

WHAT YOU NEED TO KNOW

Cash Relationship Account



Product Disclosure Statement

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Commonwealth Bank of Australia ABN 48 123 123 124
AFSL 234945

You should read all sections of this Product Disclosure Statement before making a decision to acquire this financial product.

CommonwealthBank



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General Information

Features at a glance

Significant benefits	The flexibility of a variety of investment options and a cash advance facility in, or linked to, a single account.
Significant risks	Interest rates can be volatile and can move adversely.
Minimum initial deposit 11am Call Deposit Fixed Term Deposit Security Investments	\$1,000,000.00. \$1,000,000.00. \$1,000,000.00.
Terms available 11am Call Deposit Fixed Term Deposit Security Investments	<i>11am call.</i> From 7 days to 30 days. From 1 day to 2 years.
Interest rates	Current interest rates are available on request from your relationship manager or any branch of the Bank.
Payment of interest 11am Call Deposit Fixed Term Deposit	Monthly/quarterly/at account closure. Monthly/at maturity.
Payment of earnings Security Investments	At maturity.
Fees and charges	No account keeping fees. For further information see Appendix A.
11am Call Loan Minimum amount Continuity Interest charged Term	\$1,000,000.00. 11am Call Loans must be renegotiated daily and are generally required to be repaid after no more than 21 consecutive days and you must wait for a period of at least 5 <i>business days</i> thereafter, before being able to access further 11am Call Loans through your CRA. Monthly/on repayment. <i>11am call.</i>
Withdrawals in advance of maturity Repurchasing Security Investments	May be repurchased, if the Bank agrees, partially or in full. A repurchase rate will apply, if approved.

The information in this Product Disclosure Statement (PDS) is subject to change from time to time and is up to date as at the date stated on the cover. Where the new information is materially adverse information, the Bank will either issue a new PDS or a supplementary PDS setting out the updated information. Where the new information is not materially adverse information, we will not issue a new PDS or supplementary PDS to you, but you will be able to find the updated information on our web site commbank.com.au or you can call **13 2221**. If you ask us to, we will send you a paper copy of the information.

Purpose of a Product Disclosure Statement (PDS)

A PDS aims to provide you with enough information to help you decide whether the product will meet your needs. It also helps you to compare the product with others you may be considering.

This PDS provides information about a product called a **Cash Relationship Account (CRA)**. If you decide to invest in a CRA, you should keep this PDS and all other documentation relating to your CRA for future reference.

This PDS consists of a General Information section and the Terms and Conditions that govern the CRA. When you lodge funds in a CRA you agree to the Terms and Conditions detailed in this PDS.

If you have any questions or wish to contact us, you can call **13 2221** between 8am and 8pm, Monday to Friday, visit our web site at **commbank.com.au**, or call into any branch of the Commonwealth Bank of Australia (the Bank).

To assist you in understanding this PDS, the definitions of some words are provided in the “Definitions” section on page 18. When used in this PDS, these words usually appear in italics.

What is a Cash Relationship Account (CRA)?

A CRA provides you with the flexibility of investing in a variety of investment options and a cash advance facility with the convenience of keeping your investments and borrowings in or linked to a single account.

What investment and borrowing options are available?

- **11am Call Deposit:** Your money is readily available to you provided that you advise the Bank that you require funds prior to 11am Sydney time on the day of access. The interest rate that you earn is determined by the Bank with reference to prevailing market interest rates and the balance of your account (refer to Clause 12 in the Terms and Conditions section of this PDS);

- **Fixed Term Deposit:** You can earn fixed interest rates for *terms* between 7 days and 30 days; and

■ Security Investments

1. Security Investments – Bank Bills (Bank Bills):

You can link Bank Bills to your CRA and earn fixed interest rates for *terms* from 1 day to 185 days, subject to the availability of *bank bills* on issue. (Please note that *bills of exchange* are not a financial product under the Corporations Act 2001. For detailed information on Bank Bills please refer to the separate Product Information Document “Security Investments – Bank Bills”. This document is available at **commbank.com.au** or upon request from your relationship manager or from any branch of the Bank.)

2. Security Investments – Negotiable

Certificates of Deposit (NCDs): You can link NCDs to your CRA and earn fixed interest rates for *terms* from 1 day to 2 years, subject to the availability of NCDs on issue. (For detailed information on NCDs please refer to the separate Product Disclosure Statements “Security Investments – Negotiable Certificates of Deposit issued by the Commonwealth Bank of Australia” and “Security Investments – Negotiable Certificates of Deposit issued by a bank other than the Commonwealth Bank of Australia”. These documents are available at **commbank.com.au** or upon request from your relationship manager or from any branch of the Bank.)

- **11am Call Loan:** A cash advance facility is available (subject to you satisfying the Bank’s approval criteria).

Who is it suitable for?

Situations in which a CRA may be appropriate are:

- you have \$1,000,000.00 or more to invest and from time to time require access to short term funding for \$1,000,000.00 or more;
- you require both a fixed and/or an *at call* investment; or
- you desire a particular investment option now with the opportunity to move to another investment option at a later date.

How are interest rates determined?

The rate of interest is based on the prevailing market interest rate. The market interest rate is adjusted by a margin that reflects the following factors:

- an allowance for the Bank's business costs, both fixed and variable;
- any risks associated with the product;
- the Bank's credit assessment of you (applicable to 11am Call Loans only); and
- the Bank's profit margin.

The margin may vary from time to time due to changed market conditions, the particular investment or borrowing option that you select and the timing of the transaction.

For 11am Call Deposits and 11am Call Loans, interest rates are negotiated daily.

Details of current interest rates are available on request from your relationship manager or any branch of the Bank.

How does a CRA work?

i) 11am Call Deposit

The minimum initial deposit is \$1,000,000.00. After the initial investment has been lodged, you may only make additional deposits of \$50,000.00 or more. Withdrawals must be for a minimum of \$50,000.00. The 11am Call Deposit balance must not fall below \$100,000.00.

Withdrawals and deposits are made through your relationship manager or any branch of the Bank. Requests for withdrawals must be made by 11am Sydney time on a *business day* in order to be processed on that day. Requests for withdrawals received after 11am Sydney time will be processed on the following *business day*.

ii) Fixed Term Deposit

The minimum deposit permitted is \$1,000,000.00. *Terms* from 7 days to 30 days are available.

Once your Fixed Term Deposit is lodged, you may not deposit additional funds to this deposit until maturity. If you need to withdraw some or all of your funds prior to maturity, please refer to the "Withdrawals in advance of maturity" section of this PDS.

iii) Security Investments

The minimum investment amount permitted is \$1,000,000.00. *Terms* are available from 1 day to 2 years, subject to the availability of Security Investments on issue.

When you link a Security Investment to your CRA, you are purchasing a *security* that is a *bill of exchange* that has been accepted or endorsed by a *prime bank* or an NCD that has been issued by a bank. (For detailed information on Bank Bills and NCDs, please refer to the separate Product Information Document "Security Investments – Bank Bills" and the Product Disclosure Statements "Security Investments – Negotiable Certificates of Deposit issued by the Commonwealth Bank of Australia" and "Security Investments – Negotiable Certificates of Deposit issued by a bank other than the Commonwealth Bank of Australia".)

Shortly after the *deal date*, the Bank will send you a letter confirming the details of your Security Investments.

iv) 11am Call Loans

11am Call Loans may be accessed through your relationship manager or any branch of the Bank.

Prior to the Bank agreeing to an 11am Call Loan, you must satisfy the Bank's credit approval process. The Bank is under no obligation to establish an 11am Call Loan with you.

11am Call Loans are negotiated daily and if not repaid or required to be repaid by 11am Sydney time, are automatically rolled or extended for another day (unless they have been outstanding for a period of 21 consecutive days). 11am Call Loans must be repaid after 21 consecutive days and you must wait for a period of at least 5 *business days* thereafter before being able to access further 11am Call Loans through your CRA.

The minimum 11am Call Loan is \$1,000,000.00. Interest is calculated daily and charged monthly in arrears or on the repayment of your 11am Call Loan.

How is interest calculated on an 11am Call Deposit and a Fixed Term Deposit?

Interest is calculated daily on your 11am Call Deposit and your Fixed Term Deposit using the simple interest formula:

$$\text{Interest} = \frac{\text{amount invested} \times \text{rate \% per annum} \times \text{number of days}}{365}$$

Interest is paid to you in accordance with Clause 13 of the Terms and Conditions in this PDS.

Example 1*

You have an existing 11am Call Deposit with a balance of \$2,504,476.72 with monthly interest to be renegotiated daily and you have requested that your interest be reinvested into this deposit. The Bank quotes a daily interest rate of 4.30% per annum on your 11am Call Deposit.

On 1 April, you decide to place most of your funds into a Fixed Term Deposit to take advantage of more favourable fixed interest rates. You speak to your relationship manager and request to move \$1,500,000.00 into a 15 day Fixed Term Deposit to mature on 15 April and you are quoted a rate of 5.00% per annum. You choose to have interest paid at maturity, with the interest reinvested to the 11am Call Deposit (rather than paid out to your nominated bank account).

■ 11am Call Deposit

Interest earned from 1 April to 15 April (inclusive)

$$= \$1,004,476.72 \times 4.30\% \times \frac{15}{365}$$

= \$1,775.03

Interest earned from 16 April to 30 April (inclusive)

$$= \$2,507,558.91 \times 4.30\% \times \frac{15}{365}$$

= \$4,431.17

■ Fixed Term Deposit

Interest earned on a deposit lodged on 1 April to mature on 15 April

$$= \$1,500,000.00 \times 5.00\% \times \frac{15}{365}$$

= \$3,082.19

Interest on your Fixed Term Deposit is paid on its maturity date.

On 1 May, the accrued interest on your 11am Call Deposit (\$1,775.03 plus \$4,431.17 equals \$6,206.20) is paid to your account.

* Examples are used for illustrative purposes only.

How is interest charged on an 11am Call Loan?

Interest is calculated daily on your 11am Call Loan using the simple interest formula:

$$\text{Interest} = \frac{\text{amount borrowed} \times \text{rate \% per annum} \times \text{number of days}}{365}$$

Interest is charged to you in accordance with Clause 13 of the Terms and Conditions in this PDS.

Example 2*

You have satisfied the Bank's credit approval process. On 1 April you speak to your relationship manager and request to borrow \$1,500,000.00 in the form of an 11am Call Loan to meet a short term funding requirement. You agree that interest will be paid monthly. You repay the 11am Call Loan prior to 11am Sydney time on 15 April. During the term of this loan interest rates vary as follows:

1 April	5.75%
2 April – 10 April	5.80%
11 April – 14 April	5.70%

■ 11am Call Loan

Interest paid for 1 April

$$= \$1,500,000.00 \times 5.75\% \times \frac{1}{365}$$

= \$236.30

Interest paid for 2 April – 10 April (inclusive)

$$= \$1,500,000.00 \times 5.80\% \times \frac{9}{365}$$

= \$2,145.21

Interest paid for 11 April – 14 April (inclusive)

$$= \$1,500,000.00 \times 5.70\% \times \frac{4}{365}$$

= \$936.99

Total interest charged to you on 1 May is \$3,318.50 (\$236.30 plus \$2,145.21 plus \$936.99).

* Examples are used for illustrative purposes only.

Reinvesting Fixed Term Deposits and Security Investments at maturity

i) Fixed Term Deposit

You may contact the Bank at any time prior to the *maturity date* of your Fixed Term Deposit, up until the *business day* before the scheduled *maturity date*, to request a withdrawal of funds at maturity or to specify how the funds are to be reinvested.

If, on the *maturity date*, we have not received your instructions, we will automatically reinvest the funds for you in a Fixed Term Deposit within your CRA at the prevailing interest rate on that day for a similar *term*.

The interest rate applicable to the new Fixed Term Deposit may be different from the interest rate applied in the previous *term*.

Excluding interest payments, additional deposits of \$5,000.00 or more are permitted when reinvesting your Fixed Term Deposit.

ii) Security Investments

On the *maturity date*, the Bank will pay to you the *face value* (proceeds) of your Security Investment. The difference between the *purchase price* and the *face value* is the earnings on your investment.

Prior to the *maturity date*, you may contact the Bank with your instructions for the maturing Security Investment. You may choose to invest in another Security Investment, or one of the other investment options within the CRA, or request the proceeds to be paid into a bank account nominated by you (in the same name as the CRA) on the *maturity date*.

If, on the *maturity date*, the Bank has not received instructions from you, we will pay the proceeds from your Security Investment into an 11am Call Deposit within your CRA at the prevailing interest rate.

The interest rate applicable to the 11am Call Deposit within your CRA may be different from the interest rate applied to your Security Investment in the previous *term*.

Withdrawals in advance of maturity

i) Fixed Term Deposit

When investing in a Fixed Term Deposit, you agree to invest your funds for a fixed period of time at a fixed rate. Early withdrawal of funds is at the Bank's absolute discretion. If the Bank agrees to an early withdrawal, conditions will apply and a prepayment adjustment will be charged. The adjustment is determined by the Bank acting reasonably based on the particular circumstances of the transaction and taking into account factors such as the amount withdrawn, the remaining balance, the time to maturity, movements in interest rates since lodgement (if any), and any other factors that the Bank considers relevant.

For an example of a withdrawal in advance of maturity and how the prepayment adjustment is calculated for a Fixed Term Deposit please refer to Appendix B of this PDS.

ii) Security Investments

Details of how Security Investments are *repurchased* are available in the separate Product Information Document "Security Investments – Bank Bills" and the Product Disclosure Statements "Security Investments – Negotiable Certificates of Deposit issued by the Commonwealth Bank of Australia" and "Security Investments – Negotiable Certificates of Deposit issued by a bank other than the Commonwealth Bank of Australia".

When *repurchasing* a Security Investment, you may receive an amount that is:

- equal to your *purchase price*; or
- less than your *purchase price*; or
- more than your *purchase price*.

What are the significant benefits of a CRA?

Benefits include:

- you receive returns linked to prevailing market interest rates;
- a wide range of investment *terms* are available ranging from *at call* to 2 years (depending on the investment option selected);
- there are no account keeping fees applicable;

- when you select an 11am Call Deposit, the interest rate that you receive may rise if market interest rates rise;
- when borrowing through an 11am Call Loan, the interest rate that you pay may fall if market interest rates fall; and
- when you invest in a Fixed Term Deposit or Security Investments, you are protected from falling interest rates during the *term* of your investment.

What are the significant disadvantages of a CRA?

Disadvantages include:

- when you select an 11am Call Deposit the interest rate that you receive may fall if market interest rates fall;
- when investing in a Fixed Term Deposit or Security Investments, you cannot benefit from increases in interest rates that may occur during the *term* of the Fixed Term Deposit or Security Investments as your interest rate is fixed for the *term*;
- when you select an 11am Call Deposit or 11am Call Loan, requests for withdrawals or drawdowns must be made by 11am Sydney time on a *business day* in order to be processed on that day. Requests for withdrawals or drawdowns received after 11am Sydney time will be processed on the following *business day*;
- when borrowing through an 11am Call Loan the interest rate that you pay may rise if market interest rates rise; and
- when investing in Security Investments linked to your CRA, you may not be able to invest to the exact *maturity date* that you require as *terms* are subject to the availability of *bank bills* and NCDs on issue.

What are the significant risks?

Interest rate markets may be volatile. Fixed Term Deposits and Security Investments in these markets may involve actual losses if the Fixed Term Deposit or Security Investment is withdrawn, or sold prior to maturity. Monitoring any risks associated with this product is your responsibility.

Market risk

Market risk is the risk that prices including interest rates will move adversely.

As the interest rate that you receive on your 11am Call Deposit is determined by reference to a variable interest rate benchmark (in the short term money market), you may experience a reduction in your interest income should market interest rates fall.

As the interest rate that you pay on your 11am Call Loan is determined by reference to a variable interest rate benchmark (in the short term money market), you may experience an increase in your interest expense should market interest rates rise.

Investing in a Fixed Term Deposit or Security Investments provides protection from falling interest rates during the *term* of your investment. However, as the rate of return that you receive and the *term* of the investment are both fixed, you forgo the opportunity to benefit from any rise in the interest rate during the *term*.

You should ensure that you are able to monitor and value any interest rate movements when investing in a CRA. The Bank may be dealing on its own account in interest rate markets and such dealings may influence interest rates.

Credit risk

Credit risk is common to all investment products that you may hold with the Bank. In all cases, you are reliant on the ability of the Bank (or in the case of a Security Investment, the bank accepting/endorsing the *bank bill* or issuing the NCD) to meet its obligations to you under the terms of the particular product.

Legal risk

Australia, as a member state of the United Nations, is obliged to implement United Nations Security Council sanctions. Australia also may be required to implement other international sanctions and sometimes imposes unilateral sanctions. Sanctions can cover various subject matters including financial restrictions. Consequently, the Bank may be prohibited from dealing with certain persons or entities.

This means that if the Bank is aware that you are a *proscribed person* or entity, then the Bank may be required to suspend, cancel or refuse you services or close or terminate any account, facility, transaction, arrangement or agreement with you. We may also be required to freeze assets of yours. You could incur significant costs as a result of these actions.

Change in prime bank status

If you choose to invest in a Security Investment, there is a risk that the status of the bank may change from being a prime bank to a non-prime bank during the *term* of the Security Investment. Should you request the Bank to *repurchase* your Security Investment, this may reduce the *repurchase* price or affect the Bank's decision whether or not to *repurchase* your Security Investment.

These risks are the most significant risks. However, there may be other considerations that are relevant to you should you open a CRA. You should obtain your own independent professional advice to determine whether the account is appropriate to your particular circumstances.

How do I invest in or borrow through a CRA?

To open a CRA, please contact your relationship manager or any branch of the Bank.

When opening your CRA, the minimum initial investment amount for each of the available investment options selected by you is \$1,000,000.00.

When borrowing through a CRA you must satisfy the Bank's credit approval process. The minimum initial 11am Call Loan drawdown is \$1,000,000.00.

After you have opened a CRA, the Bank will send you a letter that will detail your CRA number and provide useful information about managing your CRA.

What are the costs involved in a CRA?

There are no account keeping fees, however, other fees may apply. Refer to Appendix A of this PDS for more information on fees and Government taxes.

Are there any tax implications I should be aware of?

Borrowing, investing and dealing with investments have tax and often social security implications. These can be complex and are invariably particular to your

circumstances. Investment income in the form of interest earned on a CRA is generally taxable income. You should discuss the timing and derivation of this income with your independent professional tax adviser.

Borrowings and investments in a CRA will have additional tax consequences depending on whether the investor is an individual or company. You should discuss any tax issues with your independent professional tax adviser.

If you do not provide us with a Tax File Number (TFN), TFN exemption or Australian Business Number, or you are a non-resident, the Bank is obliged by law to deduct tax from the interest you have earned.

What if I have a complaint?

Please contact your relationship manager or the manager of the department that handled the matter and explain the problem.

Our staff will review the situation and, if possible, resolve it immediately. If the matter has not been resolved to your satisfaction, please contact our Customer Relations team via:

- our web site at commbank.com.au/contactus/comment.asp;
- telephone **1800 805 605**;
- facsimile **1800 028 542**; or
- writing to:
Customer Relations
Commonwealth Bank
Reply Paid 41
Sydney NSW 2001

If after giving us the opportunity to resolve your complaint, you feel we have not resolved it satisfactorily, you may also lodge a written complaint with the Financial Ombudsman Service Limited at:

Financial Ombudsman Service Limited

GPO Box 3
Melbourne VIC 3001
Telephone 1300 780 808
Facsimile 03 9613 6399
Website www.fos.org.au

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 identify and 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 2221, or speak to your relationship manager.

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

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 (e.g. 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 Group who may use your information for any of the purposes we can.

We may also exchange your information with others outside the Group, for example, your representatives, our service providers, other financial institutions (for example, in relation to a mistaken payment claim), enforcement and 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, where we 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 at commbank.com.au (follow the Privacy Policy link) or upon request from any branch of the Bank 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; and
- 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:

- email at CustomerRelations@cba.com.au
- telephone **1800 805 605**, or
- writing to the address in our Group Privacy Policy.

Additional Obligations

The Bank may be subject to laws or regulations in Australia or another country that affect your relationship with the Bank (eg. Laws that address taxation). So that we may comply with our obligations under these laws or regulations, we may:

- require you to provide information about you or your product;
- disclose any information we are required to concerning you (including sending your information overseas);
- withhold an amount from a payment to you if required to do so, and if we do, we will not reimburse you for the amount withheld; and/or
- take such other action as is reasonably required, including, for example, closing your account.

As part of Australia's international obligations in relation to combating tax evasion, we may require you to provide additional information. Until you provide us with this information, we may prevent you from withdrawing any funds that you deposit.

For example, if you are the trustee of a trust, you need to tell us if the settlor or any beneficiary of the trust is a tax resident of a country other than Australia. If the settlor or any beneficiary is itself an entity, this requirement applies to all individuals who are an ultimate beneficial owner of that entity.

We may then require you to obtain (and/or provide on their behalf) each individual's name, address, date of birth and tax residency details.

Where you are a trustee, you do not have to give us this information in relation to the settlor if their identity is not known or, if they have no ongoing involvement with the trust and their tax residency is not known. In this case, you confirm that after reasonable enquiry, you have no reason to believe that the settlor is tax resident in a country outside Australia.

You must keep this information up to date, and notify us promptly of any change.

If you need to get in touch with us:

- From Australia call 1300 077 141 between 9am — 5pm, Monday — Friday (your local state time)
- From overseas call +61 2 9283 6096 between 9am — 8pm, Monday — Friday (Sydney/Melbourne Time). Call charges may apply

Financial Claims Scheme

The Financial Claims Scheme, under the Banking Act, covers deposit amounts you hold in a bank in aggregate up to a statutory prescribed limit (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 the APRA website at www.apra.gov.au and the APRA hotline on 1300 55 88 49 (if calling within Australia) or +61 2 9210 3480 (if calling from outside Australia).

Terms and Conditions

1. About these Terms and Conditions

These Terms and Conditions govern the Bank's Cash Relationship Account (CRA). They do not include terms and conditions which may apply by operation of law.

For example, legislation such as Chapter 7 of the Corporations Act 2001 and the Australian Securities and Investments Commission Act 2001 apply to the provision of financial services and impose a number of obligations on us with regard to things such as product disclosure, dispute resolution and so on. A number of common law provisions also govern the banker/customer relationship. Further, the Code of Banking Practice (discussed below) and the ePayments Code may also apply.

It is not possible to set out in these Terms and Conditions all of the legislative, common law or Code provisions which may apply to a banking or financial service provided to you. If you need advice about any aspect of these, you may ask us. We will answer your queries where we are able to do so, otherwise we will ask you to seek advice from your own sources.

You should read these Terms and Conditions carefully and keep a copy for your future reference. In addition, you should read the Bank's information booklet "The Better Banking Book", copies of which may be obtained by telephoning the Bank on **13 2221** (between 8am and 8pm, Monday to Friday), visiting our web site at **commbank.com.au** or from any branch of the 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, the Bank's obligations regarding confidentiality of your information, complaint handling procedures, bank cheques, the advisability of you informing the 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.

The relevant provisions of the Code of Banking Practice apply to a CRA if that account is held by an individual, either alone or jointly with another individual, or by a small business customer. A copy of the Code of Banking Practice is available at **commbank.com.au** or upon request from your relationship manager or any branch of the Bank.

2. Investment options and borrowing within a CRA

i) 11am Call Deposit

- The Bank accepts funds on deposit (minimum initial deposit of \$1,000,000.00) until 11am Sydney time on each *business day*.
- You must notify the Bank of your intention to withdraw by 11am Sydney time on the day the funds are required to be repaid for funds to be repaid on that *business day*. If you notify the Bank after 11am Sydney time your funds will be repaid on the next business day.
- The 11am Call Deposit account balance must not fall below \$100,000.00.
- After the initial deposit, you may only make deposits to the account for amounts of \$50,000.00 or more. Withdrawals must be for a minimum of \$50,000.00.
- Each day by 11am Sydney time, you and the Bank agree to a rate to be paid on the deposit for that day. However, if at any time you do not negotiate a rate, the Bank sets a rate in accordance with clause 12 and, if the rate is changed, notifies you in writing.

ii) Fixed Term Deposit

- The Bank accepts funds on deposit (minimum deposit \$1,000,000.00) at an agreed rate of interest at the date of the deposit, for fixed *terms* ranging from 7 days to 30 days.
- Prior to the *maturity date*, you may contact the Bank with your instructions for the maturing Fixed Term Deposit. Unless your instructions are received at least one *business day* prior to the date of maturity of the deposit, the Bank renews the deposit for a similar *term* as before at the interest rate then applicable to that *term* and on the terms and conditions then applying to new deposits. The interest rate applicable to the new deposit may

be different from the interest rate applied in the previous *term*. The Bank notifies you, in writing, of the renewal.

- Early withdrawal of funds is permitted, however, an interest rate adjustment and conditions apply. The adjustment is determined by the Bank according to the schedule and calculations outlined in the General Information section of this PDS under “Withdrawals in advance of maturity”.
- If, at maturity, you renew your deposit for a further *term* and wish to increase the amount of your deposit, the amount of the additional lodgement (excluding the accrued compound interest) must be at least \$5,000.00.

iii) Security Investments

- For full details of how Security Investments work, please refer to the Product Information Document “Security Investments – Bank Bills” and the Product Disclosure Statements “Security Investments – Negotiable Certificates of Deposit issued by the Commonwealth Bank of Australia” and “Security Investments – Negotiable Certificates of Deposit issued by a bank other than the Commonwealth Bank of Australia”.
- You can link Security Investments (minimum amount \$1,000,000.00 per Security Investment) to your CRA at a rate of interest agreed on the *deal date*, for fixed *terms* ranging from 1 day to 2 years. *Terms* are subject to the availability of *bank bills* and NCDs on issue.
- On the *maturity date*, the Bank will pay to you the *face value* of your Security Investment. The difference between the *purchase price* and the *face value* is the earnings on your investment.
- Prior to the *maturity date*, you may contact the Bank with your instructions for the maturing Security Investment. You may choose to invest in another Security Investment, or one of the other investment options within the CRA, or request the proceeds to be paid into a bank account nominated by you (in the same name as the CRA).
- If, on the *maturity date*, instructions have not been received from you, the Bank will pay the proceeds from your Security Investment into an 11am Call

Deposit within your CRA at the prevailing interest rate. The interest rate applicable to the 11am Call Deposit within your CRA may be different from the interest rate applied to your Security Investment in the previous *term*.

- *Repurchase* by the Bank of your Security Investment is permitted at the discretion of the Bank. Where a *repurchase* is approved, a *repurchase* rate is calculated and applied by the Bank. For information on how the *repurchase* rate is calculated, refer to the separate Product Information Document “Security Investments – Bank Bills” and the Product Disclosure Statements “Security Investments – Negotiable Certificates of Deposit issued by the Commonwealth Bank of Australia” and “Security Investments – Negotiable Certificates of Deposit issued by a bank other than the Commonwealth Bank of Australia”.

iv) 11am Call Loans

- 11am Call Loans may be accessed by contacting your relationship manager or any branch of the Bank.
- Prior to the Bank agreeing to an 11am Call Loan, you must satisfy the Bank’s credit approval process. The Bank is under no obligation to provide an 11am Call Loan to you.
- 11am Call Loans are negotiated daily and if not repaid or required to be repaid by 11am Sydney time, are automatically rolled or extended for another day (unless they have been outstanding for a period of 21 consecutive days). However, if at any time you do not negotiate a rate, the Bank sets a rate in accordance with clause 12 and, if the rate is changed, notifies you in writing.
- 11am Call Loans must be repaid after 21 consecutive days and you must wait for a period of at least 5 *business days* thereafter before being able to access further 11am Call Loans through your CRA.
- The minimum 11am Call Loan is \$1,000,000.00.
- If an 11am Call Loan is not repaid when due, the Bank is entitled to offset any credit funds within the CRA against the amount owing.

3. Opening an account

In opening an account, you agree to these Terms and Conditions.

Opening an account is conditional upon;

- You providing the Bank with the necessary identification information it requires; and
- The bank carrying out any necessary verification check(s).

In opening this account you acknowledge that the name of the individual persons given to the Bank are true and correct and that the law prohibits the use of false names, as well as the giving, use or production of false and misleading information or documents in connection with the provision of financial services and the making, possession or use of a false document in connection with an identification procedure.

4. Conducting a CRA jointly with another person

- Unless otherwise agreed with the Bank when the account is opened:
 - each of you may operate the account independently of the other;
 - the Bank may accept for the credit of the account any cheque or other negotiable instrument payable to any one or more of you; and
 - if one of you dies, the balance of the account is transferred by the Bank to the survivor(s).
- If you have a joint account and you instruct us that the account is to be operated in a certain way (for example, you instruct us that any one of the joint account owners may operate alone), then we will not be liable for acting in good faith and without negligence in accordance with your instructions.

5. Account operating authority for non-personal accounts

When you open an account, you are required to provide us with the following Account Operating Authority ('the Authority') details:

- (i) all signatories who are authorised to operate the account, and
- (ii) the method of operation e.g. any one to sign, any two to sign, the Treasurer plus one to sign etc.

We will act upon this Authority until you vary or cancel it. If you wish to vary the Authority by changing (i) or (ii) above, or cancel the Authority, you must give notice in writing to the Branch where the account is conducted. Upon receiving such notice, the Authority will be varied or cancelled. All instructions dated prior to and presented for payment after the receipt of such notice in writing, will be honoured for payment.

Any instructions given by you in accordance with the Authority will be relied on by the Bank. We will not be liable for any loss or damage you, or anyone else, suffers where the Bank acts on those instructions in good faith, and without negligence. This service when supplied to you as a consumer comes with a non-excludable warranty under consumer protection laws that it will be carried out with due care and skill and be reasonably fit for the purpose. If we breach any of those warranties, you may be entitled to compensation. When you are not a consumer under consumer protection laws, our liability for loss or damage is limited to re-supplying the service to you or paying the costs of having the service resupplied to you. When you are a consumer under consumer protection laws, our liability is limited in this way only to the extent permitted by those laws.

6. Scope of account operating authority

The signatories who are authorised to operate the account in accordance with the specified method of operation, may act on the account and deal with the Bank in the following manner:

- Withdraw moneys in any manner;
- Make arrangements with the Bank on all matters relating to the issue of Encashment Authorities, Documentary Credits and authorities to negotiate;
- Access and operate the account using an electronic banking service is pursuant to the Bank's CommBiz Markets Terms and Conditions.;
- Change the mailing address;
- Open new account/s with the Bank, provided they have the same authorised signatories and method of operation as the Account Operating Authority;
- Obtain statements of account and any information required concerning the account/s generally; and
- Endorse cheques, bills, promissory notes or other instruments payable to the order of the Account Holder or if this is a joint account, payable to any one or more of you and intended for collection, discount or negotiation and credit of proceeds to your account/s.

7. Trust accounts

Unless an account is designated as a trust account, when you lodge a deposit in your name(s), you verify that the funds deposited are not in any way subject to a trust of any kind nor lodged in a trustee capacity.

8. Deposits

- You may make the initial and any subsequent deposits in cash, by transfer from another account in the same name, or by cheque payable to you or, if it is a joint account, to any one of you.
- For interest to accrue from the date of deposit, on the day you make the deposit you must telephone or send a facsimile transmission to your relationship manager or branch of the Bank informing them of the deposit.
- The Bank does not accept cheques payable to a third party for deposit to the account.
- Deposits may be made at any branch of the Bank. A personalised deposit book is available on request. Deposits may also be made via BPAY® or arranged by telephone.
- Deposits made by BPAY® will be automatically credited to your 11am Call Deposit, unless prior arrangements are made.
- Any cheques deposited to your account, or bank cheque or other document deposited to your account or delivered to us in connection with a transaction on your account becomes our property when we have presented the cheque for payment (even if it is dishonoured) or when the transaction is otherwise complete

9. Withdrawals

This clause 9 is subject to our rights under clause 14 of these terms and conditions.

- Proceeds of cheques and other payment instruments, whilst credited to your account, are subject to clearance. If the Bank allows you to access the proceeds before clearance is effected, you must repay that money if the cheque or payment instrument is dishonoured. In other cases, the money in your account is available subject to the

minimum transaction amounts set out in Clause 2 of these Terms and Conditions.

- The balance in the account must not fall below the specified minimum amount.
- You may make withdrawals or transfer funds from your 11am Call Deposit at any branch of the Bank.
- Cheque book, electronic terminal (e.g. EFTPOS, direct debit) and card access are not available.
- Repayment of funds will only be made by transfer to a bank account in the same name as the CRA or by the issue of a bank cheque in the same name as the account via any branch of the Bank.

10. Loans

- You may receive the initial and any subsequent drawdowns by transfer to another account in the same name, or by a bank cheque in the same name as the account via any branch of the Bank.
- The 11am Call Loan must be drawn down prior to 11am Sydney time.

11. Electronic banking

- Electronic Access to your account is governed by the conditions set out in the CommBiz Markets Terms and Conditions.
- A copy of the Bank's CommBiz Markets Terms and Conditions is available from our website www.commbank.com.au.

12. Interest rates

- Interest rates are determined by the Bank having regard to prevailing market interest rates.
- 11am Call Deposit interest rates may vary according to the balance of your account.
- Details of current interest rates are available on request from your relationship manager or any branch of the Bank.

13. Payment and receipt of interest

This clause 13 is subject to our rights under clause 14 of these terms and conditions.

- Please note the second paragraph of Clause 8 of these Terms and Conditions.
- For 11am Call Deposits and Fixed Term Deposits where the monthly interest option is selected, interest is calculated daily and paid monthly on the first *business day* of each calendar month. If an 11am Call Deposit is closed during the month or a Fixed Term Deposit matures during the month, interest is calculated daily and paid on the day of closure or maturity.
- For 11am Call Loans, interest is calculated daily and charged monthly on the first *business day* of each calendar month. If an 11am Call Loan is repaid during the month, accrued interest may be calculated and charged on the day of repayment.
- For 11am Call Deposits where the quarterly interest option is selected, interest is calculated daily and paid quarterly on the first *business day* of January, April, July and October. If an 11am Call Deposit is closed during the quarter or a Fixed Term Deposit matures during the quarter, interest is calculated daily and paid on the day of closure or maturity.
- For Fixed Term Deposits where the interest at maturity option is selected, interest is calculated daily and paid at maturity.
- If a Fixed Term Deposit is withdrawn in advance of maturity, interest is calculated subject to an interest adjustment (refer to Clause 2 (ii) of these Terms and Conditions) and paid on the day the funds are withdrawn.
- Interest may be credited to your 11am Call Deposit or paid to another account conducted with the Bank in the same name. Interest may also be credited to an account conducted with another bank within Australia provided the account is in the same name as the CRA.
- Interest can only be compounded on a Fixed Term Deposit where the interest at maturity option is selected.
- For details of earnings on Security Investments, please refer to the separate Product Information Document “Security Investments – Bank Bills” and the Product Disclosure Statements “Security Investments – Negotiable Certificates of Deposit issued by the Commonwealth Bank of Australia”

and “Security Investments – Negotiable Certificates of Deposit issued by a bank other than the Commonwealth Bank of Australia”.

14. Refusal of service

In the event that you or a signatory appears to be a Proscribed Person, then we may immediately refuse to process or complete any transaction or dealing of yours; suspend the provision of a product or service to you; refuse to allow or to facilitate any of your assets held by us to be used or dealt with; refuse to make any asset available to you to any other proscribed person or entity; or terminate these arrangements with you. We will be under no liability to you if we do any or all of these things. Our rights under this clause are in addition to all other rights we may have.

If we exercise our rights under this clause you must pay us any damages, losses, costs or reasonable expenses that we incur in relation to any action taken under this clause, including without limitation our refusal of service under this clause, interest adjustments, administrative costs and/or costs of sale or purchase of any transaction or deal put in place for the purposes of meeting our obligations under these Terms and Conditions.

15. Statement of account

- For 11am Call Deposits, Fixed Term Deposits and 11am Call Loans statements are issued monthly.
- When the account is conducted jointly with another person and where the joint account holders live at the same address, the Bank sends one statement of account addressed to both account holders. When the joint account holders live at different addresses, one statement of account is sent to the nominated postal address.

16. Bank fees

Some related products and services, such as bank cheques and telegraphic transfers, will incur a separate fee. These fees will be set out in the Product Disclosure Statements or terms and conditions brochures for those other products and services (refer to Appendix A of this PDS).

17. Government taxes

- Government taxes, where applicable, are charged to the account.
- Refer to Appendix A of this PDS for details of Government taxes.

18. Variation of Terms and Conditions

Changes we can make

A. Changes to your account features

We may from time to time:

- (a) change any interest rate we pay;
- (b) change any interest rate we charge you;
- (c) add fees or charges;
- (d) remove fees or charges;
- (e) change the amount of any fee or charge;
- (f) change the repayment terms of your 11am Call Loan.

Each of the changes in paragraphs (a) to (f) is a separate right and this clause 18A is to be read as if such change was a separately expressed right.

B. Changes to your account terms and conditions

We may from time to time change any of these Terms and Conditions to:

- (g) change the basis on which interest is charged;
- (h) change the basis on which interest is paid;
- (i) adjust our interest rate structure;
- (j) adjust the balance ranges within which interest rates apply to your account;
- (k) replace any reference rate with any other reference rate;
- (l) change the frequency with which interest is credited;
- (m) change the frequency with which interest is debited;
- (n) add new concessions or benefits;
- (o) change or remove any concessions or benefits; or
- (p) adopt or implement any legal requirement, decision, recommendation, regulatory guidance or standard of any court, tribunal, ombudsman service or regulator.

Each of the changes in paragraphs (g) to (p) is a separate right and this clause 18B is to be read as if such change was a separately expressed right.

C. Without limiting our rights under clause 18B, we may from time to time change any of the terms and conditions of your account.

How we notify you of changes to your account features and terms and conditions?

With 11am Call Deposits and 11am Call Loans, we will give you at least 30 days' prior written notice of:

- (q) the introduction of a new fee or charge (other than a government tax or charge payable directly or indirectly by you);
- (r) an increase to an existing fee or charge (other than a government tax or charge payable directly or indirectly by you);
- (s) a change in the method by which interest is calculated or the frequency with which interest is debited or credited;
- (t) a change in the balance ranges within which interest rates apply to the account.

Any such changes that we make to Fixed Term Deposits do not apply during the term of an existing deposit, but we inform you of the changes and they take effect if and when your deposit is renewed at maturity.

If the Bank otherwise varies these Terms and Conditions or varies its standard fees and charges, the Bank will notify you either in writing or by advertisement in the national media or local media, no later than the day on which the variation takes effect.

The Bank will notify you of the introduction or variation of any Government tax or charge either in writing or by advertisement in the national media or local media, unless the Government, a Government agency or representative body has already publicised the introduction or variation.

You agree that we may give you notice as set out in this section.

Not happy with the change?

If you do not accept these changes, you may close your account with us without fee or charge subject to any rights of account combination the Bank may have and any legal obligation of the Bank to pay any part of your account balance to a third party.

19. Change of personal details

You are required to notify the Bank promptly of a change to your personal details, such as your name, address or nominated bank account.

20. Account closure

This clause 20 is subject to our rights under clause 14 of these Terms and Conditions.

- The Bank is entitled to close the account on reasonable notice if the account has a credit balance, or without notice if the account has a nil balance or is overdrawn and has not been operated on for three (3) months or more. Where the Bank closes your account and there is a credit balance, the Bank will transfer the balance to another active deposit account in the same name as your CRA or send you a bank cheque.
- If you have not made a deposit or withdrawal on the account for seven (7) years, unless within that period you, a signatory or your agent, have notified us that you wish to treat the account as active, the Bank will close the account without giving you notice and will transfer any credit balance to an unclaimed moneys fund (balances over a prescribed amount go to the Commonwealth Government's unclaimed moneys fund where they may earn interest; balances below the prescribed amount will not earn interest). You may apply for the transferred balance to be returned to you at any time.

21. Severance

If any provision of these Terms and Conditions is found to be illegal, void or unenforceable for unfairness or any other reason (for example, if a court or other tribunal or authority declares it so) the remaining provisions of these terms and conditions will continue to apply to the extent possible as if the void or unenforceable part had never existed.

Definitions

“11am Call”

Investment or loan accounts where you and the Bank agree any deposit, withdrawal, loan drawdown or repayment by 11am Sydney time on the *business day* that the transaction is to occur.

the “Bank”; “our”; “us”; “we”

Commonwealth Bank of Australia
ABN 48 123 123 124.

“bank bill”

A *bank accepted bill* or a *bank endorsed bill*.

“bank accepted bill”

A *bill of exchange* that has been issued by a drawer and that is subsequently accepted by a bank. If the *bank accepted bill* is subsequently on-sold to an investor, the accepting bank is obliged to repay the *face value* of the *bill* at maturity to that investor.

“bank endorsed bill”

A *bill of exchange* that has been issued by a drawer and that is subsequently endorsed by a bank. If the *bank endorsed bill* is subsequently on-sold to an investor, the endorsing bank is obliged to repay the *face value* of the *bill* at maturity to the investor should the acceptor or the drawer of the *bill* be unable to do so.

“bill of exchange”; “bill”

A negotiable instrument regulated by the Bills of Exchange Act 1909 (Cth).

“business day”

A day on which the Bank is open for the transaction of business in relation to a CRA.

“CRA”

A Cash Relationship Account.

“deal date”

The date on which you enter into a Fixed Term Deposit or Security Investment with the Bank.

“face value”

The amount payable to you on the *maturity date* of a Security Investment.

“maturity date”

The date on which a Fixed Term Deposit or Security Investment ends and the maturity proceeds become available to you.

“NCD”

A negotiable certificate of deposit.

“negotiable certificate of deposit”

A financial instrument issued by a bank as a means of raising funds.

“prime bank”

According to the Australian Financial Markets Association (AFMA), to be considered a *prime bank*, a bank must:

- be an Australian Prudential Regulation Authority (APRA) Authorised Deposit-Taking Institution and classified by APRA as an “Australian-owned Bank”, a “Foreign Subsidiary Bank” or a “Branch of a Foreign Bank” that is authorised to carry on banking business pursuant to the Banking Act 1959 (as amended) or “comparable legislation in its country of origin”; and
- be rated by Standard & Poor’s as having a short term rating of A1+ and a long term rating of at least AA-.

It is also expected that its acceptances or negotiable certificates of deposit trade at the lowest benchmark yield, as determined by the market.

The lowest benchmark yield, for a given *term*, is determined with regard to credit, liquidity and price of the underlying bank’s *bank bills* and *negotiable certificates of deposit*.

A listing of *prime banks* is accessible via the AFMA web site www.afma.com.au or upon request from your relationship manager or any branch of the Bank.

Banks that are not defined as a *prime bank* under the AFMA definition will be classified as *non-prime banks* for the purposes of this PDS.

“Proscribed Person”

A person who appears to us either (a) to be a proscribed person or entity under the Charter of the United Nations Act 1945 (Cth); (b) to be in breach of the laws of any jurisdiction relating to money laundering or counter-terrorism; (c) to appear in a list of persons with whom dealings are proscribed by the government or a regulatory authority of any jurisdiction; or (d) act on behalf, or for the benefit of, a person listed in subclauses (a) – (c).

“purchase price”

The cost of the Security Investment to the customer.

“repurchase”

Where you wish to redeem all or part of your Security Investment prior to the *maturity date* you may request the Bank to buy back from you all or part of the *face value* of your Security Investment.

“security(ies)”; “Security Investment”

A bank accepted bill, a bank endorsed bill or a negotiable certificate of deposit.

“Security Investment – Bank Bill”

A Security Investment – Bank Bill (Bank Bill) is a short term investment in an underlying *security* being either a bank accepted or bank endorsed *bill of exchange* where the *term* of the *security* is for a period of 185 days or less. The interest rate applicable on the Bank Bill is determined on the *deal date* by reference to market interest rates and is fixed for the *term* of the investment.

“Security Investment – Negotiable Certificate of Deposit”

A Security Investment – Negotiable Certificate of Deposit (NCD) is a short term investment in an underlying *security* being a *negotiable certificate of deposit* where the *term* of the *security* is for a period of 185 days or less. The interest rate applicable on the NCD is determined on the *deal date* by reference to market interest rates and is fixed for the *term* of the investment.

“term”

The period from the *deal date* to the *maturity date*.

“you”; “your”

The customer who is the person or persons or entity in whose name the CRA is held.

APPENDIX A

Fees and Government taxes



Bank fees

There are no account keeping fees as the interest rate has been adjusted by a margin that reflects the costs incurred.

Some related products and services, such as bank cheques and telegraphic transfers, will incur a separate fee. These fees will be set out in the Product Disclosure Statements or terms and conditions brochures for these other products and services.

Government taxes

If you do not provide us with a Tax File Number (TFN), TFN exemption or Australian Business Number, or you are a non-resident, the Bank is obliged by law to deduct tax from the interest you have earned.

Your CRA may also be subject to Government taxes and duties (if any). These may vary from state to state.



APPENDIX B

Fixed Term Deposit withdrawal in advance of maturity example

Calculation of the prepayment adjustment

The Bank quotes a prepayment adjustment rate and applies the formula below to calculate the prepayment adjustment applicable to the breaking of your Fixed Term Deposit.

The Bank calculates the interest amount on the Fixed Term Deposit given the originally agreed fixed rate of interest and the actual term.

The Bank then calculates the future cash flows based on the term remaining for the Fixed Term Deposit using both the prepayment adjustment rate as determined by the Bank and the originally agreed fixed rate of interest. The difference between these amounts is calculated and a discount factor is applied to determine the value.

The sum of the present valued future net cash flows and the interest amount is payable to the customer together with the original principal amount.

The prepayment adjustment rate is determined by the Bank with consideration to the factors listed in the section "Withdrawals in Advance of Maturity – Fixed Term Deposit" of this PDS.

The Bank calculates the relevant cash flows using the following formula:

$$\text{Cash flow} = \frac{\text{amount invested} \times \text{rate \% per annum} \times \text{number of days}}{365}$$

Example*

You have lodged a 30 day Fixed Term Deposit of \$1,000,000.00 at an interest rate of 4.50% per annum with interest at maturity.

After 17 days, you request to withdraw the entire \$1,000,000.00. The prepayment adjustment rate determined by the Bank acting reasonably is 5.00% per annum.

The Bank calculates the interest amount using the original interest rate and the actual term.

Interest using the original interest rate and actual term:

$$\begin{aligned} &= \$1,000,000.00 \times 4.50\% \times \frac{17}{365} \\ &= \mathbf{\$2,095.89}^{[1]} \end{aligned}$$

The Bank will calculate the cash flows for this Fixed Term Deposit based on the original interest rate of 4.50% per annum and the residual term and also based on the prepayment adjustment rate as determined by the Bank of 5.00% per annum and the residual term.

Interest cash flow using the original interest rate and the term remaining:

$$\begin{aligned} &= \$1,000,000.00 \times 4.50\% \times \frac{13}{365} \\ &= \mathbf{\$1,602.74}^{[2]} \end{aligned}$$

Interest cash flow using the prepayment adjustment rate and the term remaining:

$$\begin{aligned} &= \$1,000,000.00 \times 5.00\% \times \frac{13}{365} \\ &= \mathbf{\$1,780.82}^{[3]} \end{aligned}$$

A discount factor is calculated (based on the residual term and the prepayment adjustment rate) and applied to determine the value today of the net future cash flow as shown in the table below (in this example there is only one cash flow, the interest at maturity):

Interest cash flow at original interest rate of 4.50% per annum [2]	Interest cash flow at termination rate of 5.00% per annum [3]	Net cash flow [2] - [3] = [4]	Remaining term (applicable to each cash flow)	Discount factor as quoted by the Bank [5]	Today's value of the net cash flow [4] x [5]
\$1,602.74	\$1,780.82	-\$178.08	13 days	0.99822	-\$177.76 [6]

Amount payable

The total amount payable to you on the early repayment of your Fixed Term Deposit is:

Amount invested plus interest earned for the actual term [1] less adjustment for today's value of the net cash flow [6].

$$= \$1,000,000.00 + \$2,095.89^{[1]} - \$177.76^{[6]}$$

$$= \mathbf{\$1,001,918.13}$$

You paid \$1,000,000.00 on the *deal date* and receive \$1,001,918.13 on the termination date.

* Examples are used for illustrative purposes only. Although in this example your earnings are positive, your earnings could be negative depending on interest rate movements. In the event of a withdrawal in advance of maturity, the actual rate of return on your investment is impacted by the early repayment rate and the period for which the Fixed Term Deposit was held and may vary from the original expected rate of return.

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