

What you need to know

Deposit Plus for Self-Managed Super Funds

Product Disclosure Statement



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Commonwealth Bank of Australia ABN 48 123 123 124
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Disclosures and Important Information

This Product Disclosure Statement (PDS) has been prepared by the Commonwealth Bank of Australia ('Commonwealth Bank'), the issuer of Deposit Plus. The objective of this PDS is to give you information about this product to allow you to make a decision about its suitability for your circumstances and objectives. If you decide to invest in Deposit Plus, you should keep this PDS and all other documentation relating to your Deposit Plus investment for future reference.

Terms

Deposit Plus investments are bank deposits. Indicative terms for each Deposit Plus can be found in the relevant Indicative Term Sheet we send to you, and should be read in conjunction with this PDS.

Confirmation

You must read the Confirmation carefully and ensure that it aligns with your understanding of the key commercial terms because, to the extent that there is any inconsistency between the Indicative Term Sheet and the Confirmation, the Confirmation prevails to the extent of that inconsistency. If there is any inconsistency between the Terms and Conditions and the Confirmation, the Confirmation prevails. If you think that there is an error in the Confirmation you should contact your sales representative immediately to resolve the matter.

Definitions

Capitalised words and phrases used in this PDS have the meaning given to those words and phrases as set out in the 'Global Fixed Income Terms and Conditions' and 'Appendix 2: Deposit Plus Transactions'.

Investment decisions

It is impossible in a document of this type to take into account the investment objectives, tax position, financial situation and particular needs of each reader. Accordingly, nothing in this PDS should be construed as a recommendation by Commonwealth Bank, or any associate of it or any other person concerning investment in Deposit Plus. Readers should not rely on this PDS as the sole or principal basis of a decision to invest in Deposit Plus and should seek independent financial and taxation advice before making a decision whether to invest in Deposit Plus. Any information or representation not contained in this PDS must not be relied upon as having been authorised by or on behalf of Commonwealth Bank. Nothing in this PDS is, or may be relied upon as, a representation as to the future performance of Deposit Plus.

Preparation of this PDS

Commonwealth Bank has taken all reasonable care to ensure that the information contained in this PDS is true and accurate in all material respects and that, to the best of its knowledge and belief, such information does not omit anything likely to affect its scope.

Changes to information in this PDS

This PDS is current at the time of issue. Information in this PDS is subject to change from time to time. Where information is not materially adverse to investors, Commonwealth Bank will update the information by posting a notice on its website at CommBank.com.au/important-info. You can request a paper copy of updated information by contacting your financial adviser.

Associations

Commonwealth Bank has not taken into account any labour standards or environmental, social or ethical considerations in the selection, retention or realisation of the investment.

Any person receiving this PDS electronically should note that applications can only be accepted if the issuer receives your completed and signed Global Fixed Income Deposits Terms and Conditions. We will send you paper copies of this PDS free of charge upon request.

Examples

Examples contained in this PDS are hypothetical only and use rates and figures selected by Commonwealth Bank to demonstrate key features of Deposit Plus. The rates and figures used are not the actual rates and figures applicable to any particular issuance of Deposit Plus. In order to assess the merits of any particular issuance of Deposit Plus, you need to use the rates and figures applicable at the time you are considering investing in that issuance.

Jurisdiction and selling restrictions

This PDS and Indicative Term Sheet do not constitute an offer or invitation in relation to Deposit Plus in any place outside of Australia.

This offer or invitation is only available to a 'resident of Australia' as defined in the Income Tax Assessment Act 1936.

Registration with the Australian Securities and Investments Commission

This PDS has not been lodged with the Australian Securities and Investments Commission (ASIC) and is not required by the Corporations Act 2001 (Cth) to be lodged with ASIC. ASIC takes no responsibility for the contents of this PDS.

Issued by Commonwealth Bank of Australia

ABN 48 123 123 124, AFSL 234945

Contents

General Information	2	Fees and Charges	8
Investment Summary	2	Interest	8
What is Deposit Plus	5	Worked Examples	11
Key Benefits	6	Taxation	13
Key Risks	7	General Matters	14

General Information

Investment summary

Topic	Description	More information
Issuer	Commonwealth Bank	
What is Deposit Plus?	<p>Deposit Plus is a hold-to-maturity, fixed term investment that provides investors with interest income over its life. It includes two distinct interest periods:</p> <ol style="list-style-type: none"> a Fixed Interest Period during which you are paid a Fixed Rate; and a Floating Interest Period during which you are paid a Floating Rate, which is comprised of the three-month Bank Bill Swap Rate (BBSW) plus a predetermined fixed Margin. <p>The Floating Interest Period may follow the Fixed Interest Period, or vice versa.</p> <p>The BBSW is widely used in the Australian market as a reference rate for pricing wholesale deposits and loans. Note that the BBSW is different from the Reserve Bank of Australia's official cash rate. More information on the BBSW can be found on the Australian Financial Markets Association website at http://www.afma.com.au/data/BBSW.</p> <p>The Fixed Rate and Margin are set on the Start Date and remain unchanged for the Term of the investment.</p>	
Suitability	<p>Deposit Plus may be suitable for self-managed super funds (SMSFs) if you have a good understanding of interest rate markets and would like to invest in a tailored fixed term investment based on your interest rate view and cash flow requirements. In all cases, you will need to discuss these matters with your financial adviser to determine whether Deposit Plus suits your needs, objectives and the investment strategy you have set for your SMSF. If you decide to proceed, you can then invest in one or more Deposit Plus investments with us by contacting your financial adviser.</p>	
Key benefits	<p>Potential for attractive returns on your investment</p> <p>Deposit Plus is not an "At-Call" deposit, and by investing in Deposit Plus you agree to keep your Deposit Amount invested until the Maturity Date.</p> <p>By investing in this way, it is possible that you will earn Interest exceeding standard At-Call deposits during either or both of the Fixed Interest Period and the Floating Interest Period.</p> <p>Certainty of returns</p> <p>The Fixed Rate and Margin are set on the Start Date and remain unchanged during the Term of your Deposit Plus investment.</p> <p>During the Fixed Interest Period, you will know what Interest Payments you will receive.</p> <p>During the Floating Interest Period, you have the potential benefit of a Floating Rate comprised of the BBSW plus a fixed Margin over the BBSW (which will rise and fall during the Term and will impact your interest returns during the Floating Interest Period).</p>	

<p>Key benefits (continued)</p>	<p>Deposit with Commonwealth Bank</p> <p>Deposit Plus investments are deposit liabilities of Commonwealth Bank and protected accounts for the purposes of the Financial Claims Scheme and the statutory priorities in the Banking Act 1959 (Cth) if Commonwealth Bank is wound up. Payments under the Financial Claims Scheme are subject to a limit for each depositor. The terms of the Financial Claims Scheme are subject to change.</p> <p>Commonwealth Bank is one of the largest listed companies on the Australian Securities Exchange (ASX). You can read more about Commonwealth Bank at www.commbank.com.au/about-us.</p>	<p>See Financial Claims Scheme on page 16 for further information about protected accounts</p>
<p>Key risks</p>	<p>IMPORTANT</p> <p>Deposit Plus investments are not the same as standard Term Deposits or At Call Deposits. Most importantly, Deposit Plus investments are hold-to-maturity, fixed term investments. The Bank will give consideration in its absolute discretion to any request in writing to terminate a Deposit Plus Transaction prior to the Maturity Date, and subject to you providing us with at least thirty one (31) days' prior notice in writing. A shorter notice period as agreed with the Bank may apply in cases of financial hardship as agreed by the Bank. If we agree to terminate your Deposit Plus Investment, and you accept the indicative termination quote, your Deposit Plus Investment will be terminated and your Deposit Amount (plus or minus the Break Cost and including and accrued interest) will be returned to you on day 32 (or as agreed in the case of financial hardship). Notwithstanding you are in hardship, if your investment is terminated early, the costs may be significant and the Early Termination Value may be less than your Deposit Amount (the amount originally invested), which means you may suffer a loss. Please refer to 'Early termination' on page 9 and 10 for more information.</p> <p>Change in trustees</p> <p>A change in trustee or member status in SMSFs – such as a change of directors in a corporate trust, or the divorce or death of a trustee or member – may trigger a termination of the investment prior to maturity, and a Break Cost may be incurred. Please refer to 'Early Termination' on pages 9 and 10 for more information.</p> <p>Interest rate risk</p> <p>Interest rates may not move as you expect. For example, if the BBSW falls during the Floating Interest Period, your interest return will fall and may be inferior to that of similar investments. Additionally, if fixed interest rates rise during the Fixed Interest Period, you will not be able to take advantage of that favourable movement with your Deposit Plus investment.</p> <p>Credit risk</p> <p>The risk that Commonwealth Bank does not or cannot meet its obligations to you under the terms of Deposit Plus.</p> <p>Reinvestment risk</p> <p>The risk that the proceeds from the payment of the Deposit Amount and Interest Payments may have to be reinvested at a lower rate than the original investment.</p>	<p>See 'Early Termination' on page 9 for more information</p>

Key risks (continued)	<p>Operational risk</p> <p>You are reliant on the ability of Commonwealth Bank to price and settle your Deposit Plus investment in a timely and accurate manner. Should a Commonwealth Bank operational process fail, you may suffer losses or experience delays in payment.</p>	
Minimum Deposit Amount	<p>The minimum Deposit Amount is \$100,000. You cannot add additional monies to the Deposit Amount during the Term of your Deposit Plus investment, but you can have one or more Deposit Plus investments, subject to each having a minimum Deposit Amount of \$100,000.</p>	
Calculation and payment of Interest	<p>You will receive an Interest Payment on each quarterly Payment Date during the Term of your Deposit Plus investment. Interest Payments are paid in arrears for each period and cannot be reinvested into your Deposit Amount as compounding Interest.</p>	See page 8
Fees and charges	<p>There are no fees payable to establish or maintain your Deposit Plus investment, although you should be aware that Commonwealth Bank may require you to pay Break Costs if you request termination of your Deposit Plus investment prior to the Maturity Date, which may impact your Early Termination Value.</p>	
How to apply	<ul style="list-style-type: none"> ▶ Please contact your financial adviser to determine whether Deposit Plus suits your needs, objectives and the investment strategy you have set for your SMSF. ▶ If you decide to proceed, please read this PDS and sign the 'Global Fixed Income Deposit Terms and Conditions' and 'Appendix 2: Deposit Plus Transactions', and return them to your financial adviser, who will contact us. ▶ You can then invest in one or more Deposit Plus investments with us by contacting your financial adviser. ▶ The terms of Deposit Plus investments can vary. It is important that you read the relevant Indicative Term Sheet, in addition to this PDS, the 'Global Fixed Income Deposit Terms and Conditions' and 'Appendix 2: Deposit Plus Transactions' before you invest. ▶ There is no cooling-off period in respect of an investment in Deposit Plus. 	

What is Deposit Plus?

Overview

Deposit Plus is a hold-to-maturity, fixed term investment that aims to provide investors with interest income over its life. It includes:

- ▶ a Fixed Interest Period during which you are paid a Fixed Rate; and
- ▶ a Floating Interest Period during which you are paid a Floating Rate, which is made up of the three-month BBSW plus a predetermined fixed Margin.

The Floating Interest Period may follow the Fixed Interest Period, or vice versa.

The BBSW is a rate that is widely used in the Australian market as a reference rate for pricing wholesale deposits and loans. Note that the BBSW is different from the Reserve Bank of Australia's official cash rate. More information on the BBSW can be found on the Australian Financial Markets Association website at www.afma.com.au/data/BBSW.

The Fixed Rate and Margin are set on the Start Date of the investment and remain unchanged.

During the Fixed Interest Period you will receive a Fixed Rate of interest. Fixed Rate payments will not be affected by downward interest rate movements, however, in the event of upward interest rate movements you will not receive increased Interest Payments.

During the Floating Interest Period, the Interest Payments that you receive will vary with movements in the BBSW. If the BBSW rises or falls during that period, your Floating Rate Payments will also rise or fall. Your fixed Margin remains constant during the Floating Interest Period.

Deposit Plus is not an At Call Deposit, and by investing in Deposit Plus you agree to keep your Deposit Amount invested until the agreed Maturity Date.

By investing in Deposit Plus it is possible that you will earn Interest exceeding standard At-Call deposits during either or both of the Fixed Interest Period and the Floating Interest Period.

Who is Deposit Plus suitable for?

Deposit Plus may be suitable for SMSFs if you have a good understanding of interest rate markets and would like to invest in a tailored fixed term investment based on your interest rate view and cash flow requirements. In all cases, you will need to discuss these matters with your financial adviser to determine whether Deposit Plus suits your needs, objectives and the investment strategy you have set for your SMSF. If you decide to proceed, you can then invest in one or more Deposit Plus investments with us by contacting your financial adviser.

Key benefits

Potential for attractive returns on your investment

Deposit Plus is not an At Call Deposit, and by investing in Deposit Plus you agree to keep your Deposit Amount invested until the Maturity Date.

By investing in this way, it is possible that you will earn Interest exceeding standard At-Call deposits during either or both of the Fixed Interest Period and the Floating Interest Period.

Certainty of returns

The Fixed Rate and Margin are set on the Start Date and remain unchanged during the Term of your Deposit Plus.

During the Fixed Interest Period, you have the certainty of a Fixed Rate, so you will know what Interest Payments you will receive.

During the Floating Interest Period, you have the potential benefit of a Floating Rate together with the certainty of a predetermined fixed Margin over the BBSW (which will rise and fall during the Term and will impact your interest returns during the Floating Interest Period).

Deposit with Commonwealth Bank

Deposit Plus investments are deposit liabilities of Commonwealth Bank and protected accounts for the purposes of the Financial Claims Scheme and the statutory priorities in the Banking Act 1959 (Cth) if Commonwealth Bank is wound up. Payments under the Financial Claims Scheme are subject to a limit for each depositor. The terms of the Financial Claims Scheme are subject to change.

Commonwealth Bank is one of the largest listed companies on the ASX. You can read more about Commonwealth Bank at www.commbank.com.au/about-us.

Key risks

IMPORTANT

Deposit Plus investments are not the same as standard Term Deposits or At Call Deposits. Most importantly, Deposit Plus Investments are hold-to-maturity, fixed term investments. The Bank will give consideration in its absolute discretion to any request in writing to terminate a Deposit Plus Investment Transaction prior to the Maturity Date, and subject to you providing us with at least thirty one (31) days' prior notice in writing. A shorter notice period as agreed with the Bank may apply in cases of financial hardship as agreed by the Bank. If we agree to terminate your Deposit Plus Investment, and you accept the indicative termination quote, your Deposit plus Investment will be terminated and your Deposit Amount (plus or minus the Break Cost and including and accrued interest) will be returned to you on day 32 (or as agreed in the case of financial hardship). Notwithstanding you are in hardship, if your investment is terminated early, the costs may be significant and the **Early Termination Value may be less than your Deposit Amount** (the amount originally invested), which means you may suffer a loss. Please refer to 'Early termination' on page 9 & 10 for more information.

Change in trustees

A change in trustee or member status in SMSFs – such as a change of directors in a corporate trust, or the divorce or death of a trustee or member – may trigger a termination of the investment prior to maturity, and a Break Cost may be incurred. Please refer to 'Early Termination' on pages 9 and 10 for more information.

Interest rate risk

Interest rates may not move as you expect. For example, if the BBSW falls during the Floating Interest Period, your interest return will fall and may be inferior to that of similar investments. Additionally, if fixed interest rates rise during the Fixed Interest Period, you will not be able to take advantage of that favourable movement with your Deposit Plus. Note that it is not possible to receive a negative interest rate with Deposit Plus.

Credit risk

The risk that Commonwealth Bank does not or cannot meet its obligations to you under the terms of Deposit Plus.

Reinvestment risk

The risk that the proceeds from the payment of the Deposit Amount and Interest Payments may have to be reinvested at a lower rate than the original investment.

Operational risk

You are reliant on the ability of Commonwealth Bank to price and settle your Deposit Plus in a timely and accurate manner. Should a Commonwealth Bank operational process fail, you may suffer losses or experience delays in payment.

Change of law

There is a risk that a change in taxation, corporate or other relevant laws, regulations, interpretations or rules may adversely affect your investment.

Potential conflicts of interest

We and our related bodies corporate may conduct transactions as principal and as agent in various financial instruments to price Deposit Plus investments. These trading activities may affect (positively or negatively) the market price of your Deposit Plus investment.

Market disruption

If BBSW is not available we will use the buying rate quoted by Commonwealth Bank at or about 10.30am (Sydney time) on the first day of the Interest Period for bills of exchange accepted by a leading Australian bank and which have a term equivalent to the period.

Fees and charges

There are no fees payable to establish or maintain your Deposit Plus investment, although you should be aware that Commonwealth Bank may require you to pay Break Costs if you request termination of your Deposit Plus investment prior to the Maturity Date, which may impact your Early Termination Value.

Interest

Fixed Interest Period

During the Fixed Interest Period, you are paid a Fixed Rate of Interest. This rate is expressed in annual terms and paid on each scheduled Payment Date.

Floating Interest Period

During the Floating Interest Period, you are paid a Floating Rate of Interest on each Payment Date. The Floating Rate is made up of the BBSW plus a predetermined fixed Margin expressed in annual terms. The Margin remains constant, but the BBSW can change.

Interest calculations

During the Fixed Interest Period, your Interest Payments will be calculated using the same Fixed Rate, paid in arrears for each period from (and including) the previous Payment Date (or the Fixed Interest Period Start Date, in the case of the first period) to (but excluding) the next Payment Date. For the first Payment Date during a Fixed Interest Period, this period is the number of days elapsed from (and including) the Fixed Interest Period Start Date to (but excluding) the next Payment Date. The amount paid will vary depending on the number of days in the calculation period.

During the Floating Interest Period, your Interest Payments will be calculated using the Floating Rate, paid in arrears for each period from (and including) the previous Payment Date (or the Floating Interest Period Start Date, in the case of the first period) to (but excluding) the next Payment Date. For the first Payment Date during a Floating Interest Period, this period is the number of days elapsed from (and including) the Floating Interest Period Start Date to (but excluding) the next Payment Date. During the Floating Interest Period, your Interest Payments will vary at each Payment Date, depending on the number of days in the calculation period, and because the Floating Rate for each calculation period is set on the first Business Day of the calculation period, based on the BBSW.

In both cases, your Interest Payment can be calculated using the following formula:

$$\text{Interest} = \text{Principal} \times \text{Rate} \times (\text{Days}/365)$$

Where:

Interest = your Interest Payment

Principal = the amount of A\$ you have invested in Deposit Plus

Rate = either the Fixed Rate (during the Fixed Interest Period) expressed as a percentage per annum, or the current Floating Rate (during the Floating Interest Period) expressed as a percentage per annum

Days = the number of days in the Interest Period, being the number of days beginning on (and including) the Start Date up to (but excluding) the first Payment Date and, thereafter, the number of days beginning on (and including) the last Payment Date up to (but excluding) the next Payment Date (or, in the case of the last Interest Period, the Maturity Date). No adjustment is made to the number of days if a Payment Date falls on a day that is not a Business Day.

When are Interest Payments made?

You will receive an Interest Payment on each quarterly Payment Date during the Term of your Deposit Plus investment. Interest Payments are paid to you in arrears, and cannot be reinvested into your Principal as compounding Interest.

What happens on the Deal Date?

On the Deal Date, we agree on the commercial terms of your Deposit Plus investment with your financial adviser, including:

- ▶ the Deposit Amount you invest in your Deposit Plus investment
- ▶ the Start Date
- ▶ the Deposit Date
- ▶ the Maturity Date
- ▶ the Fixed Rate and Fixed Interest Period
- ▶ the Fixed Margin and Floating Interest Period.

The commercial terms will remain unchanged for the Term.

You must nominate the bank account into which we will deposit moneys payable to you under your Deposit Plus investment.

We will send you a Confirmation, which will set out in writing the commercial terms of your Deposit Plus investment.

What happens on the Deposit Date?

You must deposit the Deposit Amount with the Bank as specified in the Confirmation.

What happens on the Start Date?

This is the date your Deposit Plus investment starts and is the first day used in Interest calculations.

What happens after the Start Date?

You will receive Interest on each quarterly Payment Date during the Term of your investment, determined in accordance with the applicable appendix. We will send you Interest Payment advice for your records after each Floating Rate Payment Date throughout the Term of your Deposit Plus investment.

What happens on the Maturity Date?

Commonwealth Bank will return the Deposit Amount to your nominated bank account on the Maturity Date, together with your Interest Payment for the final Payment Date, which will be the same as the Maturity Date.

Can I terminate my investment prior to the Maturity Date?

Deposits Plus Investments are hold-to-maturity, fixed term investments. The Bank will give consideration in its absolute discretion to any request in writing to terminate a Deposit Plus Investment Transaction prior to the Maturity Date, and subject to you providing us with at least thirty one (31) days' prior notice in writing. A shorter notice period as agreed with the Bank may apply in cases of financial hardship as agreed by the Bank. Notwithstanding you are in hardship, if your investment is terminated early, the costs may be significant and the **Early Termination Value may be less than your Deposit Amount** (the amount originally invested), which means you may suffer a loss. Please refer to page 10 for a worked example.

The cost to withdraw (also known as the **Break Cost**) is the cost that the Bank estimates when you request termination of your Deposit Plus investment prior to the Maturity Date (ie withdraw all the Deposit Amount in Deposit Plus investments held with the Bank). The Bank determines a reasonable estimate of the Bank's costs, if any, in replacing or terminating the finance provided by your Deposit Plus investment.

The likelihood of incurring an early withdrawal cost will depend on whether there has been an increase in the Bank's funding costs.

The main factors that influence funding costs are:

- ▶ liquidity in the financial markets
- ▶ market pricing of credit risk
- ▶ the time remaining until your investment's maturity
- ▶ present value factors.

The Bank will apply the termination adjustment amount to your Deposit Amount to calculate your Early Termination Value. As the cost is influenced by market conditions, the Bank cannot provide certainty regarding the amount of the Break Cost until the date of your Early Termination request. During the global financial crisis in 2008, for example, the cost of borrowing for banks rose substantially, mainly due to the rapid rise in credit spreads and low liquidity in global financial markets.

Using a number of assumptions the Bank has estimated the costs impact if credit conditions changed from current levels and returned to those at the height of the global financial crisis in 2008 after one year of investment. Under those conditions, an early termination from Deposit Plus investments would have resulted in a cost of approximately 1% per annum of the Deposit Amount for the remaining term to maturity (please

see “Early Termination Worked Example” below for more information).

If we agree to terminate your Deposit Plus investment prior to the Maturity Date, we will provide you with an indicative termination quote that sets out the estimated Break Cost, accrued Interest, the Early Termination Value and how long the indicative termination quote will remain valid. The Early Termination Value is your Deposit Amount, plus or minus the Break Cost. Accrued Interest is paid in addition to the Early Termination Value. Depending on the circumstances, the costs may be significant, insubstantial or be of economic benefit to you.

If you accept the indicative termination quote, and notify us of your acceptance, we will agree to process your request. The Deposit Plus investment will be terminated, and your Deposit Amount (plus or minus the Break Cost and including any accrued Interest) will be returned to you on day 32. For the avoidance of doubt you will receive Interest on your investment during the 31-day notice period.

You cannot make a partial withdrawal of your Deposit Amount or request a partial Early Termination from Deposit Plus investments.

Early Termination worked example

You invested \$500,000 in a Deposit Plus on 30 November 2012, with a Maturity Date of 30 November 2017. On 14 November 2014, you request an Early Termination. After considering your case, we agree to an Early Termination and (for the purpose of this example) determine that the termination adjustment amount (Break Cost) is A\$4,500 p.a.

The Bank will apply the Break Cost to your Deposit Amount based on the time remaining until the Maturity Date (three years in this example). That is:

$$\mathbf{\$4,500 \times 3 = \$13,500}$$

Please note that the Break Cost is applied to the Deposit Amount. What you receive as your Early Termination Value is equal to \$500,000 – \$13,500 = \$486,500. The Bank will also pay any accrued but unpaid Interest for the broken Interest Period. You will receive the Early Termination Value on 16 December 2014, being 32 days after 14 November 2014, when we agreed to your request for Early Termination.

As shown, it is possible that you may receive back an Early Termination Value that is less than the initial Deposit Amount invested. Please note that figures are provided as an example only and should not be used as a guide to the size of the

Break Cost at any particular time.

If you decide to invest in Deposit Plus, you should do so intending to hold to maturity and should not invest funds you will require for other purposes during the Term of your investment.

How to apply for Deposit Plus?

- ▶ Please contact your financial adviser to determine whether Deposit Plus suits your needs, objectives and the investment strategy you have set for your SMSF.
- ▶ If you decide to proceed, please read this PDS and sign the ‘Global Fixed Income Deposit Terms and Conditions’ and ‘Appendix 2: Deposit Plus Transactions’, and return them to your financial adviser, who will contact us.
- ▶ You can then invest in one or more Deposit Plus investments with us by contacting your financial adviser.
- ▶ The terms of Deposit Plus investments can vary. It is important that you read the relevant Indicative Term Sheet, in addition to this PDS, the ‘Global Fixed Income Deposit Terms and Conditions’ and ‘Appendix 2: Deposit Plus Transactions’ before you invest.
- ▶ There is no cooling-off period in respect of a Deposit Plus investment.

Worked examples

This example is indicative only, and the interest rates included are not intended as a prediction or otherwise of future interest rate movements or levels.

Scenario assumptions



"We would like to invest \$1,000,000 for a five-year term. We believe interest rates will fall in years one and two, and rise after that time. As such, we would like a fixed rate in years one and two, and a floating rate in years three, four and five."

The Bank has calculated a fixed rate of 3.20% p.a. and a floating rate of three-month BBSW + 0.8% p.a.

Example payments table

This worked example uses quarterly payments and has artificially adjusted the number of days in each quarter so each year contains 365 days.

All example calculations in the table above use this formula:

$$\text{Interest} = \text{Deposit Amount} \times \text{Rate} \times (\text{Days}/365)$$

Quarter	Deposit Amount	Type of Interest	Fixed Margin	3-Month BBSW	Interest Rate	Days in Quarter	Interest Payment
1	\$1,000,000	Fixed	N/A	N/A	3.20%	91	\$7,978.08
2	\$1,000,000	Fixed	N/A	N/A	3.20%	91	\$7,978.08
3	\$1,000,000	Fixed	N/A	N/A	3.20%	91	\$7,978.08
4	\$1,000,000	Fixed	N/A	N/A	3.20%	92	\$8,065.75
5	\$1,000,000	Fixed	N/A	N/A	3.20%	91	\$7,978.08
6	\$1,000,000	Fixed	N/A	N/A	3.20%	91	\$7,978.08
7	\$1,000,000	Fixed	N/A	N/A	3.20%	91	\$7,978.08
8	\$1,000,000	Fixed	N/A	N/A	3.20%	92	\$8,065.75
9	\$1,000,000	Floating	0.80%	2.75%	3.55%	91	\$8,850.68
10	\$1,000,000	Floating	0.80%	2.75%	3.55%	91	\$8,850.68
11	\$1,000,000	Floating	0.80%	3.00%	3.80%	91	\$9,473.97
12	\$1,000,000	Floating	0.80%	3.25%	4.05%	92	\$10,208.22
13	\$1,000,000	Floating	0.80%	3.75%	4.55%	91	\$11,343.84
14	\$1,000,000	Floating	0.80%	4.00%	4.80%	91	\$11,967.12
15	\$1,000,000	Floating	0.80%	4.25%	5.05%	91	\$12,590.41
16	\$1,000,000	Floating	0.80%	4.25%	5.05%	92	\$12,728.77
17	\$1,000,000	Floating	0.80%	4.75%	5.55%	91	\$13,836.99
18	\$1,000,000	Floating	0.80%	5.00%	5.80%	91	\$14,460.27
19	\$1,000,000	Floating	0.80%	5.25%	6.05%	91	\$15,083.56
20	\$1,000,000	Floating	0.80%	5.75%	6.55%	92	\$16,509.59

Fixed interest rate calculation (for example, in Quarter 1)

Deposit Amount = \$1,000,000

Interest Rate = 3.20% p.a.
(Fixed)

Days = 91

Interest = $\$1,000,000 \times 3.20\% \times (91/365)$
= $\$32,000 \times 0.24931507$
= \$7,978.08

Floating interest rate calculation (for example, in Quarter 14)

Deposit Amount = \$1,000,000

Interest Rate = 4.80% p.a., being the three-month
(Floating) BBSW of 4.00% p.a. plus the fixed
Margin of 0.80% p.a.

Days = 91

Interest = $\$1,000,000 \times 4.80\% \times (91/365)$
= $\$48,000 \times 0.24931507$
= \$11,967.12

On the Maturity Date

In this example, as per the table above, on the Payment Date for Quarter 20, which is the Maturity Date, you will receive both your last Interest Payment of \$16,509.59 and your \$1,000,000 Deposit Amount back.

Taxation

Providing Commonwealth Bank with your Tax File Number ('TFN')

Commonwealth Bank is required to report details of income earned, withholding tax deducted and TFNs quoted on an account, to the Australian Taxation Office annually. The collection of TFNs and their use and disclosure are strictly regulated by the Privacy Act (1988).

When you invest in Deposit Plus, you may provide your TFN, your Australian Business Number ('ABN') or notify us of an applicable exemption. This is because accounts that earn Interest are subject to the Pay-As-You-Go ('PAYG') withholding rules.

- ▶ If the investment is made in the course of an enterprise (that is, business activities), you may provide an ABN as an alternative to your TFN.
- ▶ For joint accounts, the Australian Taxation Office (ATO) requires a minimum of two TFNs or ABNs (one each) from the account holders.
- ▶ If a trust is established and a trustee makes the investment, the trustee may quote the TFN of the trust.

Provision of a TFN or ABN is not compulsory. However, if you decide not to provide a TFN or ABN (or applicable exemption), then tax will be automatically deducted by us from interest, currently at the rate of 49%, if you are claiming an exemption, you will need to tell us the type of exemption you are claiming. Those eligible include:

- ▶ most pensioners;
- ▶ companies or unincorporated associations that are exempt from lodging tax returns and do not have TFNs (for example, charitable, social and non-profit organisations); and
- ▶ children under 18 where the investment income is less than A\$416 per annum.

Taxation

Taxation law is complex and its application will depend on a person's individual circumstances. When determining whether or not this product is suitable for you, you should consider the impact it will have on your own taxation position and seek professional advice on the tax implications it may have for you.

We set out below some key points you should consider and if appropriate discuss with your tax adviser:

- ▶ Interest income will give rise to taxable income, this includes interest earned between an Payment Date and Early Termination date (even if not separately paid in cash because it forms part of the amount paid to you upon Early Termination).
- ▶ The initial adviser fee you pay to your adviser may be deductible or form part of your cost base for CGT purposes. The treatment will depend upon on your individual circumstances;
- ▶ The redemption of your Deposit Plus investment under an Early Termination that results in the return of a Deposit Amount less than your initial Deposit Amount could give rise to a tax deduction. Conversely, the redemption of your Deposit Plus investment under an Early Termination that results in the return of a Deposit Amount greater than your initial Deposit Amount could give rise to assessable income. We recommend you speak to your tax adviser about the tax consequences of an Early Termination.

General matters

Customer information and privacy

What information we collect

In this clause 'you' includes our customer and any person who holds office in an entity which is a customer. We collect information about you (such as your name, address and contact details) and information about your interactions with us (such as transactions on your account). We may also collect publicly available information about you.

Why we collect your information and what we use it for

We collect your information because we are required to identify you in accordance with the *Anti Money Laundering and Counter-Terrorism Financing Act 2006* and in order to comply with taxation laws, such as the *Taxation Administration Act 1953* and the *Income Tax Assessment Act 1936*. We also collect it to administer our customer relationships and internal processes, including risk management and pricing; to meet our obligations in relation to external payment systems and under our arrangements with government agencies; and to tell you about products and services that may interest you (unless you tell us not to). If you don't want to receive marketing information, you can tell us by calling 13 22 21 or speaking to your relationship manager.

If you give us your electronic and telephone contact details, you agree we may use these to communicate with you electronically, or by phone or SMS, including providing updates, reminders and marketing information (unless you tell us not to).

You must give us accurate and complete information; otherwise you may be breaking the law and we may not be able to provide you with the products and services that you require.

If you change your personal details (such as your address, name or email address) you must tell us straight away.

Who we may exchange your information with

We may exchange your information with other members of the Commonwealth Bank Group, who may use your information for any of the purposes we do.

We may also exchange your information with others outside the Group, including your representatives, our service providers, other financial institutions (for example, in relation to a mistaken payment claim), enforcement or government authorities, relevant public registers and payment system operators (for example, BPAY Pty Ltd).

Sometimes it may be necessary to send your information overseas – for example, where we outsource functions overseas, send information to Group members overseas,

need to complete a transaction on your behalf, or where this is required by laws and regulations in Australia or in another country. See our Group Privacy Policy for more information.

Our Group Privacy Policy

Our Group Privacy Policy is available on our website or upon request from any Commonwealth Bank branch and should be read in conjunction with the above. It contains further details about our information collection and handling practices, including information about:

- ▶ other ways we may collect, use or exchange your information
- ▶ how you may access and seek correction of the information
- ▶ how to make a complaint about a breach of your privacy rights, and our complaint-handling procedures.

We encourage you to check our website regularly for any updates to the Policy.

How to contact us

For privacy-related enquiries, please contact us by:

- ▶ emailing CustomerRelations@cba.com.au
- ▶ calling 1800 805 605
- ▶ writing to the address listed in our Group Privacy Policy.

Other disclosures

Under common law, banks are permitted to disclose customer information in the following circumstances:

- a. where disclosure is compelled by law
- b. where there is a duty to the public to disclose
- c. where our interests require disclosure
- d. where disclosure is made with your express or implied consent.

So that we can manage our relationships, customer information may be disclosed to:

- ▶ brokers and agents who refer your business to us
- ▶ any person acting on your behalf, including your financial adviser, solicitor, settlement agent, accountant, executor, administrator, trustee, guardian or attorney
- ▶ financial institutions that request information from us if you seek credit from them
- ▶ valuers and insurers if you have borrowed from the Bank to purchase property (so that the Bank can obtain a valuation of your property and confirm that it is insured)

- ▶ aid with insurance matters, including those concerning medical practitioners (to verify or clarify, if necessary, any health information you may provide), claims investigators and reinsurers (to assess and manage any claim you make) and insurance reference agencies (where the Bank is considering whether or not to accept a proposal of insurance from you and, if so, on what terms)
- ▶ organisations to which we may outsource certain functions.

In all circumstances, where our contractors, agents and outsourced service providers become aware of customer information, confidentiality arrangements apply. Customer information may only be used by our agents, contractors and outsourced service providers for the purposes we require.

We may be required to disclose customer information by law – for example, under Court Orders or Statutory Notices pursuant to taxation or social security laws, or under laws relating to sanctions, anti money laundering or counter-terrorism financing.

We may send customer information overseas if:

- ▶ it is necessary to complete a transaction
- ▶ we outsource certain functions overseas.

We may also be permitted to disclose information in other circumstances. For more information, please see our Group Privacy Policy.

Access to your personal information

The law allows you (subject to permitted exceptions) to access your personal information. You can do this by contacting:

Customer Relations
Commonwealth Bank
Reply Paid 41
Sydney NSW 2001

We may charge you an administration fee for providing access.

Code of Banking Practice

The relevant provisions of the Code of Banking Practice apply to Deposit Plus. You should read Commonwealth Bank's information booklet 'The Better Banking Book', copies of which may be obtained by telephoning Commonwealth Bank on 13 2221 (between 8am and 8pm, Monday to Friday), by contacting your relationship manager, by visiting our website at commbank.com.au or from any branch of Commonwealth Bank.

The Better Banking Book contains useful information on a range of banking matters. These include the rights and obligations that arise out of the banker and customer relationship, account opening procedures, Commonwealth Bank's obligations regarding confidentiality of your information, complaint handling procedures, bank cheques, the advisability of you informing Commonwealth Bank promptly when you are in financial difficulty and the advisability of you reading the Terms and Conditions applying to any banking service provided to you or in which you are interested.

What if I have a complaint?

The Code of Banking Practice requires us to have procedures in place for dispute resolution. The Code states that the process for dispute resolution is to be readily available to customers (investors) free of charge.

Should you wish to make a complaint relating to Deposit Plus investment you should either:

- ▶ contact the adviser through whom you bought the product, or

if you bought the product directly from us:

- ▶ Telephone Client Relations from 8:00 am to 5:00 pm Sydney time, Monday to Friday on **1300 786 039** (outside Australia +61 2 9118 1466) or write to:

Client Relations
Locked Bag 22
Australia Square NSW 1215

- ▶ If Commonwealth Bank's internal dispute resolution is unsuccessful, you may take the matter to an external authority such as the Financial Ombudsman Service Ltd.

Financial Ombudsman Service Ltd
GPO Box 3
Melbourne VIC 3001

Tel: **1300 780 808**

Fax: **(03) 9613 6399**

Information about Commonwealth Bank

The continuous disclosure obligations of Commonwealth Bank mean that Commonwealth Bank must disclose to the ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of its ordinary shares. Copies of the information disclosed to the ASX can be viewed on the public file at the ASX for Commonwealth Bank.

Information about Commonwealth Bank, including documents such as financial statements and annual reports, or any documents sent to the ASX to fulfil our continuous disclosure obligations, can be provided free of charge to anyone who requests these documents.

If you would like copies of these documents write to:

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

You should obtain independent advice in respect to the nature of the business activities in which Commonwealth Bank is participating and to the prospects of those business activities.

Australian residents

Only Australian residents (as defined in the *Income Tax Assessment Act 1936*) can invest in Deposit Plus investments.

Disclosures

Employee remuneration

Commonwealth Bank will be entitled to generate revenue in relation to Deposit Plus investments. The employees and directors of Commonwealth Bank may participate in that revenue through remuneration including indirect shareholding.

Commonwealth Bank, as part of its employee remuneration arrangements, conducts an incentive system based on the success of its activities. The employees of Commonwealth Bank may participate in these incentive remuneration arrangements.

Financial Claims Scheme

The Financial Claims Scheme (also known as the Australian Government Deposit Guarantee), under the Banking Act, currently covers deposit amounts you hold in a bank, building society or credit union and foreign subsidiary banks (**ADIs**) in aggregate up to a statutory prescribed limit per account holder per ADI which is currently A\$250,000 (please note that for the purposes of calculating this total joint accounts are considered to be held in equal shares). You may be entitled to a payment in some circumstances. Payments under the scheme are subject to a limit for each depositor. Information about the Financial Claims Scheme can be obtained from www.fcs.gov.au. The terms of the Financial Claims Scheme are subject to change.

Contact details and directory

For more information, please contact us on 1300 786 039.

Registered office of the issuer

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

