue a new PDS or a supplementary PDS setting out the new information.

Where the new information that arises is not materially adverse to the information in this PDS, the *Bank* may not issue a new PDS or a supplementary PDS but will make the updated information available to *you* on *our* website **www.commbank.com.au**, or *you* can call **13 2221**. *We* will send *you* a hard copy of the information (free of charge) upon request.

We will provide *you* (free of charge) with information about the current standard fees and charges applicable to *your* product upon request.

Examples used in this PDS

Examples used in this PDS are for illustrative purposes only, and do not reflect current market prices or outcomes or the *Bank*’s (or any of its associates’) view on future matters.

Part 3: What is an *AS transaction*?

An *AS transaction* is an agreement between *you* and the *Bank*, which effectively fixes the price *you* receive, or pay, for a nominated quantity of a commodity (*fixed price*) on a future date (*settlement date*).

Under the *AS transaction*, *you* and the *Bank* agree to swap the *commodity reference price* for an agreed *fixed price* for a nominated quantity of the underlying commodity, on a nominated *settlement date*. An *AS transaction* therefore allows *you* to lock in a *fixed price* for the commodity in advance of a future sale or purchase of the commodity.

At the date of this PDS, the *Bank* may enter into an *AS transaction* referencing barley, canola, coffee, corn, rapeseed, soybean, soybean meal, soybean oil, wheat, cotton and sugar.

Commodity	**Minimum *transaction amount*/Quantity**
Barley	250 metric tonnes
Canola	250 metric tonnes
Coffee	250 metric tonnes
Corn	250 metric tonnes
Rapeseed	250 metric tonnes
Soybean	250 metric tonnes
Soybean meal	250 metric tonnes
Soybean oil	250 metric tonnes
Wheat	250 metric tonnes
Cotton	100 bales
Sugar	100 metric tonnes

Smaller *transaction amount*s and other commodities may be available on request at the *Bank*'s discretion.

The term or *transaction period* of an *AS transaction* may be between 3 *business day*s and 3 years and will be agreed with the *Bank* depending on the underlying commodity. In the case of *AS transaction*s referencing sugar, the term or *transaction period* may be a period of up to 5 years. *AS transaction*s for longer terms may be available on request at the *Bank*'s discretion.

The *commodity reference price* in an *AS transaction* is based on the settlement price of an agreed *futures contract* for the underlying commodity on a *futures exchange*, or an index or settlement price quoted in a price guide for the underlying commodity.

The *futures exchange*s, indices and price guides, from which *commodity reference price*s are sourced will vary depending on the commodity underlying the *AS transaction* and will be agreed between *you* and the *Bank* on the *trade date*. Please refer to Appendix A for examples of some of the *futures exchange*s from which *commodity reference price*s could be sourced. Details of current *commodity reference price*s, including the commodities in which the *Bank* offers an *AS transaction*, are available on request from *your* relationship manager.

Where the *commodity reference price* is not in the same currency as the *fixed price*, the settlement price from the *futures contract*, index or price guide will be converted to the same currency as the *fixed price*, using the *reference rate*. An example of a *reference rate* is the *Hedge Settlement Rate Average* (HSRA) that is a *reference rate* that is published on Reuters page HSRA.

The *fixed price* of an *AS transaction* is determined by the *Bank*. For more information on how the *Bank* determines the *fixed price* see Part 5 "Determining the *AS transaction fixed price*". The *fixed price* of the underlying commodity can be denominated or expressed in *AUD*, *USD*, *CAD* or another currency as agreed between *you* and the *Bank*.

3.1 How does it work?

Under an *AS transaction*, a *cash settlement amount* is payable on a *settlement date*, either by the *Bank* to *you* or by *you* to the *Bank*. The *cash settlement amount* is an amount based on the net difference between the *fixed price* and the *commodity reference price* on the *pricing date*. The *pricing date* will generally be 2 *business day*s before the *settlement date*.

Depending on the *commodity reference price* on the *pricing date*, a *cash settlement amount* may be payable by *you* to the *Bank* or by the *Bank* to *you* on the *settlement date* as follows:

- If *you* have entered into an *AS transaction* to provide protection against a rise in a *commodity price*, *you* and the *Bank* agree that if on the *pricing date*:
  - the *commodity reference price* is higher than the *fixed price*, the *Bank* must pay *you* the *cash settlement amount*; or
  - the *commodity reference price* is lower than the *fixed price*, *you* must pay the *Bank* the *cash settlement amount*; or
  - the *commodity reference price* is equal to the *fixed price*, there is no further obligation between *you* and the *Bank*, with respect to the *settlement date* under the *AS transaction*.
- If *you* have entered into an *AS transaction* to provide protection against a fall in a *commodity price*, *you* and the *Bank* agree that if on the *pricing date*:
  - the *commodity reference price* is lower than the *fixed price*, the *Bank* must pay *you* the *cash settlement amount*; or
  - the *commodity reference price* is higher than the *fixed price*, *you* must pay the *Bank* the *cash settlement amount*; or
  - the *commodity reference price* is equal to the *fixed price*, there is no further obligation between *you* and the *Bank* with respect to the *settlement date* under the *AS transaction*.

An individual *AS transaction* will generally have a single *pricing date* and *settlement date*, although there may be one or more *pricing date*s and *settlement dates* over the *transaction period* agreed across multiple *AS transaction*s. For example, *pricing date*s and *settlement dates* in respect of multiple *AS transaction*s may occur quarterly, semi-annually or annually.

See Part 6 for some worked examples of the settlement of *AS transactions*.

3.2 Are there credit or document requirements?

The entry into each *AS transaction* is subject to prior credit approval by the *Bank* and *your* entering into a *master agreement*. Please see Part 10 “Entering into and settling an *AS transaction*” for more information.

Part 4: Uses of *AS transactions*

An *AS transaction* may be commercially useful for those seeking to manage the risk of adverse movements in *commodity price*s, for example:

- producers of agricultural commodities such as wheat farmers, looking to protect against falling *commodity price*s;
- consumers of agricultural commodities such as dairy farmers, requiring cattle feed, looking to protect against rising *commodity price*s; and
- other clients who have exposure to agricultural *commodity price* movements.

An *AS transaction* should not be used for speculation.

Part 5: Determining the *AS transaction fixed price*

The *Bank* will calculate the *fixed price* of an *AS transaction*, by taking into account a range of factors including:

- the *commodity reference price* from the agreed *futures exchange*, index or price guide. Some of these *futures exchange*s, from which *commodity reference price*s could be sourced, are listed in Appendix A;
- the *forward exchange rate* for the currency in which the *commodity reference price* is expressed. The *fixed price* of the underlying commodity can be denominated or expressed in *AUD*, *USD*, *CAD* or another currency as agreed between *you* and the *Bank*;
- the *transaction amount*;
- the *pricing date*;
- the *transaction period*;

- an allowance for the *Bank*'s costs, both fixed and variable. These costs are dependent on the liquidity of the underlying product, ability to hedge, basis risk and whether or not there is a *futures contract* that enables the *Bank* to hedge the risk; and
- the *Bank*'s profit margin, taking into account factors such as *your* credit profile, the *Bank*'s market risk exposure, funding and capital considerations, prevailing market conditions and the *Bank*'s appetite to manage and hedge risk.

All the above factors, individually and in combination, will have a positive or negative impact on the *fixed price*. Please refer to Part 14 "What are the costs involved in an *AS transaction*?" for further detail. The *Bank* will determine the *fixed price*, using its own internal models, market data and assumptions. The *Bank* does not provide any independent price verification.

Part 6: Examples of how an *AS transaction* works

The following examples set out how *AS transaction*s work for producers (sellers) of a commodity (in this example, wheat) and for consumers (buyers) of a commodity (in this example, wheat).

It is important to note that in these examples, the financial outcomes have been determined without allowing for basis risk (refer to Part 9 "What are the significant risks of an *AS transaction*" for a further discussion of basis risk). Examples are used for illustrative purposes only, and do not reflect current market prices or outcomes or the *Bank*'s (or any of its associates') view on future matters.

6.1 Example 1

You are a producer (seller) of wheat

You would like to receive a *fixed price* in *AUD* for 100 metric tonnes of wheat in 1 year's time, based on the *commodity reference price* on the *futures exchange* agreed between *you* and the *Bank*.

In this example, the *commodity reference price* will be based on the closing *USD* price of the wheat *futures contract* on *CBOT* on the *pricing date*, converted to *AUD** at the HSRA *AUD/USD exchange rate* on the following *business day* (*HSRA date*). The *settlement date* will be 2 *business day*s after the *HSRA date*.

Assuming the current *commodity reference price* for wheat to be *AUD* 309.00 per metric tonne, a fall in the *commodity price* in *AUD* terms would mean that *you* would receive less *AUD* when *you* sell *your* wheat in the market.

You are therefore seeking protection against a fall in the *commodity price* of wheat.

The *Bank* will calculate the *fixed price* of the *AS transaction* based on certain factors including *your* specified *transaction amount* and specified *transaction period* (for more information please see Part 5 "Determining the *AS transaction fixed price*").

Assume the following for Example 1

Commodity	*CBOT* Wheat
Transaction amount	100 metric tonnes
1 year *AUD fixed price* per metric tonne at the *trade date* (calculated by the *Bank*)	300.00
Pricing date	1 year from the *trade date*
HSRA date	1 *business day* after the *pricing date*
Settlement date	2 *business days* after the *HSRA date*

* In this example, if *you* agreed with the *Bank* to use the *commodity reference price* based on the closing *AUD* price of the wheat *futures contracts* on *ASX* on the *pricing date* instead of *CBOT*, there would be no requirement to convert the *commodity reference price* to *AUD*.

Example 1 Continued

Possible outcome on the *settlement date* (Producer)	Possible price achieved**
If the *commodity reference price* is lower than the *fixed price*, then on the *settlement date*, the *Bank* must pay *you* the difference between the *fixed price* and the *commodity reference price*. For example, if the *commodity reference price* is *AUD* 280.00 per metric tonne, then on the *settlement date* the *Bank* will pay *you* the following *cash settlement amount*: 100 x (*AUD* 300.00 – *AUD* 280.00) = *AUD* 2,000.00 This *cash settlement amount* will compensate for the lower price *you* will receive when *you* sell *your* physical wheat. For example, if *you* sell *your* physical wheat at *AUD* 280.00 per metric tonne *you* will receive: 100 x *AUD* 280.00 = *AUD* 28,000.00 This means that *you* have received a net total of *AUD* 30,000.00 (*AUD* 28,000.00 + *AUD* 2,000.00). This equals *AUD* 300.00 per metric tonne: *AUD* 30,000.00 ÷ 100 metric tonnes = *AUD* 300.00 per metric tonne	*AUD* 300.00 per metric tonne

Possible outcome on the *settlement date* (Producer)	**Possible price achieved****
If the *commodity reference price* is higher than the *fixed price*, then on the *settlement date you* must pay the *Bank* the difference between the *fixed price* and the *commodity reference price*. For example, if the *commodity reference price* is *AUD* 320.00 per metric tonne, then on the *settlement date*, *you* must pay the *Bank*: 100 x (*AUD* 320.00 – *AUD* 300.00) = *AUD* 2,000.00 For example, if *you* sell *your* physical wheat at *AUD* 320.00 per metric tonne *you* will receive: 100 x *AUD* 320.00 = *AUD* 32,000.00 This means that *you* have received a net total of *AUD* 30,000.00 (*AUD* 32,000.00 – *AUD* 2,000.00). This equals *AUD* 300.00 per metric tonne: *AUD* 30,000.00 ÷ 100 metric tonnes = *AUD* 300.00 per metric tonne	*AUD* 300.00 per metric tonne
If the *fixed price* is equal to the *commodity reference price*, *you* and the *Bank* will have no further obligations to each other with respect to the *settlement date* under the *AS transaction*.	*AUD* 300.00 per metric tonne

The examples do not include "basis risk". An explanation of basis risk is included at Part 9.1.

** Examples are used for illustrative purposes only and do not reflect current market prices or outcomes or the *Bank*'s (or any of its associates') view on future matters. If *you* have chosen more than one *pricing date* for the *transaction period*, the same calculation method will be used to determine the *cash settlement amount* on each specified *settlement date*.

6.2 Example 2

***You* are a consumer (buyer) of wheat**

You would like to pay a *fixed price* in *AUD* for 100 metric tonnes of wheat in 1 year's time, based on the *commodity reference price* on the *futures exchange* agreed between *you* and the *Bank*.

In this example, the *commodity reference price* will be based on the closing *USD* price of the wheat *futures contract* on *CBOT* on the *pricing date*, converted to *AUD** at the HSRA *AUD/USD exchange rate* on the following *business day* (*HSRA date*). The *settlement date* will be 2 *business days* after the *HSRA date*.

Assuming the current *commodity reference price* for wheat is *AUD* 309.00 per metric tonne, a rise in the *commodity price* in *AUD* terms would mean *you* would pay more *AUD* when *you* buy *your* wheat in the market. *You* are therefore seeking protection against a rise in the *commodity price* of wheat.

The *Bank* will calculate the *fixed price* based on *your* specified *transaction amount* and specified *transaction period*.

Assume the following for Example 2

Commodity	*CBOT* Wheat
Transaction amount	100 metric tonnes
1 year *AUD fixed price* per metric tonne at the *trade date* (calculated by the *Bank*)	318.00
Pricing date	1 year from the *trade date*
HSRA date	1 *business day* after the *pricing date*
Settlement date	2 *business days* after the *HSRA date*

The examples do not include "basis risk". An explanation of basis risk is included at Part 9.1.

* In this example, if *you* agreed with the *Bank* to use the *commodity reference price* based on the closing *AUD* price of the wheat *futures contracts* on *ASX* on the *pricing date* instead of *CBOT*, there would be no requirement to convert the *commodity reference price* to *AUD*.

Example 2 Continued

Possible outcome on the *settlement date* (Producer)	**Possible price achieved****
If the *commodity reference price* is higher than the *fixed price*, then on the *settlement date* the *Bank* must pay *you* the difference between the *fixed price* and the *commodity reference price*. For example, if the *commodity reference price* is *AUD* 320.00 per metric tonne, then on the *settlement date* the *Bank* will pay *you*: 100 x (*AUD* 320.00 – *AUD* 318.00) = *AUD* 200.00 This *cash settlement amount* will compensate for the higher price *you* will pay when *you* buy *your* physical wheat. For example, if *you* buy *your* physical wheat at *AUD* 320.00 per metric tonne *you* will pay: 100 x *AUD* 320.00 = *AUD* 32,000.00 This means that *you* have paid a net total of *AUD* 31,800.00 (*AUD* 32,000.00 – *AUD* 200.00). This equals *AUD* 318.00 per metric tonne. *AUD* 31,800.00 ÷ 100 metric tonnes = *AUD* 318.00 per metric tonne.	*AUD* 318.00 per metric tonne

Possible outcome on the *settlement date* (Producer)	**Possible price achieved****
If the *commodity reference price* is lower than the *fixed price*, then on the *settlement date you* must pay the *Bank* the difference between the *fixed price* and the *commodity reference price*. For example, if the *commodity reference price* is *AUD* 280.00 per metric tonne, then on the *settlement date*, *you* must pay the *Bank*: 100 x (*AUD* 318.00 – *AUD* 280.00) = *AUD* 3,800.00 This *cash settlement amount* will offset the price *you* pay when *you* buy *your* physical wheat. For example, if *you* buy *your* physical wheat at *AUD* 280.00 per metric tonne *you* will pay: 100 x *AUD* 280.00 = *AUD* 28,000.00 This means that *you* have paid a net total of *AUD* 31,800.00 (*AUD* 28,000.00 + *AUD* 3,800.00). This equals *AUD* 318.00 per metric tonne: *AUD* 31,800.00 ÷ 100 metric tonnes = *AUD* 318.00 per metric tonne.	*AUD* 318.00 per metric tonne
If the *fixed price* is equal to the *commodity reference price*, *you* and the *Bank* will have no further obligations to each other with respect to the *settlement date* under the *AS transaction*.	*AUD* 318.00 per metric tonne

* In this example, if *you* agreed with the *Bank* to use the *commodity reference price* based on the closing *AUD* price of the wheat *futures contract*s on *ASX* on the *pricing date* instead of *CBOT*, there would be no requirement to convert the *commodity reference price* to *AUD*.

** Examples are used for illustrative purposes only and do not reflect current market prices or outcomes or the *Bank*'s (or any of its associates') view on future matters. If *you* have chosen more than one *pricing date* for the *transaction period*, the same calculation method will be used to determine the *cash settlement amount* on each specified *settlement date*.

Part 7: What are the significant benefits of an *AS transaction*?

The benefits of entering into an *AS transaction* depend on how the *AS transaction* addresses *your* risk management strategy and financial circumstances. The benefits generally include:

- protection against adverse *commodity price* movements by providing the ability for *you* to receive or pay a *fixed price* for an agreed quantity of a commodity on an agreed future date;
- the ability for *you* to set the agreed *transaction amount* and the *transaction period* to match the level of *commodity price* protection that *you* require; and
- the ability to set the currency of the *fixed price* in respect of an *AS transaction*, as agreed between *you* and the *Bank*.

You should be aware that use of *AS transaction*s requires an appropriate understanding of the international and domestic market for the relevant commodity, what influences the physical prices of the commodity over time and how the *AS transaction* works.

Before entering into an *AS transaction*, *you* should obtain independent advice (including financial, legal and tax advice) to ensure that the proposed *AS transaction* meets *your* objectives and needs and is consistent with *your* financial circumstances and risk management strategy.

Part 8: What are the significant disadvantages of an *AS transaction*?

The potential disadvantages of an *AS transaction* include:

- An *AS transaction* may not perfectly offset *your* physical commodity exposure. Differences between the *commodity reference price* and the price of *your* physical commodity exposure (basis risk) may reduce the effectiveness of the *AS transaction*.
- An *AS transaction* fixes the price for the agreed *transaction amount*. As a result, *you* may not fully benefit from favourable *commodity price* movements for the quantity covered by the *AS transaction*.
- Depending on market movements, *you* may be required to make payments to the *Bank* under the *AS transaction*, including on settlement or early termination. These amounts may be significant.
- In volatile or illiquid market conditions, it may be difficult or costly to terminate or amend an *AS transaction* before maturity.
- If *your* underlying production, consumption or physical commodity exposure changes, the *AS transaction* may no longer match *your* commercial requirements and may expose *you* to additional financial risk or payment obligations.
- Cooling-off rights do not apply to *AS transaction*s. Once entered into, an *AS transaction* cannot be cancelled except in accordance with its terms or as otherwise agreed with the *Bank*. Please refer to Part 12 “Terminating an *AS transaction*” and Part 20 “Cooling-off rights do not apply to an *AS transaction*” for further information.

Please refer to Part 9 “What are the significant risks of an *AS transaction*” for further information about the significant risks of *AS transaction*s.

Part 9: What are the significant risks of an *AS transaction*?

Risks result from factors that are beyond *your* control. Starting from the time at which *you* enter into an *AS transaction* with the *Bank*, risk factors may lead to unfavourable changes in the financial outcomes for *you*.

Monitoring any risks associated with an *AS transaction* is *your* responsibility (subject to the responsibility of the *Bank* for its own internal operational processes and systems, see “Operational risk” at Part 9.7).

The risks described in this Part 9 are not exhaustive and will not include all risk considerations that may be relevant to *you* when entering into an *AS transaction*.

Before entering into an *AS transaction*, *you* should carefully consider the following risk factors as well as other information contained in this PDS and be satisfied that an *AS transaction* is suitable for *you*. *We* recommend that *you* obtain independent professional advice on the suitability of *AS transaction*s to *you*.

9.1 Basis risk

Basis risk is the risk arising from entering into an *AS transaction* that is not identical to the underlying exposure being covered. The risk is a result of the difference between the *commodity price* at which *you* will buy or sell *your* commodity in a physical market and a *commodity reference price*.

For example, an *AS transaction* referencing wheat uses a *commodity reference price* sourced from a *futures exchange*. However, the *commodity price* which a producer will receive upon the sale of their physical wheat may take into account the physical attributes of the commodity such as the grade, specification or location of the wheat, local supply and demand factors, transportation costs, location and other market driven factors. As such, a *commodity reference price* may trade higher or lower than the *commodity price* in the physical market and fluctuations in the *commodity reference price* may not match those in the *commodity price*.

Any of these factors may result in a reduction of the benefit realised under an *AS transaction* by *you*. *You* will need to assess the likely correlation between movements in the *commodity reference price* and movements in receipts or payments from selling or buying a commodity in the physical market and it is in *your* interests to understand the relationship between these prices that are relevant to *you*.

9.2 Worked examples demonstrating the possible impact of basis risk

9.2.1 Example 3 (please refer to assumptions made in Example 1 at Part 6.1)

Possible outcome on the *settlement date* (Producer)	Possible price achieved**
If the *commodity reference price* is lower than the *fixed price*, then on the *settlement date*, the *Bank* must pay *you* the difference between the *fixed price* and the *commodity reference price*. For example, if the *commodity reference price* is *AUD* 280.00 per metric tonne, then on the *settlement date* the *Bank* will pay *you* the following *cash settlement amount*: 100 x (*AUD* 300.00 – *AUD* 280.00) = *AUD* 2,000.00 However, this *cash settlement amount* will not compensate for the price *you* will receive when *you* sell *your* physical wheat, if the *commodity price* is less than the *commodity reference price*. For example, if *you* sell *your* physical wheat at a *commodity price* of *AUD* 270.00 per metric tonne *you* will receive: 100 x *AUD* 270.00 = *AUD* 27,000.00 when *you* sell *your* physical wheat. When the amount received from the *Bank* under the *AS transaction* is taken into account, this means that *you* have received a total of *AUD* 29,000.00 (*AUD* 27,000.00 + *AUD* 2,000.00). While the *AS transaction* sought to achieve a price of *AUD* 300.00 per metric tonne, because the fluctuations in the *commodity reference price* did not match the fluctuations in the *commodity price*, the price achieved was *AUD* 290.00 per metric tonne: *AUD* 29,000.00 ÷ 100 metric tonnes = *AUD* 290.00 per metric tonne.	While the *AS transaction* sought to achieve a price of *AUD* 300.00 per metric tonne, the actual price achieved was *AUD* 290.00 per metric tonne (given the *AUD* 10.00 difference between the *commodity price* and the *commodity reference price*).

** Examples are used for illustrative purposes only and do not reflect current market prices or outcomes or the *Bank*'s (or any of its associates') view on future matters.

9.2.2 Example 4 (please refer to assumptions made in Example 2 at Part 6.2)

Possible outcome on the *settlement date* (Producer)	Possible price achieved**
If the *commodity reference price* is higher than the *fixed price*, then on the *settlement date*, the *Bank* must pay *you* the difference between the *fixed price* and the *commodity reference price*. For example, if the *commodity reference price* is *AUD* 320.00 per metric tonne, then on the *settlement date* the *Bank* will pay *you*: 100 x (*AUD* 320.00 – *AUD* 318.00) = *AUD* 200.00 However, this *cash settlement amount* will not compensate for the price *you* will pay when *you* buy *your* physical wheat, if the *commodity price* is higher than the *commodity reference price*. For example, if *you* buy *your* physical wheat at a *commodity price* of *AUD* 330.00 per metric tonne *you* will pay: 100 x *AUD* 330.00 = *AUD* 33,000.00 when *you* buy *your* physical wheat. When the amount received from the *Bank* under the *AS transaction* is taken into account, this means that *you* have paid a total of *AUD* 32,800.00 (*AUD* 33,000.00 – *AUD* 200.00). While the *AS transaction* sought to achieve a price of *AUD* 318.00 per metric tonne, because the fluctuations in the *commodity reference price* did not match the fluctuations in the *commodity price*, the price achieved was *AUD* 328.00 per metric tonne: *AUD* 32,800.00 ÷ 100 metric tonnes = *AUD* 328.00 per metric tonne.	While the *AS transaction* sought to achieve a price of *AUD* 318.00 per metric tonne, the actual price achieved was *AUD* 328.00 per metric tonne (given the *AUD* 10.00 difference between the *commodity price* and the *commodity reference price*).

** Examples are used for illustrative purposes only and do not reflect current market prices or outcomes or the *Bank*'s (or any of its associates') view on future matters.

9.3 Market risk

The markets in which the *Bank* trades can be volatile due to a number of factors, including economic conditions, local and offshore government regulations, political factors, local and offshore political events, market sentiment and technological and environmental issues.

Market risk is the risk that the value of an *AS transaction* will fluctuate as a result of movements in market prices and in volatile markets (which include situations where there are unforeseen events or changes in conditions), this can result in a wide range of *mark-to-market value*s that can fluctuate rapidly over time.

You are exposed to these movements in the *commodity reference price* when *you* enter into an *AS transaction* and for its duration. The key market risk to *you* is that *you* will be unable to participate (in relation to the *transaction amount*) in any favourable movements in the *commodity reference price* after *you* have entered into an *AS transaction* with the *Bank*.

If *you* enter into an *AS transaction* to help manage the price at which *you* expect to sell a commodity, *you* will generally not benefit from increases in the *commodity reference price* above the *fixed price* for the *transaction amount* covered by the *AS transaction*.

Similarly, if *you* enter into an *AS transaction* to help manage the price at which *you* expect to purchase a commodity, *you* will generally not benefit from decreases in the *commodity reference price* below the *fixed price* for the *transaction amount* covered by the *AS transaction*.

By entering into an *AS transaction*, *you* exchange the opportunity to benefit from favourable *commodity price* movements for greater certainty as to the price payable or receivable for the relevant *transaction amount*.

This represents an opportunity cost because it does not allow *you* to fully participate in favourable price movements. Whether *you* perceive the opportunity cost to be a risk depends on *your* reason for entering into an *AS transaction*.

9.4 Currency risk

The *Bank* expects that *AS transaction*s will be used for managing *your* total exposure in both commodity and currency terms. As shown in Example 1, the *commodity price* is managed by choosing a *fixed price*, and the currency is managed through the *fixed price* being denominated in *AUD*. If *you* enter into an *AS transaction* for a purpose other than the management of *your* total exposure (for example, where *you* hedge the commodity exposure but not the currency exposure), *you* may be directly exposed to changes in the foreign exchange market and the risk that over time, *exchange rate*s move so that the benefits available to *you* from entering into an *AS transaction* may be reduced or eliminated.

For example, if the *fixed price* is denominated in *USD*, *you* will be exposed to changes in the *exchange rate* between *AUD* and *USD* if *you* wish to convert any *USD* received from the *Bank* on the *settlement date* into *AUD*. These changes may result in losses to *you*.

9.5 Production/consumption risk

You bear the risk that *you* will not be able to either produce, or consume, the *transaction amount* (quantity) and/or the specific grade or specification (quality) of the underlying commodity that *you* forecast and agreed to, when entering into the *AS transaction*. For example, a producer impacted by drought may not be able to produce the *transaction amount* and/or the grade or specification of the underlying commodity specified in the *AS transaction*.

There are also other factors (generally outside of *your* control) that may impact *your* ability to produce or consume the *transaction amount* and/or the grade or specification of the underlying commodity specified in the *AS transaction*.

These include:

- disruptions in the supply chain or infrastructure associated with the underlying physical commodity, such as risks involved with transportation (e.g. damage during transit) and storage (e.g. grain in a silo may be spoiled by pests or fungi);

- changes in the domestic and/or international political or regulatory landscape associated with the underlying physical commodity, such as tactical (e.g. temporary import or export tariffs imposed by foreign countries or Australia) or structural (e.g. regulation changes to support long-term carbon emission reduction targets) initiatives;
- impacts to the supply and demand associated with the underlying physical commodity, such as a global pandemic or war restricting the cross-border movement of transportation vessels (e.g. border closures restricting the incoming or outgoing movement of planes, ships or trucks) resulting in a higher demand (and cost) for the reduced supply of an underlying physical commodity or the inability to sell an underlying physical commodity *you* have produced into the market; and
- the grade or specification of the underlying commodity may be lower than anticipated, resulting in lower prices (compared with the *commodity reference price*).

For producers, if the *commodity reference price* is higher than the *fixed price* and the amount produced is less than the *transaction amount* or of a lesser grade than those specified in *your AS transaction*, *you* may be required to make payments to the *Bank* under the *AS transaction* that are not fully offset by benefits received from *your* physical commodity position.

It is important that *you* closely monitor *your* underlying physical production or consumption in connection with an *AS transaction* to minimise *your* exposure to the above risk. If *your* underlying physical production or consumption changes, either in quantity or quality, *you* may wish to consider varying or terminating *your AS transaction*, taking into account the potential impact of doing so as set out in Part 11 "Variations to the *settlement date*(s)" and Part 12 "Terminating an *AS transaction*".

9.6 Credit risk

Credit risk is the risk of financial loss (or other disadvantage) associated with a counterparty not being able to meet their obligations under an *AS transaction*. Credit risk is common to all financial market products that *you* may enter into with the *Bank*.

The *Bank* has operational and financial performance obligations under *AS transaction*s. *You* are reliant on the ability of the *Bank* to meet its obligations to *you* under the terms of each *AS transaction* and *you* need to be satisfied as to the *Bank*'s creditworthiness and ability to meet those obligations when due. This risk is sometimes described as "counterparty risk". If the *Bank* becomes insolvent, *you* may not receive amounts owing to *you*.

The *Bank* is an authorised deposit-taking institution regulated by the Australian Prudential Regulation Authority. The *Bank*'s obligations under an *AS transaction* will rank equally with other unsecured obligations of the *Bank*. Unsecured obligations of the *Bank* rank behind obligations that are mandatorily preferred by law. *You* can view additional information about the *Bank*, including the *Bank*'s financial statements and annual reports, at **www.commbank.com.au**.

9.7 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events (such as natural disasters or terrorism).

You are reliant on the ability of the *Bank* to price and settle *your AS transaction* in a timely and accurate manner. The *Bank* in turn is dependent on the reliability of its own internal operational processes that include communications and computer networks.

Disruptions in the *Bank*'s processes may lead to delays in the execution, settlement or determination of the price of *your AS transaction*. Such disruptions may result in outcomes that are less favourable to *you*.

However, once *you* have entered into the *AS transaction*, the management of risks associated with its own operational processes is the responsibility of the *Bank*. *Your AS transaction* may be adversely affected if the *Bank*'s operating processes or systems for managing these risks are disrupted, inadequate or fail.

9.8 *Commodity reference price* disruption

Disruption to a *commodity reference price* can occur where the usual source of that price is unavailable, is suspended, is no longer published or is no longer considered representative of the relevant market. This may occur, for example, if trading in the relevant futures or physical market is suspended or discontinued, if an index or price reporting agency changes its methodology or ceases publication, or if extraordinary events (such as extreme volatility, system outages or regulatory intervention) or other regulatory events affect price formation.

If the *commodity reference price* cannot be determined in the ordinary manner, the relevant price will be determined by the *Bank* in accordance with the transaction documentation, acting in good faith and in a commercially reasonable manner. This may affect the value, *cash settlement amount* or termination amount of *your AS transaction*.

9.9 Financial crime risk

The *Bank* is required to ensure that money laundering, terrorism financing and sanctions matters are detected, managed and reported. This may involve the *Bank* disclosing information held about *you* to relevant regulatory and/or law enforcement agencies in Australia or overseas.

Other necessary activity may include the imposition of financial restrictions and/or the termination of arrangements. In certain circumstances, the *Bank* may be prohibited from dealing with or may decline to deal with, certain persons (including *you*), entities and transactions.

If there is any information which causes the *Bank* to be aware, or have reasonable grounds to suspect, that there are connections, however incidental, to financial crime matters, or that *you* are a *proscribed person* or entity under *sanctions law*, or any person, entity, goods or services involved in a transaction is a *proscribed person* or entity or is subject to sanctions, or is dealing with persons, jurisdictions or services that are outside of the *Bank*'s sanctions risk appetite, or if any dealings with *you* are otherwise in breach of applicable *sanctions law*s, then the *Bank* may be required to suspend, cancel, or refuse *you* services, or close or terminate any account, facility, transaction (including an *AS transaction*), arrangement or agreement with *you*.

The *Bank* may also be required to freeze *your* assets and/or any assets involved in a transaction to which *you* are a party.

9.10 Liquidity and market disruption risk

Commodity and related financial markets may become volatile or illiquid, particularly during periods of market stress, geopolitical events, supply disruptions, regulatory changes or extreme price movements.

In these conditions:

- the *fixed price* quoted to *you* for an *AS transaction* may be less favourable;
- the *Bank*'s ability to hedge or manage risk may be reduced;
- market prices and valuations may fluctuate rapidly and over wide ranges; and
- the cost of terminating, replacing or restructuring an *AS transaction* may increase significantly.

Reduced liquidity or market disruption may also result in wider pricing spreads, fewer available counterparties and increased uncertainty in determining the *mark-to-market value* of an *AS transaction*. As a result, amounts payable by *you* on settlement or early termination may be significantly higher than expected.

9.11 Early termination risk

You may not be able to terminate or amend *your AS transaction* at a favourable price before maturity. If *you* wish to terminate an *AS transaction* before the *settlement date*, *you* must request the *Bank* agree to an early termination. The *Bank* is not obliged to agree to *your* request. If the *Bank* does agree, the termination will be on terms determined by the *Bank* acting in good faith and in a commercially reasonable manner, including the calculation of a *mark-to-market value*.

Commodity markets are volatile and *commodity price*s can fluctuate rapidly and over wide ranges and may reflect unforeseen events or changes in conditions. Fluctuations in *commodity price*s will affect the benefit or cost to *you* when *you* terminate an *AS transaction*. The *Bank* will calculate the *mark-to-market value* of the *AS transaction* using prevailing market rates and other relevant factors acting reasonably, in good faith and in a commercially reasonable manner. Depending on market movements, *you* may be required to pay the *Bank* an amount on early termination. That amount may be significant.

For more information on termination of an *AS transaction*, please refer to Part 12 "Terminating an *AS transaction*". *You* should also refer to *your master agreement* as it provides for situations where an *AS transaction* can be terminated, including for default under the *AS transaction*.

9.12 Legal, tax and regulatory risk

Changes to the law (including tax law) and regulatory changes may occur during the term of an *AS transaction*, which may adversely affect an *AS transaction*. *You* should seek independent legal and tax advice before entering into an *AS transaction*.

9.13 Settlement timing under an *AS transaction* and underlying physical commodity transaction

The *settlement date* under an *AS transaction* may differ from the actual date that *you* need funds to pay for *your* underlying physical commodity transaction. Conversely, *your* receipt of payment under *your* underlying physical commodity transaction may be delayed and this may mean that *you* may be required to make a payment to the *Bank* on the *settlement date* of *your AS transaction* without the benefit of the sale proceeds of *your* underlying physical commodity transaction. This may create liquidity or funding pressure if payment obligations under the *AS transaction* arise before amounts are received under the related physical commodity transaction.

If *you* have to make a payment to the *Bank* on the *settlement date*, *you* must ensure that *you* have sufficient *cleared funds* accessible to the *Bank* to meet *your* payment obligations. If *you* do not, *you* will be in breach of *your* obligations and the *Bank* may take further action to recover any payments owed, and any costs involved with recovering those payments.

9.14 No cooling-off

Cooling-off rights do not apply to *AS transaction*s. Once entered into, an *AS transaction* cannot be cancelled except in accordance with its terms or as otherwise agreed with the *Bank*. Please refer to Part 20 "Cooling-off rights do not apply to an *AS transaction*" for more information.

Part 10: Entering into and settling an *AS transaction*

10.1 Entering into an *AS transaction*

You can initiate an *AS transaction* by contacting the *Bank* (see the contact details provided in Part 2 "Purpose of a Product Disclosure Statement (PDS)").

Credit preconditions

Before entering into an *AS transaction*, the *Bank* will conduct a credit assessment in accordance with *our* standard credit requirements.

Documentation preconditions

Before entering into an *AS transaction*, *you* will need to enter into a *master agreement* with the *Bank* (see Part 10.2 "*AS transaction* documentation") for the *AS transaction*.

Settlement preconditions

Before entering into an *AS transaction*, *you* must have a transactional *Bank* account held with the *Bank*.

You should contact the *Bank* and ask for an *AS transaction* for a specified *transaction amount* of the underlying commodity and a specified *settlement date*.

1. The *Bank* will determine the *fixed price* and other terms of the *AS transaction*. If the *Bank* offers *you* an *AS transaction*, and *you* accept the offer, the *AS transaction* will be entered into between *you* and the *Bank*. *AS transaction*s may be entered into orally, including by telephone. Telephone conversations with the *Bank* may be recorded and retained by the *Bank*. *You* consent to those recordings being made and used as evidence of *your* instructions and the terms of any *AS transaction*.
2. Once the terms of an *AS transaction* are agreed, the *AS transaction* is binding on both parties. The *Bank* will issue a *confirmation letter* recording the agreed terms of the *AS transaction*.

   You should review the *confirmation letter* promptly and notify the *Bank* as soon as reasonably practicable if *you* believe there is an error or discrepancy. The *Bank* will take reasonable steps to investigate any notified error and, where appropriate, issue an amended *confirmation letter*.

   A failure to sign or return the *confirmation letter*, or the existence of a non-manifest error in the *confirmation letter*, will not invalidate an otherwise binding *AS transaction*.

Cooling-off rights do not apply to *AS transaction*s. Once entered into, an *AS transaction* cannot be cancelled except in accordance with its terms or as otherwise agreed with the *Bank*. Refer to Part 20, "Cooling-off rights do not apply to an *AS transaction*", for more information.

10.2 *AS transaction* documentation

The *AS transaction* documentation consists of a *master agreement* and a *confirmation letter*. These documents set out in full the terms and conditions and the *confirmation letter* will set out the particulars of the *AS transaction you* have entered into on a *trade date*.

Samples of the *AS transaction* documentation can be obtained from the *Bank* on request.

You should read these documents carefully before entering into any *AS transaction*. *You* should obtain independent advice (including legal, financial and tax advice) if *you* do not understand any aspect of the *AS transaction* documentation.

10.3 Settling an *AS transaction*

Subject to the terms and conditions of the *AS transaction* documentation, a *cash settlement amount* may be payable by or to *you* on a *settlement date*. If the *cash settlement amount* is payable to *you* on the *settlement date*, it will be paid to *you* in *your* nominated transactional account held with the *Bank*.

In the event that *you* must pay to the *Bank* a *cash settlement amount*, *you* must ensure that *you* have sufficient *cleared funds* in *your* nominated transactional account accessible to the *Bank*. If an amount is payable by *you* under the *AS transaction*, the *Bank* may debit that amount from *your* nominated transactional account on the *settlement date*.

Part 11: Variations to the *settlement date*(s)

Settlement dates cannot generally be changed once agreed, although *you* may request an early termination or replacement transaction subject to agreement with the *Bank*.

Part 12: Terminating an *AS transaction*

An *AS transaction* may be terminated prior to the last *settlement date*, either:

- by agreement between *you* and the *Bank*; or
- as set out in the *AS transaction* documentation.

The value of *your AS transaction* changes with market prices. If prices move against *you*, *you* may be required to make a payment to the *Bank* if *you* terminate early. If *you* terminate early, *you* may have to pay a significant amount based on market movements. This amount can be substantial.

Upon termination, the *Bank* will calculate the *mark-to-market value* of the *AS transaction*, using prevailing market rates chosen by the *Bank* acting in good faith and in a commercially reasonable manner.

If the *AS transaction* has a *mark-to-market value* in *your* favour, then the *Bank* must pay *you* an amount equal to that *mark-to-market value*.

If the *AS transaction* has a *mark-to-market value* in the *Bank*'s favour, then *you* must pay the *Bank* an amount equal to that *mark-to-market value*.

If more than one *AS transaction* is terminated, the sum of all *mark-to-market value*s of those *AS transaction*s in *your* favour and any other transactions in *your* favour also terminated under the *master agreement* governing the transactions, will be set-off against the sum of all *mark-to-market values* of such transactions in the *Bank*'s favour. If, as a result of this calculation, the overall sum is in the *Bank*'s favour, *you* must pay the *Bank* an amount equal to that total sum. Alternatively, if as a result of this calculation, the overall sum is in *your* favour then the *Bank* must pay *you* an amount equal to that total sum.

The *Bank* must notify *you* as soon as practicable after calculating these amounts. All calculations and determinations of any amounts made by the *Bank* must be made in good faith and in a commercially reasonable manner and will be determined by the *Bank* using its own internal models, market data and assumptions. Upon request, the *Bank* must provide *you* with reasonable details about the sum payable, including applicable calculations, market data or other relevant information.

If *you* wish to dispute the calculations or determinations, *you* can contact *your* relationship manager.

12.1 Worked examples demonstrating the possible impact of early termination

12.1.1 Example 5 (please refer to assumptions made in Example 1 at Part 6.1):

Possible outcomes if *you* terminate early (Producer)	Possible outcome**
If on the date the *AS transaction* is terminated, the *commodity reference price* is lower than the *fixed price*, then the *Bank* must pay *you* the *mark-to-market value*.* The *Bank* will calculate the *mark-to-market value* of the *AS transaction*, using the difference between the *fixed price* and the *commodity reference price* on the date the *AS transaction* is terminated. For example, if the *commodity reference price* is *AUD* 260.00 per metric tonne, then the *Bank* will calculate the following *mark-to-market value*: 100 x (*AUD* 300.00 – *AUD* 260.00) = *AUD* 4,000.00 For example, if the above *AS transaction* was terminated 90 days early and the interest rate was 2.00%, the present value of the *mark-to-market value* is calculated as: *AUD* 4,000.00 x [1/(1+(90/365 x 2.00%))] = *AUD* 3,980.37	Variable
If on the date the *AS transaction* is terminated, the *commodity reference price* is higher than the *fixed price*, then *you* must pay the *Bank* the *mark-to-market value.** The *Bank* will calculate the *mark-to-market value* using the difference between the *fixed price* and the *commodity reference price* on the date the *AS transaction* is terminated. For example, if the *commodity reference price* is *AUD* 380.00 per metric tonne, then the *Bank* will calculate the following *mark-to-market value*: 100 x (*AUD* 380.00 – *AUD* 300.00) = *AUD* 8,000.00 For example, if the above *AS transaction* was terminated 90 days early and the interest rate was 2.00%, the present value of the *mark-to-market value* is calculated as: *AUD* 8,000.00 x [1/(1+(90/365 x 2.00%))] = *AUD* 7,960.74 The example above assumes that the change in the relevant *commodity reference price* occurs in a relatively orderly manner over time. In volatile market conditions, prices may move more significantly and over a much shorter period. If the *commodity reference price* were to move more sharply against *you* over a short period of time, the *mark-to-market value* of the *AS transaction* may become more negative to *you* than illustrated above. As a result, the amount *you* are required to pay to the *Bank* (including any amount payable on early termination) may be significantly higher than the amount shown in this example.	Variable
If the *fixed price* is equal to the *commodity reference price* on the date the *AS transaction* is terminated *you* and the *Bank* will have no further obligations to each other with respect to the *AS transaction*.	No payment is made

* This amount can either be present valued and settled up-front (in which case an interest rate adjustment will likely apply. If an interest rate adjustment applies, the interest rate reference used will be within the range of +/- 50 basis points either side of *BBSY****), or paid to *you*, or by *you* (as applicable), in full on the last *settlement date*.

** Examples are used for illustrative purposes only and do not reflect current market prices or outcomes or the *Bank*'s (or any of its associates') view on future matters.

***If *BBSY* is 2.00%, the *reference rate* used will be in the range of 1.50% to 2.50%. The interest rate reference used from within that range will be at the discretion of the *Bank*.

12.1.2 Example 6 (please refer to assumptions made in Example 2 at Part 6.2):

Possible outcomes if *you* terminate early (Producer)	Possible outcome**
If on the date the *AS transaction* is terminated, the *commodity reference price* is higher than the *fixed price*, then the *Bank* must pay *you* the *mark-to-market value*.* The *Bank* will calculate the *mark-to-market value* of the *AS transaction*, using the difference between the *fixed price* and the *commodity reference price* on the date the *AS transaction* is terminated. For example, if the *commodity reference price* is *AUD* 360.00 per metric tonne, then the *Bank* will calculate the following *mark-to-market value*: 100 x (*AUD* 360.00 – *AUD* 318.00) = *AUD* 4,200.00 For example, if the above *AS transaction* was terminated 90 days early and the interest rate was 2.00%, the present value of the *mark-to-market value* is calculated as: *AUD* 4,200.00 x [1/(1+(90/365 x 2.00%))] = *AUD* 4,179.39	Variable
If on the date the *AS transaction* is terminated, the *commodity reference price* is lower than the *fixed price*, then *you* must pay the *Bank* the *mark-to-market value*.* The *Bank* will calculate the *mark-to-market value* using the difference between the *fixed price* and the *commodity reference price* on the date the *AS transaction* is terminated. For example, if the *commodity reference price* is *AUD* 210.00 per metric tonne, then the *Bank* will calculate the following *mark-to-market value*: 100 x (*AUD* 318.00 – *AUD* 210.00) = *AUD* 10,800.00 For example, if the above *AS transaction* was terminated 90 days early and the interest rate was 2.00%, the present value of the *mark-to-market value* is calculated as: *AUD* 10,800.00 x [1/(1+(90/365 x 2.00%))] = *AUD* 10,747.00 The example above assumes that the change in the relevant *commodity reference price* occurs in a relatively orderly manner over time. In volatile market conditions, prices may move more significantly and over a much shorter period. If the *commodity reference price* were to move more sharply against *you* over a short period of time, the *mark-to-market value* of the *AS transaction* may become more negative to *you* than illustrated above. As a result, the amount *you* are required to pay to the *Bank* (including any amount payable on early termination) may be significantly higher than the amount shown in this example.	Variable
If the *fixed price* is equal to the *commodity reference price* on the date the *AS transaction* is terminated *you* and the *Bank* will have no further obligations to each other with respect to the *AS transaction*.	No payment is made

* This amount can either be present valued and settled up-front (in which case an interest rate adjustment will likely apply. If an interest rate adjustment applies, the interest rate reference used will be within the range of +/- 50 basis points either side of *BBSY****), or paid to *you*, or by *you* (as applicable), in full on the last *settlement date*.

** Examples are used for illustrative purposes only and do not reflect current market prices or outcomes or the *Bank*'s (or any of its associates') view on future matters.

***If *BBSY* is 2.00%, the *reference rate* used will be in the range of 1.50% to 2.50%. The interest rate reference used from within that range will be at the discretion of the *Bank*.

Part 13: Payments netting

In accordance with the *AS transaction* documentation, if *you* have more than one *AS transaction* under this documentation, with the same *settlement date* and for the same currency, the payments and receipts may be "net settled". This means that all settlements are combined to a single net payment between *you* and the *Bank*.

Part 14: What are the costs involved in an *AS transaction*?

There are no up-front fees or charges payable by *you* for entering into an *AS transaction*.

The *fixed price* quoted to *you* for an *AS transaction* includes an embedded amount from which the *Bank* derives a financial benefit. This embedded amount covers the *Bank*'s transaction costs, costs of hedging and managing risk in relation to the *AS transaction*, and the *Bank*'s profit margin.

You do not pay this embedded amount as a separate fee and *you* will not receive a separate invoice for it. Instead, it is reflected in the *fixed price* quoted to *you* on the *trade date*.

The *fixed price* quoted to *you* is determined by the *Bank* taking into account a range of factors, including:

- the *commodity reference price* from the agreed *futures exchange*, index or price guide;
- any relevant *forward exchange rate*;
- the *transaction amount*;
- the *pricing date* and *transaction period*;
- liquidity in the relevant commodity and hedging markets;
- basis risk and the *Bank*'s ability to hedge the *AS transaction*; and
- the *Bank*'s costs, market risk exposure, *your* credit profile and the *Bank*'s profit margin.

These factors may increase or decrease the *fixed price* quoted to *you* and may result in different customers receiving different *fixed price*s for similar transactions.

The embedded amount affects the *fixed price* quoted to *you* and therefore the economic outcome of *your AS transaction*. All else being equal, compared with a *fixed price* that did not include the *Bank's* costs and profit margin, it may result in a less favourable *fixed price* for *you* – for example, a lower *fixed price* if *you* are seeking to fix the price *you* receive for selling a commodity, or a higher *fixed price* if *you* are seeking to fix the price *you* pay for buying a commodity.

Illustrative example only

Assume that, before taking into account the *Bank*'s costs and profit margin, an indicative *fixed price* for an *AS transaction* is *AUD* 300.00 per metric tonne. Assume also that, with all other pricing factors unchanged, the *Bank* includes an amount of *AUD* 2.50 per metric tonne to cover its transaction costs, hedging and risk management costs and profit margin.

On a 100 metric tonne *AS transaction*, that changes the economic outcome of the transaction by *AUD* 250.00. For a producer, this may mean a lower effective *fixed price* achieved. For a consumer, this may mean a higher effective *fixed price* paid.

You do not pay *AUD* 250.00 as a separate up-front fee, it is reflected in the *fixed price* and therefore in the economic outcome of the *AS transaction*.

Part 15: Are there any tax implications *you* should be aware of?

An *AS transaction* may have tax implications. These can be complex, may change over time and are invariably specific to *your* circumstances including, but not limited to, *your* tax status, any elections *you* have made and the purpose for which *you* have entered into the *AS transaction*. The outcomes may vary depending, amongst other things, on the type of entity transacting and whether *you* have made any elections. Therefore, *you* should discuss any taxation issues with *your* independent tax adviser before entering into an *AS transaction*.

Your AS transaction may be subject to Government taxes and duties (if any). These may vary from State to State.

Part 16: Notification of changes

Where there is a material change to a matter in circumstances where the *Corporations Act 2001* (Cth) requires a new PDS or a supplementary PDS, *we* will issue a new PDS or a supplementary PDS.

Part 17: Banking Code of Practice

The Banking Code of Practice (the Code) outlines standards of practice for banks, their staff and their representatives when dealing with small businesses and individuals (as defined in the Code). The Code does not apply to financial products and financial services that are provided to wholesale clients for the purposes of the *Corporations Act 2001* (Cth) (unless *you* are a wholesale client only because of section 761G(7)(b)).

If *you* would like more information about the Code and whether it applies to *you*, please contact *us* on **13 2221** (between 6am and 10pm, Monday to Friday (Sydney time)).

Part 18: Conflicts of interest

The *Bank* has a number of roles and interests in relation to *AS transactions* that may give rise to conflicts of interest. These include (without limitation):

- **The *Bank* acts as counterparty and issuer** – The *Bank* is the issuer of the *AS transaction* and also acts as *your* counterparty to each *AS transaction*. This means that when *you* enter into an *AS transaction*, the *Bank* takes the opposite position to *you*. As a result, the *Bank* may benefit where *you* make a loss under an *AS transaction*, and the *Bank* may incur a loss where *you* benefit.
- **The *Bank* determines pricing** – The *Bank* determines the *fixed price* and other economic terms of each *AS transaction*. In doing so, the *Bank* uses its own models, assumptions and market data, and includes a margin. *You* do not have access to the *Bank*'s pricing models, and there may not be an independent or transparent market price available for comparison.
- **The *Bank* determines valuations and termination amounts –** The *Bank* is responsible for determining the value of *your AS transaction* during its term and any amount payable on early termination. These calculations are made by the *Bank* acting in good faith and in a commercially reasonable manner, using its own models and market data. This creates a conflict of interest because the *Bank*'s determinations may affect the amount *you* are required to pay or receive.

The *Bank* has policies and procedures in place to manage conflicts of interest. However, these arrangements may not fully eliminate the impact of conflicts on the *Bank*'s decisions or on the outcomes of *your AS transaction*.

Part 19: What to do if *you* have a complaint?

Most problems can be resolved quickly and simply by talking with *us*. *You* can talk to *us* by:

- Calling or visiting one of *our* branches;
- Phoning *our* Customer Complaints team on **1800 805 605** or, if *you* are overseas, calling **+61 2 9687 0756**;
- Completing the online feedback form at **www.commbank.com.au/feedback**, where *you* can also view *our* complaint process; or
- Writing to *us* at CBA Group Customer Relations, Commonwealth Bank Group, Reply Paid 41, Sydney NSW 2001.

If *you* are not satisfied with the resolution and wish to proceed further, *you* can contact the Commonwealth Bank's Customer Advocate for a further review of *your* complaint. The Customer Advocate can be contacted via:

Telephone: 1800 832 806 (between 8.30am and 5pm (Sydney time), from Monday to Friday);

Email: customeradvocate@cba.com.au;

Writing:
Customer Advocate
Commonwealth Bank
Reply Paid 88915
Sydney NSW 2001.

Please quote the case reference number *we* provide *you* in all correspondence.

If an issue has not been resolved by the *Bank* to *your* satisfaction, *you* can lodge a complaint with the Australian Financial Complaints Authority (or AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678 (free call)

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

You can also contact the Australian Securities & Investments Commission, or ASIC, to make a complaint and to find further information on *your* rights. ASIC can be contacted through the following means:

Website: www.asic.gov.au

Email: infoline@asic.gov.au

Telephone: 1300 300 630

Part 20: Cooling-off rights do not apply to an *AS transaction*

An *AS transaction* is an over-the-counter derivative that is entered into at prevailing market prices. The value of *your AS transaction* will change immediately and continuously in response to movements in the relevant commodity or *commodity reference price*. Because of this, once an *AS transaction* is entered into, it cannot be cancelled during a cooling-off period except in accordance with its terms or as otherwise agreed with the *Bank*.

If *you* wish to exit an *AS transaction*, *you* may request an early termination or close-out in accordance with the terms of *your* agreement with *us* (see Part 12 "Terminating an *AS transaction*"). This may result in a payment by *you* to the *Bank* or by the *Bank* to *you*, depending on the market value of the *AS transaction* at that time.

Part 21: Definitions

"AS transaction"

An agricultural swap transaction.

"ASX"

Australian Securities Exchange and ASX 24, the futures market operated by it.

"AUD"

Australian dollars.

"Bank"

Commonwealth Bank of Australia ABN 48 123 123 124.

"BBSY"

The relevant Bank Bill Swap bid rate for the relevant tenor and Sydney *business day*, as administered and published by ASX Benchmarks (or any successor administrator).

"business day"

A day on which the *Bank* is open for transaction of business in relation to an *AS transaction*.

"CAD"

Canadian dollars.

"cash settlement amount"

The amount payable on a *settlement date* by one party to the agreement to the other, based on the difference between the *fixed price* and the *commodity reference price* for the underlying commodity.

"CBOT"

Chicago Board of Trade, an American futures and options exchange.

"cleared funds"

Funds that are immediately available to *you* for settlement of *your AS transaction*.

"commodity price"

The price that a producer or consumer will receive or pay in exchange for the sale or purchase of their physical commodity.

"commodity reference price"

The price that will be used to determine the outcome of *your AS transaction* on a *pricing date*.
The *commodity reference price* is determined with reference to the price of a particular *futures contract* on a particular *futures exchange*, index or price guide, depending on the underlying commodity of the *AS transaction*.

"confirmation letter"

A letter confirming the particulars of an *AS transaction* entered into between *you* and the *Bank* on a *trade date*.

“exchange rate”

The expression of the value of one currency in terms of another. For example, in the *exchange rate* *A*UD/USD 0.8000, 1 Australian dollar is equal to 0.8000 United States dollars.

“fixed price”

The price agreed between *you* and the *Bank* in respect of an *AS transaction*, that fixes the price *you* receive, or pay, in respect of the agreed *transaction amount* under an *AS transaction*.

“forward exchange rate”

The expression of the value of one currency in terms of another, where the currencies are exchanged at a future date, that is more than 2 *business day*s after the contract to exchange the currencies is entered into.

“futures contract”

A contract to purchase a specific asset or financial instrument at a specified time in the future at a specified price. Nearly all *futures contract*s are traded on a *futures exchange* and are standardised in terms of delivery date, amount and contract terms.

“futures exchange”

A market in which *futures contract*s are bought and sold, traditionally in a central, physical location, i.e. a trading floor. Increasingly though, *futures exchange*s are operated by dispersed traders using computer links to post prices to buy and sell the *futures contract*s.

“Group”

The *Bank* and its subsidiaries.

“Hedge Settlement Rate Average (HSRA)”

An *AUD/USD reference rate* set at 9.45am each *business day* and published on Reuters page HSRA. The HSRA rates are compiled by the Reserve Bank of Australia by averaging the *AUD/USD exchange rate*s of a sample of market participants in the foreign exchange market. When calculating the average, the highest and lowest rates are removed from the sample prior to computation.

“HSRA date”

For *AS transaction*s where the *fixed price* is denominated in *AUD*, 1 *business day* after a *pricing date*.

“ICE”

ICE is Intercontinental Exchange, Inc, an American company that operates various financial and commodity marketplaces, including futures and cash exchanges, and provides central clearing services.

“mark-to-market value”

The value of an *AS transaction* at a particular time, determined by the *Bank* acting in good faith and in a commercially reasonable manner by reference to prevailing market conditions and other relevant factors, and used to calculate amounts payable on termination or early termination.

“master agreement”

The *Bank*’s Derivative Master Agreement that sets out the terms and conditions of derivative transactions that may include one or more *AS transaction*s.

“pricing date”

The date the *commodity reference price* is determined with respect to a *settlement date*.

“proscribed person”

A person who is the target of any *sanctions law* (or who is owned or controlled by a person who is the target of any *sanctions law*, or who is acting on behalf of or for the benefit of a person who is the target of any *sanctions law*), including, but not limited to, a person whose name appears on a list of people with whom dealings are proscribed by any *sanctions law*.

“reference rate”

The benchmark *exchange rate you* agree with the *Bank* on the *trade date*, to convert the *commodity reference price* to the same currency as the *fixed price*. An example is the HSRA.

“sanctions law”

Any trade, economic or financial sanctions administered or enforced by the Australian Department of Foreign Affairs and Trade, and to the extent applicable, the U.S. Department of Treasury’s Office of Foreign Assets Control; the United Nations Security Council; the European Union; HM Treasury; the New Zealand Ministry of Foreign Affairs and Trade; the Hong Kong Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau; the Monetary Authority of Singapore; the Ministry of Finance Japan; or any other relevant sanctions authority.

“settlement date”

A *business day* on which a *cash settlement amount* will be exchanged between the parties to the *AS transaction*. For *AS transaction*s where the *fixed price* is denominated in *USD* or *CAD*, the *settlement date* will be 2 *business day*s after the *pricing date*. For *AS transaction*s where the *fixed price* is denominated in *AUD*, the *settlement date* will be 3 *business day*s after the *pricing date*.

“trade date”

The date on which an *AS transaction* is entered into by the parties.

“transaction amount”

The agreed quantity of the underlying commodity.

“transaction period”

The period from and including the *trade date*, up to and including the final *settlement date*.

“USD”

United States dollars.

“we”, “our”, “us”

The *Bank*.

“you”, “your”

The customer who is one of the parties.

Appendix A – Examples of *futures exchanges*

Australian Securities Exchange (*ASX*)

Chicago Board of Trade (*CBOT*)

Intercontinental Exchange (*ICE*)

Note: From time to time, the *Bank* may add or remove *futures exchanges* that may (or may not) be listed above.

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