

ASX Announcement



Commonwealth
Bank

CommBank PERLS XIII Capital Notes Prospectus

NOT FOR DISTRIBUTION IN THE UNITED STATES

Wednesday, 24 February 2021 SYDNEY: Commonwealth Bank of Australia (“CBA”) today lodged with the Australian Securities and Investments Commission a prospectus (“**Prospectus**”) regarding its offer of CommBank PERLS XIII Capital Notes (“**PERLS XIII**”). A copy of the Prospectus is attached.

Important information

Investments in PERLS XIII are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. They are not deposit liabilities or protected accounts of CBA under the Banking Act 1959 (Cth) and are not guaranteed or insured by any Australian government, government agency or compensation scheme. The information provided in this announcement is not investment advice and has not been prepared taking into account your investment objectives, financial situation or particular needs (including financial and taxation considerations). If you have any questions, you should seek advice from your financial or other professional advisor before deciding to invest in PERLS XIII.

The offering of securities referred to in this release is open only to investors that are in Australia, and accordingly, this release does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended). This information, the Prospectus or any other material relating to the Offer is not for distribution in the United States.

The release of this announcement was authorised by the Board.

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CommBank PERLS XIII Capital Notes Prospectus

Issuer Commonwealth Bank of Australia ABN 48 123 123 124

Date of Prospectus 24 February 2021

Arranger Commonwealth Bank of Australia

Joint Lead Managers

Commonwealth Bank of Australia
ANZ Securities Limited
Morgan Stanley Australia Securities Limited
Morgans Financial Limited
National Australia Bank Limited
Ord Minnett Limited
Westpac Institutional Bank

Co-Managers

Bell Potter Securities Limited
Crestone Wealth Management Limited
Shaw and Partners Limited

Investments in CommBank PERLS XIII Capital Notes are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. They are not deposit liabilities or protected accounts of CBA under the Banking Act 1959 (Cth).

Important Notices

Prospectus

This Prospectus relates to the offer by the Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA") of CommBank PERLS XIII Capital Notes ("PERLS XIII") in Australia to raise A\$750 million, with the ability to raise more or less ("Offer").

This Prospectus is dated 24 February 2021 and a copy was lodged with the Australian Securities and Investments Commission ("ASIC") on this date. This Prospectus will expire 13 months after the date of this Prospectus and no PERLS XIII will then be issued on the basis of this Prospectus.

ASIC and ASX Limited ("ASX") take no responsibility for the contents of this Prospectus or for the merits of investing in PERLS XIII.

This Prospectus does not provide information in relation to the credit ratings of CBA or PERLS XIII as the companies which provide ratings in relation to CBA may only disclose this information to certain investors under the terms of their Australian Financial Services Licences.

Exposure Period

Under the Corporations Act 2001 (Cth) ("Corporations Act"), CBA must not process Applications in the seven day period after this Prospectus was lodged with ASIC ("Exposure Period"). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable market participants to examine the Prospectus prior to the raising of funds. No Applications received during the Exposure Period will be accepted until after it has expired.

Documents relevant to the Offer

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

- the full terms of PERLS XIII (see Appendix A to this Prospectus);
- the Deed Poll (see Section 5.2 "Other documents relevant to the Offer"); and
- the Constitution (see Section 5.2 "Other documents relevant to the Offer").

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

Status of PERLS XIII

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

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

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

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

No representations other than in this Prospectus

No person is authorised to provide any information or to make any representation in connection with the Offer that is not contained in this Prospectus, and you may not rely on any such information as having been authorised by CBA.

Past performance information

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

Prospectus does not provide investment advice

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

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

Obtaining a Prospectus and Application Form

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

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

Paper copies of this Prospectus and an Application Form can be obtained free of charge by calling the PERLS XIII Information Line on 1800 992 547 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period.

Restrictions on foreign jurisdictions

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

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

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

Defined words and expressions

Capitalised words have specific meanings and are defined in Section 7 "Glossary" or Appendix A "Terms of CommBank PERLS XIII Capital Notes".

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

If you have any questions about PERLS XIII or the Offer, you should seek advice from your financial or other professional adviser. You can also call the PERLS XIII Information Line on 1800 992 547 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker.

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

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ASIC guidance for retail investors

ASIC has published guidance on hybrid securities on its MoneySmart website which may be relevant to your consideration of PERLS XIII. You can find this guidance by searching "hybrid securities" at moneysmart.gov.au.

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

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

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

The module is available at commbank.com.au/hybrideducation.

Where can I obtain further information about CBA and PERLS XIII?

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

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

In addition, the following information can be obtained from the Investor Centre at commbank.com.au/investors:

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

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

Key dates for the Offer

Securityholder Offer Record Date	17 February 2021
Lodgement of Prospectus with ASIC	24 February 2021
Bookbuild	3 March 2021
Announcement of Margin	4 March 2021
Opening Date for the Offer and lodgement of the replacement prospectus with ASIC	4 March 2021
Closing Date for the Offer	26 March 2021
Issue Date	1 April 2021
Commencement of trading on normal settlement basis	6 April 2021
Despatch of Holding Statements	7 April 2021

Key dates for CommBank PERLS XIII Capital Notes

First Distribution Payment Date ¹	15 June 2021
Call Date	20 October 2026
Mandatory Exchange Date ²	20 October 2028

Note

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

Dates may change

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

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Investment Overview

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

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

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

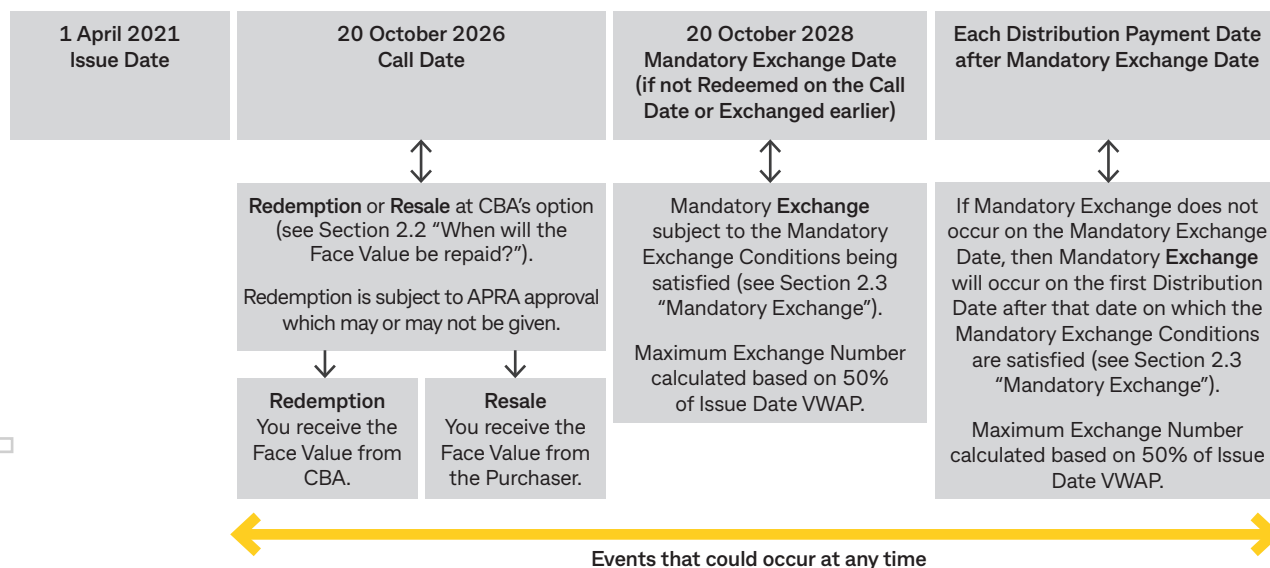
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Issuer	Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA"). CBA is one of Australia's leading providers of financial services including retail, business and institutional banking and wealth management.	Section 3 "Information About CBA"	35
PERLS XIII	CommBank PERLS XIII Capital Notes, also referred to as PERLS XIII, are subordinated, unsecured notes issued by CBA. The PERLS XIII Terms are complex and include features to comply with the detailed regulatory capital requirements which the Australian Prudential Regulation Authority ("APRA") applies to these securities.	Appendix A "Terms of CommBank PERLS XIII Capital Notes"	91
Offer size	A\$750 million, with the ability to raise more or less.		
Use of proceeds	The Offer raises Tier 1 Capital to satisfy CBA's regulatory capital requirements and maintain the diversity of CBA's sources and types of funding. The net proceeds of the Offer will be used to fund CBA's business.	Section 3.8 "Financial information about CBA"	38
Face Value	Initial Face Value is A\$100 per PERLS XIII but may be reduced following a Capital Trigger Event or Non-Viability Trigger Event.	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 1.2, 4.1 and 4.2 and definition of Face Value	92, 95, 96
Term	PERLS XIII are perpetual, which means they have no fixed maturity date and if not Exchanged or Redeemed could remain on issue indefinitely, in which case you would not receive your investment back. CBA must Exchange PERLS XIII into Ordinary Shares on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), and may, at CBA's option, Redeem or procure a Resale of PERLS XIII on the Call Date, or Exchange or Redeem earlier on the occurrence of certain events (subject to APRA approval). ¹	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 3, 4, 5, 6 and 7	95, 98, 100
Distributions	Each PERLS XIII is scheduled to pay floating rate Distributions quarterly until that PERLS XIII is Exchanged or Redeemed. The Distribution Rate is calculated using the following formula: Distribution Rate = (Market Rate + Margin) x (1 – Tax Rate) Distributions are expected to be fully franked. The first Distribution is scheduled to be paid on 15 June 2021.	Section 2.1.1 "How are Distributions calculated on PERLS XIII?" Section 2.1.2 "How are Distributions paid on PERLS XIII?"	18, 21,

		Further information	Page
Distributions (continued)	Distributions are discretionary and subject to the Distribution payment conditions being satisfied. This means a Distribution may not be paid. Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution on the relevant Distribution Payment Date will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution. No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or a Non-Viability Trigger Event.	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 2	93
Margin	The Margin is expected to be between 2.75% and 2.95% per annum and will be determined through the Bookbuild.		
ASX quotation	CBA will apply for quotation of PERLS XIII on ASX. It is expected that PERLS XIII will be quoted under code "CBAPJ".	Section 6.3 "Issue and quotation of CommBank PERLS XIII Capital Notes"	81

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

1.1.1 Summary of events that may affect PERLS XIII

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



Redemption at CBA's option for tax or regulatory reasons or if CBA is unable to frank Distributions (see Section 2.2 "When will the Face Value be repaid?").

Automatic Exchange if a Capital Trigger Event, Non-Viability Trigger Event or Change of Control Event occurs (see Section 2.4 "Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event" and Section 2.5 "Automatic Exchange on a Change of Control Event").
Maximum Exchange Number calculated based on 20% of Issue Date VWAP.

Event	When could it occur?	Is APRA approval required? ¹	Do conditions apply?	What value will you receive?	How will that value be provided?	Further information
Optional early Redemption by CBA	20 October 2026	Yes	Yes ²	Face Value (A\$100 based on the Initial Face Value)	Cash	Section 2.2 Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 5.1
Early Redemption by CBA for tax or regulatory reasons	At any time if CBA is unable to frank Distributions, or for other tax or regulatory reasons	Yes	Yes ²	Face Value (A\$100 based on the Initial Face Value)	Cash	Section 2.2 Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 5.2, 5.3 and 5.4
Optional Resale	20 October 2026	No	No	Face Value (A\$100 based on the Initial Face Value)	Cash ³	Section 2.2 Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 6
Mandatory Exchange	20 October 2028 (if the Mandatory Exchange Conditions are satisfied) or the first Distribution Payment Date after the date on which the Mandatory Exchange Conditions are satisfied	No	Yes ⁴	Approximately 1.01 x Face Value (A\$101 based on the Initial Face Value)	Variable number of Ordinary Shares, up to the Maximum Exchange Number	Section 2.3 Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 3 and 7

Event	When could it occur?	Is APRA approval required? ¹	Do conditions apply?	What value will you receive?	How will that value be provided?	Further information
Automatic Exchange	At any time if a Capital Trigger Event or Non-Viability Trigger Event occurs	No	No	Depending on the price of Ordinary Shares at the time, Holders may receive significantly less than Face Value ⁵	Variable number of Ordinary Shares, up to the Maximum Exchange Number However, if Exchange of the PERLS XIII fails to take effect for any reason and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange at the relevant time, Holders' rights under the relevant PERLS XIII will be immediately and irrevocably terminated. This will result in a Holder's investment losing all of its value - the Face Value will not be repaid and they will not receive any compensation	Section 2.4 Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7
	If a Change of Control Event occurs	No	Yes ⁶	Approximately 1.01 x Face Value (A\$101 based on the Initial Face Value)	Variable number of Ordinary Shares, up to the Maximum Exchange Number	Section 2.5 Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 4.7

¹ APRA's approval may or may not be given.

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

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

⁴ The Mandatory Exchange Conditions apply.

⁵ Holders are likely to receive significantly less than the Face Value if the Ordinary Share price is less than 20% of the Issue Date VWAP (determined by reference to CBA's Ordinary Share price at the time PERLS XIII are issued).

⁶ The second and third Mandatory Exchange Conditions apply.

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1.1.2 Ranking of PERLS XIII in a winding up of CBA

Existing CBA obligations / securities ¹		
Higher ranking 	Secured debt	<ul style="list-style-type: none"> Covered bonds
	Liabilities preferred by law	<ul style="list-style-type: none"> Liabilities in Australia in relation to protected accounts Other liabilities preferred by law including employee entitlements
	Senior Ranking Obligations	<ul style="list-style-type: none"> Deposits (other than protected accounts) Senior debt General unsubordinated unsecured creditors Tier 2 Capital
	Equal Ranking Securities	<ul style="list-style-type: none"> PERLS XIII² PERLS XII, PERLS XI, PERLS X, PERLS IX, PERLS VIII, PERLS VII² Any preference shares or other subordinated unsecured debts³
Lower ranking	Junior Ranking Securities	<ul style="list-style-type: none"> Ordinary Shares

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

2 Ranking prior to exchange to Ordinary Shares or write-down.

3 Excluding Junior Ranking Securities.

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

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

	Savings account	Term deposit	PERLS XII	PERLS XIII	Ordinary Shares
ASX code	Not quoted on ASX	Not quoted on ASX	CBAPI	CBAPJ ³	CBA
Legal form	Deposit	Deposit	Unsecured subordinated debt obligations	Unsecured subordinated debt obligations	Ordinary share
Guarantee under the Australian government Financial Claims Scheme ¹	Yes	Yes	No	No	No
Term	At call (usually)	One month to five years (usually)	Perpetual, CBA must Exchange for Ordinary Shares on 20 April 2029 if the mandatory exchange conditions are satisfied	Perpetual, CBA must Exchange for Ordinary Shares on 20 October 2028 if the Mandatory Exchange Conditions are satisfied	Perpetual (no maturity date)
Margin	N/A	N/A	3.00% per annum	2.75% to 2.95% per annum	N/A

	Savings account	Term deposit	PERLS XII	PERLS XIII	Ordinary Shares
Interest/ distribution/ dividend rate	Variable (usually)	Fixed (usually)	Floating	Floating	Variable dividends are payable
Interest/ distribution/ dividend payment dates	Monthly (usually)	End of term or per annum (usually)	Quarterly	Quarterly	Semi-annually
Franking of interest/ distribution/ dividend	N/A	N/A	Yes	Yes	Yes
Interest/ distribution/ dividends at issuer's discretion	No	No	Yes	Yes	Yes
Impact on interest/ distribution/ dividend if interest/ distribution/ dividend not paid	No	N/A	Yes, applies to Ordinary Shares until next distribution payment date	Yes, applies to Ordinary Shares until next Distribution Payment Date	No
Transferable	N/A	No ²	Yes – quoted on ASX	Yes – quoted on ASX ³	Yes – quoted on ASX
Investor's ability to withdraw or redeem	Yes	Yes ²	No	No	No
Redemption at CBA's option (subject to APRA approval and certain other conditions)	No	No	Yes, on 20 April 2027 and in certain specified conditions	Yes, on 20 October 2026 and in certain specified conditions (see Section 2.2)	No
Conversion to Ordinary Shares on a Capital Trigger Event or Non-Viability Trigger Event	No	No	Yes, following a Capital Trigger Event (CET1 Capital Ratio equal to or less than 5.125%) or Non-Viability Trigger Event ⁴	N/A	
Ranking	See Section 1.1.2 "Ranking of PERLS XIII in a winding up of CBA" and Section 2.6 "How will CommBank PERLS XIII Capital Notes rank in a winding up?"				

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

2 Can be withdrawn subject to certain conditions.

3 CBA will apply for PERLS XIII to be quoted by ASX and they are expected to trade under code "CBAPJ".

4 In relation to PERLS XIII, see Section 2.4 "Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event".

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

1.2.1 Key benefits of PERLS XIII

Floating Distributions	PERLS XIII are scheduled to pay a floating Distribution Rate.
Quarterly Distributions	PERLS XIII Distributions are scheduled to be paid quarterly in arrears.
Fixed Margin	PERLS XIII pay a fixed Margin above the Market Rate to be determined through the Bookbuild.
Franked Distributions	PERLS XIII Distributions are expected to be fully franked.
Listed on ASX	PERLS XIII are expected to be listed on ASX and may be traded on ASX.
Diversification	PERLS XIII provide investors an opportunity to diversify their investment portfolio.

1.2.2 Key risks of PERLS XIII

You should read Section 4 “Risks of CommBank PERLS XIII Capital Notes” in full before deciding to invest. The risks outlined in that section include risks associated with PERLS XIII specifically and risks associated with CBA’s businesses which may affect PERLS XIII, including those summarised below. Many of these risks are outside the control of CBA.

		Further information	Page
Risks associated with PERLS XIII specifically			
PERLS XIII are not deposit liabilities or protected accounts	Investments in PERLS XIII are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. They are not deposit liabilities or protected accounts of CBA under the Banking Act.	Section 4.2.1	52
PERLS XIII are subordinated and unsecured	PERLS XIII are subordinated and unsecured liabilities. In a winding up of CBA, there is a risk that you may lose some or all of the money you invested in PERLS XIII.	Section 4.2.2	52
Distributions may not be paid	Distributions are discretionary and subject to the Distribution payment conditions being satisfied. Distributions that are not paid do not accrue and will not be subsequently paid.	Section 4.2.3	52
PERLS XIII may be Exchanged for Ordinary Shares	PERLS XIII may be Exchanged for Ordinary Shares on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions) or on another date if certain events occur. This includes if a Capital Trigger Event, Non-Viability Trigger Event or Change of Control Event occurs. There is a risk that on Exchange you may receive a number of Ordinary Shares with a value which is significantly less than the Face Value, including as a result of the application of the Maximum Exchange Number and the market price for Ordinary Shares at the time.	Sections 4.2.4 and 4.2.5	53, 55

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Ordinary Shares are a different type of investment to PERLS XIII	<p>Dividends on Ordinary Shares are payable at the absolute discretion of CBA and the amount of each dividend is discretionary (not subject to a formula). In a winding up of CBA, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of CBA. In contrast, Distributions on PERLS XIII are payable in accordance with the Terms and claims of PERLS XIII Holders rank ahead of holders of Ordinary Shares.</p> <p>Ordinary shares are an equity security and may trade at a market price which is different to a hybrid security such as PERLS XIII. The market price of Ordinary Shares may be more sensitive than that of PERLS XIII to changes in CBA's performance, operational issues and other business issues.</p>	Section 4.2.4.4	55
A failure to Exchange following a Capital Trigger Event or Non-Viability Trigger Event may cause you to lose your investment	If a Capital Trigger Event or Non-Viability Trigger Event occurs and Exchange fails to take effect for any reason and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within 5 Business Days, then Holders' rights under the relevant PERLS XIII will be immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. Your investment in the relevant PERLS XIII will lose all of its value – the Face Value will not be paid and you will not receive any compensation. This could occur if CBA was prevented from issuing Ordinary Shares by circumstances outside of its control, for example, if CBA was prevented by an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares.	Section 4.2.5	55
PERLS XIII are perpetual and may not be Exchanged	PERLS XIII may not be Exchanged on the Scheduled Mandatory Exchange Date if the Mandatory Exchange Conditions are not met and you may continue to hold PERLS XIII indefinitely.	Section 4.2.6	56
CBA has early Redemption and Resale rights	CBA may Redeem PERLS XIII or choose that a Resale occur on the Call Date, or Redeem PERLS XIII at any time for tax or regulatory reasons or if it is unable to frank Distributions, subject to APRA's prior written approval. APRA's approval may or may not be given.	Section 4.2.7	56
Holders have no rights to request Exchange or Redemption	You do not have a right to request that your PERLS XIII be Exchanged or Redeemed early.	Section 4.2.8	57
CBA may raise more debt and issue additional securities	CBA may raise more debt and issue further securities which rank equally with or ahead of PERLS XIII, whether or not secured.	Section 4.2.9	57
The Distribution Rate will fluctuate	The Distribution Rate will fluctuate with changes in the Market Rate. There is a risk the Distribution Rate may become less attractive compared to returns on comparable securities or investments. It is possible for the Market Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate. However, there is no obligation on Holders to pay CBA even if the Distribution Rate becomes negative.	Section 4.2.10	57

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The market price of PERLS XIII will fluctuate	The market price of PERLS XIII on ASX will fluctuate and you may lose some or all of the money you invested in PERLS XIII if you sell them.	Section 4.2.11	57
Liquidity may be low	Liquidity of PERLS XIII on ASX may be low and you may not be able to sell your PERLS XIII at an acceptable price or at all.	Section 4.2.12	58
Terms may be amended	In certain circumstances as set out in the Terms, CBA may amend the Terms without the consent of Holders and subject to compliance with relevant laws, or with the consent of Holders if a Special Resolution is passed. Certain amendments may require written approval from APRA which may or may not be given.	Section 4.2.14	58

Risks associated with CBA's businesses which may affect PERLS XIII

COVID-19 or a similar pandemic	The COVID-19 pandemic, and future outbreaks of other communicable diseases or pandemics, may negatively impact CBA, its customers, shareholders and employees. The COVID-19 pandemic has disrupted, and is expected to continue to disrupt, both the Australian economy and the global economy.	Section 4.3.1.1	59
Regulatory and political environment	CBA is subject to extensive regulation and operates in an environment of political scrutiny, which may adversely impact CBA's operations or financial condition. Inquiries, investigations and other regulatory actions can adversely affect CBA, damage investor confidence, and may result in enforcement proceedings or changes in law/regulation.	Section 4.3.1.2	60
Macroeconomic environment	As a financial group whose core businesses are primarily located in Australia and New Zealand, the performance of CBA is dependent on the state of the Australian or New Zealand economies, which in turn are impacted by events in the global economy. CBA may be adversely impacted by a downturn in the Australian or New Zealand economy and deterioration in the global financial markets.	Sections 4.3.1.3 and 4.3.1.5	62, 63
Competition and digital disruption	CBA's performance may be adversely affected by increasing competition, especially from non-Australian financial service providers, new non-bank entrants or smaller providers.	Section 4.3.1.4	62
Strategic risks	CBA is routinely exposed to, and manages, a number of material risks that primarily support or drive strategic decisions that could impact CBA's profitability or business model assumptions.	Section 4.3.2	63
Operational risks	CBA may incur losses due to operational risks such as cyber-attacks, data security breaches or fraud.	Section 4.3.3	65
Compliance risks	CBA's results and reputation may be adversely impacted if CBA fails to comply, or is perceived to fail to comply, with requirements of relevant laws, regulatory bodies, industry standards and/or codes.	Section 4.3.4	67
Other risks	CBA may be adversely affected by other events that may have a direct or indirect impact on its financial position or performance such as credit risks, liquidity and funding risks, market risks and insurance risks.	Sections 4.3.5 to 4.3.8	68

1.3 What is the Offer and how do I apply?

		Further information	Page
Offer structure	The Offer comprises: <ul style="list-style-type: none"> • a Broker Firm Offer; and • a Securityholder Offer. 	For further information on the different components of the Offer and how to apply, see Section 6 "How to Apply"	79
Minimum Application for PERLS XIII	Your Application for PERLS XIII must be for 50 PERLS XIII (A\$5,000), and thereafter in multiples of 10 PERLS XIII (A\$1,000).	Section 6.2.1 "Minimum Application"	80
How to apply	To apply for PERLS XIII, you must follow the instructions set out in the Application Form and Section 6 "How to Apply".	Section 6 "How to Apply"	79

If you have any questions about PERLS XIII or the Offer, you should seek advice from your financial or other professional adviser. You can also call the PERLS XIII Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker.

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Information About CommBank PERLS XIII Capital Notes

- 2.1 Distributions on CommBank PERLS XIII Capital Notes
- 2.2 When will the Face Value be repaid?
- 2.3 Mandatory Exchange
- 2.4 Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event
- 2.5 Automatic Exchange on a Change of Control Event
- 2.6 How will CommBank PERLS XIII Capital Notes rank in a winding up?
- 2.7 What else should I know about?

Information About CommBank PERLS XIII

Capital Notes

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

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

2.1 Distributions on CommBank PERLS XIII Capital Notes

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

		Further information	Page
2.1.1	How are Distributions calculated on PERLS XIII?		
Distribution Rate	<p>The Distribution Rate is calculated using the following formula:</p> $\text{Distribution Rate} = (\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$ <p>Where</p> <p>Market Rate is the Bank Bill Swap Reference Rate ("BBSW") administered by ASX Benchmarks Pty Limited (or any other person that takes on the administration of that rate) expressed as a percentage per annum for a term of 3 months. The Market Rate is the primary benchmark interest rate for the Australian money market. It is the primary short-term rate used in the financial markets for the pricing and valuation of Australian dollar securities and as a lending reference rate. The Market Rate changes to reflect supply and demand within the cash and currency markets and it is possible for the Market Rate to become negative.</p> <p>The Market Rate for each Distribution Period is set on the first Business Day of the Distribution Period.</p> <p>Margin is expected to be between 2.75% and 2.95% per annum and will be determined through the Bookbuild.</p> <p>Tax Rate is the Australian corporate tax rate on the relevant Distribution Payment Date.</p> <p>Distributions are expected to be fully franked.</p> <p>The first Distribution is scheduled to be paid on 15 June 2021.</p> <p>Distributions are discretionary and subject to the Distribution payment conditions being satisfied. Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution.</p> <p>If CBA determines that BBSW has been affected by a "Market Rate Disruption Event", CBA may select an Alternative Market Rate that it considers appropriate and make other related changes to the Terms (subject to APRA's prior written approval in certain circumstances). Approval is at the discretion of APRA and may or may not be given.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 2	93

Further information

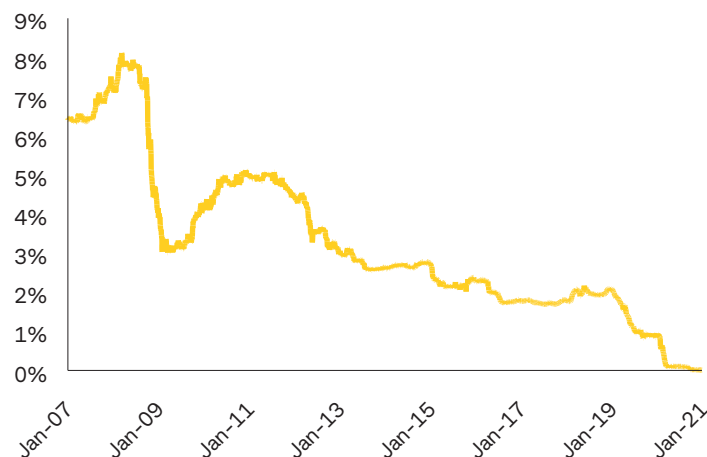
Page

Broadly, a "Market Rate Disruption Event" occurs where BBSW is not published by 10:30am (or any such time as CBA considers appropriate), there is an obvious error in the rate, BBSW has been discontinued or ceases to be calculated or administered, or BBSW has ceased to be generally accepted in the Australian market for securities such as PERLS XIII. CBA is required to act in good faith and in a commercially reasonable manner in selecting an Alternative Market Rate, and may consult with sources that it considers appropriate, but may otherwise exercise its discretion.

Where an Alternative Market Rate applies, CBA retains discretion to incorporate an adjustment (subject to APRA's written approval in certain circumstances), in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit to Holders as a result of the use of an Alternative Market Rate.

Further detail is set out in Clause 2.2 of the Terms.

Historical 3 month Market Rate



This chart shows historical movements in the Market Rate. Past levels are not necessarily indicative of future levels.

It is possible for the Market Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate. For example, if the Market Rate is -1.00% per annum, the Margin is 2.75% per annum and the Australian corporate tax rate is 30%, then the Distribution Rate will be 1.23% per annum, calculated as follows:

$$\text{Distribution Rate} = (-1.00\% + 2.75\%) \times (1 - 30\%) = 1.23\%$$

If the calculated Distribution Rate becomes negative, there will be no obligation on Holders to pay CBA.

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Information About CommBank PERLS XIII

Capital Notes *(continued)*

		Further information	Page
Calculation of Distributions	<p>The Distribution payable on each PERLS XIII for each Distribution Period is calculated using the following formula:</p> <p>Distribution payable = Distribution Rate x Face Value x Number of days in the Distribution Period / 365</p> <p>For example, if the Face Value is A\$100 (based on the Initial Face Value), the Market Rate is 0.01% per annum, the Margin is 2.75% per annum, the Australian corporate tax rate is 30% and the Distribution Period is 90 days in length, the Distribution for the relevant Distribution Period would be calculated as follows:</p> <p>2.76% x (1 - 30%) x A\$100 x 90/365 = A\$0.4764 per PERLS XIII</p> <p>This Distribution is expected to be fully franked.</p> <p>The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Distribution Rate for any Distribution Period. The actual Distribution payable may be higher or lower than this example.</p> <p>The Face Value used in this example is the Initial Face Value but the Face Value could be reduced if a Capital Trigger Event or Non-Viability Trigger Event occurs.</p> <p>CBA will announce to ASX the applicable Distribution Rate and the amount of the Distribution payable for each Distribution Period. Information about the Distribution Rate can also be obtained from ASX at asx.com.au and from the Investor Centre at commbank.com.au/investors.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 2	93
Franking credits	<p>Distributions are expected to be fully franked.</p> <p>If any Distribution is not fully franked for any reason, then that Distribution will be grossed up according to the formula in Clause 2.4 of the Terms.</p> <p>Holders should be aware that the potential value of franking credits does not accrue to you at the same time as the cash Distribution is received. The ability for Holders to use franking credits, either as an offset to a tax liability or by claiming a refund, will depend on that Holder's particular tax circumstance and any changes in the Australian tax law.</p>	<p>Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 2.4</p> <p>For further information about the tax consequences of receiving Distributions, see Section 5.4 "Summary of Australian tax consequences for Holders"</p>	<p>94</p> <p>72</p>

		Further information	Page
2.1.2 How are Distributions paid on PERLS XIII?			
Distribution Payment Dates	<p>Distributions are scheduled to be paid quarterly in arrears on the following dates until all PERLS XIII have been Exchanged or Redeemed:</p> <ul style="list-style-type: none"> • 15 March • 15 June • 15 September • 15 December <p>If any of these scheduled dates is not a Business Day, then the payment is scheduled to be made on the next Business Day. If a payment is postponed, there is no adjustment to the amount of the Distribution payable. The first Distribution is scheduled to be paid on 15 June 2021.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" definition of Distribution Payment Date, Clauses 2.1 and 9.3	93, 104
Payments	<p>Distributions are scheduled to be paid to Holders whose details are recorded with the Registry at 7.00pm on the Record Date.</p> <p>Distributions and any other amount payable will be paid by electronic transfer to a bank account maintained in Australia with a financial institution nominated by you.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 9.1 and 9.4	104
Distributions are subject to Distribution payment conditions	<p>Payment of a Distribution is subject to the following conditions:</p> <ul style="list-style-type: none"> • CBA, in its absolute discretion, making the Distribution to Holders; • payment not resulting in a breach of CBA's capital requirements as they are applied to the CBA Level 1 Group, the CBA Level 2 Group or both under APRA's prudential standards; • payment not resulting in CBA becoming, or being likely to become, insolvent; and • APRA not otherwise objecting to the payment. 	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 1.5(g), 2.5, 2.6 and 2.7	92, 94
Dividend and capital restrictions may then apply to Ordinary Shares	<p>No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or a Non-Viability Trigger Event.</p> <p>Distributions that are not paid do not accrue and will not be subsequently paid. Non-payment of a Distribution on the relevant Distribution Payment Date will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution. However, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date (or all PERLS XIII are Exchanged, Redeemed or otherwise terminated), CBA cannot (subject to certain exceptions):</p> <ul style="list-style-type: none"> • declare or determine a dividend on Ordinary Shares; or • return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares. 		

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Information About CommBank PERLS XIII

Capital Notes *(continued)*

2.2 When will the Face Value be repaid?

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

		Further information	Page
Optional early Redemption by CBA	<p>CBA has the right to Redeem the following number of PERLS XIII in the following circumstances (subject to certain conditions, including prior written approval from APRA and CBA either replacing PERLS XIII with capital of the same or better quality or APRA being satisfied that CBA does not need to replace PERLS XIII):</p> <ul style="list-style-type: none"> • on the Call Date (20 October 2026) – all or some PERLS XIII; or • at any time – all PERLS XIII if CBA is unable to frank Distributions or for other tax or regulatory reasons (described below). <p>It should be noted that approval is at the discretion of APRA and may or may not be given.</p> <p>On the Call Date or Redemption Date (as applicable), you will receive an amount equal to the Face Value for each of your PERLS XIII being Redeemed.</p>	Appendix A “Terms of CommBank PERLS XIII Capital Notes” Clause 5	98
Early Redemption by CBA – for taxation reasons	<p>A tax reason arises when:</p> <ul style="list-style-type: none"> • as a result of a change in, or amendment to, the laws of Australia, or any change in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), other than a change or amendment expected by CBA as at the Issue Date, there is a material risk that CBA would not be able to frank Distributions; or • CBA receives an opinion from reputable legal counsel or other tax adviser that there is a material risk that as a result of a change in, or amendment to, the laws of Australia, or any change in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or will be introduced), other than a change or amendment expected by CBA as at the Issue Date, CBA would be required to pay an increased amount under Clause 9.6 of the Terms, or would be exposed to a more than de minimis adverse tax consequence in relation to PERLS XIII. 	Appendix A “Terms of CommBank PERLS XIII Capital Notes” Clauses 5.2, 5.3 and 9.6	98, 99, 104

		Further information	Page
Early Redemption by CBA – for regulatory reasons	<p>Broadly, a regulatory reason arises when CBA determines that, as a result of a change in law or APRA's prudential standards, which are not expected by CBA as at the Issue Date:</p> <ul style="list-style-type: none"> all, some or a proportion of all or some, PERLS XIII will not be treated as Tier 1 Capital of the CBA Group under APRA's prudential standards; additional requirements would be imposed on CBA in relation to or in connection with PERLS XIII which might have a material adverse effect on CBA; or it would be unlawful or impractical to have PERLS XIII outstanding or CBA would be exposed to a more than a de minimis increase in its costs in connection with those PERLS XIII. 	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 5.4	99
Resale on the Call Date	<p>CBA may elect that Resale occur in relation to all or some PERLS XIII on the Call Date (20 October 2026). If Resale occurs, your PERLS XIII will be purchased by a Purchaser for a cash amount equal to their Face Value.</p> <p>The Purchaser will be one or more parties selected by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a related body corporate of CBA).</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 6	100
No early Exchange or Redemption rights for Holders	<p>You do not have a right to request that your PERLS XIII be Exchanged or Redeemed early for any reason.</p> <p>To realise your investment, you can sell your PERLS XIII on ASX at the prevailing market price.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 4.8 and 5.7	98, 100

2.3 Mandatory Exchange

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

		Further information	Page
Mandatory Exchange Date	The Mandatory Exchange Date is 20 October 2028 or, if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied.	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 3	95
Exchange on the Mandatory Exchange Date	<p>On the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), you will receive for each of your PERLS XIII a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value and the VWAP of Ordinary Shares during the period of 20 Business Days before the Mandatory Exchange Date with the benefit of a 1% discount). The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event).</p> <p>To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 3.1 and 7	95, 100

Information About CommBank PERLS XIII

Capital Notes *(continued)*

		Further information	Page
Exchange Number	<p>CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS XIII held by a Holder.</p> <p>The Exchange Number is calculated according to the following formula, subject to the Exchange Number being no greater than the Maximum Exchange Number:</p> $\frac{\text{Face Value}}{0.99 \times \text{VWAP}}$ <p>Based on a Face Value of A\$100 (the Initial Face Value) and with the benefit of the 1% discount, this means that you will receive a variable number of Ordinary Shares with a value equal to A\$101.01. The value of Ordinary Shares you receive could be less than this amount if the Maximum Exchange Number applies or the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event).</p> <p>For example, assuming the VWAP is A\$80, the number of Ordinary Shares that you will receive for each PERLS XIII on the Exchange Date would be calculated as follows:</p> $\frac{\text{A\$100}}{(0.99 \times \text{A\$80})}$ <p>= 1.2626 Ordinary Shares per PERLS XIII</p> <p>Assuming the price of the Ordinary Shares on the Exchange Date is also A\$80, the aggregate value of the Ordinary Shares would be approximately A\$101.01 (calculated by multiplying 1.2626 Ordinary Shares by the Ordinary Share price of A\$80).¹</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 7.1	100
Maximum Exchange Number	<p>The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula:</p> $\frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$ <p>The Relevant Percentage is 0.50 if Exchange is occurring on a Mandatory Exchange Date.</p> <p>The Issue Date VWAP is the VWAP of Ordinary Shares during the period of 20 Business Days immediately preceding (but not including) the Issue Date for PERLS XIII.</p> <p>For example, if the Face Value is A\$100 (based on the Initial Face Value) and the Issue Date VWAP is \$85, the Maximum Exchange Number would be calculated as follows:</p> $\frac{\text{A\$100}}{(0.50 \times \text{A\$85})}$ <p>= 2.3529 Ordinary Shares per PERLS XIII</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 7.1	100

¹ This example is for illustrative purposes only. The actual VWAP and number of Ordinary Shares that you may receive on Exchange on the Exchange Date may be higher or lower than in this example. In addition, if the total number of Ordinary Shares to be issued in respect of your aggregate holding of PERLS XIII includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

		Further information	Page
Maximum Exchange Number (continued)	<p>The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value (measured over the period prior to Exchange) which is significantly less than the Face Value on Exchange. To provide some protection for Holders against this occurring, Exchange on a Mandatory Exchange Date will not occur unless the Mandatory Exchange Conditions are satisfied.</p> <p>However, depending on the market price of Ordinary Shares at the time, you may receive Ordinary Shares that are worth less than the Face Value, and may suffer loss as a consequence.</p> <p>The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event).</p>		1
VWAP	<p>VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX and Chi-X during the relevant period of 20 Business Days, subject to adjustments.</p> <p>It is intended to calculate a fair price of Ordinary Shares which is used to calculate the Exchange Number and Maximum Exchange Number.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" definition of VWAP	112
Mandatory Exchange Conditions	<p>Exchange will not occur unless all the Mandatory Exchange Conditions are satisfied. If Exchange does not occur, you will continue to hold your PERLS XIII until the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied, at which time Exchange will occur.</p> <p>The Mandatory Exchange Conditions are:</p> <ul style="list-style-type: none"> • First Mandatory Exchange Condition: the VWAP of Ordinary Shares on the 25th Business Day before (but not including) a potential Mandatory Exchange Date is greater than 56% of the Issue Date VWAP; • Second Mandatory Exchange Condition: the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) a potential Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP; and • Third Mandatory Exchange Condition: Ordinary Shares are listed or admitted to trading on ASX as at the Mandatory Exchange Date. <p>The First and Second Mandatory Exchange Conditions are intended to provide some protection for Holders against Exchange occurring when the price of Ordinary Shares has fallen to such a level that you would only receive the Maximum Exchange Number.</p> <p>CBA has had regard to market precedents and the cap on the number of Ordinary Shares permitted to be issued under applicable APRA prudential standards and ratings guidance in determining the percentages specified in the First and Second Mandatory Exchange Conditions.</p> <p>The Third Mandatory Exchange Condition is intended to provide protection to Holders to enable them to sell the Ordinary Shares they receive on ASX if they wish to do so.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 3	95

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14 September 2028
25th Business Day before
potential Mandatory
Exchange Date

21 September 2028
20th Business Day before
potential Mandatory
Exchange Date

19 October 2028
Last Business Day of VWAP
Period (Business Day
before potential Mandatory
Exchange Date)

20 October 2028
Potential Mandatory
Exchange Date (subject to
satisfaction of the Mandatory
Exchange Conditions)

20 Business Day VWAP Period

First Mandatory Exchange Condition

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

Second Mandatory Exchange Condition

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

Third Mandatory Exchange Condition

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

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

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

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

Appendix A "Terms
of CommBank
PERLS XIII Capital
Notes" Clause 7.10

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

2 If, because the Holder is an Ineligible Holder, the Nominee is deemed to be an Ineligible Holder, then Ordinary Shares will be issued to the Nominee as soon as practicable after the Nominee ceases to be an Ineligible Holder. If Exchange is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, and the Exchange fails to take effect for any reason and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within 5 Business Days, then Holders' rights under the relevant PERLS XIII will be immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event.

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

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

		Further information	Page
Automatic early Exchange – general	CBA must Exchange all or some PERLS XIII or a percentage of the Face Value of each PERLS XIII in the following circumstances:	Section 4.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”	55
	<ul style="list-style-type: none"> • if a Capital Trigger Event occurs; or • if a Non-Viability Trigger Event occurs. <p>The Mandatory Exchange Conditions do not apply.</p> <p>On the Exchange Date (subject to the Maximum Exchange Number), you will receive for each of your PERLS XIII a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value of A\$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount). The VWAP is based on the period of 5 Business Days before the Exchange Date.</p> <p>The value of Ordinary Shares you receive could be less than this amount if only a percentage of the Face Value is being Exchanged, if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event) or if the Maximum Exchange Number applies.</p> <p>As a result of the application of the Maximum Exchange Number and depending on the market price of Ordinary Shares at the time, you may receive Ordinary Shares that are worth significantly less than A\$101.01 per PERLS XIII (based on an Initial Face Value of A\$100), and may suffer a loss as a consequence.</p> <p>To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price.</p>	Appendix A “Terms of CommBank PERLS XIII Capital Notes” Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7 and definition of VWAP	95, 96, 97, 100, 112
Automatic early Exchange – Capital Trigger Event	A Capital Trigger Event occurs when:	Section 3.8.1.2 “Capital Trigger Event”	40
	<ul style="list-style-type: none"> • CBA determines; or • APRA notifies CBA in writing that it believes, <p>that either or both the CBA Level 1 Common Equity Tier 1 (“CET1”) Capital Ratio or CBA Level 2 CET1 Capital Ratio is equal to or less than 5.125%.</p> <p>The CET1 Capital Ratio is the ratio of CBA’s CET1 Capital to its risk-weighted assets, where CET1 Capital is the strongest form of capital held by CBA. CBA’s Level 2 CET1 Capital Ratio was 12.6% as at 31 December 2020, which equates to a surplus of approximately \$33.9 billion above the Capital Trigger Event level of 5.125%. CBA’s Level 1 CET1 Capital Ratio was 12.8% as at 31 December 2020, which equates to a surplus of approximately A\$33.1 billion above the Capital Trigger Event level of 5.125%.</p> <p>If a Capital Trigger Event occurs, CBA must immediately Exchange such number of PERLS XIII (or a percentage of the Face Value of each PERLS XIII) as is sufficient to return the relevant CET1 Capital Ratio to above 5.125%.</p>	Section 4.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”	55,
		Appendix A “Terms of CommBank PERLS XIII Capital Notes” Clauses 4.1, 4.3, 4.4, 4.5 and 4.6 and definitions of CBA Level 1 Common Equity Tier 1 Capital Ratio and CBA Level 2 Common Equity Tier 1 Capital Ratio	95, 97, 109

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Information About CommBank PERLS XIII

Capital Notes *(continued)*

		Further information	Page
Automatic early Exchange – Non-Viability Trigger Event	<p>A Non-Viability Trigger Event occurs when APRA notifies CBA in writing that it believes:</p> <ul style="list-style-type: none"> • Exchange of all or some PERLS XIII (or the taking of an action in relation to other capital instruments of the CBA Group) is necessary because, without it, CBA would become non-viable; or • a public sector injection of capital, or equivalent support, is necessary because, without it, CBA would become non-viable. <p>If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS XIII (or a percentage of the Face Value of each PERLS XIII) as specified by APRA or necessary to satisfy APRA that CBA will no longer be non-viable. In the case of a public sector injection of capital, or equivalent support, all PERLS XIII must be immediately Exchanged.</p>	<p>Section 4.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”</p> <p>Appendix A “Terms of CommBank PERLS XIII Capital Notes” Clauses 4.2, 4.3, 4.4, 4.5 and 4.6</p>	<p>55</p> <p>96, 97</p>
How does Exchange work upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event?	<p>Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, CBA must immediately Exchange all or some PERLS XIII (or a percentage of the Face Value of each PERLS XIII). The Mandatory Exchange Conditions do not apply and the Terms provide that Exchange occurs automatically without the need for any further act or step by CBA and that CBA will recognise Holders as having been issued Ordinary Shares.</p> <p>Any ASX trades in PERLS XIII that have not settled on the date a Capital Trigger Event or Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+2 settlement, although the seller will be treated as having delivered, and the buyer will be treated as having acquired, the number of Ordinary Shares into which PERLS XIII have been Exchanged as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event.</p> <p>If Exchange fails to take effect for any reason and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within 5 Business Days, then Holders’ rights under the relevant PERLS XIII will be immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. Your investment in the relevant PERLS XIII will lose all of its value and you will not receive any compensation. This could occur if CBA is prevented from issuing Ordinary Shares by circumstances outside its control, for example, if CBA is prevented by a specified law or order of any court, or action of any government authority, from issuing Ordinary Shares.</p>	<p>Section 4.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”</p> <p>Appendix A “Terms of CommBank PERLS XIII Capital Notes” Clauses 4.1, 4.2, 4.3, 4.5, 4.6 and 7.9</p>	<p>55</p> <p>95, 96, 97, 102</p>
Exchange Number	<p>CBA will issue the Exchange Number of Ordinary Shares for each PERLS XIII held by a Holder.</p> <p>The Exchange Number is calculated according to the same formula that applies to Exchange on the Mandatory Exchange Date (see Section 2.3 “Mandatory Exchange”), but with the VWAP based on the period of 5 Business Days before the Exchange Date, and is subject to the Exchange Number being no greater than the Maximum Exchange Number.</p> <p>The amount used as the Face Value in this calculation will only be the affected percentage of the Face Value required to be Exchanged and, if the full Face Value is not required to be Exchanged, you will continue to hold your PERLS XIII with a reduced Face Value.</p>	<p>Appendix A “Terms of CommBank PERLS XIII Capital Notes” Clause 7.1</p>	<p>100</p>

		Further information	Page
Maximum Exchange Number	<p>The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula:</p> $\frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$ <p>The Relevant Percentage is 0.20 if a Capital Trigger Event or Non-Viability Trigger Event has occurred.</p> <p>The Issue Date VWAP is the VWAP of Ordinary Shares during the period of 20 Business Days immediately preceding (but not including) the Issue Date for PERLS XIII.</p> <p>For example, if the Face Value is A\$100 (based on the Initial Face Value) and the Issue Date VWAP is A\$85, the Maximum Exchange Number would be calculated as follows:</p> $\frac{\text{A\$100}}{(0.20 \times \text{A\$85})}$ <p>= 5.8824 Ordinary Shares per PERLS XIII</p> <p>The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value which is significantly less than the Face Value.</p> <p>The Mandatory Exchange Conditions do not apply if a Capital Trigger Event or Non-Viability Trigger Event has occurred.</p> <p>As a result of the application of the Maximum Exchange Number and depending on the market price of Ordinary Shares at the time, you may receive Ordinary Shares that are worth significantly less than A\$101.01 per PERLS XIII (based on the Initial Face Value of A\$100), and may suffer loss as a consequence.</p> <p>For example, assuming a VWAP of A\$15, the Exchange Number for each PERLS XIII is 6.7340 Ordinary Shares (using the formula in Section 2.3 "Mandatory Exchange"). However, the Maximum Exchange Number in the example above of 5.8824 is lower than the Exchange Number. As a result, the number of Ordinary Shares a Holder would receive, if they held one PERLS XIII, would be 5 Ordinary Shares (as a fraction of an Ordinary Share to be issued in respect of a Holder's aggregate holding of PERLS XIII will be disregarded).</p> <p>If those Ordinary Shares were sold on the ASX at the same price as the VWAP (being A\$15), the Holder would receive A\$75, thereby suffering a loss of A\$25 on their investment of A\$100 on the Initial Face Value of PERLS XIII.</p> <p>The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event).</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 7.1	100
What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	<p>If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date and the same process outlined in Section 2.3 "Mandatory Exchange" will apply.</p> <p>The process for Ineligible Holders is also outlined in Section 2.3 "Mandatory Exchange".</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 7.10	102

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Information About CommBank PERLS XIII

Capital Notes *(continued)*

2.5 Automatic Exchange on a Change of Control Event

CBA must Exchange all PERLS XIII if certain events occur.

		Further information	Page
Automatic early Exchange	<p>CBA must Exchange all PERLS XIII if a Change of Control Event occurs in respect of CBA.</p> <p>A Change of Control Event occurs when:</p> <ul style="list-style-type: none"> a takeover bid for Ordinary Shares is made and certain conditions are satisfied; or a scheme of arrangement is proposed and certain conditions are satisfied. <p>On the Exchange Date (subject to the Second and Third Mandatory Exchange Conditions and the Maximum Exchange Number, each as described below), you will receive for each of your PERLS XIII a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value of A\$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount). The VWAP will be based on the period of 20 Business Days before the Exchange Date. The value of Ordinary Shares you receive could be less than this amount if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event).</p> <p>To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 4.7 and 7.1	98, 100
How does Exchange work upon the occurrence of a Change of Control Event?	<p>Upon the occurrence of a Change of Control Event, CBA must Exchange all PERLS XIII. The Second and Third Mandatory Exchange Conditions will apply with the modifications in Clause 4.7(c) of the Terms, as follows:</p> <ul style="list-style-type: none"> Second Mandatory Exchange Condition: the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) the proposed Exchange Date is greater than 20.20% of the Issue Date VWAP; and Third Mandatory Exchange Condition: Ordinary Shares are listed or admitted to trading on ASX as at the proposed Exchange Date. 	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 4.7	98
Exchange Number	<p>CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS XIII held by that Holder.</p> <p>The Exchange Number is calculated according to the same formula that applies to Exchange on the Mandatory Exchange Date (see Section 2.3 "Mandatory Exchange") and is subject to the Exchange Number being no greater than the Maximum Exchange Number.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 7.1	100

		Further information	Page
Maximum Exchange Number	<p>The number of Ordinary Shares that you will receive will not be greater than the Maximum Exchange Number which is calculated according to the following formula:</p> $\frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$ <p>The Relevant Percentage is 0.20 if a Change of Control Event has occurred.</p> <p>The Issue Date VWAP is the VWAP of Ordinary Shares during the period of 20 Business Days immediately preceding (but not including) the Issue Date for PERLS XIII.</p> <p>The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value (measured over the period prior to Exchange) which is significantly less than the Face Value on Exchange. To provide some protection for Holders against this occurring on Exchange due to a Change of Control Event, CBA will only Exchange PERLS XIII due to a Change of Control Event where the Second and Third Mandatory Exchange Conditions are satisfied as modified by Clause 4.7(c) of the Terms.</p> <p>However, depending on the market price of Ordinary Shares at the time, you may receive Ordinary Shares that are worth less than the Face Value, and may suffer loss as a consequence.</p> <p>The Maximum Exchange Number will reduce if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event).</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 7.1	100
What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	<p>If you do not wish to receive Ordinary Shares, you can notify CBA of this at any time prior to the Exchange Date and the same process outlined in Section 2.3 "Mandatory Exchange" will apply.</p> <p>The process for Ineligible Holders is also outlined in Section 2.3 "Mandatory Exchange".</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 7.10	102

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Information About CommBank PERLS XIII Capital Notes *(continued)*

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

PERLS XIII are subordinated, unsecured liabilities of CBA.

		Further information	Page
No security	PERLS XIII are not secured by any assets of CBA or its subsidiaries.	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 1.1	92
Ranking in a winding up of CBA	<p>Senior Ranking Obligations are all deposits and other liabilities, securities and other obligations of CBA (other than Equal Ranking Securities or Junior Ranking Securities). In a winding up of CBA, your claim will rank after the claims of holders of Senior Ranking Obligations, including creditors preferred by law and secured creditors.</p> <p>Your claim will rank equally with claims of other Holders and holders of Equal Ranking Securities. This means your PERLS XIII rank equivalently to a preference share.</p> <p>Your claim will rank ahead of claims of holders of Junior Ranking Securities (being holders of Ordinary Shares).</p> <p>On Exchange, Holders will become holders of Ordinary Shares and rank equally with other holders of Ordinary Shares and could lose all of their investment on a winding up of CBA.</p>	<p>Section 1.1.2 "Ranking of PERLS XIII in a winding up of CBA"</p> <p>Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 1.5</p> <p>For further information about the situation where a Capital Trigger Event or Non-Viability Trigger Event has occurred but CBA is not able to issue Ordinary Shares, see Section 2.4 "Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event" and Section 4.2.5.3 "Consequences of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event"</p>	<p>10</p> <p>92</p> <p>27, 55</p>

2.7 What else should I know about?

		Further information	Page
No voting rights for Holders at CBA shareholder meetings	<p>You do not have a right to vote at meetings of shareholders of CBA.</p> <p>You may vote at meetings for PERLS XIII Holders in accordance with the Deed Poll.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 1.8 and 12.2	92, 106
Further issues of securities	CBA has the right in its absolute discretion to issue additional Senior Ranking Obligations or Equal Ranking Securities which may rank ahead of or equally with PERLS XIII, whether or not secured. A Holding of PERLS XIII does not confer any right to participate in further issues of securities by CBA.	<p>Section 4.2.9 "CBA may raise more debt and issue other securities"</p> <p>Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 1.5 and 1.8</p>	57, 92
No set-off	<p>CBA has no right to set-off amounts owing to Holders under PERLS XIII against amounts owing by Holders to CBA or any member of the CBA Group.</p> <p>Holders have no right to set-off any amounts owed to CBA or other members of the CBA Group against amounts owing to Holders under PERLS XIII.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 1.6	92
Not guaranteed	PERLS XIII are not deposit liabilities or protected accounts of CBA under the Banking Act. They are not guaranteed or insured by any Australian government, government agency or compensation scheme. No member of the CBA Group guarantees PERLS XIII and no member of the CBA Group, other than CBA, has any liability for PERLS XIII.	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 1.7	92
Substitution	<p>CBA may, in connection with a NOHC Event, without the consent of Holders but subject to APRA approval¹, substitute a NOHC as the debtor under PERLS XIII and as the issuer of ordinary shares on Exchange by giving notice to the Holders and ASX ("Full Successor"). Alternatively, CBA may substitute a NOHC only as the issuer of ordinary shares ("Partial Successor"). Any substitution is subject to the NOHC expressly assuming the relevant obligations of CBA under the Terms (including, in the instance of a Full Successor, the restrictions on paying Distributions and dividends on Ordinary Shares, with appropriate modifications) and satisfying certain other conditions, including the quotation of the ordinary shares of the NOHC on a securities exchange. The substitution of a NOHC does not allow CBA to elect to Exchange PERLS XIII nor does it give you a right to request Exchange of your PERLS XIII.</p> <p>Following substitution and prior to Exchange, you will continue to hold PERLS XIII. The NOHC will be required to deliver its own ordinary shares in all circumstances when CBA would otherwise have been required to deliver Ordinary Shares (including on Exchange) and to use reasonable endeavours to procure the quotation of those ordinary shares on the relevant securities exchange.</p>	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clauses 2.5, 2.7 and 11	94, 105

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

Information About CommBank PERLS XIII

Capital Notes *(continued)*

		Further information	Page
ASX quotation	CBA will apply for quotation of PERLS XIII on ASX. It is expected that PERLS XIII will be quoted under code "CBAPJ".	Section 6.3 "Issue and quotation of CommBank PERLS XIII Capital Notes"	81
Deed Poll	<p>CBA has elected not to appoint a trustee in connection with PERLS XIII. Instead, a Deed Poll has been made by CBA in favour of each person who is from time to time a Holder.</p> <p>The PERLS XIII Deed Poll contains:</p> <ul style="list-style-type: none"> the agreement of CBA to observe its obligations as set out in the Terms; an obligation on CBA to appoint the Registry and procure the Registry to establish and maintain a PERLS XIII Register; and provisions for meetings of Holders. <p>Holders will be bound by the terms of the Deed Poll, the Terms and this Prospectus when PERLS XIII are allotted or transferred to them or they purchase PERLS XIII.</p> <p>The Registry will be responsible to hold the original executed Deed Poll on behalf of Holders. Each Holder can enforce the obligations of CBA under the Deed Poll and the Terms independently of the Registry and each other Holder.</p>	Section 5.2.1 "Deed Poll" and Section 5.3 "Incorporation by Reference"	72
What is the power of attorney?	Each Holder appoints each of CBA, its directors, officers and authorised delegates of the Board, and any External Administrator of CBA severally to be its attorney to sign all documents and transfers and do any other thing as may in the attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under the Terms, including any transfers of PERLS XIII, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Exchange, Redemption or Resale.	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 12.8	107
Governing law	New South Wales, Australia.	Appendix A "Terms of CommBank PERLS XIII Capital Notes" Clause 12.10	108

If you have any questions about PERLS XIII or the Offer, you should seek advice from your financial or other professional adviser. You can also call the PERLS XIII Information Line on 1800 992 547 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period. Applicants in the Broker Firm Offer may also call their Syndicate Broker.

For personal use only

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Information About CBA

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

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3.1 Profile of CBA

CBA is one of Australia's leading providers of integrated financial services, including retail, business and institutional banking, funds management, superannuation, insurance, investment and share-broking products and services. CBA is one of the largest companies listed on ASX and had a market capitalisation of A\$146 billion as at 19 February 2021. CBA is an authorised deposit-taking institution ("ADI") regulated by APRA and other regulatory bodies. CBA has branches across Australia and New Zealand as well as Europe, North America and Asia.

CBA's purpose is to improve the financial wellbeing of its customers and communities. CBA's strategy is building tomorrow's bank today for our customers. The strategy is underpinned by four priorities: Leadership in Australia's recovery and transition; reimagined products and services; global best digital experiences and technology; and simpler, better foundations.

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

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

3.2 Businesses of CBA

The principal activities of CBA are carried out in the business segments below.

- **Retail Banking Services**

Retail Banking Services provides simple, convenient and affordable banking and general insurance products and services to personal and private bank customers. Retail Banking Services also includes the retail banking activities conducted under the Bankwest brand.

- **Business Banking**

Business Banking (formerly Business and Private Banking) serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions. It also provides equities trading and margin lending services through CommSec. Business Banking includes the business banking activities conducted under the Bankwest brand.

- **Institutional Banking and Markets**

Institutional Banking and Markets serves the commercial and wholesale banking needs of large corporate, institutional and government clients across a full range of financial services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.

- **New Zealand**

New Zealand primarily includes the banking and funds management businesses operating under the ASB brand. ASB provides a range of banking, wealth and insurance products and services to its personal, business, rural and corporate customers in New Zealand.

- **International Financial Services and Corporate Centre**

The continuing operations of International Financial Services include the Indonesian retail and business banking operations, and minority investments in China and Vietnam.

Corporate Centre includes CBA's support functions such as Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs.

- **Wealth Management (Discontinued Operations)**

Wealth Management provides superannuation, investment, and retirement products.

Business contribution to CBA's net profit after tax ("cash basis")¹ for the half year ended 31 December 2020



1 Presented on a continuing operations basis.

3.3 Business strategy of CBA

CBA's purpose is to improve the financial wellbeing of its customers and communities.

CBA's strategy is building tomorrow's bank today for our customers. CBA has four strategic priorities: Leadership in Australia's recovery and transition; reimagined products and services; global best digital experiences and technology; and simpler, better foundations.

3.4 Financial services industry regulatory environment

There is currently an environment of heightened political scrutiny on the Australian financial services industry, and CBA has been involved in a number of regulatory, legal and industry reviews. This and the extensive regulation CBA is subject to poses regulatory and reputational challenges for CBA.

CBA aims to earn the trust of its customers, regulators and the community, and is seeking to ensure it does not make mistakes which might undermine trust in the future.

The risks to CBA's business from regulatory matters, litigation and reputational damage are outlined in Sections 4.3.1.2 "CBA is subject to extensive regulation and operates in an environment of political scrutiny, which could adversely impact its operations and financial condition" and 4.3.2.4 "CBA may be adversely affected by risks that undermine the trust of stakeholders and erode CBA's brand" and 4.3.4.1 "CBA's business could be negatively impacted by substantial legal liability or regulatory action".

An update on legal, regulatory and industry matters is included in the Note 7.2 to the Financial Statements in the Profit Announcement for the half year ended 31 December 2020, available from the Investor Centre at commbank.com.au/results. For example:

- (i) In November 2020, APRA reduced the \$1 billion add-on to CBA's operational risk capital requirement to \$500 million in recognition of the work undertaken by CBA to date in response to APRA's 2018 prudential inquiry into CBA. The remaining \$500 million capital add-on will continue to apply until CBA finalises the remedial actions to APRA's satisfaction.
- (ii) The Australian Government has passed legislation addressing some of the recommendations made by the Royal Commission. There are current investigations by APRA and ASIC of issues which were referred to them or were considered by the Royal Commission, and new investigations and/or proceedings may be commenced against CBA in relation to matters covered by the Royal Commission.
- (iii) There are a number of ongoing matters with respect to which regulators have commenced proceedings, or are investigating potential contraventions by CBA or a CBA Group entity of civil or criminal penalty provisions. There are also a number of class actions, including those related to the subject matter of the settled civil penalty proceedings commenced against CBA in 2017 by AUSTRAC.

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3.5 Directors of CBA

The CBA Board of Directors are:

- Catherine Livingstone AO, Chairman
- Matt Comyn, Managing Director and Chief Executive Officer
- Shirish Apte
- Genevieve Bell AO
- Simon Moutter
- Paul O'Malley
- Mary Padbury
- Anne Templeman-Jones
- Rob Whitfield AM

On 9 February 2021, CBA announced the appointment of Peter Harmer who will join the Board of Directors, effective 1 March 2021.

The Board's role and responsibilities are set out in the Board Charter. The Board Charter and further information on the Directors can be found at commbank.com.au/corporategovernance.

3.6 Management of the businesses of CBA

The Executive Leadership team of CBA comprises:

- Matt Comyn, Managing Director and Chief Executive Officer
- David Cohen, Deputy Chief Executive Officer
- Pascal Boillat, Group Executive, Enterprise Services and Chief Information Officer
- Priscilla Brown, Group Executive, Marketing and Corporate Affairs
- Alan Docherty, Chief Financial Officer
- Andrew Hinchliff, Group Executive, Institutional Banking and Markets
- Sian Lewis, Group Executive, Human Resources
- Carmel Mulhern, Group General Counsel and Group Executive, Legal & Group Governance
- Vittoria Shortt, Chief Executive and Managing Director, ASB Bank Ltd
- Angus Sullivan, Group Executive, Retail Banking Services
- Mike Vacy-Lyle, Group Executive, Business Banking
- Scott Wharton, Group Executive, Program Delivery
- Nigel Williams, Group Chief Risk Officer

Further information about CBA's management can be found at commbank.com.au/ourcompany.

3.7 Corporate governance of CBA

Strong corporate governance is critical in supporting CBA to fulfil its purpose.

CBA strives for a high standard of governance and is focused on strengthening its governance to achieve better customer and risk outcomes. CBA's corporate governance arrangements and practices are regularly refined in light of new laws, evolving stakeholder expectations and the dynamic environment in which it operates.

CBA's governance arrangements and practices follow the recommendations set out in the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Further information about CBA's governance arrangements and practices, including the 2020 Corporate Governance Statement, can be found at commbank.com.au/corporategovernance.

3.8 Financial information about CBA

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

CBA's consolidated income statements and balance sheets for the half years ended 31 December 2020 and 30 June 2020 and full years ended 30 June 2020 and 30 June 2019 are summarised in Sections 3.8.4 "Consolidated income statement" and 3.8.5 "Consolidated balance sheet".

Consistent with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', a number of businesses within the CBA Group have been reported as discontinued operations. Discontinued operations represent a separate major line of business or geographical area of operation that CBA plans to sell or close within the next 12 months, or that has already been sold or closed.

Businesses classified as discontinued at 31 December 2020 include Colonial First State, CommInsure Life, BoCommLife, Colonial First State Global Asset Management, TymeDigital SA and PT Commonwealth Life.

Information in Sections 3.8.1, 3.8.2, 3.8.6, 3.8.7 and regulatory information (including capital, leverage ratio, NSFR and LCR) is presented including discontinued operations. All other information in Section 3.8, unless otherwise identified, is presented on a continuing operations basis only.

The financial information presented in this section has been presented in abbreviated form. It does not contain all of the disclosures usually provided in an annual report or full year financial report prepared in accordance with the Corporations Act. In particular, the consolidated income statement and consolidated balance sheet have been extracted from the Profit Announcement for the half years ended 31 December 2020 and 30 June 2020, and the 2020 and 2019 Annual Reports.

As a result, this Prospectus should be read in conjunction with the 2020 Annual Financial Report of the CBA Group and any public announcements made in the period by the CBA Group in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth) and the ASX Listing Rules.

The Profit Announcement for the half year ended 31 December 2020 and the 2020 Annual Report are available from the Investor Centre at commbank.com.au/results and commbank.com.au/annualreport.

3.8.1 Capital adequacy

3.8.1.1 Capital generally

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

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

CET1 Capital comprises ordinary share capital, retained earnings and certain other items recognised as capital, less prescribed deductions. The ratio of such capital to RWA is called the CET1 Capital Ratio.

Tier 1 Capital comprises CET1 Capital plus certain equity-like securities (such as PERLS XIII). The ratio of such capital to RWA is called the Tier 1 Capital ratio.

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

The strongest and most loss absorbent form of capital is CET1 Capital, followed by other Tier 1 Capital and then Tier 2 Capital.

The sum of Tier 1 Capital and Tier 2 Capital is called Total Capital. The ratio of Total Capital to RWA is called the Total Capital ratio.

Generally, higher capital ratios indicate an ADI's financial strength which is critical to the ADI's ability to refinance its debt, including Tier 1 securities such as PERLS XIII in the future.

Under Basel III, an ADI is required to have a minimum CET1 Capital Ratio of 4.5% which applies to both the ADI's Level 1 Group and Level 2 Group. APRA may also determine that an Australian bank is required to hold an additional amount of capital above the 4.5% minimum requirement, and the total of the 4.5% minimum requirement and any additional amount required is called the prudential capital requirement ("PCR"). CBA has held capital at levels above these minimums and intends to hold capital above these minimums in the future.

An ADI is required to maintain a capital conservation buffer ("CCB") in the form of CET1 Capital equal to 2.5% of RWA, unless APRA determines otherwise.

For domestic systemically important banks ("D-SIB"), such as CBA, APRA currently requires a 1% D-SIB buffer, raising the CCB to at least 3.5%. This makes the total CET1 Capital requirement for a D-SIB equal to a minimum of 8%.

APRA also has the discretion to apply an additional countercyclical capital buffer to all banks with an indicative range of between 0% and 2.5% of CET1 Capital. If applicable, this forms part of the CCB. APRA has currently set the countercyclical capital buffer ("CCyB") applicable to Australian exposures at 0%.

References to the minimum total CET1 Capital requirement applicable under APRA's prudential standards are to general minimums applying under the APRA prudential standards, rather than specific minimums applying to CBA.

In addition, the Leverage Ratio will act as a supplementary measure to the other capital requirements and is defined as an ADI's Tier 1 Capital divided by that ADI's total exposures (on and off balance sheet exposures).

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CBA Level 2 CET1 Capital levels and 4.5% minimum requirements^{1,2}

	CET1 Capital Ratio	CET1 Capital (A\$bn)	Minimum CET1 Capital Ratio	Minimum CET1 Capital (A\$bn)	Surplus above minimum CET1 Capital Ratio	Surplus CET1 Capital (A\$bn)
31 December 2020	12.6%	57.1	4.5%	20.4	8.1%	36.7
30 June 2020	11.6%	52.6	4.5%	20.5	7.1%	32.1
31 December 2019	11.7%	52.4	4.5%	20.2	7.2%	32.2
30 June 2019	10.7%	48.4	4.5%	20.4	6.2%	28.0

1 Does not include the CCB. For a comparison including the CCB, see the table entitled "CBA Level 2 CET1 Capital levels and 8% minimum requirements" on page 41.

2 Calculations are based on the existing APRA ADI capital framework, see Section 3.8.1.5 "Regulatory developments" for details on proposed changes to the APRA ADI capital framework.

As at 31 December 2020, CBA's Level 2 CET1 Capital Ratio was 12.6%, this means that, for every A\$1 of RWA it had, it held A\$0.126 of capital in the form of CET1 Capital.

CBA's Level 1 CET1 Capital Ratio was 12.8% as at 31 December 2020, which equates to a surplus of approximately A\$35.8 billion above the minimum CET1 Capital Ratio.

3.8.1.2 Capital Trigger Event

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

A Capital Trigger Event may occur if either or both the CBA Level 1 CET1 Capital Ratio or CBA Level 2 CET1 Capital Ratio as calculated under APRA's approach is equal to or less than 5.125% (see Section 4.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"). CBA has held CET1 Capital at levels above 5.125% and intends to hold capital above this level in the future.

The table below discloses CBA's Level 2 CET1 Capital levels.

CBA Level 2 CET1 Capital levels and capital trigger¹

	CET1 Capital Ratio	CET1 Capital (A\$bn)	Capital Trigger Event	Capital Trigger Event level (A\$bn)	Surplus above Capital Trigger Event	Surplus CET1 Capital (A\$bn)
31 December 2020	12.6%	57.1	5.125%	23.2	7.5%	33.9
30 June 2020	11.6%	52.6	5.125%	23.3	6.4%	29.3
31 December 2019	11.7%	52.4	5.125%	23.0	6.5%	29.4
30 June 2019	10.7%	48.4	5.125%	23.2	5.6%	25.2

1 Calculations are based on the existing APRA ADI capital framework, see Section 3.8.1.5 "Regulatory developments" for details on proposed changes to the APRA ADI capital framework.

CBA's Level 1 CET1 Capital Ratio was 12.8% as at 31 December 2020, which equates to a surplus of approximately A\$33.1 billion above the Capital Trigger Event level.

3.8.1.3 Potential impact of falling into the capital conservation buffer

Restrictions on the proportion of profits that can be used to pay Ordinary Share dividends, Tier 1 Capital distributions and discretionary staff bonuses will apply if an ADI's CET1 Capital Ratio falls into the ADI's CCB. The percentage of earnings able to be used for discretionary payments depends on whether the ADI is operating above the CCB or has fallen into the buffer outlined in the table below entitled "Capital conservation buffer rules".

Capital conservation buffer rules¹

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

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

2 4.5% minimum plus any additional amount required by APRA.

CBA Level 2 CET1 Capital levels and 8% minimum requirements^{1,2}

	CET1 Capital Ratio	CET1 Capital (A\$bn)	Minimum CET1 Capital Ratio ¹	Minimum CET1 Capital requirement at 8% (A\$bn) ¹	Surplus above Minimum CET1 Capital Ratio	Surplus CET1 Capital (A\$bn)
31 December 2020	12.6%	57.1	8%	36.3	4.6%	20.8
30 June 2020	11.6%	52.6	8%	36.4	3.6%	16.2
31 December 2019	11.7%	52.4	8%	35.9	3.7%	16.5
30 June 2019	10.7%	48.4	8%	36.2	2.7%	12.2

1. Includes the CCB.

2 Calculations are based on the existing APRA ADI capital framework, see Section 3.8.1.5 "Regulatory developments" for details on proposed changes to the APRA ADI capital framework.

CBA's Level 1 CET1 Capital Ratio was 12.8% as at 31 December 2020, which equates to a surplus of approximately A\$20.6 billion above the minimum CET1 Capital requirement.

As outlined above, discretionary payments (such as Distributions on PERLS XIII) may not be paid if an ADI's CET1 Capital Ratio falls into the CCB. Distributions that are not paid do not accrue and will not be subsequently paid.

3.8.1.4 Leverage Ratio

The Leverage Ratio represents the amount of Tier 1 Capital the CBA Level 2 Group holds against its exposures. This is a supplementary measure to the other capital requirements. Such capital absorbs losses which CBA may incur from time to time and protects depositors from realising such losses. Generally, a higher leverage ratio indicates CBA's financial strength which is critical to CBA's ability to refinance its debt, including PERLS XIII in the future.

As at 31 December 2020, CBA's Leverage Ratio was 6.0%. This means that, for every A\$1 of exposures it had, it held A\$0.06 of capital in the form of Tier 1 Capital.

3.8.1.5 Regulatory developments

APRA has implemented a number of actions in response to the Financial System Inquiry ("FSI") Final Report of December 2014, including the report's recommendation that Australian ADIs be required to operate with 'unquestionably strong' capital ratios.

In July 2017, APRA released an information paper "Strengthening banking system resilience – establishing unquestionably strong capital ratios" which stated that, in order to meet the objective of having 'unquestionably strong' capital ratios, Australia's major banks would need to operate with an average benchmark ratio of CET1 Capital to RWA of 10.5% or more.

Separately, in December 2017, the BCBS finalised the Basel III bank capital framework "Basel III: Finalising post-crisis reforms" confirming new measures designed to address deficiencies in the international regulatory capital framework following the global financial crisis, primarily focused on addressing excessive variability in RWA, and therefore capital requirements, across banks.

In February 2018, APRA commenced consultation on a number of proposed changes to the ADI capital framework, commonly known as "Basel III". Following an initial round of consultation and industry responses, in December 2020, APRA released a further consultation package titled "Discussion paper – A more flexible and resilient capital framework for ADIs". The objectives of the proposed changes are to increase the risk sensitivity within the capital framework, to enhance the ability to respond flexibly to future stress events, and to improve the comparability of the Australian framework with

international standards. The package sets out APRA's key proposals based on feedback received in earlier consultations.

APRA's proposals include:

- Higher regulatory capital buffers, with the CCyB set at 100 basis points for all ADIs and the CCB increasing from 250 basis points to 400 basis points for internal ratings-based ("IRB") ADIs such as CBA;
- Implementing more risk sensitive risk weights, particularly for residential mortgage lending, by targeting higher risk segments, such as interest only and investor mortgages;
- For non-retail credit portfolios, closer alignment of risk estimates relative to overseas peers and allowing internal models to be used for commercial property exposures;
- RWA for New Zealand subsidiaries to be determined under Reserve Bank of New Zealand ("RBNZ") rules at the consolidated group level; and
- Implementing a 72.5% output floor to limit the capital benefit for IRB ADIs relative to standardised ADIs.

APRA has also consulted on revisions to the interest rate risk in the banking book ("IRRBB") framework and finalised prudential requirements for operational risk.

In combination, these proposals will result in changes to the calculation of RWA and will, therefore, result in changes to the presentation of bank capital ratios. APRA expects that capital ratios will increase, as the amount of RWA will likely fall. APRA further reiterated that it is targeting a capital outcome in dollar terms that remains consistent with the 'unquestionably strong' capital benchmark. APRA further noted that it intends to retain the CET1 Capital Ratio at which conversion or write-off of Additional Tier 1 securities (such as PERLS XIII) is triggered, at 5.125% (see Section 4.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur").

Consistent with CBA's approach to capital management, CBA intends to maintain a strong capital position through a range of initiatives, including organic capital generation, a focus on financial strength and announced asset sales (see Section 3.8.1.7 "CBA's approach to capital management" and Section 3.2 "Businesses of CBA").

Further consultation and calibration is expected to occur in calendar year 2021 with the new capital framework proposed to come into effect from 1 January 2023.

In January 2019, the Basel Committee on Banking Supervision released "Minimum capital requirements for market risk" which finalised changes to the identification and measurement of market risk under both the standardised approach and the internal model approach. APRA is yet to commence consultation on market risk and implementation is not expected until 2024.

In addition to the revisions to the capital framework, APRA is implementing other capital related FSI recommendations, including a framework for minimum loss-absorbing and recapitalisation capacity and the introduction of a minimum Leverage Ratio requirement for ADIs.

In February 2018, APRA released a discussion paper titled "Discussion Paper – Leverage ratio requirements for authorised deposit-taking institutions". Following consultation, in November 2018, APRA announced that it would set a minimum Leverage Ratio requirement of 3.5% for IRB ADIs, including CBA. This will apply from 1 January 2023.

In July 2019, APRA confirmed that the Australian loss-absorbing capacity regime will be established under the existing capital framework. For D-SIBs, including CBA, APRA will require an additional Total Capital requirement of 3% of RWA based on the existing capital framework, effective 1 January 2024. APRA is evaluating whether any consequential adjustment to the required amount of Total Capital is necessary, taking into account the proposed changes to the capital framework announced in December 2020 outlined above.

In October 2019, APRA released a consultation paper on APS 111 "Capital Adequacy: Measurement of Capital" prudential standard. The consultation paper outlines APRA's proposal to change its existing approach on equity exposures to banking and insurance subsidiaries of ADIs. APRA has proposed that each individual equity exposure will be risk-weighted at 250% up to 10% of the ADI's Level 1 CET1 capital, with any excess above that threshold to be deducted from Level 1 CET1 capital. In November 2020, APRA advised that the 10% threshold will apply to new or additional investments into banking and insurance subsidiaries until APS 111 is finalised and implemented.

In August 2019, APRA released the final APS 222 "Associations with Related Entities" prudential standard. The revised standard is intended to strengthen the ability of ADIs to monitor, limit and control risk arising from transactions and other associations with related entities. These new requirements will be in place from 1 January 2022.

In December 2019, the RBNZ confirmed that the RWA of internal ratings based banks, such as ASB, will increase to approximately 90% of that required under a standardised approach. In addition, for those banks deemed systemically important, including ASB, the Tier 1 capital requirement will increase to 16% of RWA, of which 13.5% must be in the form of CET1 capital. Tier 2 capital will remain in the framework, and can contribute up to 2% of the 18% minimum Total capital ratio. Existing Additional Tier 1 and Tier 2 contingent instruments issued by New Zealand banks will no longer be eligible under the RBNZ's new capital criteria and will be phased out. The RBNZ announced that these reforms will commence from 1 July 2022 with a 6 year implementation period until 1 July 2028. Revisions to Additional Tier 1 and Tier 2 eligibility will commence on 1 July 2021.

Further information about regulatory developments can be found in the section entitled "Capital" in the Profit Announcement for the half year ended 31 December 2020 which is available from the Investor Centre at commbank.com.au/results.

3.8.1.6 Regulatory developments related to COVID-19

APRA has made a number of announcements and introduced regulatory measures in response to the disruption caused by COVID-19. These include:

- Temporary changes to its expectations regarding bank capital ratios, to ensure banks are well positioned to continue to provide credit to the economy in the challenging environment impacted by COVID-19. APRA advised that, provided banks are able to meet their minimum capital requirements, the capital buffers built up over recent years to meet the 10.5% 'unquestionably strong' benchmark CET1 Capital Ratio can be utilised to facilitate ongoing lending to the economy during the period of disruption caused by COVID-19.
- Guidance to the industry on the approach to capital distributions. APRA expects banks to moderate dividend payout ratios to ensure they are sustainable, taking into account the outlook for profitability, capital and the broader environment.
- Support measures for customers impacted by COVID-19, which include loan repayment deferrals to retail and business customers, and the origination of loans under the Government's SME Guarantee Scheme.
- The regulatory approach to the customer support measures being offered by banks in response to COVID-19, including the treatment of SME Guarantee Scheme and the loans subject to repayment deferrals.

The RBNZ also announced a number of measures in response to COVID-19 that included a freeze on the distribution of dividends by banks in New Zealand

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until at least March 2021. Dividends from CBA's New Zealand Subsidiary, ASB, only affect the CBA's Level 1 CET1 Capital Ratio. The RBNZ has provided similar concessions to those provided by APRA for loan deferrals granted in response to COVID-19.

Further information about regulatory announcements related to COVID-19 can be found in the section entitled "Capital" in the Profit Announcement for the half year ended 31 December 2020 which is available from the Investor Centre at commbank.com.au/results.

3.8.1.7 CBA's approach to capital management

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

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

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

Further information about CBA's approach to capital management can be found in the section entitled "Capital" in the Profit Announcement for the half year ended 31 December 2020 which is available from the Investor Centre at commbank.com.au/results.

3.8.2 Funding and liquidity

3.8.2.1 Funding

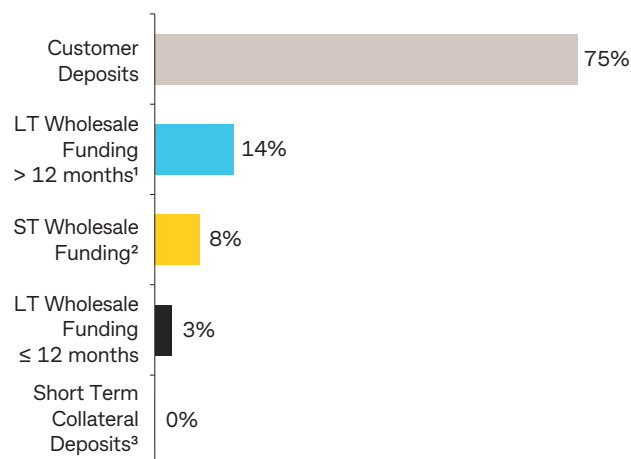
CBA raises customer deposits as well as long-term and short-term wholesale debt to fund its business activities, including lending. Customer deposits include transaction, savings and investment deposits raised from retail, business and institutional clients, predominantly in Australia. Long-term and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

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

Under APRA's liquidity prudential standard, CBA is required to comply with a Net Stable Funding Ratio ("NSFR") requirement to have sufficient stable funding held against core assets. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding. Under APRA's liquidity prudential standard, CBA must maintain an NSFR of at least 100%.

As at 31 December 2020, CBA's NSFR was 123%. This means that, for every A\$1 of core assets, it held A\$1.23 of stable funding.

CBA's Funding Composition as at 31 December 2020

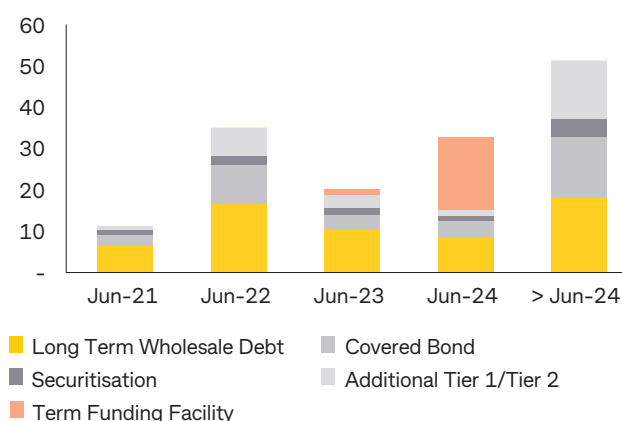


1 Includes IFRS mark-to-market and derivative foreign exchange revaluations.

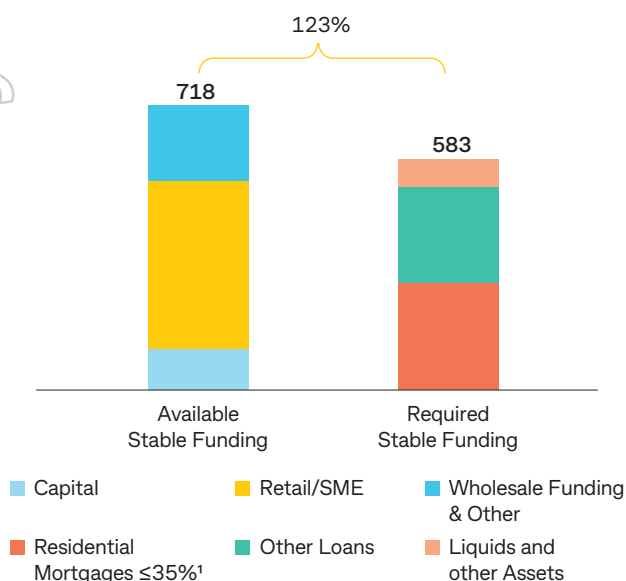
2 Includes deposits from banks and central banks as well as net repurchase agreements.

3 Includes net collateral received and the amount of internal Residential Mortgage Backed Securities ("RMBS") pledged with the Reserve Bank of Australia to facilitate intra-day cash flows in the Exchange Settlement Account ("ESA").

CBA's Term Wholesale Funding profile as at 31 December 2020 (A\$bn)



CBA's Net Stable Funding Ratio as at 31 December 2020 (A\$bn)



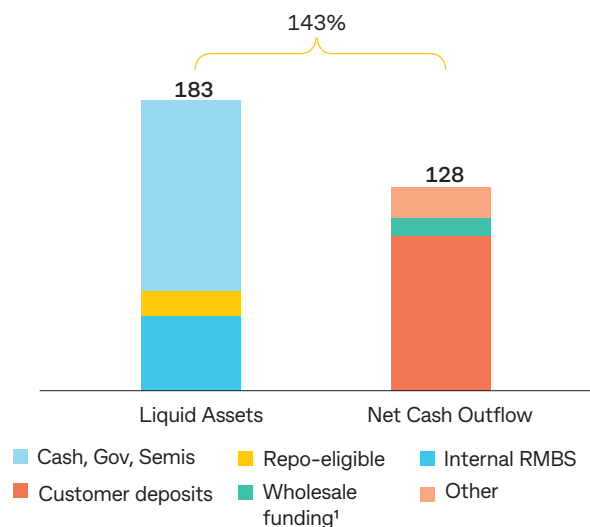
3.8.2.2 Liquidity

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

Under APRA's liquidity prudential standard, CBA is required to comply with a Liquidity Coverage Ratio ("LCR") requirement to hold sufficient liquid assets to cover net cash outflows projected under a 30 day stress scenario. Under APRA's liquidity prudential standard, CBA must maintain an LCR of at least 100%.

CBA's quarterly average LCR for the quarter ended 31 December 2020 was 143%. This means that, for every A\$1 of potential net cash outflow, it held A\$1.43 of liquid assets.

CBA's Liquidity Coverage Ratio for the quarter ended 31 December 2020 (A\$bn)²



- Includes all interbank deposits that are included as short-term wholesale funding.
- Liquidity Coverage Ratio presented as a simple average of daily observations over the quarter.

3.8.3 Explanation of CBA's revenue model

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

The funds management business earns fees for funds management services.

The insurance business earns premiums in relation to general insurance provided to customers. Part of those premiums are invested in anticipation of future liabilities and therefore the revenue of this business also includes investment earnings.

The below two ratios are examples of ratios that measure the performance of CBA's businesses:

- Operating expense to total operating income ratio**
The operating expense to total operating income ratio represents CBA's operating expenses as a percentage of total operating income. All else being equal, a lower operating expense to total operating income ratio indicates that more total operating income may be available to pay Distributions.

For the six months to 31 December 2020 CBA's operating expense to total operating income ratio ("cash basis") was 46.5%. This means that, for every A\$1 of operating income it earned, it had operating expenses of A\$0.465.

- **Return on equity ratio**

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

For the six months to 31 December 2020, CBA's return on equity ratio ("cash basis") was 10.5%. This means that, for every A\$1 of shareholders' equity it held, it earned net profit after tax of A\$0.105.

3.8.4 Consolidated income statement¹

	Half Year Ended 31 December 2020 A\$M	Half Year Ended 30 June 2020 A\$M	Full Year Ended 30 June 2020 A\$M	Full Year Ended 30 June 2019 A\$M
Interest income	12,786	14,216	30,162	34,709
Interest expense	(3,415)	(4,956)	(11,552)	(16,485)
Net interest income	9,371	9,260	18,610	18,224
Other banking income ²	2,354	2,408	5,002	4,877
Net banking operating income	11,725	11,668	23,612	23,101
Net funds management operating income	80	75	173	254
Net insurance operating income	91	109	141	150
Total net operating income before operating expenses and impairment	11,896	11,852	23,926	23,505
Operating expenses	(5,627)	(5,718)	(10,929)	(10,928)
Loan impairment expense	(882)	(1,869)	(2,518)	(1,201)
Net profit before income tax	5,387	4,265	10,479	11,376
Income tax expense	(1,610)	(1,258)	(3,020)	(3,275)
Net profit after tax from continuing operations	3,777	3,007	7,459	8,101
Non-controlling interests in net profit after income tax from continuing operations	-	-	-	(12)
Net profit attributable to equity holders of CBA from continuing operations	3,777	3,007	7,459	8,089
Net profit after income tax from discontinued operations	1,100	466	2,178	489
Non-controlling interests in net profit after income tax from discontinued operations	-	-	(3)	(7)
Net profit attributable to equity holders of CBA	4,877	3,473	9,634	8,571

¹ Information has been restated and presented on a continuing operations basis.

² Other banking income is presented net of directly associated depreciation and impairment charges.

3.8.5 Consolidated balance sheet¹

	As at 31 December 2020 A\$M ²	As at 30 June 2020 A\$M	As at 30 June 2019 A\$M
Assets			
Cash and liquid assets	63,019	44,165	29,387
Receivables from financial institutions	7,280	8,547	8,093
Assets at fair value through Income Statement	50,702	46,545	33,677
Derivative assets	32,398	30,285	25,215
Investment securities:			
At amortised cost	4,391	5,173	7,355
At fair value through other comprehensive income	89,672	79,549	78,912
Loans, bills discounted and other receivables ³	785,429	771,547	755,173
Property, plant and equipment	5,468	5,602	2,383
Investment in associates and joint ventures	2,865	3,034	3,001
Intangible assets	6,943	6,944	7,965
Deferred tax assets	2,522	2,060	1,675
Other assets	5,428	8,839	7,115
Assets held for sale	1,617	1,770	16,551
Total assets	1,057,734	1,014,060	976,502
Liabilities			
Deposits and other public borrowings	746,466	701,999	636,040
Payables to financial institutions ⁴	31,010	16,429	23,370
Liabilities at fair value through Income Statement	7,255	4,397	8,520
Derivative liabilities	33,482	31,347	22,777
Current tax liabilities	105	795	326
Deferred tax liabilities	224	30	-
Provisions	3,552	3,408	2,968
Debt issues	122,548	142,503	164,022
Bills payable and other liabilities	9,826	13,188	10,068
Liabilities held for sale	655	594	15,796
	955,123	914,690	883,887
Loan capital	27,608	27,357	22,966
Total liabilities	982,731	942,047	906,853
Net assets	75,003	72,013	69,649
Shareholders' Equity			
Ordinary share capital	38,417	38,131	38,020
Reserves	2,287	2,666	3,092
Retained profits	34,294	31,211	28,482
Shareholders' Equity attributable to equity holders of CBA	74,998	72,008	69,594
Non-controlling interests	5	5	55
Total Shareholders' Equity	75,003	72,013	69,649

1 Comparative information has been restated to conform to presentation in the current year.

2 Current period balances have been impacted by the announced divestment of Aussie Home Loans and the completed disposal of BoCommLife. For details on the CBA Group's discontinued operations and businesses held for sale, refer to Note 7.3 of the Profit Announcement for the half year ended 31 December 2020.

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- 3 Includes total provisions for impairment losses of \$6.8bn as December 2020. The depth and severity of COVID-19 related impacts on the economy remain uncertain. The CBA Group recognised loan impairment expense of \$2.5bn and \$0.9bn in FY20 and 1H21 respectively, primarily driven by higher collective provisions, mainly due to increased forward looking adjustments. These have been determined based on a range of plausible economic and industry stress factors, and take into account the mitigating impacts of Government and industry assistance packages and support, including loan repayment and deferral arrangements. We continue to monitor our lending portfolios closely, with stress testing forming the basis for ongoing re-assessments of provisioning levels as the situation evolves.
- 4 Payables to financial institutions as at 31 December 2020 include \$19,163 million in relation to funds drawn under the RBA's Term Funding Facility ("TFF") (30 June 2020: \$1,500 million). The CBA Group's total available TFF allocation as at 31 December 2020 was \$40,958 million (30 June 2020: \$26,646 million).

3.8.6 Summary of financial ratios

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

See Sections 3.8.1 "Capital adequacy", 3.8.2 "Funding and liquidity" and 3.8.3 "Explanation of CBA's revenue model" for detailed explanations of these ratios.

Relevant financial ratios as at 31 December 2020

	Half Year Ended 31 December 2020	Half Year Ended 30 June 2020	Full Year Ended 30 June 2020	Full Year Ended 30 June 2019	Potential impact on PERLS XIII
Operating Expense to Total Operating Income Ratio ("cash basis") ¹	46.5%	48.5%	45.9%	45.9%	If the operating expense to total operating income ratio is too high, it may indicate that there is a risk that CBA may not be able to pay Distributions.
Return on Equity Ratio ("cash basis") ¹	10.5%	8.3%	10.3%	12.1%	If the return on equity ratio is too low, it may indicate that there is a risk that CBA may not be able to pay Distributions.
CET1 Capital Ratio ²	12.6%	11.6%	11.6%	10.7%	If the capital ratios are too low, it may indicate that CBA may not be able to elect to Redeem PERLS XIII in the future.
Tier 1 Capital Ratio ²	15.0%	13.9%	13.9%	12.7%	
Total Capital Ratio ²	18.9%	17.5%	17.5%	15.5%	
Leverage Ratio	6.0%	5.9%	5.9%	5.6%	If the Leverage Ratio is too low, it may indicate that CBA may not be able to elect to Redeem PERLS XIII in the future.
Net Stable Funding Ratio ³	123%	120%	120%	112%	If the NSFR is too low, it may indicate that CBA may not be able to elect to Redeem PERLS XIII in the future.
Liquidity Coverage Ratio ³	143%	155%	155%	132%	If the LCR is too low, it may indicate that CBA may not be able to elect to Redeem PERLS XIII in the future.

1 Information has been restated and presented on a continuing operations basis.

2 Level 2 capital ratio.

3 LCR presented as a simple average of daily observations over the previous quarter. Presented for the quarters ended 31 December and 30 June.

3.8.7 Impact of the Offer on CBA

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

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

The following pro forma adjustments show the changes that would be made to CBA's consolidated balance sheet as at 31 December 2020 assuming the Offer was completed, A\$750 million of PERLS XIII were issued and issue costs of A\$12 million were incurred on 31 December 2020. CBA has the ability to raise more or less than A\$750 million of PERLS XIII.

Consolidated pro forma balance sheet as at 31 December 2020^{1,2}

	As reported A\$M	Pro forma adjustment	Pro forma A\$M
Assets			
Cash and liquid assets	63,019	738	63,757
Receivables from financial institutions	7,280		7,280
Assets at fair value through Income Statement	50,702		50,702
Derivative assets	32,398		32,398
Investment securities:			
At amortised cost	4,391		4,391
At fair value through other comprehensive income	89,672		89,672
Loans, bills discounted and other receivables	785,429		785,429
Property, plant and equipment	5,468		5,468
Investment in associates and joint ventures	2,865		2,865
Intangible assets	6,943		6,943
Deferred tax assets	2,522		2,522
Other assets	5,428		5,428
Assets held for sale	1,617		1,617
Total assets	1,057,734	738	1,058,472
Liabilities			
Deposits and other public borrowings	746,466		746,466
Payables to financial institutions	31,010		31,010
Liabilities at fair value through Income Statement	7,255		7,255
Derivative liabilities	33,482		33,482
Current tax liabilities	105		105
Deferred tax liabilities	224		224
Provisions	3,552		3,552
Debt issues	122,548		122,548
Bills payable and other liabilities	9,826		9,826
Liabilities held for sale	655		655

Information About CBA *(continued)*

	As reported A\$M	Pro forma adjustment	Pro forma A\$M
Total liabilities excluding loan capital	955,123		955,123
Loan capital	27,608	738	28,346
Total liabilities	982,731	738	983,469
Net assets	75,003		75,003
Shareholders' Equity			
Ordinary share capital	38,417		38,417
Reserves	2,287		2,287
Retained profits	34,294		34,294
Shareholders' Equity attributable to Equity holders of CBA	74,998		74,998
Non-controlling interests	5		5
Total Shareholders' Equity	75,003		75,003

1 Current period balances have been impacted by the announced sale of Aussie Home Loans and the completed disposal of BoCommLife.

2 No pro forma adjustment has been made for the impact of the payment of the interim dividend for the half year ending 31 December 2020 of \$1.50 per Ordinary Share amounting to \$2,661m.

The following pro forma adjustments show the changes that would be made to relevant financial ratios as at 31 December 2020 assuming the Offer was completed, A\$750 million of PERLS XIII were issued and issue costs of A\$12 million were incurred on 31 December 2020. CBA has the ability to raise more or less than A\$750 million of PERLS XIII.

Pro forma relevant financial ratios as at 31 December 2020

	As reported	Pro forma adjustment	Pro forma
Operating Expense to Total Operating Income Ratio ("cash basis")¹	46.5%	-	46.5%
Return on Equity Ratio ("cash basis")¹	10.5%	-	10.5%
CET1 Capital Ratio²	12.6%	-	12.6%
Tier 1 Capital Ratio²	15.0%	0.1%	15.1%
Total Capital Ratio²	18.9%	0.2%	19.1%
Leverage Ratio	6.0%	0.1%	6.1%
Net Stable Funding Ratio³	123%	0.1%	123%
Liquidity Coverage Ratio³	143%	0.6%	143%

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

2 Level 2 capital ratio.

3 Rounded to the nearest per cent.

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Risks of CommBank PERLS XIII Capital Notes

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

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4.1 Introduction

There are risks which could affect an investment in PERLS XIII, including:

- risks associated with PERLS XIII specifically, many of which are outside the control of CBA; and
- risks associated with CBA's businesses which may affect PERLS XIII.

All principal or material risks and uncertainties that have been identified by CBA as at the date of this Prospectus are included in this section. Additional risks and uncertainties that CBA is unaware of, or that it currently deems to be immaterial, may also become important risk factors that affect CBA and therefore PERLS XIII. This list of risks is not exhaustive. CBA is subject to continuous disclosure obligations, requiring new material information to be announced to the ASX.

If any of the listed or unlisted risks actually occur, CBA's business operations, financial condition or reputation could be materially adversely affected and, consequently, Holders of PERLS XIII could lose all or part of their investment.

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

4.2 Risks associated with CommBank PERLS XIII Capital Notes specifically

4.2.1 Investments in PERLS XIII are not deposit liabilities or protected accounts under the Banking Act or Financial Claims Scheme

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

4.2.2 Holders of PERLS XIII are subordinated and unsecured creditors

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

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

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

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

For further information see Sections 1.1.2 "Ranking of PERLS XIII in a winding up of CBA" and 2.6 "How will CommBank PERLS XIII Capital Notes rank in a winding up?".

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

4.2.3 Distributions may not be paid

Payment of a Distribution is subject to:

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

No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or a Non-Viability Trigger Event.

Distributions may not be paid if CBA's CET1 Capital Ratio falls into the CCB. For further information, see Section 3.8.1 "Capital adequacy".

Distributions may not be paid if APRA objects to the payment of discretionary capital distributions. APRA stated, in response to the significant disruption caused by COVID-19, that it expects ADIs (such as CBA) to take a measured approach to capital distributions until the economic outlook is clearer. While this guidance is not expected to prohibit CBA from paying Distributions, there is the risk that if the economic outlook remains negative or uncertain for a prolonged period of time, APRA may object to the payment of a Distribution.

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

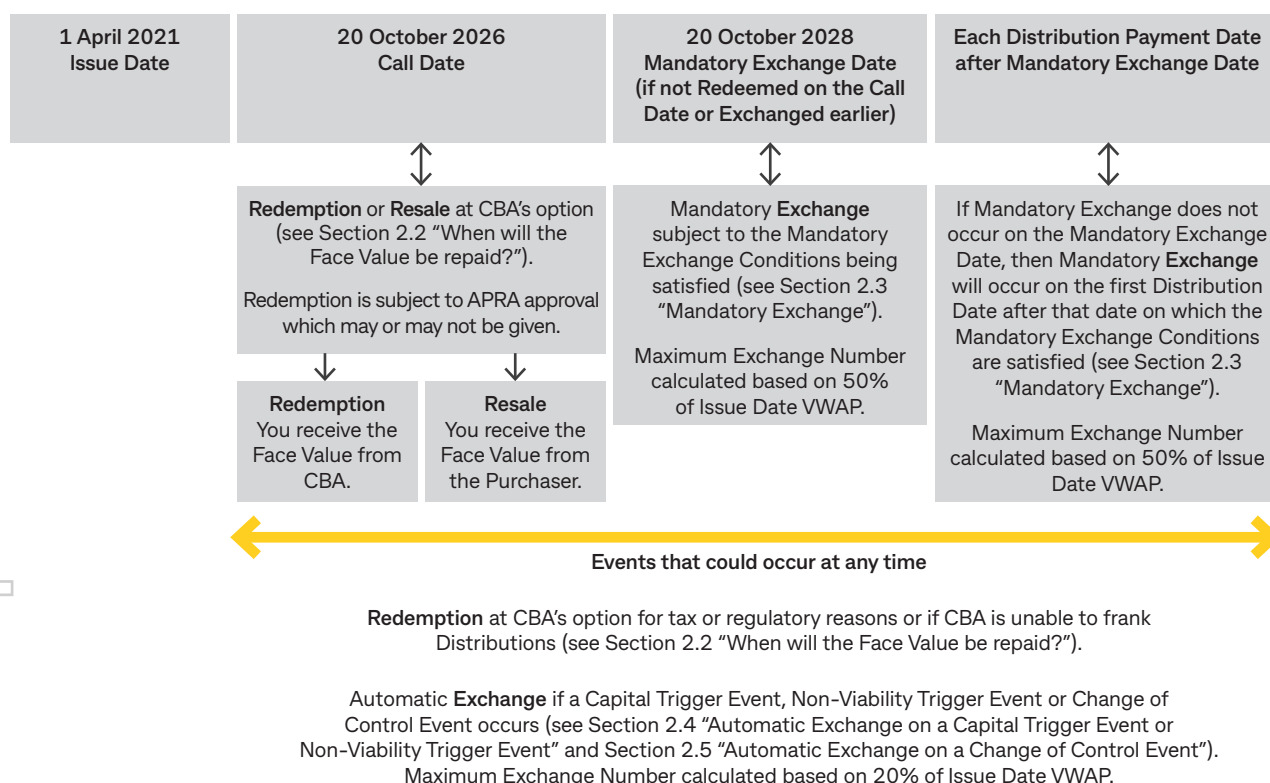
- declare or determine a dividend on Ordinary Shares; or
- return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares.

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

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

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

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



4.2.4.1 Holders may receive Ordinary Shares on the Mandatory Exchange Date

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

Normally, you will receive a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Initial Face Value of A\$100 and the VWAP of Ordinary Shares with the benefit of a 1% discount, see Section 2.3 "Mandatory Exchange"). For example, if the VWAP of Ordinary Shares immediately prior to the Exchange Date is A\$80, you would receive 1.2626 Ordinary Shares per PERLS XIII¹. If the Ordinary Share price on the Exchange Date remained A\$80, this would have a market value of A\$101.01.

However, CBA will only be required to Exchange PERLS XIII if all the Mandatory Exchange Conditions are satisfied (see Section 2.3 "Mandatory Exchange"). For example, if the Issue Date VWAP is A\$85, then:

- under the First Mandatory Exchange Condition, if the VWAP of Ordinary Shares on the 25th Business Day before the Mandatory Exchange Date is greater than A\$47.60, the First Mandatory Exchange Condition would be satisfied;
- under the Second Mandatory Exchange Condition, if the VWAP of Ordinary Shares during the period of 20 Business Days before the Mandatory Exchange Date is greater than A\$42.93, then the Second Mandatory Exchange Condition would be satisfied; and
- under the Third Mandatory Exchange Condition, if the Ordinary Shares are listed or admitted to trading on ASX as at the date of the Mandatory Exchange Date, then the Third Mandatory Exchange Condition would be satisfied.

If any of these Mandatory Exchange Conditions are not satisfied, it means that Exchange will not occur. If Exchange does not occur, you will continue to hold your PERLS XIII until the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied at which time Exchange will occur.

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

- if the Face Value has previously been reduced (following a Capital Trigger Event or Non-Viability Trigger Event); or
- to realise the value of the Ordinary Shares, you sell them on ASX at the prevailing market price. However, depending on the time you decide to sell and the

market price at that time, it is possible that your sale proceeds may be less than the Face Value.

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

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

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

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

- if the Face Value has previously been reduced (following a previous Capital Trigger Event or Non-Viability Trigger Event);
- the maximum number of Ordinary Shares that you can receive is limited to a number calculated based on 20% of the Issue Date VWAP. For example, if the Issue Date VWAP is A\$85, then the Maximum Exchange Number would be 5.8824 Ordinary Shares per PERLS XIII²; or
- to realise the value of the Ordinary Shares, you sell them on ASX at the prevailing market price. However, depending on the time you decide to sell and the market price at that time, it is possible that your sale proceeds may be less than the Face Value.

If you wish to sell your Ordinary Shares, there is also a risk that Ordinary Shares may no longer be listed on ASX at the time of Exchange upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and you may not be able to sell your Ordinary Shares at all.

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

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

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

1. The actual VWAP and number of Ordinary Shares that a Holder may receive on Exchange on the Exchange Date may be higher or lower than in this example. In addition, if the total number of Ordinary Shares to be issued in respect of a Holder's aggregate holding of PERLS XIII includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

2. Please refer to the illustrative example in Section 2.4 "Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event".

4.2.4.4 Consequences of holding Ordinary Shares

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

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

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

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

A Capital Trigger Event occurs when CBA determines, or APRA notifies CBA in writing that it believes, that either or both the CBA Level 1 CET1 Capital Ratio or CBA Level 2 CET1 Capital Ratio is equal to or less than 5.125%.

The CET1 Capital Ratio is the ratio of CBA's CET1 Capital to its RWA, where CET1 Capital is the strongest form of capital held by CBA.

If a Capital Trigger Event occurs, CBA must immediately Exchange such number of PERLS XIII (or a percentage of the Face Value of each PERLS XIII) to return either or both the CBA Level 1 CET1 Capital Ratio or CBA Level 2 CET1 Capital Ratio, as the case may be, to above 5.125%.

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

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

If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS XIII (or a percentage of the Face Value of each PERLS XIII) as specified by APRA or necessary to satisfy APRA that

CBA will no longer be non-viable. In the case of a public sector injection of capital, or equivalent support, all PERLS XIII must be Exchanged.

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

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

In Section 4.3 "Risks associated with CBA's businesses which may affect CommBank PERLS XIII Capital Notes", a number of general risks associated with CBA's businesses are outlined. If one, or a combination, of these risks leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, this may be the type of situation in which APRA may become concerned and notify CBA that it has become non-viable. The risks outlined in Section 4.3 "Risks associated with CBA's business which may affect CommBank PERLS XIII Capital Notes" are examples only and not exhaustive, and there may be other risks which affect the performance of CBA.

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

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

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

The inclusion of the Capital Trigger Event and Non-Viability Trigger Event is intended to provide an advanced framework for the treatment of Holders if CBA experiences significant financial difficulty. Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, CBA must immediately Exchange all or some PERLS XIII (or a percentage of the Face Value of each PERLS XIII).

The Mandatory Exchange Conditions do not apply and the Terms provide that Exchange occurs automatically without the need for any further act or step by CBA and that CBA will recognise Holders as having been issued Ordinary Shares.

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Any ASX trades in PERLS XIII that have not settled on the date a Capital Trigger Event or Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+2 settlement, although the seller will be treated as having delivered, and the buyer will be treated as having acquired, the number of Ordinary Shares into which PERLS XIII have been Exchanged as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event.

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

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

If the Exchange fails to take effect for any reason and CBA has not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within 5 Business Days, then Holders' rights under the relevant PERLS XIII will be immediately and irrevocably terminated and such termination will be taken to have occurred immediately on the date of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event. Your investment in the relevant PERLS XIII will lose all of its value – the Face Value will not be repaid and you will not receive any compensation. This could occur if CBA was prevented from issuing Ordinary Shares by circumstances outside its control, for example, if CBA was prevented by a specified law or order of any court, or action of any government authority, from issuing Ordinary Shares.

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

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

For further information about CBA's capital, funding and liquidity positions, how they are managed and the CBA Level 2 CET1 Capital Ratio surplus above the level of 5.125%, see Section 3.8.1 "Capital adequacy" and Section 3.8.2 "Funding and liquidity". However, there are a number of risks which are wholly or partly outside CBA's control as discussed in Section 4.3 below.

4.2.6 PERLS XIII may not be Exchanged on the Scheduled Mandatory Exchange Date

PERLS XIII may not be Exchanged on the Scheduled Mandatory Exchange Date because the Mandatory Exchange Conditions are not satisfied. This could occur, for example, because the Mandatory Exchange Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWP, or if the Ordinary Shares are Delisted.

The market price of Ordinary Shares is relevant to determining whether Exchange will occur, and also the number of Ordinary Shares a Holder will receive on Exchange. The market price of Ordinary Shares may be impacted by transactions affecting the share capital of CBA, such as rights issues, placements, returns of capital, buy-backs, demergers, and other corporate actions. However, the Issue Date VWP is adjusted only for pro-rata bonus issues of Ordinary Shares and certain types of capital reconstructions as described in Clauses 7.5 and 7.6 of the Terms and not for other types of corporate transactions such as those mentioned above. The Terms do not limit the transactions which CBA is permitted to undertake with respect to its share capital.

If Exchange does not occur, then (unless Exchange occurs in the meantime pursuant to a Capital Trigger Event and Non-Viability Trigger Event – see Section 4.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur") you will continue to hold your PERLS XIII until the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied. PERLS XIII are a perpetual security and it is possible that the Mandatory Exchange Conditions may never be satisfied and that PERLS XIII may never be Exchanged.

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

4.2.7 CBA may Redeem, or procure a Resale of, PERLS XIII in certain circumstances

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

The timing or occurrence of the Redemption or Resale may not coincide with your individual preferences.

In addition, if PERLS XIII are Redeemed for tax or regulatory reasons or because CBA is unable to frank Distributions then, depending on market conditions at the time, you may not be able to reinvest the amount you receive on Redemption at a similar rate of return to the rate of return you expected on your PERLS XIII if you had continued to hold them.

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

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

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

4.2.9 CBA may raise more debt and issue other securities

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

- rank for dividends or payments of capital (including on the winding-up of CBA) equal with, behind or ahead of PERLS XIII;
- have the same or different dividend, interest or distribution rates as PERLS XIII;
- have payment tests and distribution restrictions or other covenants which may affect PERLS XIII (including by restricting circumstances in which Distributions can be paid on PERLS XIII or PERLS XIII can be Redeemed); or
- have the same or different terms and conditions as PERLS XIII.

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

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

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

4.2.10 The Distribution Rate will fluctuate

The Distribution Rate is a floating rate, based on the Market Rate (which is a floating rate) plus the Margin (which is fixed). The Market Rate will fluctuate and therefore the Distribution Rate will fluctuate. Over the term of PERLS XIII, the Distribution Rate may be higher or lower than the initial Distribution Rate on the Issue Date. It is possible for the Market Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate. However, even if the Distribution Rate becomes negative, there will be no obligation on Holders to pay CBA.

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

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

4.2.11 The market price of PERLS XIII will fluctuate

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

- changes in Australian and international economic conditions, interest rates, credit margins, inflation rates and foreign exchange rates;
- if CBA's financial performance or position declines, or if market participants anticipate that it may decline, an investment in PERLS XIII could decline in value even if PERLS XIII have not been Exchanged;
- changes to CBA's credit rating. For further information about the impacts of credit ratings on CBA, see Section 4.3.6 "CBA's results may be adversely affected by liquidity and funding risks";
- movements in the market price of equity and/or other debt issued by CBA or by other issuers;
- changes in investor perceptions and sentiment in relation to CBA or the financial services industry; and
- other major Australian and international events, such as a pandemic, hostilities and tensions, and acts of terrorism.

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

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

CBA does not guarantee the market price of PERLS XIII.

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4.2.12 The liquidity of PERLS XIII may be low

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

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

CBA does not guarantee the liquidity of PERLS XIII.

4.2.13 Holders may be subject to FATCA withholding and information reporting

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

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

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

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

In addition, the OECD Common Reporting Standard for the Automatic Exchange of Financial Account Information ("CRS") requires certain financial institutions to report financial information regarding certain accounts to their local tax authority. The CRS applies to Australian financial institutions from 1 July 2017. Holders may be requested to provide certain information to ensure compliance with CRS. This information may be provided to the Australian Taxation Office which, in turn, may provide this information to other countries that have signed the CRS Competent Authority Agreement.

4.2.14 CBA may amend the Terms

CBA may amend the Terms in two ways:

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

In both cases, the Terms of all PERLS XIII will be amended. In particular in the latter case, Holders who did not vote with the majority will be subject to the amended Terms which may not coincide with their individual preferences.

CBA may also amend the Terms in circumstances where the Market Rate ceases to be available (i.e. a Market Rate Disruption Event occurs) and replace the Market Rate with an alternative rate that CBA considers appropriate (in some cases subject to APRA's prior written approval), acting in good faith and in a commercially reasonable manner, and make certain other consequential amendments to the Terms. Such amendments could adversely affect the interests of PERLS XIII Holders.

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

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

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

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

4.2.16 Powers of an ADI Statutory Manager and of APRA

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

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

4.3.1 CBA's results could be adversely impacted by strategic risks arising from changes in CBA's external and internal operating environment

Strategic risk is the risk of material value destruction or less than planned value creation, due to changes in CBA's external and internal operating environment. Dynamically evolving current or emerging risks, such as the COVID-19 pandemic, the competitive landscape, emerging technologies, macroeconomic conditions, and the regulatory and political environment can challenge the business model and profitability assumptions underlying CBA's strategy.

While the Board regularly monitors and discusses CBA's operating environment, strategic objectives and implementation of major strategic initiatives, there can be no assurance that such objectives and initiatives will be successful or that they will not adversely impact CBA.

4.3.1.1 Risks related to COVID-19 or a similar pandemic

The COVID-19 pandemic, and future outbreaks of other communicable diseases or pandemics, have the potential to negatively impact CBA's business. The coronavirus which emerged in December 2019, referred to as "COVID-19", has resulted in governments worldwide, including those in Australia and New Zealand, enacting emergency measures to combat the spread of the virus. These included imposing wide ranging restrictions on, suspensions of, or advice against, regional and international travel, gatherings of groups of people, as well as prolonged closures of workplaces and many other normal activities. Substantial monetary and fiscal interventions designed to stabilise the volatility experienced in sovereign nations and financial markets have been undertaken.

Although some nations have begun vaccination programs, there is ongoing uncertainty regarding the duration and severity of COVID-19 and the associated disruption to the Australian and global economy. The full extent of the medium and longer-term impacts of the pandemic are unknown at this time, as is the efficacy of the government and central bank interventions. Challenging economic conditions are expected to continue in the period ahead, which may have a material adverse impact on CBA's financial condition as a result of, among others, increased credit losses from business insolvencies, higher consumer defaults and slower overall credit and economic growth.

In response to the COVID-19 pandemic, CBA established a range of temporary measures designed to assist its personal and business customers but there can be no assurance that these measures will be sufficient to prevent or mitigate further hardship, or ensure the delivery of the CBA Group's products and services. There is a risk that CBA's business, results of operations, financial condition and prospects may be materially and adversely affected. In the longer term, asset values may start to deteriorate if a large quantity of retail and business customers liquidate their investments, either during, or immediately after, the crisis or due to a decrease in demand for these assets. In both scenarios, loan-to-value ratios may be negatively impacted. Refer to Note 3.2 of the 2020 Annual Report for further information.

The COVID-19 pandemic has caused substantial volatility in the financial markets and such volatility may continue. A deterioration of public finances of sovereigns in response to COVID-19 may lead to further increased volatility and widening of credit spreads. COVID-19 has also affected, and can be expected to continue to affect, CBA's ability to continue its operations without interruption or delays due to restricted access to premises, contagion management and travel restrictions. Any related illness or quarantine of CBA's employees or contractors or suspension of CBA's business operations could affect CBA's business, results of operations, financial condition and prospects.

The COVID-19 pandemic has also increased geopolitical risk. Continuing tensions between countries and policy uncertainty could have a material adverse impact on CBA's financial condition or its ability to execute its strategic initiatives as a result of, among others, further downturns in the domestic and global economies.

The ramifications of COVID-19 are highly uncertain and difficult to predict. All or any of the negative conditions related to the COVID-19 pandemic described above may cause a further reduction in demand for CBA's products and services and/or an increase in loan and other credit defaults, bad debts, and impairments and/

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or an increase in the cost of CBA's operations. Should these occur, it is likely that they will result in a material adverse effect on CBA's business, results of operations, financial condition and prospects. COVID-19, and the volatile regional and global economic conditions stemming from the pandemic, as well as reactions to future pandemics or resurgences of COVID-19, could also precipitate or aggravate the other risk factors described below.

4.3.1.2 CBA is subject to extensive regulation and operates in an environment of political scrutiny, which could adversely impact its operations and financial condition

CBA and its businesses are subject to extensive regulation in Australia and across multiple regulatory bodies as well as other regulators in jurisdictions in which CBA operates or obtains funding, including New Zealand, the United Kingdom, the United States, China, Japan, Europe, Singapore, Hong Kong and Indonesia.

Key domestic regulators include APRA, ASIC, AUSTRAC, the Office of the Australian Information Commissioner ("OAIC"), the Australian Competition and Consumer Commission ("ACCC"), the Australian Financial Complaints Authority, the RBA and the ASX.

APRA, as CBA's prudential regulator in Australia, has very wide powers under the Banking Act, including in limited circumstances to direct banks (including CBA) not to make payments on their securities.

In addition to its key Australian regulators, a range of international regulators and authorities supervise and regulate CBA in respect of, among other areas, capital adequacy, liquidity levels, funding, provisioning, insurances, compliance with prudential regulation and standards, accounting standards, remuneration, data access, stock exchange listing requirements, and its compliance with relevant financial crime, sanctions, privacy, taxation, competition, consumer protection and securities trading laws.

CBA and the wider financial services industry are facing increased regulation in many of these areas and jurisdictions and changes or new regulation in one part of the world could lead to changes elsewhere.

Any change in law, regulation, accounting standards, policy or practice of regulators, or failure to comply with laws, regulation or policy, may adversely affect CBA's business, financial condition, liquidity, operations, prospects and its reputation, and its ability to execute its strategy, either on a short-term or long-term basis. The potential impacts of regulatory change are wide, and could include increasing the levels and types of capital CBA is required to hold and restricting the way

CBA can conduct its business and the nature of that business, such as the types of products that it can offer to customers.

The COVID-19 pandemic or similar pandemics could impact CBA's ability to manage regulatory change. The COVID-19 pandemic has resulted in deferral of regulatory changes by regulators, which may increase the risk of CBA not complying with new regulations when they come into effect, due to compressed timeframes to implement regulatory change initiatives. The response to COVID-19 has also seen new legislation and regulation, which may increase compliance risks. CBA may also incur significant costs responding to this new legislation and regulation.

CBA may also be adversely affected if the pace or extent of regulatory change exceeds CBA's ability to adapt to such changes and embed appropriate compliance processes adequately. The pace of regulatory change means that the regulatory context in which CBA operates is often uncertain and complex.

(i) Regulatory reforms

Examples of significant regulatory reform under development in Australia include a review of Open Banking (as defined below), APRA's proposals to revise the capital framework for ADIs and the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019.

- In 2019, the Australian Government legislated for an economy-wide Consumer Data Right ("CDR") to give consumers access to and control over their data. Monitoring and enforcement of the CDR regime are jointly conducted by the ACCC and the OAIC. The CDR regime initially applies to banking (referred to as "Open Banking"). The Open Banking requirements are being implemented, and will apply progressively to banks and other participants, for different categories of data and disclosure methods, across multiple stages from February 2020 to February 2022 onwards. The requirements involve complex system and application programming interface builds, rigorous security requirements and extensive testing requirements, including end-to-end internal and industry testing. The Open Banking requirements represent significant delivery and operational risks, which have been elevated by the COVID-19 pandemic. The reforms are intended to increase competition in the financial sector and improve customer outcomes. Increased competition resulting from Open Banking may adversely impact CBA's business and financial condition.
- The finalisation of the capital reforms, which are currently under consultation with APRA, will result in changes to the calculation of CBA's RWA and will, therefore, impact the presentation of bank capital

ratios. APRA expects that capital ratios will increase, as the amount of RWA will likely fall. In order for the capital outcome in dollar terms to remain consistent with current 'unquestionably strong' capital benchmark, higher capital regulatory capital buffers are proposed with the CCB increasing from 250 basis points to 400 basis points for internal ratings-based ("IRB") ADIs such as CBA. APRA further noted that it intends to retain the CET1 Capital Ratio at which conversion or write-off of Additional Tier 1 securities (such as PERLS XIII) is triggered, at 5.125%.

- In addition, APRA confirmed that the Australian loss-absorbing capacity regime will be established under the existing capital framework. For D-SIBs, including CBA, APRA will require an additional Total Capital requirement of 3% of RWA based on the existing capital framework, effective 1 January 2024. APRA is evaluating whether any consequential adjustment to the required amount of Total Capital is necessary, taking into account the proposed changes to the capital framework outlined above. The finalisation of these proposals may have implications for the CCB which may affect the payment of Distributions (see Section 3.8.1.3 "Potential impact of falling into the capital conservation buffer" for more information on the CCB).
- The Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019 (Cth) came into force on 5 April 2019 and introduced both design and distribution obligations on certain issuers and distributors of financial products (including hybrid securities) to retail investors and new product intervention powers for ASIC. The product design and distribution obligations come into force in October 2021. In December 2020, ASIC published regulatory guidance in respect of the design and distribution obligations. Relevantly, the product design and distribution obligations require issuers to prepare and make publicly available a 'target market determination' ("TMD"), which aims to ensure that financial products for the retail market are targeted and sold to appropriate investors. Issuers must then take reasonable steps to ensure compliance with the TMD by distributors and are subject to ongoing obligations to review the TMD. Distributors must not distribute a product to retail investors unless it has a TMD and must also take reasonable steps to ensure their distribution is consistent with the TMD. The impact of these new obligations remains untested, however there is a risk that they may adversely impact the issue, distribution and reinvestment of financial products in the future, including instruments like PERLS XIII. These changes may also affect the liquidity of funding instruments (including hybrids such as PERLS XIII), if they lead to a material reduction in future issuance volumes or secondary trading activity by investors.

Outside Australia there have also been a series of other regulatory initiatives from authorities in the various jurisdictions in which CBA operates or obtains funding that would result in significant regulatory changes for financial institutions.

As an example, and as outlined in Section 3.8.1.5 "Regulatory developments", the RBNZ undertook a comprehensive review of the capital adequacy framework applying to registered banks in New Zealand. Among the requirements confirmed is an increase in the minimum Tier 1 capital requirement for banks which are deemed systemically important to 16% of RWA (currently 8.5%). It is possible that the implementation of these new requirements could impact CBA's capital minimums and targets.

(ii) Other regulatory and political developments

There is currently an environment of heightened scrutiny by the Australian Government and various Australian regulators on the Australian financial services industry. An example of industry-wide scrutiny that has led to proposed changes in laws, regulation or policies, is the Royal Commission into misconduct by financial service entities. The final report for the Royal Commission was delivered on 1 February 2019. The final report included 76 recommendations to the Australian Government, and findings in relation to the case studies investigated during the hearings, with a number of matters referred to regulators for investigation. This has resulted in heightened levels of enforcement action across the industry including key regulators investigating a wide range of matters raised by the Royal Commission.

The 76 recommendations covered many of CBA's business areas, and also canvassed the role of ASIC and APRA and the approach to be taken to customer focus, culture and remuneration. Since the Royal Commission ASIC has adopted a 'why not litigate' approach for breaches of financial services law, contributing to the increase in enforcement activity. CBA released a statement to the ASX on 8 March 2019 welcoming the final report and committing to actions to deliver on the recommendations. The Australian Government has passed legislation addressing some of these policy recommendations.

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4.3.1.3 CBA may be adversely impacted by a downturn in the macroeconomic environment

As CBA's businesses are primarily located in Australia and New Zealand, CBA's performance is dependent on the state of these economies, customer and investor confidence, and prevailing market conditions in these two countries, which in turn are impacted by events in the global economy.

While the impact of the economic disruption caused by COVID-19, and the governmental responses to it, remain uncertain, CBA may be materially adversely affected by a protracted downturn in economic conditions globally and, in particular, in Australia and New Zealand.

As a result of the COVID-19 pandemic, major disruptions to community health and economic activity are having wide ranging negative effects across most business sectors in Australia, New Zealand and globally. This in turn has impacted demand for the products and services provided by CBA and resulted in a deterioration of the quality of CBA's credit portfolio. Additionally, many of CBA's customers have been negatively impacted by the COVID-19 pandemic and CBA is exposed to an increased risk of credit loss from borrowers in the following sectors: transportation (including airlines, shipping, road and rail); ports, tourism and travel (including accommodation, food and beverage); healthcare; agriculture; retail (including e-commerce due to a reduction in logistics activity); property (particularly shopping malls and hotels); construction and contractors; and distribution and logistics.

Additionally, COVID-19 has resulted in a disruption to global supply chains, a downturn in the global economy, and increased levels of unemployment. As a result, protectionist policies by nations could increase, which could elevate geopolitical tensions and result in further trade breakdowns or possible hostile or terrorist acts. This would create further uncertainty for businesses and impact global economic conditions.

CBA can give no assurances as to the likely future conditions of the Australian and New Zealand economies, which can be influenced by many factors within and outside these countries, which are outside CBA's control, including domestic and international economic events, political events, natural disasters and any other event that impacts global financial markets.

China is one of Australia's major trading partners and a significant driver of commodity demand and prices in many of the markets in which CBA and its customers operate. Any geopolitical tension or other event that adversely affects China's economic growth or

Australia's economic relationship with China, including the implementation of tariffs or other protectionist trade policy, could adversely affect Australian economic activity and, as a result, CBA's business, financial condition, operations and prospects.

A material downturn in the Australian or New Zealand economies could adversely impact future results by reducing customers' demand for CBA's products and borrowers' ability to repay their loans to CBA (i.e. credit risk). In particular, given CBA's concentration of earnings from home loans, a significant or sustained decrease in the Australian and New Zealand housing markets or property valuations, including from external factors such as COVID-19 or tightening lending standards, could adversely affect CBA's home and commercial mortgage portfolio, result in a decrease in the amount of new lending CBA is able to undertake and/or increase the losses that CBA may experience from existing loans. These factors could adversely affect CBA's business, financial condition, operations and prospects.

The strength of the Australian economy is influenced by the strength of the Australian dollar. Significant movements in the Australian dollar may adversely impact parts of the Australian economy and, in turn, CBA's results of operations as described in Section 4.3.7.

4.3.1.4 CBA is subject to competition and digital disruption which may adversely affect its results

CBA faces competition in all of its principal areas of operation. Competition is expected to increase, especially from non-Australian financial services providers who continue to expand in Australia, and from new non-bank entrants or smaller providers who may be unregulated or subject to lower or different prudential and regulatory standards than CBA and are therefore able to operate more efficiently. These entrants may seek to disrupt the financial services industry by offering bundled propositions and utilising new technologies.

The emergence of new technologies such as Artificial Intelligence ("AI") is driving the digitisation and automation of processes and can be a differentiator. However, if poorly implemented or managed in areas such as lending decisions, the use of AI could create data privacy concerns or deliver incorrect results with potentially poor financial, regulatory, conduct or reputational outcomes.

The COVID-19 pandemic and future economic disruptions could have a significant impact on competition in the financial services sector over the medium-term due to funding costs and provision

increases, structurally low interest rates, insufficient liquidity, implementation of business continuity plans, changes to business strategies and temporary regulatory safe harbours. Further, in reaction to the COVID-19 pandemic, the Australian Government and its agencies have sought to lower lending and funding costs for both banks and non-banks. These actions may support providers that compete with CBA. Given the importance of a functioning and competitive banking sector, and the Australian Government's current desire to pursue a pro-growth agenda in response to the economic disruption caused by the COVID-19 pandemic, it is anticipated that over the longer-term, the level of competition in financial services will remain a focus area for the Australian Government. Possible future policy reform in this area may result in increased competitive pressure in CBA's key markets, which may adversely affect CBA's business, results of operations, financial condition and prospects.

If CBA is unable to compete effectively in its various businesses and markets, its market share may decline and increased competition may also adversely affect CBA's results by diverting business to competitors or creating pressure to lower margins to maintain market share.

4.3.1.5 CBA may be adversely affected by deteriorations in the global financial markets

By the nature of its operations in various financial markets, CBA has previously been adversely impacted, both directly and indirectly, by difficult business, economic and market conditions. The financial system (or systems) within which CBA operates may experience systemic shock due to market volatility, political or economic instability or catastrophic events.

A shock to or deterioration in the global economy could result in currency and interest rate fluctuations and operational disruptions that negatively impact the CBA Group. For example, global economic conditions may deteriorate to the extent that counterparties default on their debt obligations; countries re-denominate their currencies and/or introduce capital controls; one or more major economies collapse; and/or global financial markets cease to operate, or cease to operate efficiently. Sovereign defaults may adversely impact CBA directly, through adversely impacting the value of CBA assets, or indirectly through destabilising global financial markets, adversely impacting CBA's liquidity, financial performance or ability to access capital.

The COVID-19 pandemic is having, and is expected to continue to have, a significant impact on the global economy and global markets. Additionally, the imposition of travel restrictions, border controls, social distancing, quarantine protocols and other containment

measures could contribute to a slowdown in economic conditions across the world and suppress demand for commodities, interrupt the supply chain for many industries globally, dampen consumer confidence and suppress business earnings and growth prospects, all of which could contribute to ongoing volatility in global financial markets and adversely affect CBA's business, financial condition, operations and prospects.

4.3.2 CBA is routinely exposed to, and manages, risks that support or drive strategic decisions

CBA is routinely exposed to, and manages, a number of material risks that primarily support or drive strategic decisions that could impact profitability or business model assumptions. These risks are impacted by, or drive decisions relating to, other material risks.

4.3.2.1 CBA could suffer losses due to environmental and social risks

CBA could be exposed to financial losses or brand damage from the impacts of climate change or from not understanding or meeting community or regulatory expectations in relation to environmental and social issues.

Climate change is systemic in nature, and is a significant long-term driver of financial, non-financial and strategic risk to CBA. A failure to respond adequately to the potential and expected impacts of climate change will affect CBA's long-term performance and can be expected to have group-wide impacts for the CBA Group in its lending (retail and business), procurement and investment portfolios.

There is an increasing risk that CBA's assets, including those held as collateral or investments, could become impaired as a result of permanent damage arising from more frequent and severe weather events and longer-term shifts in climate patterns. In particular there is a risk of the home lending portfolio accumulating an increased exposure to high risk assets over time, if appropriate action is not taken in the shorter term. Permanent damage to assets of customers could affect their ability to repay loans, leading to potential reputational risk from increased hardships. It could also impact the probability of default and losses arising from defaults, valuations and collateral as well as portfolio performance.

Disruption is also likely to occur from the adjustment to a low-carbon economy. This may be due to the nature and volume of regulatory policy, market, technological or community led transition requirements, and changing expectations. Local and global regulators have

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increased their focus on climate change, increasing the risk of compliance breaches or litigation risk (including class actions). CBA's assets in certain industries and/or locations, or those held in investment portfolios, could become less valuable as a result of being misaligned with low-carbon policy or community expectations.

CBA's reputation could also be impacted by continuing to finance certain industries or customers that are carbon intense or environmentally unfriendly, or by setting portfolio emission reduction targets and strategies that do not meet community expectations. The financial performance of CBA could also be impacted if revenue foregone from carbon intense customers is not offset by opportunities in new 'green' industries.

CBA recognises that inadequate assessment and management of climate change risks, and the risks associated with the transition to a low carbon economy, have the potential to disrupt business activities, damage property and otherwise affect the value of assets, and affect our customers' ability to repay loans. This could impact the CBA Group's franchise value, strategic risk and financial risk and poses a risk to CBA's cost of capital.

(i) CBA could be adversely impacted by investor activism

CBA has in the past, and may in the future, be challenged on its strategy by shareholders, including institutional shareholders, and special interest groups. Areas which have attracted investor activism in Australia include making socially responsible investment and avoiding financing or interacting with businesses that do not demonstrate responsible management of environmental and social issues. The prevalence of investor activism could impact management's decision-making and implementation of CBA's initiatives, which in turn could adversely affect its financial results.

4.3.2.2 CBA may be adversely affected by capability and culture risks

CBA may be unable to execute effectively on its strategy due to inadequate skills and capabilities and a misaligned organisational culture.

CBA's ability to attract and retain qualified and skilled executives, employees and Board members is an important factor in achieving the strategic objectives of the CBA Group. The Chief Executive Officer, the management team of the Chief Executive Officer and the Board have skills that are critical to setting the strategic direction, driving an appropriate organisational culture, successful management and growth of CBA, and whose loss due to resignation, retirement, death or illness may adversely affect CBA's business, operations and financial condition.

The progression of new technologies, such as AI, changing macroeconomic conditions, and increasing regulatory expectations, requires leaders with new and different skill sets and deep banking expertise to deliver the performance expected by shareholders. These skills may become more difficult to attract and retain, particularly with the emergence of new non-traditional technology competitors who aim to compete directly in the banking sector.

CBA's business, operations and financial condition could be adversely affected if it has difficulty driving the appropriate organisational culture necessary to achieve its strategy, retaining or attracting highly qualified people for important roles, including key executives and Board members, particularly in times of strategic change.

4.3.2.3 CBA may be adversely affected by capital adequacy risk

CBA must satisfy substantial capital requirements, subject to qualitative and quantitative review and assessment by its regulators. Regulatory capital requirements influence how CBA uses its capital, and can restrict its ability to pay dividends and Additional Tier 1 distributions, or to make stock repurchases. CBA's capital ratios may be affected by a number of factors, including earnings, asset growth and quality, changes in the value of the Australian dollar against other currencies in which CBA conducts its business, changes in regulatory requirements, and changes in business strategy (including acquisitions, divestments, investments and changes in capital intensive businesses).

CBA operates an Internal Capital Adequacy Assessment Process ("ICAAP") to manage its capital levels and to maintain them above the minimum levels approved by the Board (which are currently set to exceed regulatory requirements). The ICAAP includes forecasting and stress testing of capital levels, which guide CBA in selecting any capital management initiatives it may undertake.

Should the ICAAP forecasts or stress tests prove to be ineffective, CBA may not be holding sufficient capital and may need to raise capital to manage balance sheet growth and/or stress.

4.3.2.4 CBA may be adversely affected by risks that undermine the trust of stakeholders and erode CBA's brand

The CBA Group's reputation is a valuable asset and a key contributor to the support that it receives from the community for its business initiatives and its ability to raise funding or capital. Damage to CBA's reputation may arise where there are differences between

stakeholder expectations and CBA's actual or perceived practices. The risk of reputational damage may also be a secondary outcome of other sources of risk.

Various issues, including a number of the risks described in this Section 4.3, may give rise to reputational damage and cause harm to CBA's business, financial condition, operations and prospects. These issues include the CBA Group's conduct (for example, inadequate sales and trading practices, inappropriate management of conflicts of interest and other ethical issues), breaches of legal and regulatory requirements (such as money laundering, counter-terrorism financing, trade sanctions, privacy and anti-hawking laws), technology and information security failures, unsuccessful strategies or strategies that are not in line with community expectations and non-compliance with internal policies and procedures. CBA's reputation may also be adversely affected by community perception of the broader financial services industry, or from the actions of its competitors, customers, suppliers, or companies in which CBA holds strategic investments.

Failure, or perceived failure, to address these issues appropriately could also give rise to additional legal or regulatory risk, subjecting CBA to regulatory enforcement actions, fines and penalties, or further damage its reputation and integrity among its stakeholders including customers, investors and the community.

4.3.2.5 CBA's performance may be adversely affected by sub-optimal investment allocation and ineffective delivery

CBA routinely manages a large number of strategic and transformation programs. There is the risk of expected outcomes not being achieved, or strategic opportunities being missed due to ineffective management of these initiatives, for example, due to operational complexity or the pace of execution being too fast for processes, people and systems to work as they need to, or too slow to keep pace with the changing environment.

There is also the risk of ineffective allocation and balance of CBA's resources that could result in missed strategic opportunities or the inability to effectively deliver on strategic objectives.

CBA is currently undertaking a number of divestments and strategic reviews of certain businesses, as outlined in Section 3.2 "Businesses of CBA". CBA may further continue to divest businesses or capabilities it considers non-core or wind down businesses or product areas.

There is a risk that the cost and pace of executing divestments, including as a result of external approvals, may cause CBA to experience disruptions in the

divestment, transition or wind down process, including to existing businesses, which may cause customers to remove their business from CBA or have other adverse impacts to CBA.

From time to time, CBA evaluates and undertakes acquisitions of other businesses. There is a risk that CBA may not achieve the expected synergies from the acquisition, and may experience disruptions to its existing businesses due to difficulties in integrating the systems and processes of the acquired business. These may cause CBA to lose customers and market share, and incur financial losses.

Multiple divestments and/or acquisitions at the same time may exacerbate these risks.

4.3.3 CBA may incur losses from operational risks associated with being a large financial institution

Operational risk is defined as the risk of loss resulting from: (i) inadequate or failed internal processes and methodologies; (ii) people; (iii) systems and models used in making business decisions; or (iv) external events. The continuity and resilience of CBA's operations is crucial for serving its customers, upholding community trust and maintaining its reputation.

CBA is exposed to operational risk through a number of specific risk types that require specific skills, infrastructure, procedures and governance to ensure effective oversight and management. CBA may also be adversely impacted by failures in the efficacy, adequacy or implementation of these risk-management strategies, frameworks and processes. The emergence of unexpected risks or unanticipated impacts of identified risks may result in financial or reputational losses for CBA.

4.3.3.1 Technology risks

CBA's businesses are highly dependent on its information technology systems, including those supplied by external service providers, to securely process, store, keep private and transmit information.

CBA provides numerous services to customers through a complex technology infrastructure that requires ongoing update, maintenance and configuration to ensure network, software applications and hardware, including those supplied by external service providers, are resilient and not disrupted by physical damage, equipment failure, malicious or unintentional acts, or ineffective change management processes.

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Disruption to business systems from failure of technology infrastructure can materially impact customers, result in significant financial and reputational losses for CBA, and result in material fines and penalties.

4.3.3.2 Cyber-security risks

CBA's information technology systems, including those supplied by external service providers, are subject to information security risks. Cyber-attacks have the potential to cause financial system instability and could result in serious disruption to customer banking services, or compromise customer data privacy.

Information security risks for CBA have increased in recent years, in part because of: (i) the pervasiveness of technology to conduct financial transactions; (ii) the evolution and development of new technologies; (iii) CBA's increasing usage of digital channels; (iv) customers' increasing use of personal devices that are beyond CBA's control systems; and (v) the increased sophistication and broadened activities of cyber criminals.

Although CBA takes protective measures and endeavours to modify these protective measures as circumstances warrant, its computer systems, software and networks, including those supplied by external service providers, may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks, computer viruses or other malicious code and other events. These threats could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of CBA, its employees, customers or third parties or otherwise adversely impact network access or business operations.

Additionally, there has been a global increase in cybercrime during the COVID-19 pandemic as cyber criminals seek to gain financially from people's vulnerability, or exploit potential weaknesses introduced through rapid operational changes implemented by businesses.

An information security failure (including the impact of any cyber-attack), or more general mishandling of data, could have serious consequences for CBA, including operational disruption, financial losses, a loss of customer or business opportunities, litigation, regulatory penalties or intervention, reputational damage, theft of intellectual property, loss or theft of customer data, and could result in violations of applicable privacy laws.

4.3.3.3 Third party risks

CBA's use of third party suppliers and third party partnerships, especially those where they supply CBA with critical services such as key technology systems or support, expose it to operational risks, including the potential for a severe event at a third party impacting CBA.

The COVID-19 pandemic has led to, and may continue to lead to, uncertainty of the stability of global supply chains and the potential impact on third-party suppliers to CBA.

4.3.3.4 Transaction processing risks

CBA's businesses are highly dependent on their ability to process and monitor a very large number of transactions, many of which are highly complex, across multiple markets and in many currencies. CBA's financial, accounting, record-keeping, data processing or other operating systems, processes and facilities may fail to function properly or may become disabled as a result of events that are wholly or partially beyond its control, such as a spike in transaction volumes, damage to critical utilities, environmental hazard, natural disaster, or a failure of vendors' systems. CBA could suffer losses due to impairment of assets, including software, goodwill and other intangible assets.

4.3.3.5 Non-technology business disruption risks

CBA is exposed to the risk of disruption to business processes from non-technological causes. This includes disruptions from natural disasters or pandemics, violence, social unrest, terrorist events and property disruptions.

The COVID-19 pandemic, and future outbreaks of other communicable diseases or pandemics, have the potential to introduce new and elevated risks to the resilience of the CBA Group's operations. These include, safety risks to employees working in offices and branches, and disruptions to operations arising from remote working and reprioritisation of teams to service increased customer queries and hardship requests. There is an increased risk of complaints, reputational damage and conduct implications if increased volumes of customer requests for relief measures are not appropriately managed. Disruptions also increase the risk of potential non-compliance with ongoing regulatory obligations and commitments.

4.3.3.6 Data management risks

CBA manages a large volume of sensitive data. There is a risk that poor decisions may be made due to data quality issues or failing to appropriately manage and maintain CBA's data. This includes the capture, processing, distribution, retention and disposal of data.

Failure to comply with data management regulatory obligations may cause CBA to incur losses, or result in regulatory action.

4.3.3.7 Fraud risks

CBA is routinely exposed to the risk of fraud from third party suppliers, CBA customers, or by an internal or external party. This can include the theft of funds, unauthorised trading or the theft of assets and non-electronic information.

The support measures made available during COVID-19 may increase opportunities for those seeking to commit fraud and financial crimes. A global increase in cybercrime has been observed during the COVID-19 pandemic and this may continue.

4.3.3.8 Model risks

As a large financial institution, CBA relies on a number of models for material business decisions. Incorrect model design or improper model implementation, maintenance and application can result in incorrect business decisions. This risk is increasing with the use of emerging technologies such as AI, which require new capabilities and model risk management approaches.

4.3.3.9 People risks

CBA employs a large workforce and is therefore exposed to the risk of breaches of employment legislation, mismanagement of employee relations, and physical or mental injury or death of employees or people on CBA premises where CBA is liable.

4.3.3.10 Accounting, legal and taxation risks

CBA may be exposed to risks from not meeting statutory and regulatory reporting, tax payment and filing requirements, or from execution errors in legal procedures and processes. Management must exercise judgment in selecting and applying CBA's accounting policies so that not only do they comply with generally accepted accounting principles but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations of CBA. Inappropriate application of and changes to accounting policies may adversely impact CBA's results.

4.3.4 CBA is subject to compliance risks, which could adversely impact its future results and reputation

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that CBA may suffer as a result of its failure to comply, or perceived failure to comply, with the requirements of relevant laws, regulatory bodies, industry standards and codes. Increasing volume, complexity and global reach

of such requirements, and the increased propensity for sanctions and the level of financial penalties for breaches of requirements, could adversely impact on CBA's results and reputation.

This includes for example, financial crime related obligations such as anti-money laundering and counter-terrorism financing laws, anti-bribery and corruption laws, modern slavery laws, and economic and trade sanctions laws in the jurisdictions in which it operates. The number and wide reach of these obligations, combined with the increasing global focus on compliance with and enforcement of these obligations, presents a risk of adverse impacts on CBA, including to its reputation.

Compliance risk may also arise where CBA interprets its obligations differently from regulators or a court.

4.3.4.1 CBA's business could be negatively impacted by substantial legal liability or regulatory action

Due to the scale of CBA's operations, CBA is exposed to the risk of potentially breaching laws, regulations, rules, licence conditions, and statements of regulatory policy applicable to its business activities.

CBA is involved in litigation, arbitration and regulatory proceedings, primarily in Australia and New Zealand. Such matters are subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. Contingent liabilities exist with respect to such matters where it is not possible to determine the extent of any obligations to remediate or the potential liability cannot be reliably estimated.

If CBA is ordered to pay money (for example, damages, fines, penalties or legal costs), has orders made against its assets (for example, a charging order or writ of execution), is ordered to carry out actions which adversely affect its business operations or reputation (for example, corrective advertising) or is otherwise subject to adverse outcomes of litigation, arbitration and regulatory proceedings, CBA's business, financial condition, operations, prospects and reputation may be adversely affected.

There are a number of ongoing matters with respect to which regulators have commenced proceedings or are investigating potential contraventions by CBA or a CBA Group entity of civil or criminal penalty provisions. The matters under investigation include investigations by APRA and ASIC of issues which were referred to them or considered by the Royal Commission as well as a number of other matters notified to, or identified by, regulators. CBA is seeing an increase in investigation and litigation activity by ASIC and ASIC may commence additional proceedings against CBA or a CBA Group entity in relation to some of the matters under

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investigation. Where a breach has occurred, regulators are likely to impose, or apply to a Court for fines, declarations of breaches and/or other sanctions, which could potentially have a cumulative impact on costs and reputation.

In addition to possible regulatory action, CBA may also be exposed to claims by customers, third parties and shareholders including current and future class actions, customer remediation or compensation claims. While the final outcome and costs associated with regulatory actions and claims remain uncertain, if CBA was unsuccessful in defending such actions and claims, they may individually or in aggregate have a material adverse impact on CBA's business and financial position. For further information on legal, regulatory and industry matters, refer to Note 7.2 to the Financial Statements in the Profit Announcement for the half year ended 31 December 2020.

4.3.4.2 CBA may incur losses as a result of the inappropriate conduct of its staff

CBA could be adversely affected if an employee, contractor or external service provider does not act in accordance with regulations or CBA's policies and procedures, engages in inappropriate or fraudulent conduct, or unintentionally fails to meet a professional obligation to specific clients. Examples are inadequate or defective financial advice, product defects and unsuitability, market manipulation, insider trading, privacy or data security breaches and misleading or deceptive conduct in advertising. As a result, CBA could incur losses, financial penalties and reputational damage, and could be subject to legal or regulatory action.

4.3.4.3 CBA may incur losses as a result of not complying with Financial Crime legislation

Banks have a critical role to play in combating financial crime and protecting the integrity of the financial system. CBA is required to comply with legislation targeting financial criminal activities globally. This includes legislation relating to sanctions, anti money laundering, counter terrorism financing and anti-bribery and corruption. Not detecting or preventing financial crimes can have a significant impact on CBA's customers and the community and can result in significant fines and penalties for CBA.

4.3.4.4 CBA may incur losses as a result of not complying with Privacy legislation

CBA collects and manages a large volume of personal information of individuals. Failure to adequately collect and secure this data in line with local and international privacy laws can expose CBA to material reputational damage, fines and penalties.

4.3.5 CBA may incur losses associated with credit risk exposures

CBA assumes counterparty risk in connection with its lending, trading, derivatives, insurance and other businesses as it relies on the ability of its counterparties to satisfy their financial obligations to CBA on a timely basis. For example, customers may default on their home, personal and business loans, and trades may fail to settle due to non-payment by a counterparty or a systems failure by clearing agents, exchanges, or other financial intermediaries. This risk also arises from CBA's exposure to lenders' mortgage insurance and re-insurance providers. There is also a risk that CBA's rights against counterparties may not be enforceable in certain circumstances.

Counterparties may default on their obligations due to insolvency, lack of liquidity, operational failure or other reasons. This risk may be increased by a deterioration in economic conditions and a sustained high level of unemployment. In assessing whether to extend credit or enter into other transactions, CBA relies on counterparties providing information that is accurate and not misleading, including financial statements and other financial information. CBA's financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading.

CBA has provided customers impacted by the COVID-19 pandemic the option of deferring certain mortgage or loan repayments. This may lead to an increase in the level of credit risk related losses. Some customers may not be able to recommence their loan repayment obligations, leading to a potential increase in credit risk related losses, which could have a material adverse effect on CBA's business, results of operations, financial condition and prospects.

Unexpected credit losses could have a significant adverse effect on CBA's business, financial condition, operations and prospects.

4.3.6 CBA's results may be adversely affected by liquidity and funding risks

CBA is subject to liquidity and funding risks, which could adversely impact its future results. Liquidity risk is the risk of being unable to meet financial obligations as and when they fall due. Funding risk is the risk of over-reliance on a funding source to the extent that a change or increased competition in that funding source could increase overall funding costs or cause difficulty in raising funds.

Further information on liquidity and funding risk is outlined in the following sub-sections and is also included in the 2020 Annual Report. The 2020 Annual Report is available from the Investor Centre at commbank.com.au/annualreport.

- (i) **Adverse financial and credit market conditions may significantly affect CBA's ability to access international debt markets, on which it relies for a substantial amount of its wholesale funding**

While the majority of CBA's funding comes from deposits, it remains reliant on offshore wholesale funding markets to source a significant amount of its funding and grow its business.

Global market volatility may adversely impact the cost of, and CBA's ability to access, wholesale funding markets, and may also result in increased competition for, and therefore the cost of deposits in Australia.

The COVID-19 pandemic is having, and is expected to continue to have, a significant impact on the global economy and global markets. Fiscal and monetary stimulus and liquidity measures have impacted the availability of funding during the COVID-19 pandemic. The tapering off of these stimulus measures may result in increased competition for deposits and other funding sources, and therefore increased funding costs.

If CBA is unable to pass its increased funding costs on to its customers, CBA's financial performance will decline due to lower net interest margins. If CBA is forced to seek alternative sources of funding, the availability of such alternative funding and the terms on which it may be available will depend on a variety of factors, including prevailing financial and credit market conditions. Even if available, the cost of these alternatives may be more expensive or they may only be available on unfavourable terms, which may adversely impact CBA's cost of borrowing and CBA's on-going operations and funding. If CBA is unable to source appropriate and timely funding, it may also be forced to reduce its lending or consider selling assets.

- (ii) **CBA may not be able to maintain adequate levels of liquidity and funding, which would adversely affect CBA's business, financial condition, operations and prospects**

CBA's liquidity and funding policies are designed to ensure that it will meet its debts and other obligations as and when they fall due. Although CBA actively monitors and manages its liquidity and funding positions, there are factors outside CBA's control which could adversely affect these positions, for example, if financial markets are closed for an extended period of time, or if there is a change in customer behaviour driven by low, zero or negative interest rates which leads to an outflow of deposits.

In addition to APRA's LCR requirements (effective 1 January 2015), CBA must comply with the NSFR requirements, which came into effect from 1 January 2018. If CBA fails to maintain adequate levels of liquidity and funding, it would adversely affect CBA's business, financial condition, operations and prospects.

- (iii) **Failure to maintain credit ratings could adversely affect CBA's cost of funds, liquidity, access to debt and capital markets and competitive position**

CBA's credit ratings (which are strongly influenced by Australia's sovereign credit rating) affect the cost and availability of its funding from debt and other funding sources. Credit ratings could be used by potential customers, lenders and investors in deciding whether to transact with or invest in CBA.

A downgrade to CBA's credit ratings, or Australia's sovereign credit rating, could adversely affect CBA's cost of funds, liquidity, access to debt and capital markets, collateralisation requirements and competitive position.

Some ratings agencies also assign ratings to regulatory capital securities (such as PERLS XIII) for use by wholesale investors and may announce changes to their rating methodology and/or to the securities' ratings, either during the Offer Period or after PERLS XIII has been issued.

The economic impacts of the COVID-19 pandemic have affected CBA's credit rating and may do so in the future. Certain rating agencies adjusted their outlook on Australian Banks in April 2020 and as the economic impacts from the COVID-19 pandemic continue, there is a risk that there may be further negative movement in CBA's credit rating.

4.3.7 CBA may be adversely affected by market risks

CBA is exposed to market risks, including the potential for losses arising from adverse changes in interest rates (including potential for negative interest rates), foreign exchange rates, commodity and equity prices, credit spreads and implied volatility levels for assets and liabilities where options are transacted. This exposure is split between traded market risks, primarily through providing services to customers on a global basis, and non-traded market risks, predominantly interest rate risk in the banking book.

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Changes in market factors such as potential developments or future changes in the administration of financial benchmark interest rates could result in adverse consequences to the return on, value of and market for, securities and other instruments whose returns are linked to any such benchmark, including those securities or other instruments issued by the CBA Group. If the CBA Group was to suffer substantial losses due to any market volatility, it may adversely affect the CBA Group's financial performance or financial condition.

Additionally, a significant proportion of CBA's wholesale funding and some of its profits and investments are in commodities and currencies other than the Australian dollar, principally the U.S. dollar and the Euro. This exposes CBA to exchange rate risk on these activities, as its functional and financial reporting currency is the Australian dollar. These activities are hedged where appropriate, however there are also risks associated with hedging, for example, a hedge counterparty may default on its obligations to CBA. For a description of these specific risks, see Note 9.3 to the Financial Statements in the 2020 Annual Report. There can be no assurance that CBA's exchange rate hedging arrangements or hedging policy will be sufficient or effective. CBA's results of operations may be adversely affected if its hedges are not effective to mitigate exchange rate risks, if CBA is inappropriately hedged or if a hedge provider defaults on its obligations under CBA's hedging agreements.

4.3.8 CBA may be adversely impacted by insurance risk

Events that the CBA Group has provided insurance against may occur more frequently or with greater severity than anticipated, which could adversely impact CBA. In the general insurance business, this risk is mainly driven by weather related incidents (such as storms, floods or bushfires) and other catastrophes.

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Other Information

- 5.1 No material breaches of loan covenants or debt obligations
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5.1 No material breaches of loan covenants or debt obligations

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

5.2 Other documents relevant to the Offer

5.2.1 Deed Poll

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

5.2.2 Financial Statements

The Profit Announcement for the half year ended 31 December 2020 contains financial information for the half year ended 31 December 2020, and further detail on the matters described in Section 3.4 "Financial services industry regulatory environment".

The 2020 Annual Report contains financial information for the full year ended 30 June 2020.

5.2.3 Summary of the Offer Management Agreement

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

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

5.2.4 Constitution

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

5.2.5 Availability of documents

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

- the Profit Announcement for the half year ended 31 December 2020;
- the 2020 Annual Report;
- the Constitution; and
- any continuous disclosure notices given by CBA in the period after the lodgement of the 2020 Annual Report and before the lodgement of this Prospectus with ASIC.

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

Investor Relations

Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Copies of these documents are available on the CBA Investor Centre at commbank.com.au/investors.

5.3 Incorporation by reference

CBA has lodged the full Deed Poll, a summary of the Constitution and a summary of the Offer Management Agreement with ASIC, and the information in each document is incorporated by reference into this Prospectus. These can be obtained free of charge from commsec.com.au during the Offer Period and from the Investor Centre at commbank.com.au/investors after the Issue Date.

A copy of the full Constitution is available at commbank.com.au/constitution.

5.4 Summary of Australian tax consequences for Holders

5.4.1 Introduction

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

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

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

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

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

5.4.2 Class ruling sought on PERLS XIII

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

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

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

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

5.4.3 Distributions on PERLS XIII

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

5.4.3.1 Australian resident Holders

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

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

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

A Holder that is an individual or complying superannuation fund may be able to receive a cash tax refund from the ATO if the tax offset equal to the franking credits attached to the Distribution exceeds the tax payable on the Holder's total taxable income. A Holder that is a company will not be entitled to a tax refund of the excess franking credits. Rather, the surplus franking credits may be converted to a tax loss which can be carried forward to future years (subject to the Holder satisfying certain loss carry forward rules).

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

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

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

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

One such rule, the “anti-hybrid” provision in section 207-158 of the Tax Act, can apply when a franked distribution gives rise to a foreign income tax deduction for the issuer of certain types of equity instruments. However, following a recent legislative amendment to section 207-158 of the Tax Act, this provision should not apply to deny franking credits or tax offsets to Holders in relation to Distributions on PERLS XIII.

Of the other anti-avoidance rules, the most significant is in section 177EA of the Tax Act. The High Court in *Andrew Vincent Mills v FCT* [2012] HCA 51 (“*Mills*”) considered the operation of section 177EA in the context of the PERLS V securities issued by CBA on 14 October 2009. The High Court unanimously held that section 177EA did not apply in respect of frankable distributions paid on the PERLS V securities.

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

5.4.3.2 Non-Australian resident Holders

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

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

5.4.4 Disposal of PERLS XIII

5.4.4.1 Disposal other than through Exchange

(a) Australian resident Holders

On the disposal (including on-market disposal, Redemption or Resale) of PERLS XIII, Australian resident Holders will be required to include any gain in their assessable income in the income tax year in which the disposal occurs. The gain will generally be equal to the proceeds from the disposal less the cost of acquisition for their PERLS XIII.

As PERLS XIII are not “traditional securities”, qualifying Holders (individuals, trusts and complying superannuation funds) who have held their PERLS XIII for at least 12 months prior to disposal may be eligible for the CGT discount concession on any capital gain made on disposal.

The Federal Government has announced that “managed investment trusts” (“MITs”) and “attribution MITs” (“AMITs”) will not be entitled to the CGT discount at the trust level. This change was previously scheduled to apply from 1 July 2020, but has been delayed and will instead apply for income years commencing on or after the date that is three months from the date of Royal Assent of the enabling legislation. While there can be no certainty at this time in relation to when this change will come into effect, the Federal Government has indicated that it is committed to legislating this measure. Once this change comes into effect, MITs and AMITs that derive capital gains will continue to be able to distribute those amounts as capital gains that may be subject to the CGT discount in the hands of those beneficiaries who are entitled to the CGT discount.

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

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

(b) Non-Australian resident Holders

As PERLS XIII are not “traditional securities”, non-Australian resident Holders should generally not be taxable on any gain realised on disposal of their PERLS XIII (as PERLS XIII should generally not be “taxable Australian property”).

5.4.4.2 Disposal through Exchange

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

5.4.5 Ordinary Shares acquired on Exchange

5.4.5.1 Australian resident Holders

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

The Ordinary Shares will not be traditional securities. As such, any gain or loss realised on disposal should be taxable under the CGT provisions. For CGT purposes, the Ordinary Shares acquired on Exchange will be taken

to have been acquired on the Exchange Date. This means that the Ordinary Shares would need to be held for at least 12 months after the Exchange Date in order for qualifying Holders (individuals, trusts and complying superannuation funds) to be eligible for the CGT discount concession on a subsequent disposal.

5.4.5.2 Non-Australian resident Holders

The tax treatment of any dividends received on Ordinary Shares will be broadly similar to that discussed in Section 5.4.3.2 “Non-Australian resident Holders”.

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

5.4.6 Provision of TFN and/or ABN

The Taxation Administration Act 1953 (Cth) imposes withholding tax (currently at the rate of 47%) on the payment of distributions on certain types of investments such as the unfranked part (if any) of Distributions.

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

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

5.4.7 GST

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

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

5.4.8 Stamp duty

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

5.5 US Persons

PERLS XIII have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. They may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person, unless an exemption from such registration applies. Any offer, sale or resale of PERLS XIII within the United States by any dealer (whether or not participating in the Offer) may violate the registration

requirements of the US Securities Act if made prior to 40 days after the Closing Date or if purchased by a dealer in the Offer.

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

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

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

5.6 Consents to be named

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

- Arranger;
- each Joint Lead Manager;
- each Co-Manager;
- PricewaterhouseCoopers Securities Ltd;
- Allens;
- Greenwoods & Herbert Smith Freehills; and
- Registry.

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

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5.7 Interests of Advisers

CBA will pay to the Arranger a fee of A\$10 million, based on certain assumptions in relation to the final Offer size and the allocation of PERLS XIII between the Broker Firm Offer and Securityholder Offer.

The Arranger will pay (out of its own fees), on behalf of CBA, the Joint Lead Managers a management fee of 0.50%, and a selling fee of 0.75%, of their Broker Firm Allocation. The Arranger will pay, on behalf of CBA, the Co-Managers and Participating Brokers a selling fee of 0.75% of their Broker Firm Allocation.

CBA may pay to the Arranger, and in such circumstances the Arranger will pay on CBA's behalf to certain investors, a commitment fee of up to 0.75% of the Application Monies paid by those investors. This is subject to the satisfaction of certain conditions, including a minimum bid under the Bookbuild and a minimum holding period in respect of PERLS XIII allocated to those investors.

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

The Arranger and Joint Lead Managers and their respective affiliates are involved in a wide range of financial services and businesses out of which conflicting interests or duties may arise. These include securities trading, brokerage activities, providing commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services. In the ordinary course of these activities the Arranger and/or Joint Lead Manager may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of investors or any other party that may be involved in the issue of PERLS XIII.

Allens is acting as Australian legal adviser (other than in relation to taxation) to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A\$170,000 (excluding disbursements and GST) will be payable to Allens. Further amounts may be paid to Allens under its normal time based charges.

Greenwoods & Herbert Smith Freehills is acting as Australian tax adviser to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A\$60,000 (excluding disbursements and GST) will be payable to Greenwoods & Herbert Smith Freehills. Further amounts may be paid to Greenwoods & Herbert Smith Freehills under its normal time based charges.

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

Other than as disclosed in this Prospectus:

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

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

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

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

5.8 Interests of Directors

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

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

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

The Directors and any proposed Director (and their respective associates) may acquire PERLS XIII under the Offer. Holdings of these securities are subject to the ASX Listing Rules (including the waivers described in Section 5.11 "Regulatory relief"). Details of the Directors' holdings of Ordinary Shares and other securities of CBA are disclosed to, and available from, the ASX at asx.com.au. Details of the remuneration paid to Directors is set out in the Remuneration Report in the 2020 Annual Report. The 2020 Annual Report can be obtained free of charge from the Investor Centre at commbank.com.au/annualreport.

Mr Peter Harmer, a proposed Director who will join the Board of Directors on 1 March 2021, does not hold any interest in Ordinary Shares or existing PERLS securities as at the date of this Prospectus. Mr Harmer will also be entitled to be paid fees as a Director in line with the fees paid to CBA's other Non-Executive Directors.

5.9 Dealings in CommBank PERLS XIII Capital Notes

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

5.10 Personal information

If an Application is lodged by you or on your behalf, CBA will collect information about you, including your name and address. CBA will use this information to process your Application, identify you, administer your PERLS XIII and keep in touch with you in relation to your PERLS XIII (including to send marketing communications to you, unless you opt out of receiving such communications by calling the PERLS XIII Information Line on 1800 992 547 (Monday to Friday 8.00am - 7.30pm, Sydney time). The collection of your personal information may be required by law, including under Chapter 2C of the Corporations Act 2001 (Cth), the ASX Listing Rules and/or applicable taxation or superannuation laws.

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

CBA may disclose your personal information for these purposes to its subsidiaries and related companies, as well as to CBA's financial, legal, accounting and other professional advisers and to CBA's agents, contractors and third party service providers that provide services on its or their behalf (including to the Registry and a printing firm or mailhouse engaged to print and mail statements to you). The personal information you provide will ordinarily be held and used by CBA within Australia and disclosed to third parties who are located in Australia. In some instances, personal information may be accessed and used by the personnel of CBA or its third party suppliers while those personnel are located overseas, including when travelling or working remotely. As a result, it is not practicable to specify all of the countries that your personal information may be disclosed to or accessed from, however please consult the CBA Privacy Policy for a guide.

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

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

CBA will also disclose this information if required or permitted to do so by law (e.g. taxation laws, social security laws or court orders) or the ASX Listing Rules. For instance, once you become a Holder, Chapter 2C of the Corporations Act requires information about you (including your name, address and details of the PERLS XIII you hold) to be included in a public register with Link Market Services, even after you cease to be a Holder.

The CBA Privacy Policy is available on its website at commbank.com.au and sets out more information on:

- how CBA collects, holds, uses, and discloses your personal information, including how to access or correct your personal information; and
- how to make a complaint in relation to CBA's handling of your personal information.

If you would like any further information about CBA's privacy practices, or if you do not wish to receive marketing materials from CBA, please call the PERLS XIII Information Line on 1800 992 547 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period.

By providing your personal information to us, you consent to the collection, use, storage and disclosure of that information as described in CBA's Privacy Policy and this collection notice.

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5.11 Regulatory relief

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

- a confirmation that the Terms are appropriate and equitable for the purposes of listing rule 6.1;
- a confirmation that listing rule 6.12 does not apply to Exchange, or Resale or Redemption of PERLS XIII;
- a confirmation that CBA should count the maximum number of fully paid Ordinary Shares into which the PERLS XIII can convert in line with listing rule 7.1B.1(e) for the purposes of listing rule 7.1;
- a confirmation that the issue of Ordinary Shares on conversion of the PERLS XIII will be within Exception 9 of listing rule 7.2 a waiver to listing rule 10.11 to permit the Directors and their associates collectively to participate in the Offer without shareholder approval subject to:
 - (a) the Directors and their associates being restricted to applying for in aggregate no more than 0.20% of the number of PERLS XIII issued;
 - (b) the participation of the Directors and their associates in the Offer being on the same terms and conditions as applicable to other subscribers for PERLS XIII;
 - (c) CBA releasing the terms of the waiver to the market when it announces the Offer; and
 - (d) CBA announcing to the market the total number of PERLS XIII issued to directors and their associates.

5.12 Governing law

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

5.13 Consent of Directors

Each Director and the proposed Director (Peter Harmer) has authorised this Prospectus and consented to its lodgement with ASIC.

5.14 PERLS XIII securityholder communications

A distribution statement in the form you nominate (electronic or paper) will be sent to you for your tax records or alternatively can be accessed through the Registry at linkmarketservices.com.au. Where no communication preference has been nominated, hard copies of distribution statements will be provided by mail.

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How to Apply

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

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6.1 Applying for CommBank PERLS XIII Capital Notes

To apply for PERLS XIII, you must follow the instructions set out in the Application Form attached to, or accompanying, the Prospectus or the online Application Form at commsec.com.au.

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

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

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

6.1.1 Applying under the Broker Firm Offer

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

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

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

6.1.2 Applying under the Securityholder Offer

The Securityholder Offer is available to Eligible Securityholders.

You are an Eligible Securityholder if, at 7.00pm on 17 February 2021, you:

- are a holder of Ordinary Shares; or
- are a holder of PERLS VII, PERLS VIII, PERLS IX, PERLS X, PERLS XI or PERLS XII; and
- you have a registered address in Australia.

As an Eligible Securityholder, you may apply for PERLS XIII under the Securityholder Offer by applying online at commsec.com.au, providing your SRN or HIN, and following the instructions in relation to payment of your Application Monies.

The most efficient way to ensure your Application is received by the Closing Date of the Offer, is to apply online at commsec.com.au however, paper copies of this Prospectus and a hard copy personalised Application Form can be obtained free of charge

by calling the PERLS XIII Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period. If you choose to apply via a hard copy Application Form attached to, or accompanying this Prospectus, you should follow the instructions set out in your Application Form and make a BPAY® payment of your Application Monies. Your Application is irrevocable.

6.1.3 Applications by Institutional Investors

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

6.2 Completing your Application

6.2.1 Minimum Application

The amount you have to pay for each PERLS XIII is A\$100. You must apply for a minimum of 50 PERLS XIII (A\$5,000), and thereafter in multiples of 10 PERLS XIII (A\$1,000).

6.2.2 Completing your Securityholder Application Form and payment of Application Monies

Applications under the Securityholder Offer and Application Monies (by BPAY®) must be received by 5.00pm (Sydney time) on the Closing Date which is expected to be 26 March 2021. Please note, your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY®, and policies with respect to processing BPAY® transactions may vary between banks, credit unions or building societies. You should allow sufficient time for the BPAY® payment to occur before the Closing Date of the Offer.

Application Monies must be paid via BPAY® in Australian dollars drawn on an Australian branch of a financial institution. When making your BPAY® payment, please use the specific biller code and your unique reference number provided. If you requested a hard copy Application Form, your unique reference number is on your personalised Application Form that accompanied the paper copy of this Prospectus. Please note, CBA and the Registry will not accept payment by cheque for this Offer.

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

6.2.3 No brokerage or stamp duty

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

6.2.4 Allocation policy and refunds

Applications may be scaled back if there is excess demand for the Offer. This scaling will apply to all Applications under the Securityholder Offer.

If your Application is accepted, this does not mean that your Application will be accepted in full as CBA reserves the right to scale back your Application. Any scale back and the basis of allocation will be announced on or before the date that trading commences (expected to be 6 April 2021) on ASX.

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

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

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

6.3 Issue and quotation of CommBank PERLS XIII Capital Notes

CBA will make an application for PERLS XIII to be quoted on ASX within 7 days of the date of this Prospectus.

It is expected that PERLS XIII will be quoted under code "CBAPJ".

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

6.4 Trading and Holding Statements

6.4.1 Commencement of trading of PERLS XIII on ASX

It is expected that PERLS XIII will begin trading on ASX on 6 April 2021. Trading is expected to commence on a normal settlement basis. Deferred settlement will not occur.

It is your responsibility to determine your holding of PERLS XIII before trading to avoid the risk of selling PERLS XIII you do not own. Holding Statements are expected to be despatched from 7 April 2021.

If you wish to confirm the number of PERLS XIII you own prior to receiving your Holding Statement and you applied under the Broker Firm Offer, you should contact your Syndicate Broker. If you applied under the Securityholder Offer, you can call the PERLS XIII Information Line on 1800 992 547 (Monday to Friday 8.00am - 7.30pm, Sydney time) from the Issue Date.

6.4.2 Holding Statements

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

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

6.4.3 Provision of TFN and/or ABN

On your welcome letter (which will be mailed to you), there will be guidance to update your TFN and/or ABN details should you wish to do so (see Section 5.4.6 "Provision of TFN and/or ABN"). If you wish to be mailed a form in which to provide your TFN and/or ABN there will be an information line on the welcome letter where you can call and request the form. Alternatively, you can download various shareholder forms at linkmarketservices.com.au.

6.4.4 Provision of bank account details for payments

On your welcome letter (which will be mailed to you), there will be guidance to update your bank account details for payment of Distributions and other amounts. If you wish to be mailed a form in which to provide your bank account details there will be an information line on the welcome letter where you can call and request the form. Alternatively, you can download various shareholder forms at linkmarketservices.com.au.

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Glossary

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Capitalised words used in this Prospectus have specific meanings and are defined in this section or in Appendix A "Terms of CommBank PERLS XIII Capital Notes". If there is any inconsistency between the description of capitalised words defined in this section and the Terms, the Terms prevail.

Term	Meaning
2020 Annual Report	The annual report issued by CBA for the financial year ended 30 June 2020
ABN	Australian Business Number
Allocation	The number of PERLS XIII allocated under this Prospectus to Applicants under the Broker Firm Offer and Securityholder Offer
Alternative Market Rate	<p>A rate other than BBSW, that is, in CBA's opinion, generally accepted in the Australian market as the successor to the Market Rate, or if there is no such rate:</p> <p>(a) a reference rate that is, in CBA's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to PERLS XIII; or</p> <p>(b) such other reference rate as CBA considers appropriate having regard to available comparable indices</p> <p>For the full definition, see Clause 2.2 of the Terms</p>
Applicant	A person who completes an Application and pays Application Monies in accordance with the Application Form and this Prospectus
Application	A valid application for PERLS XIII made through the Application Form in accordance with this Prospectus
Application Form	A paper or online form (as the context requires) attached to, or accompanying, this Prospectus or available at commsec.com.au upon which an Application for PERLS XIII may be made
Application Monies	The amount payable on each Application, being the Initial Face Value multiplied by the number of PERLS XIII applied for
APRA	Australian Prudential Regulation Authority
Arranger	Commonwealth Bank of Australia ABN 48 123 123 124
ASIC	Australian Securities and Investments Commission
ASIC Guidance	The guidance on hybrid securities published by ASIC on its MoneySmart website which can be found by searching "hybrid securities" at moneysmart.gov.au
ASX	ASX Limited ABN 98 008 624 691 or the securities market operated by it (as the context requires)
ASX Listing Rules	The listing rules of ASX, with any modification or waivers which ASX may grant to CBA from time to time
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
Australian Financial Services Licence	Has the meaning given to that term in the Corporations Act
Banking Act	Banking Act 1959 (Cth)
BBSW	Bank Bill Swap Rate has the meaning given to it in Section 2.1.1 of this Prospectus
Board	The board of directors of CBA or a committee appointed by the board of directors of CBA
BoCommLife	BoCommLife Insurance Company Limited (the sale of which to MS&AD Insurance Group Holdings completed on 10 December 2020)
Bookbuild	The process conducted before the Offer opens where brokers and investors bid for PERLS XIII and, on the basis of those bids, CBA sets the final Margin and announces it on ASX
Broker Firm Allocation	The Allocation allocated to a Syndicate Broker through the Bookbuild process
Broker Firm Offer	The offer to clients of Syndicate Brokers as described in Section 6 "How to Apply"

Term	Meaning
Business Day	A day which is: (a) a business day within the meaning of the ASX Listing Rules; and (b) for the purposes of calculation or payment of a Distribution, a date on which banks are open for general business in Sydney
Call Date	20 October 2026
Capital Trigger Event	Occurs when CBA determines, or APRA notifies CBA in writing that it believes, that either or both the CBA Level 1 CET1 Capital Ratio or CBA Level 2 CET1 Capital Ratio is equal to or less than 5.125%
CBA	Commonwealth Bank of Australia ABN 48 123 123 124, including foreign branches of Commonwealth Bank of Australia
CBA Group	CBA (or any NOHC that is a holding company of CBA) and its subsidiaries
CBA Level 1 CET1 Capital Ratio	In respect of the CBA Level 1 Group, the ratio of the CET1 Capital of the CBA Level 1 Group to the risk-weighted assets of the CBA Level 1 Group, calculated in accordance with APRA's prudential standards (as amended from time to time)
CBA Level 1 Group	CBA, or the "extended licensed entity" which is comprised of CBA and each subsidiary of CBA as specified in any approval granted by APRA in accordance with APRA's prudential standards (as amended from time to time)
CBA Level 2 CET1 Capital Ratio	In respect of the CBA Level 2 Group, the ratio of the CET1 Capital of the CBA Level 2 Group to the risk-weighted assets of the CBA Level 2 Group, calculated in accordance with APRA's prudential standards (as amended from time to time)
CBA Level 2 Group	CBA and each subsidiary that is recognised by APRA as part of CBA's Level 2 group in accordance with APRA's prudential standards (as amended from time to time)
CCB	Capital Conservation Buffer
CET1	Common Equity Tier 1
CET1 Capital	Ordinary share capital, retained earnings and certain other items recognised as capital under APRA's prudential standards
CET1 Capital Ratio	The ratio of the CET1 Capital to risk-weighted assets, calculated in accordance with APRA's prudential standards (as amended from time to time)
CGT	Capital Gains Tax
Change of Control Event	Occurs when: <ul style="list-style-type: none"> a takeover bid is made and certain conditions are satisfied; or a scheme of arrangement that is proposed is approved and certain conditions are satisfied. <p>A Change of Control Event does not include the implementation of a NOHC structure</p>
Chi-X	Chi-X Australia Pty Ltd ABN 47 129 584 667 or the securities market operated by it (as the context requires)
Closing Date	The closing date for the Broker Firm Offer and the Securityholder Offer which is expected to be 5.00pm (Sydney time) on 26 March 2021
Co-Managers	Bell Potter Securities Limited; Crestone Wealth Management Limited; Shaw and Partners Limited
CommInsure Life	CBA's life insurance businesses in Australia (the sale of which to AIA Group Limited was announced by CBA on 21 September 2017)
Constitution	The constitution of CBA as amended from time to time
Corporations Act	The Corporations Act 2001 (Cth)
Deed Poll	means the deed poll entitled "PERLS XIII Deed Poll" executed by CBA and dated on or around the date of the Bookbuild

Term	Meaning
Directors	Some or all of the directors of CBA
Distribution	Interest payable on PERLS XIII under the Terms
Distribution Payment Date	In respect of each PERLS XIII, 15 March, 15 June, 15 September and 15 December each year until that PERLS XIII has been Exchanged or Redeemed, and also the Exchange Date or Redemption Date. If any Distribution Payment Date is not a Business Day, then the payment will be made in accordance with Clause 9.3 of the Terms. The first Distribution Payment Date is 15 June 2021
Distribution Period	Each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date, whether or not a Distribution is, or is able to be, paid on that date. However: (a) the first Distribution Period commences on (and includes) the Issue Date; and (b) the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date, as applicable
Distribution Rate	$(\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$
Eligible Securityholder	Holders of Ordinary Shares, PERLS VII, PERLS VIII, PERLS IX, PERLS X, PERLS XI and PERLS XII as described in Section 6.1.2 "Applying under the Securityholder Offer"
Equal Ranking Securities	Each of PERLS VII, PERLS VIII, PERLS IX, PERLS X, PERLS XI, PERLS XII, PERLS XIII and any preference shares in the capital of CBA or any other securities which rank or are expressed to rank equally with PERLS XIII in a winding up of CBA, present and future, excluding any Junior Ranking Securities
Exchange	The exchange of all, some or a proportion of each PERLS XIII for Ordinary Shares under the Terms and Exchanged has a corresponding meaning
Exchange Number	The number of Ordinary Shares on Exchange calculated in accordance with Clause 7.1 of the Terms
Face Value	A\$100 per PERLS XIII (the Initial Face Value) reduced (if applicable) by the amount of Face Value per PERLS XIII which has previously been Exchanged or the amount of Face Value per PERLS XIII for which Holders' rights have been irrevocably terminated
FATCA	Foreign Account Tax Compliance Act incorporated in sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those sections and including any current or future regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those sections) and includes the Double Tax Agreement (United States of America – FATCA) Order 2014
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999 (Cth)
HIN	The holder identification number identifying the registration on the Register
Holder	A person whose name is entered in the Register as a holder of PERLS XIII
Holding	At any time after Allocation, the number of PERLS XIII held by a Holder
Holding Statement	A statement issued to Holders by the Registry which sets out the number of PERLS XIII Issued to that Holder
Ineligible Holder	Has the meaning given in Clause 13.2 of the Terms
Initial Face Value	A\$100 per PERLS XIII
Institutional Investor	An investor to whom PERLS XIII are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than a registration or formality which CBA is willing to comply with)
IRS	The United States Internal Revenue Service

Term	Meaning
Issue	The process of issuing PERLS XIII to Holders. Issued has a corresponding meaning
Issue Date	The date on which PERLS XIII are Issued which is expected to be 1 April 2021
Joint Lead Managers	Commonwealth Bank of Australia; ANZ Securities Limited; Morgan Stanley Australia Securities Limited; Morgans Financial Limited; National Australia Bank Limited; Ord Minnett Limited; Westpac Institutional Bank
Junior Ranking Securities	All Ordinary Shares, present and future
LCR	Liquidity Coverage Ratio
Leverage Ratio	An ADI's Tier 1 Capital divided by the ADI's total exposures (on and off balance sheet exposures). See Section 3.8.1.4 "Leverage Ratio"
Mandatory Exchange Conditions	The conditions in Clause 3.2 of the Terms which must be satisfied before mandatory Exchange will occur. These are outlined in Section 2.3 "Mandatory Exchange"
Mandatory Exchange Date	20 October 2028 or such other date as determined under Clause 3.1 of the Terms
Margin	The margin for PERLS XIII will be determined through the Bookbuild and is expected to be between 2.75% and 2.95% per annum
Market Rate	<p>(a) Subject to paragraphs (b) and (c), the rate (expressed as a percentage per annum) for a term of 3 months as displayed on the "BBSW" page published through information vendors (or any page that replaces that page);</p> <p>(b) if CBA determines that a Market Rate Disruption Event has occurred, then, CBA shall:</p> <ul style="list-style-type: none"> • use as the Market Rate such Alternative Market Rate as it may determine; and • make such adjustments to the Terms as it determines to be reasonably necessary to calculate Distributions in accordance with such Alternative Market Rate; <p>provided that APRA's prior written approval will be required in respect of any such adjustment arising from an event that is specified in paragraph (c) or (d) of the definition of "Market Rate Disruption Event" below; and</p> <p>(c) in making the above determinations in paragraph (b) CBA:</p> <ul style="list-style-type: none"> • shall act in good faith and in a commercially reasonable manner; • may consult such sources of market practice as it considers appropriate; and • may otherwise make such determination in its discretion <p>For the full definition, see Clause 2.2 of the Terms</p>
Market Rate Disruption Event	<p>Occurs when in CBA's opinion, the Market Rate:</p> <p>(a) is not published by 10:30am or such other time that CBA considers appropriate on that day;</p> <p>(b) is published but is affected by an obvious error;</p> <p>(c) has been discontinued or otherwise ceased to be calculated or administered; or</p> <p>(d) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of PERLS XIII</p>
Maximum Exchange Number	The number of Ordinary Shares calculated in accordance with the formula in Clause 7.1 of the Terms
NOHC	A "non-operating holding company" within the meaning of the Banking Act
NOHC Event	Occurs when the Board initiates a restructure of the CBA Group and a NOHC becomes the ultimate holding company of CBA

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Term	Meaning
Nominee	means one or more third parties appointed by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a Related Body Corporate of CBA) under a facility established for the sale of Ordinary Shares issued by CBA on Exchange on behalf of Holders in the circumstances set out in Clause 7.10 of the Terms
Non-Viability Trigger Event	Occurs when APRA notifies CBA in writing that it believes: <ul style="list-style-type: none"> (a) Exchange of all or some PERLS XIII (or the taking of an action in relation to other capital instruments of the CBA Group) is necessary because, without it, CBA would become non-viable; or (b) a public sector injection of capital or equivalent support, is necessary because, without it, CBA would become non-viable
NSFR	Net Stable Funding Ratio
Offer	The invitation by CBA in this Prospectus to subscribe for PERLS XIII
Offer Management Agreement	The arrangement between CBA, the Arranger and Joint Lead Managers dated on or about 24 February 2021
Offer Period	The period from the Opening Date to the Closing Date
Opening Date	The opening date of the Offer which is 4 March 2021
Ordinary Share	A fully paid ordinary share in the capital of CBA
Participating Brokers	Any participating organisation of ASX selected by CBA or the Arranger to participate in the Bookbuild
PCR	Prudential Capital Requirement as stipulated by APRA. See Section 3.8.1.1 "Capital generally"
PERLS VII	CommBank PERLS VII Capital Notes issued by CBA in October 2014
PERLS VIII	CommBank PERLS VIII Capital Notes issued by CBA in March 2016
PERLS IX	CommBank PERLS IX Capital Notes issued by CBA in March 2017
PERLS X	CommBank PERLS X Capital Notes issued by CBA in April 2018
PERLS XI	CommBank PERLS XI Capital Notes issued by CBA in December 2018
PERLS XII	CommBank PERLS XII Capital Notes issued by CBA in November 2019
PERLS XIII	CommBank PERLS XIII Capital Notes to be issued by CBA under the Terms
Prospectus	This Prospectus (whether in paper or electronic format) as supplemented or replaced
Purchaser	means one or more third parties selected by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a related body corporate of CBA)
Record Date	For payment of Distributions: <ul style="list-style-type: none"> (a) the date that is eight calendar days prior to the relevant Distribution Payment Date; or (b) such other date determined by CBA in its absolute discretion and communicated to ASX, or in either case such other date as may be required by, or agreed with, ASX
Redemption	The process through which CBA repays the Face Value of all or some PERLS XIII under the Terms. Redeem and Redeemed have corresponding meanings
Redemption Date	In respect of each PERLS XIII, the date specified by CBA as the Redemption Date in accordance with Clause 5 of the Terms
Register	The register of PERLS XIII maintained by the Registry on CBA's behalf, and where appropriate including any subregister established and maintained in CHESS and any branch register

Term	Meaning
Registry	Link Market Services Limited ABN 54 083 214 537 or any other person appointed by CBA to maintain the Register
Resale	The sale of PERLS XIII by Holders to the Purchaser in accordance with Clause 6 of the Terms. Resell and Resold have corresponding meanings
Securityholder Offer	The offer to Eligible Securityholders as described in Section 6 "How to Apply"
Securityholder Offer Record Date	17 February 2021
Senior Ranking Obligations	All deposits and other liabilities, securities (including Tier 2 Capital securities) and other obligations of CBA, present and future, other than Equal Ranking Securities or Junior Ranking Securities
Shareholder	A registered holder of Ordinary Shares in CBA
Special Resolution	Has the meaning given in Clause 13.2 of the Terms
SRN	Shareholder Registration Number
Syndicate Broker	Any of the Joint Lead Managers and Co-Managers
Tax Act	Income Tax Assessment Act 1936 (Cth) and, where applicable, the Income Tax Assessment Act 1997 (Cth) (both as amended from time to time)
Tax Rate	The Australian corporate tax rate on the relevant Distribution Payment Date
Terms	The terms of PERLS XIII attached as a schedule to the Deed Poll, as set out in Appendix A
TFN	Tax File Number
Tier 1 Capital	CET1 Capital and certain securities recognised as Tier 1 Capital under APRA's prudential standards, on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time
Tier 2 Capital	Certain securities recognised as Tier 2 Capital under APRA's prudential standards, on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time
Total Capital	Sum of Tier 1 Capital (including CET1 Capital) and Tier 2 Capital
US Person	Has the meaning given in Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
VWAP	The average of the daily volume weighted average prices of Ordinary Shares traded on ASX and Chi-X during the relevant period, subject to any adjustments made under Clause 7 of the Terms

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Appendix A

Terms of CommBank
PERLS XIII Capital Notes

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1 Form of PERLS XIII and ranking

1.1 Form

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

1.2 Initial Face Value

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

1.3 CHESS

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

1.4 ASX quotation

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

1.5 Payment and ranking in a winding up of CBA

- (a) If an order is made by a court of competent jurisdiction in Australia (other than an order successfully appealed or permanently stayed within 60 days), or an effective resolution is passed, for the winding up of CBA in Australia, CBA must redeem each PERLS XIII for its Face Value in accordance with this clause.
- (b) Holders do not have any right to prove in a winding up of CBA in respect of PERLS XIII, other than a right to prove in a winding up of CBA in Australia as permitted under clauses 1.5(c) and 1.5(d).
- (c) Each PERLS XIII ranks for payment in a winding up of CBA in Australia:
 - (i) after the claims of all holders of Senior Ranking Obligations;
 - (ii) equally with each Holder and holders of Equal Ranking Securities; and
 - (iii) ahead of holders of Junior Ranking Securities.

- (d) In order to give effect to the ranking specified in clause 1.5(c), in any winding up of CBA in Australia, the claims of Holders are limited to the extent necessary to ensure that:
 - (i) all holders of Senior Ranking Obligations receive payment in full before any payment is made to Holders; and
 - (ii) Holders of PERLS XIII and holders of any Equal Ranking Securities receive payments on a pro-rata basis.

- (e) Nothing in this clause limits the ability of CBA to, in its absolute discretion from time to time, issue further Senior Ranking Obligations or Equal Ranking Securities.
- (f) Holders may not exercise voting rights as a creditor in respect of PERLS XIII in a winding up of CBA to defeat the subordination in this clause.
- (g) PERLS XIII are perpetual and the Terms do not include events of default or any other provisions entitling the Holders to require that PERLS XIII be Redeemed other than under this clause 1.5. Holders do not have any right to apply for the winding up or administration of CBA, or to cause a receiver, or receiver and manager, to be appointed in respect of CBA, on the ground of CBA's failure to pay Distributions or for any other reason.
- (h) To avoid doubt but subject to clause 4.6, if a Capital Trigger Event or Non-Viability Trigger Event has occurred, Holders will rank for payment in a winding up of CBA in Australia as holders of the number of Ordinary Shares to which they became entitled under clauses 4.1 or 4.2.

1.6 No set-off

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

1.7 Not deposit liabilities of CBA

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

1.8 No other rights

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

- (a) to attend or vote at any meeting of CBA members;

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

2 Distributions

2.1 Distributions

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

2.2 Distribution Rate determination

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

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

where:

Market Rate means

- (a) subject to paragraph (b), the Bank Bill Swap Reference Rate administered by ASX Benchmarks Pty Limited (or any other person that takes on the administration of that rate) expressed as a percentage per annum for a term of 3 months as displayed on the "BBSW" page published through information vendors (or any page that replaces that page) on the first Business Day of the Distribution Period, provided that where PERLS XIII are Resold, Exchanged or Redeemed on a day which is not a scheduled Distribution Payment Date, and a Distribution is payable, then the Market Rate for the Distribution Period commencing on the Resale Date, Exchange Date or Redemption Date (as applicable) in respect of such PERLS XIII shall be the Market Rate for the Distribution Period preceding the relevant Resale Date, Exchange Date, or Redemption Date; and
- (b) if CBA determines that a Market Rate Disruption Event has occurred, then, CBA shall:
- (i) use as the Market Rate such Alternative Market Rate as it may determine; and

- (ii) make such adjustments to the Terms as it determines to be reasonably necessary to calculate Distributions in accordance with such Alternative Market Rate;

provided that APRA's prior written approval is obtained in respect of any such adjustment arising from an event that is specified in paragraph (iii) or (iv) of the definition of "Market Rate Disruption Event" in clause 2.2(d); and

- (c) in making the above determinations in paragraph (b), CBA:
- (i) shall act in good faith and in a commercially reasonable manner;
- (ii) may consult such sources of market practice as it considers appropriate; and
- (iii) may otherwise make such determination in its discretion.
- (d) For the purposes of this clause:

Market Rate Disruption Event occurs when, in CBA's opinion, the Market Rate in paragraph (a) of the definition:

- (i) is not published by 10:30am or such other time that CBA considers appropriate on that day;
- (ii) is published but is affected by an obvious error;
- (iii) has been discontinued or otherwise ceased to be calculated or administered; or
- (iv) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of PERLS XIII.

Alternative Market Rate means a rate other than the rate described in paragraph (a) of the definition of Market Rate, that is, in CBA's opinion, generally accepted in the Australian market as the successor to the Market Rate, or if there is no such rate:

- (i) a reference rate that is, in CBA's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to PERLS XIII; or
- (ii) such other reference rate as CBA considers appropriate having regard to available comparable indices; and

provided that, CBA reserves the discretion to incorporate an adjustment (which may be positive or negative) or a formula or methodology for calculating such an adjustment in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit to Holders as a result of the use of an Alternative Market Rate. APRA's prior written approval is required in respect of the Alternative Market Rate or any such adjustment arising from an event that is

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specified in paragraph (iii) or (iv) of the definition of "Market Rate Disruption Event" in this clause.

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

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

2.3 Calculation of Distributions

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

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

where:

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

2.4 Adjustment to calculation of Distributions if not fully franked

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

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

Where:

D means the Distribution calculated under clause 2.3;

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

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

2.5 Distribution payment conditions

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

- (a) CBA, in its absolute discretion, making the Distribution to Holders;
- (b) the payment of the Distribution not resulting in a breach of CBA's capital requirements under APRA's prudential standards as they are applied to the CBA Level 1 Group or the CBA Level 2 Group or both at the time of the payment;

(c) the payment of the Distribution not resulting in CBA becoming, or being likely to become, Insolvent; and

(d) APRA not otherwise objecting to the payment of the Distribution.

No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or Non-Viability Trigger Event.

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

2.6 Distributions are discretionary and non-cumulative

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

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

(a) Subject to clause 2.7(b), if any Distribution is not paid to Holders in full on the relevant Distribution Payment Date, then CBA must not, without the approval of a Special Resolution:

- (i) declare or determine a dividend; or
- (ii) return any capital or undertake any buy-backs or repurchases,

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

(b) Clause 2.7(a) does not apply to:

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

2.8 Notification of Distribution Rate, Distribution payable and other items

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

2.9 Determination final

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

2.10 Calculations

For the purposes of any calculations required under these Terms:

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

3 Mandatory Exchange

3.1 Mandatory Exchange

Subject to clauses 4.1, 4.2, 4.6 and 5, CBA must Exchange all (but not some) PERLS XIII on issue on the date that is the earlier of:

- (a) 20 October 2028 (**Scheduled Mandatory Exchange Date**); and
- (b) the first Distribution Payment Date after the Scheduled Mandatory Exchange Date,

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

3.2 Mandatory Exchange Conditions

- (a) The Mandatory Exchange Conditions for each Mandatory Exchange Date are:
 - (i) the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 56% of the Issue Date VWAP (**First Mandatory Exchange Condition**);
 - (ii) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP (the **Second Mandatory Exchange Condition**); and
 - (iii) Ordinary Shares have not been Delisted as at the Mandatory Exchange Date (**Third Mandatory Exchange Condition**).
- (b) If the First Mandatory Exchange Condition is not satisfied, CBA will announce to ASX between the 25th and the 21st Business Day before the Mandatory Exchange Date that Exchange will not proceed on the Mandatory Exchange Date.
- (c) If the Second Mandatory Exchange Condition or Third Mandatory Exchange Condition is not satisfied, CBA will notify Holders on or as soon as practicable after the Mandatory Exchange Date that Exchange did not occur.

4 Early Exchange

4.1 Capital Trigger Event

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

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which must be Exchanged in accordance with this clause, CBA will:

- (i) firstly, exchange, convert or write down the face value of any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of PERLS XIII; and
- (ii) secondly, if exchange, conversion or write down of those Relevant Securities is not sufficient, Exchange (in the case of PERLS XIII) or exchange, convert or write down (in the case of any other Relevant Securities) on a pro-rata basis or in a manner that is otherwise, in the opinion of CBA, fair and reasonable, PERLS XIII and any Relevant Securities whose terms require or permit, or are taken by law to require or permit, them to be Exchanged, converted or written down in that manner (subject to such adjustment as CBA may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any PERLS XIII or other Relevant Securities remaining on issue),

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

- (d) For the purposes of clauses 4.1(b) and 4.1(c), where the specified currency of the face value of Relevant Securities and/or PERLS XIII is not the same, CBA may treat them as if converted into a single currency of CBA's choice at such rate of exchange as CBA in good faith considers reasonable.
- (e) If a Capital Trigger Event occurs:
 - (i) the relevant number of PERLS XIII, or percentage of the Face Value of each PERLS XIII, must be Exchanged immediately upon occurrence of the Capital Trigger Event in accordance with clauses 4.5 and 7 and the Exchange will be irrevocable;
 - (ii) CBA must give notice as soon as practicable that Exchange has occurred to ASX and the Holders;
 - (iii) the notice must specify the date on which the Capital Trigger Event occurred; and
 - (iv) the notice must specify the details of the Exchange process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any PERLS XIII remaining on issue.

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

4.2 Non-Viability Trigger Event

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

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

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

but such determination will not impede the immediate Exchange of the relevant number of

PERLS XIII or percentage of the Face Value of each PERLS XIII (as the case may be).

- (d) For the purposes of clauses 4.2(b) and 4.2(c), where the specified currency of the face value of Relevant Securities and/or PERLS XIII is not the same, CBA may treat them as if converted into a single currency of CBA's choice at such rate of exchange as CBA in good faith considers reasonable.
- (e) If a Non-Viability Trigger Event occurs:
- (i) the relevant number of PERLS XIII, or percentage of the Face Value of each PERLS XIII, must be Exchanged immediately upon occurrence of the Non-Viability Trigger Event in accordance with clauses 4.5 and 7 and the Exchange will be irrevocable;
 - (ii) CBA must give notice as soon as practicable that Exchange has occurred to ASX and the Holders;
 - (iii) the notice must specify the date on which the Non-Viability Trigger Event occurred; and
 - (iv) the notice must specify the details of the Exchange process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any PERLS XIII remaining on issue.

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

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

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

4.4 Priority of Early Exchange Obligations

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

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

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

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

in each case without the need for any further act or step by CBA, the Holder or any other person (and CBA will, as soon as possible thereafter and without delay on the part of CBA, take any appropriate procedural steps to record such Exchange, including updating the Register and the Ordinary Share register and seek quotation of Ordinary Shares issued on Exchange).

For the avoidance of doubt:

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

4.6 No further rights if Exchange cannot occur

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

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4.7 Change of Control Event

(a) A Change of Control Event occurs when:

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

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

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

- (i) CBA must Exchange all (but not some) PERLS XIII;
- (ii) CBA must give notice as soon as practicable and in any event within 10 Business Days after becoming aware of that event occurring to ASX and the Holders;
- (iii) the notice must specify a date on which it is proposed Exchange will occur (**proposed Exchange Date**) being:
 - (1) in the case of a Change of Control Event under clause 4.7(a)(i), no later than the Business Day prior to the then announced closing date of the relevant takeover bid;
 - (2) in the case of a Change of Control Event under clause 4.7(a)(ii)(A), a date no later than the record date for participation in the relevant scheme of arrangement; or
 - (3) in the case of a Change of Control Event under clause 4.7(a)(ii)(B), a date no later than 25 Business Days following the date the notice is given, or the record date for participation in the relevant scheme of arrangement, whichever is earlier; and
- (iv) the notice must specify the details of the Exchange process including any details to take into account the effect on marketable parcels and whole numbers of Ordinary Shares; and
- (v) on the proposed Exchange Date, all PERLS XIII will Exchange in accordance with clause 7.

(c) The Second Mandatory Exchange Condition and Third Mandatory Exchange Condition apply if a Change of Control Event occurs as though

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

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

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

4.8 No Exchange at the option of the Holders

Holders do not have a right to request Exchange of their PERLS XIII at any time.

5 Early Redemption

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

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

However, CBA may only Redeem under this clause if CBA has given notice of its election to do so at least 10 Business Days (and no more than 60 Business Days) before the Call Date to ASX and the Holders.

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

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

5.2 Early Redemption for inability to frank Distributions

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

However, CBA may only Redeem under this clause if:

- (a) CBA has given notice of its election to do so at least 10 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (b) the proposed Redemption Date is a Distribution Payment Date; and
- (c) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which a Distribution would not be a frankable Distribution.

5.3 Early Redemption for other taxation reasons

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

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

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

However, CBA may only Redeem under this clause if:

- (c) CBA has given notice of its election to do so at least 10 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (d) the proposed Redemption Date is a Distribution Payment Date; and
- (e) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which CBA would be subject to the adverse tax consequence.

5.4 Early redemption for regulatory reasons

If, at any time after the Issue Date, CBA determines that as a result of a change in, or amendment to, the laws of Australia or APRA's prudential standards or guidelines, or in their application or official or judicial interpretation or administration (including any announcement of a prospective change or amendment which has been or

will be introduced), other than as a result of a change expected by CBA as at the Issue Date;

- (a) all, some or a proportion of all or some PERLS XIII are not or will not be treated as Tier 1 Capital of the CBA Group under APRA's prudential standards (as amended from time to time);
- (b) additional requirements would be imposed on CBA in relation to or in connection with PERLS XIII which CBA determines in its absolute discretion might have a material adverse effect on CBA; or
- (c) to have PERLS XIII outstanding would be unlawful or impractical or that CBA would be exposed to a more than a de minimis increase in its costs in connection with those PERLS XIII,

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

However, CBA may only Redeem under this clause if:

- (d) CBA has given notice of its election to do so at least 10 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (e) the proposed Redemption Date is a Distribution Payment Date; and
- (f) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which (as applicable):
 - (i) all, some or a proportion of all or some PERLS XIII will cease to be treated as Tier 1 Capital;
 - (ii) additional requirements will be imposed on CBA; or
 - (iii) to have PERLS XIII outstanding will be unlawful or impractical or CBA will be exposed to a more than a de minimis increase in its costs.

5.5 APRA approval to Redeem

CBA may only Redeem under this clause 5 if:

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

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5.6 Final Distribution

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

5.7 No Redemption at the option of the Holders

Holders do not have a right to request Redemption of their PERLS XIII at any time.

5.8 Effect of notice of Redemption

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

5.9 Redemption mechanics

On the Redemption Date, the only right a Holder will have in respect of PERLS XIII will be to be paid the Face Value payable in accordance with these Terms and any Distribution CBA has determined is payable on that date. Upon the Face Value being paid (or taken to be paid in accordance with clause 9), all other rights conferred, or restrictions imposed, by PERLS XIII will no longer have effect and the PERLS XIII will be cancelled.

6 Resale on the Call Date

- (a) CBA may elect that Resale occur in relation to all or some PERLS XIII by giving a Resale Notice at least 10 Business Days (and no more than 60 Business Days) before the Call Date to ASX and the Holders.

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

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

- (b) If CBA issues a Resale Notice:

- (i) each Holder is taken irrevocably to offer to sell the relevant number of their PERLS XIII to the Purchaser on the Call Date (**Resale Date**) for a cash amount per PERLS XIII equal to the Face Value (and to have appointed CBA as its agent and attorney to do and execute all things and documents which CBA considers may be necessary or desirable in connection with that offer and any resulting sale);
- (ii) subject to payment by the Purchaser of the Face Value to Holders, all right, title and interest in the relevant number of PERLS XIII will be transferred

from the Holders to the Purchaser on the Resale Date; and

- (iii) if the Purchaser does not pay the Face Value to the relevant Holders on the Resale Date, the relevant number of PERLS XIII will not be transferred to the Purchaser and a Holder has no claim on CBA as a result of that non-payment.

- (c) Clause 9 will apply to payments by the Purchaser as if the Purchaser was CBA. If any payment to a particular Holder is not made or treated as made on the Resale Date because of any error by or on behalf of the Purchaser, the relevant PERLS XIII of that Holder will not be transferred until payment is made but the transfer of all other relevant PERLS will not be affected by the failure.

7 General provisions applicable to Exchange

7.1 Exchange

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

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

$$\text{Exchange Number for each PERLS XIII} = \frac{\text{Face Value}}{0.99 \times \text{VWAP}}$$

where:

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

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

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

where:

Relevant Percentage means:

- (i) if Exchange is occurring on a Mandatory Exchange Date, 0.50; and
 - (ii) if Exchange is occurring at any other time, 0.20.
- (b) Each Holder's rights (including to payment of Distributions, other than the Distribution, if any, payable on an Exchange Date where the Exchange is not as a result of a Capital Trigger Event or a Non-

Viability Trigger Event) in relation to each PERLS XIII that is being Exchanged will be immediately and irrevocably terminated for an amount equal to the Face Value and CBA will apply the Face Value of each PERLS XIII by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 7.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 7.1 is to be applied as provided for in this clause and no Holder has any right to payment in any other way.

- (c) If the total number of additional Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of PERLS XIII includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

7.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under clause 7.1:

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

7.3 Adjustments to VWAP for capital reconstruction

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

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

where:

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

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

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

7.4 Adjustments to Issue Date VWAP generally

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

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

7.5 Adjustments to Issue Date VWAP for bonus issues

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

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will be adjusted immediately in accordance with the following formula:

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

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V_o means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

RN means the number of Ordinary Shares issued pursuant to the bonus issue.

- (b) Clause 7.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purposes of this clause 7.5, an issue will be regarded as a bonus issue notwithstanding that CBA does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia (or to whom an offer is otherwise subject to foreign securities laws), provided that in so doing CBA is not in contravention of ASX Listing Rules.

7.6 Adjustments to Issue Date VWAP for capital reconstruction

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

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

where:

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

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

7.7 No adjustment to Issue Date VWAP in certain circumstances

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

7.8 Announcement of adjustments to Issue Date VWAP

CBA will notify any adjustment to the Issue Date VWAP under this clause 7 to ASX and the Holders within 10 Business Days of CBA determining the adjustment (or such shorter period as is required by ASX Listing Rules) and the adjustment will be final and binding.

7.9 Status and listing of Ordinary Shares

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

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

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

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

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

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

7.11 Final Distribution

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

7.12 No Exchange after winding up commences

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

7.13 Exchange of a percentage of Face Value

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

8 Title and transfer of PERLS XIII

8.1 Effect of entries in Register

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

- (a) conclusive evidence of that person's:

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

8.2 Non-recognition of interests

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

8.3 Joint holders

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

8.4 Transfers

- (a) A Holder may transfer PERLS XIII:
 - (i) while PERLS XIII are registered with CHESSE, in accordance with the rules and regulations of CHESSE; or
 - (ii) at any other time:
 - (A) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act; or
 - (B) by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is delivered to the Registry with any evidence the Registry reasonably requires to prove title to or the right to transfer PERLS XIII.
- (b) Title to PERLS XIII passes when details of the transfer are entered in the Register.
- (c) PERLS XIII may be transferred in whole but not in part.
- (d) CBA must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of PERLS XIII.
- (e) CBA must not charge any fee on the transfer of PERLS XIII.
- (f) The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction

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in connection with a transfer, assignment or other dealing with PERLS XIII.

- (g) Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under these Terms and the Deed Poll in respect of the transferred PERLS XIII.
- (h) Subject to Applicable Regulations, CBA may determine that transfers of some or all PERLS XIII will not be registered during any period reasonably specified by it prior to the Exchange Date, Redemption Date or Resale Date of such PERLS XIII.

8.5 Refusal to register

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

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

8.6 Transmission

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

9 Payments

9.1 Payments to registered Holder

- (a) Payment of Distributions will be made to the person registered at 7.00pm on the Record Date as the Holder.
- (b) Payment of any other amount in accordance with these Terms will be made to the person registered as the Holder on the relevant date for payment.
- (c) A payment to any one of joint Holders will discharge CBA's liability in respect of the payment.

9.2 Payments subject to law

All payments are subject to applicable law.

9.3 Payments on Business Days

If any payment:

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

business in the place in which the account is located, then the due date for payment will be the next day on which banks are open for general banking business in that place.

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

9.4 Payments to accounts

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

9.5 Unsuccessful attempts to pay

- (a) If the Holder has not notified the Registry of a bank account for the purposes of payment under clause 9.4 or the transfer of any amount does not complete for any reason (other than an error made by or on behalf of CBA), CBA will be treated as having paid the amount on the date on which it would otherwise have made the payment.
- (b) CBA will send a notice to the registered address of the Holder advising of the unsuccessful payment and the amount of the unsuccessful payment will be held on deposit in a non-interest bearing bank account maintained by CBA or the Registry until the Holder nominates an Australian dollar bank account maintained in Australia for crediting with the payment (or nominates a new bank account as the case may be) or the claim becomes void under clause 12.1.
- (c) No additional amount is payable in respect of any delay in payment.
- (d) For the avoidance of doubt, nothing in this clause 9.5 obliges CBA to make a payment it has not otherwise determined to make under clause 2.

9.6 Withholdings and Deductions

- (a) All payments in respect of PERLS XIII must be made without any withholding or deduction in respect of taxes, unless the withholding or deduction is required by law or permitted by this clause 9.6. CBA shall pay the full amount deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without delay after it is received by CBA.
- (b) CBA, in its absolute discretion, may withhold or deduct payments to a Holder (including, if applicable, any other person who beneficially derives Distributions under PERLS XIII) where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of PERLS XIII may be subject

to FATCA, and may deal with such payment and the Holder's PERLS XIII in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, CBA will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of PERLS XIII for or in respect of any such withholding or deduction.

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

10 Tax File Number withholdings

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

11 Substitution of CBA

11.1 Substitution

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

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

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

11.2 Substitution Conditions

The **Substitution Conditions** are:

- (a) in the case of the Full Successor:
- (i) the Full Successor or another entity (which is a parent entity) subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or takes other steps acceptable to APRA, to ensure that the capital position of the CBA Level 1 Group and CBA Level 2 Group will not be adversely affected;

- (ii) the Full Successor will expressly assume CBA's obligations under these Terms and the Deed Poll by entering into a deed poll for the benefit of Holders (**Successor Deed Poll**) under which it agrees (among other things):

- (A) to comply with the restrictions in clause 2.7 of these Terms (with all necessary modifications); and
- (B) to deliver fully paid ordinary shares in its capital under all circumstances when CBA would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Terms (with all necessary modifications);

- (b) in the case of the Partial Successor:

- (i) the Partial Successor agrees with effect on and from the Date of Substitution, by entering into a Successor Deed Poll, to deliver fully paid ordinary shares in its capital under all circumstances when CBA would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in these Terms (with all necessary modifications); and
- (ii) the Partial Successor agrees that in all circumstances where the Partial Successor delivers fully paid ordinary shares in its capital under the Successor Deed Poll in clause 11.2(b)(i), the Partial Successor or another entity (which is a parent entity) will subscribe for Ordinary Shares in such amount as may be necessary, or take other steps acceptable to APRA, to ensure that the capital position of the CBA Level 1 Group and CBA Level 2 Group is equivalent to the position if the Successor Deed Poll had not been entered into and CBA was required to issue the Ordinary Shares; and
- (c) in the case of either the Full Successor or the Partial Successor (as applicable):
- (i) the Successor's ordinary shares are or are to be quoted on ASX, and the Successor agrees to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of ordinary shares issued under these Terms on the securities exchanges on which the Successor's ordinary shares are quoted at the time of delivery;
- (ii) the Successor and CBA have obtained APRA approval and all other necessary authorisations, regulatory and governmental approvals and consents for such substitution and for the performance by the Successor of its obligations under PERLS XIII and the documents effecting substitution;
- (iii) if the Successor does not have a place of business in New South Wales, the Successor has appointed

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a process agent in New South Wales to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with PERLS XIII;

- (iv) the Successor has, in the reasonable opinion of CBA, the financial capacity to satisfy its obligations under the Successor Deed Poll;
- (v) CBA has used all reasonable endeavours to give an irrevocable notice to the Holders as soon as practicable before a NOHC Event occurs specifying the amendments to PERLS XIII which will be made under these Terms in connection with the substitution of a NOHC as the issuer of ordinary shares on Exchange; and
- (vi) CBA may, by an instrument in writing and without the authority, assent or approval of Holders, amend these Terms if such amendment is necessary or expedient for the purposes of complying with the provisions of Chapter 2L of the Corporations Act.

11.3 Effect of Substitution of Full Successor

If the relevant requirements set out in clauses 11.1 and 11.2 relating to a substitution under clause 11.1(a) have been completed, on and from the Date of Substitution:

- (a) the Full Successor will assume all of the obligations of, succeed to, and be substituted for, and may exercise every right and power of, CBA under these Terms (as may be amended from time to time) with the same effect as if the Successor had been named as CBA in these Terms and the Deed Poll;
- (b) CBA (or any corporation which has previously assumed the obligations of CBA) will be released from its liability under the Terms and the Deed Poll;
- (c) if CBA gives a notice to Holders under clause 11.2(c)(v), the amended terms will have effect on and from the date specified in the notice; and
- (d) references to CBA in these Terms and the Deed Poll will be taken to be references to the Full Successor.

11.4 Effect of Substitution of Partial Successor

If the relevant requirements set out in clauses 11.1 and 11.2 relating to a substitution under clause 11.1(b) have been completed, on and from the Date of Substitution:

- (a) CBA (or any corporation which has previously assumed the obligations of CBA) will be released from any obligation it would otherwise have under these Terms to issue Ordinary Shares to Holders upon Exchange; and

- (b) if CBA gives a notice to Holders under clause 11.2(c)(v), the amended terms will have effect on and from the date specified in the notice.

12 General

12.1 Time limit for claims

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

12.2 Voting

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

12.3 Amendments without consent

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

- (a) of a formal, technical or minor nature;
- (b) made to cure any ambiguity, correct any manifest error or correct or supplement any defective provision of the Terms or amend any provision of the Deed Poll;
- (c) to amend the Terms to adopt an Alternative Market Rate as the new Market Rate following the occurrence of a Market Rate Disruption Event, and to make any consequential amendments, subject to APRA's prior written approval as required under clause 2.2(b) and CBA acting in good faith and in a commercially reasonable manner;
- (d) necessary or expedient for the purpose of:
 - (i) enabling PERLS XIII to be listed for quotation, or to retain quotation, on any securities exchange or to be offered for subscription or for sale under the laws for the time being in force in any place;
 - (ii) complying with the provisions of any statute, the requirements of any statutory authority, ASX Listing Rules or the listing or quotation requirements of any securities exchange on which CBA may propose to seek a listing or quotation of PERLS XIII; or
 - (iii) facilitating a substitution in accordance with clause 11.1 (including satisfying any requirement of APRA in connection with such a substitution);
- (e) made to amend any date or time period stated, required or permitted in connection with any Exchange, Resale or Redemption (including, without limitation, when the proceeds of Resale or

- Redemption are to be reinvested in a new security to be issued by CBA or a Related Body Corporate); or
- (f) not materially prejudicial to the interests of Holders as a whole.

The Terms will be amended from the date specified by CBA.

12.4 Amendments with consent

Without limiting clause 12.3, CBA may by deed poll amend these Terms or the Deed Poll if such alteration is approved by a Special Resolution.

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

12.5 Meaning of amend

In clauses 12.3 and 12.4, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

12.6 APRA approval of amendments

Prior to any amendment under clauses 12.3 and 12.4 being effective, where required CBA must obtain APRA's prior written approval (APRA approval is required where the proposed amendment may affect the capital treatment of PERLS XIII under APRA's prudential standards at the relevant time) and any consent or approval required under any applicable law, regulation or ASX Listing Rule.

12.7 Notices

(a) To Holders

Subject to clauses 4.1(e) and 4.2(e), unless otherwise specified, all notices and other communications to Holders must be in writing and either:

- (i) sent by prepaid post (airmail if appropriate) to or left at the address of the Holders (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication);
- (ii) (if available) issued to Holders through CHES in accordance with any applicable rules and regulations of CHES;
- (iii) announced to ASX;
- (iv) given by an advertisement published in the Australian Financial Review, The Australian or in any other newspaper nationally circulated within Australia;
- (v) sent by email or electronic message to the electronic address (if any) of the Holder as shown on the Register; or

- (vi) given in any other way agreed between CBA and any Holder (and in agreeing in such way, CBA and such Holders may have regard to the dates by which the notice is to be given under these terms).

An accidental or inadvertent failure to give notice to a particular Holder will not invalidate a notice otherwise properly given to Holders.

(b) To CBA and Registry

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

(c) When effective

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

(d) Receipt

- (i) If sent by post, notices or other communications are taken to be received three Business Days after posting (or five Business Days after posting if sent to or from a place outside Australia).
- (ii) If left at the address, notices or other communications are taken to be received when given unless received after 5.00 pm in the place of receipt or on a non-Business Day, in which case they are taken to be received at 9.00 am on the next Business Day.
- (iii) If issued to Holders through CHES, on the date of the issuance unless the sender receives an automated message that the e-mail has not been delivered.
- (iv) Notices given to Holders by being announced to ASX are taken to be received on the date of announcement.
- (v) If published in a newspaper, on the first date that publication has been made in the required newspaper.
- (vi) If sent by e-mail to the electronic address in respect of the Holder as specified in accordance with clause 12.7(a), on the day following its transmission to that electronic address.

12.8 Power of attorney

- (a) Each Holder appoints each of CBA, its directors, officers and authorised delegates of the Board, and any External Administrator of CBA (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other

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thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms, including, but not limited to, any transfers of PERLS XIII, making any entry in the Register or the register of any Ordinary Shares or exercising any voting power in relation to any consent or approval required for Exchange, Redemption or Resale.

- (b) The power of attorney given in this clause 12.8 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

12.9 Ability to trade

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

12.10 Governing law

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

12.11 Jurisdiction

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

12.12 Deed Poll

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

12.13 Waiver of immunity

CBA irrevocably and unconditionally waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 12.11.

12.14 Consent acknowledgement

Each Holder, by subscribing for, and purchasing or otherwise acquiring a PERLS XIII upon Exchange, consents to becoming a member of CBA and agrees to be bound by the constitution of CBA.

13 Interpretation and definitions

13.1 Interpretation

In these Terms, except where the contrary intention appears:

- (a) a reference to:
 - (i) an agreement or instrument includes any variation, supplement, replacement or novation of that agreement or instrument;
 - (ii) a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
 - (iii) any thing is a reference to the whole and each part of it;
 - (iv) one gender includes every other gender;
 - (v) a document includes all schedules or annexes to it;
 - (vi) a clause or paragraph is to a clause or paragraph of these Terms;
 - (vii) "Australian dollars", "A\$" or "Australian cent" is a reference to the lawful currency of Australia; and
 - (viii) a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (b) the singular includes the plural and vice versa;
- (c) the word "person" includes a firm, body corporate, an unincorporated association, or governmental or local authority or agency or other entity;
- (d) the word "law" includes common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) any reference to time is to Sydney time;
- (f) headings are inserted for convenience and do not affect the interpretation of these Terms;
- (g) another grammatical form of a defined word or expression has a corresponding meaning;
- (h) other than in relation to a Capital Trigger Event or a Non-Viability Trigger Event (including an Exchange of the PERLS XIII on the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event and a termination of rights under clause 4.6) and other than as otherwise expressly specified in these Terms, if any act or event under these Terms must be done or must occur on a stipulated day that is not a Business Day then that act or event will be done or will occur on the next Business Day;

- (i) the meaning of general words is not limited by specific examples introduced by “including”, “for example” or similar expressions;
- (j) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (k) any provisions which refer to APRA requirements or any other prudential regulatory requirements will apply to CBA only if CBA is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of an entity (including a NOHC) subject to regulation and supervision by APRA at the relevant time;
- (l) any provisions which require APRA’s consent or approval (written or otherwise) will apply only if APRA requires that such consent or approval be given at the relevant time; and
- (m) any provisions in these Terms requiring prior APRA approval for a particular course of action to be taken by CBA do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.

13.2 Definitions

In these Terms, except where the contrary intention appears:

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

Alternative Market Rate has the meaning given in clause 2.2;

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

APRA means the Australian Prudential Regulation Authority;

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

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

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

Banking Act means the Banking Act 1959 (Cth);

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

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

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

Call Date means 20 October 2026;

Capital Trigger Event has the meaning given in clause 4.1;

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

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

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

CBA Level 1 Group means:

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

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

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

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

CHES means the Clearing House Electronic Subregister System operated by ASX Settlement Pty

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Limited ABN 49 008 504 532, or any system that replaces it relevant to PERLS XIII (including in respect of the transfer or Exchange of PERLS XIII);

Chi-X means Chi-X Australia Pty Ltd (ABN 47 129 584 667) or the securities market operated by it, as the context requires;

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

Corporations Act means the Corporations Act 2001 (Cth);

Deed Poll means the deed poll entitled "PERLS XIII Deed Poll" executed by CBA and dated on or around the date of the Bookbuild;

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

Distribution means interest payable on PERLS XIII under these Terms;

Distribution Payment Date means, in respect of each PERLS XIII, 15 March, 15 June, 15 September and 15 December each year until that PERLS XIII has been Exchanged or Redeemed, and also the Exchange Date or Redemption Date. If any of these Distribution Payment Dates is not a Business Day, then the payment will be made in accordance with clause 9.3. The first Distribution Payment Date is 15 June 2021;

Distribution Period means each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date, whether or not a Distribution is, or is able to be, paid on that date. However:

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

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

Equal Ranking Securities means each of:

- (a) PERLS VII;
- (b) PERLS VIII;
- (c) PERLS IX;
- (d) PERLS X;

(e) PERLS XI;

(f) PERLS XII;

(g) PERLS XIII; and

(h) any preference shares in the capital of CBA or any other securities which rank or are expressed to rank equally with PERLS XIII in a winding up of CBA, present and future, excluding any Junior Ranking Securities;

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

Exchange Date means the applicable:

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

Exchange Number has the meaning given in clause 7.1;

External Administrator means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertakings of that person,

or in either case any similar official;

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

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

First Mandatory Exchange Condition has the meaning given in clause 3.2(a);

Foreign Holder means a Holder:

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

Full Successor has the meaning given in clause 11.1;

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

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

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

IRS means the United States Internal Revenue Service;

Issue Date means the date on which PERLS XIII are issued, which is expected to be on or about 1 April 2021;

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

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

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

Mandatory Exchange Conditions means the conditions in clause 3.2;

Mandatory Exchange Date 20 October 2028 or such other date as determined under clause 3.1;

Margin has the meaning given in clause 2.2;

Market Rate has the meaning given in clause 2.2;

Market Rate Disruption Event has the meaning given in clause 2.2;

Maximum Exchange Number has the meaning given in clause 7.1;

Meeting Provisions means the provisions for meetings of Holders set out in schedule 2 of the Deed Poll;

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

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

Nominee means one or more third parties appointed by CBA in its absolute discretion (which cannot be CBA, a member of the CBA Group or a Related Body Corporate of CBA) under a facility established for the sale of Ordinary Shares issued by CBA on Exchange on behalf of Holders in the circumstances set out in clause 7.10;

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

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

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

Partial Successor has the meaning given in clause 13.1;

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

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

PERLS IX means CommBank PERLS IX Capital Notes issued by CBA in March 2017;

PERLS X means CommBank PERLS X Capital Notes issued by CBA in April 2018;

PERLS XI means CommBank PERLS XI Capital Notes issued by CBA in December 2018;

PERLS XII means CommBank PERLS XII Capital Notes issued by CBA in November 2019;

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

Prospectus means the prospectus relating to the offer of PERLS XIII dated on or about 24 February 2021 as supplemented or replaced;

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

Reclassification has the meaning given in clause 7.3;

Record Date means, for payment of Distributions:

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

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

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

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

Register means the register of Holders established and maintained under clause 5 of the Deed Poll and, where appropriate, the term Register includes:

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

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

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

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

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

Resale Date has the meaning given in clause 6(b)(i);

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

Second Mandatory Exchange Condition has the meaning given in clause 3.2(a);

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

Special Resolution means:

- (a) a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions by at least 75% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution by Holders of at least 75% of the aggregate Face Value of PERLS XIII then outstanding;

Subsidiary has the meaning given in the Corporations Act;

Tax means:

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

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

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

Third Mandatory Exchange Condition has the meaning given in clause 3.2(a);

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

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

VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX and Chi-X during the relevant VWAP Period, subject to any adjustments made under clauses 7.2 and 7.3, but the trades taken into account in determining such daily volume weighted average prices will exclude special

crossings, crossings prior to the commencement of normal trading or during the closing phase or after hours adjustment phase, overnight crossings, overseas trades, trades pursuant to the exercise of options over Ordinary Shares, or any other trade determined by the Board in its discretion not to be reflective of normal trading in Ordinary Shares; and

VWAP Period means:

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

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