

Commonwealth Bank

Commonwealth Bank of Australia
ACN 123 123 124



Group Governance

GPO Box 2719
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The Manager
Company Announcements Platform
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20 Bridge Street
SYDNEY NSW 2000

Perpetual Exchangeable Resaleable Listed Securities (PERLS VI) – Amended PERLS VI Terms, Resale and Redemption Notices

The Commonwealth Bank of Australia (CBA) today released the following attached documents in relation to PERLS VI:

- the PERLS VI amended terms as approved by CBA to facilitate the Resale and Redemption of PERLS VI on the next business day following the Call Date;
- the Resale Notice; and
- the Redemption Notice.

Yours sincerely

Taryn Morton
Company Secretary

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PERLS VI – Terms of Issue

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1 Form of PERLS VI and ranking

1.1 Form

- (a) PERLS VI are perpetual, exchangeable, resaleable, listed, 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 Face Value

Each PERLS VI is issued fully paid with an initial principal amount of A\$100.

1.3 CHESS

While PERLS VI remain in CHESS, all dealings (including transfers and payments) in relation to PERLS VI within CHESS, and the rights and obligations of each Holder, are subject to the rules and regulations of CHESS.

1.4 ASX quotation

CBA must use all reasonable endeavours to procure that PERLS VI are quoted on ASX on or as soon as possible after the Issue Date and remain quoted on ASX until all PERLS VI have been Exchanged or Redeemed.

1.5 Payment and ranking in a winding up of CBA

- (a) If an order is made by a court of competent jurisdiction (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution is passed, for the winding up of CBA, CBA must redeem each PERLS VI for its Face Value in accordance with this clause.
- (b) Neither the Trustee nor any Holder has any right to prove in a winding up of CBA in respect of PERLS VI, except as permitted under clauses 1.5(c) and 1.5(d).
- (c) Each PERLS VI ranks for payment in a winding up of CBA:
 - (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, 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 VI and holders of any Equal Ranking Securities receive payments on a pro-rata basis.
- (e) Nothing in this clause limits the ability of CBA to, in its absolute discretion from time to time, issue further Senior Ranking Obligations or Equal Ranking Securities.
- (f) Neither the Trustee nor any Holder may exercise voting rights as a creditor in respect of PERLS VI in a winding up of CBA to defeat the subordination in this clause.

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- (g) PERLS VI are perpetual and the terms of PERLS VI do not include events of default or any other provisions entitling the Trustee or the Holders to require that PERLS VI be Redeemed other than under this clause 1.5. Neither the Trustee nor any Holder has any right to apply for the winding up or administration of CBA, or to cause a receiver, or receiver and manager, to be appointed in respect of CBA, on the ground of CBA's failure to pay Distributions or for any other reason.
- (h) To avoid doubt but subject to clause 4.6, if a Capital Trigger Event or Non-Viability Trigger Event has occurred, Holders (or if applicable the Trustee) will rank for payment in a winding up of CBA 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 VI 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 VI to the Holder.

1.7 Not deposit liabilities of CBA

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

1.8 No other rights

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

- (a) to vote at any meeting of CBA shareholders;
- (b) to subscribe for new securities 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 VI 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 VI, at the Distribution Rate.
- (b) Interest on each PERLS VI is payable in arrears on each Distribution Payment Date.
- (c) Payment of interest on each PERLS VI 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 the rate (expressed as a percentage per annum) which is the average mid-rate for Bills for a term of 90 days as displayed on the "BBSW" page of the Reuters Monitor System (or any page that replaces that page) on the first Business Day of the Distribution Period. However, if the average mid-rate is not displayed by 10:30 am on that day, or if it is displayed but CBA determines that there is a manifest error in that rate, **Market Rate** means the rate specified by CBA in good faith at or around 10:30 am on that day, having regard, to the extent possible, to:

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

Bill has the meaning it has in the Bills of Exchange Act 1909 (Cth);

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 VI for each Distribution Period is calculated according to the following formula:

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

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) unless APRA otherwise agrees in writing, CBA having sufficient Distributable Profits available to pay the Distribution;

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- (c) 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 Group at the time of the payment;
- (d) the payment of the Distribution not resulting in CBA becoming, or being likely to become, Insolvent; and
- (e) APRA not otherwise objecting to the payment of the Distribution.

CBA must notify the Trustee, the Registry and 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 non-cumulative. If payment of any Distribution is not made because of clause 2.5 or because of any other 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, determine or pay a dividend or distribution from the income or capital of CBA; 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 VI have been Exchanged or Redeemed, then these restrictions cease to apply.
- (b) Clause 2.7(a) does not apply to:
 - (i) 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) a dividend reinvestment plan, bonus option plan, bonus share plan, shareholder share purchase plan or top-up facility, shareholder sale facility or nominee sale facility;
 - (ii) Restricted Actions in connection with an acquisition transaction entered into before non-payment of the relevant Distribution; or
 - (iii) Restricted Actions only in the form of, or for a consideration provided by CBA only in the form of, or where any amount paid by CBA is mandatorily invested in, securities, warrants, options or other rights where the securities, or the securities issuable upon exercise of the warrants, options or other rights, constitute Ordinary Shares.

2.8 Notification of Distribution Rate, Distribution payable and other items

- (a) CBA must notify the Trustee, the Registry and 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 the Trustee, the Registry and ASX promptly after doing so.

2.9 Determination final

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

2.10 Calculations

For the purposes of any calculations required under these Terms:

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

3 Mandatory Exchange

3.1 Mandatory Exchange

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

- (a) 15 December 2020 (**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 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 VI (or, if it so determines, such percentage of the Face Value of each PERLS VI) as is sufficient (following any conversion or write down of Relevant Securities as referred to in paragraph (c)(i) 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 VI, or percentage of the Face Value of each PERLS VI, which must be Exchanged in accordance with this clause, CBA will:
 - (i) first, convert or write down the face value of any Relevant Securities whose terms require or permit them to be converted or written down before Exchange of PERLS VI; and
 - (ii) secondly, if conversion or write down of those Relevant Securities is not sufficient, Exchange (in the case of PERLS VI) or 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 VI and any Relevant Securities whose terms 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 VI or other Relevant Securities remaining on issue),

but such determination will not impede the immediate Exchange of the relevant number of PERLS VI or percentage of the Face Value of each PERLS VI (as the case may be).
- (d) If a Capital Trigger Event occurs:
 - (i) the relevant number of PERLS VI, or percentage of the Face Value of each PERLS VI, must be Exchanged immediately upon occurrence of the Capital Trigger Event in accordance with clause 4.5 and 6(d) and the Exchange will be irrevocable;
 - (ii) CBA must give notice as soon as practicable that Exchange has occurred to the Trustee, the Registry, ASX and the Holders; and
 - (iii) the notice must specify the date on which Exchange occurred (**Exchange Date**); 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 VI remaining on issue.

Failure to undertake any of the steps in clauses 4.1(d)(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 VI, or 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 VI (or, if it so determines, such percentage of the Face Value of each PERLS VI) as is equal (following any conversion or write down of Relevant Securities as referred to in paragraph (c)(i) 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 PERLS VI, as is necessary to satisfy APRA that CBA will no longer be non-viable).

(c) In determining the number of PERLS VI, or percentage of the Face Value of each PERLS VI, which must be Exchanged in accordance with this clause, CBA will:

- (i) first, convert or write down the face value of any Relevant Securities whose terms require or permit them to be converted or written down before Exchange of PERLS VI; and
- (ii) secondly, if conversion or write down of those securities is not sufficient, Exchange (in the case of PERLS VI) or 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 VI and any Relevant Securities whose terms 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 VI or other Relevant Securities remaining on issue),

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

(d) If a Non-Viability Trigger Event occurs:

- (i) the relevant number of PERLS VI, or percentage of the Face Value of each PERLS VI, must be Exchanged immediately upon occurrence of the Non-Viability Trigger Event in accordance with clause 4.5 and 6(d) and the Exchange will be irrevocable;
- (ii) CBA must give notice as soon as practicable that Exchange has occurred to the Trustee, the Registry, ASX and the Holders;
- (iii) the notice must specify the date on which Exchange occurred (Exchange Date); 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 VI remaining on issue.

Failure to undertake any of the steps in clauses 4.2(d)(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 VI (or percentage of the Face Value of each PERLS VI) are required to be Exchanged in accordance with clauses 4.1 or 4.2, then:

- (a) Exchange of the relevant PERLS VI or percentage of the Face Value of each PERLS VI will be taken to have occurred in accordance with clause 6(d) immediately upon the date of occurrence of the Capital Trigger Event or Non-Viability Trigger Event; and
- (b) the entry of the corresponding PERLS VI in each relevant Holder's holding in the Register will constitute an entitlement of that Holder (or, if applicable, of the Trustee) to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of PERLS VI or remaining percentage of the Face Value of each PERLS VI), and CBA will recognise the Holder (or, if applicable, the Trustee) as having been issued the relevant Ordinary Shares for all purposes,

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

4.6 No further rights if Exchange cannot occur

If for any reason Exchange of any PERLS VI (or a percentage of the Face Value of any PERLS VI) required to be Exchanged under clause 4.1 or 4.2 fails to take effect under clause 4.5(a) and (b) and CBA is not otherwise able to issue 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 Distributions) in relation to such PERLS VI or percentage of the Face Value of PERLS VI are immediately and irrevocably terminated.

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 VI;
 - (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 the Trustee, the Registry, ASX and the Holders;
 - (iii) the notice must specify a date on which it is proposed Exchange will occur (**proposed Exchange Date**) being:
 - (A) 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;
 - (B) 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
 - (C) 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 VI will Exchange in accordance with clause 6(d).
- (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 which occurs after 1 January 2013, the Second Mandatory Exchange Condition will apply as if it referred to 20.20% of the Issue Date VWAP). If the Second Mandatory Exchange Condition or Third Mandatory Exchange Condition is not satisfied, then PERLS VI must Exchange on the next Distribution Payment Date on which the Second Mandatory Exchange Condition and Third Mandatory Exchange Condition are satisfied.
- (d) If the Second Mandatory Exchange Condition or Third Mandatory Exchange Condition is not satisfied on the proposed Exchange Date, CBA will notify Holders as soon as practicable after the proposed Exchange Date that Exchange did not occur.

5 Early Redemption

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

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

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

If only some (but not all) PERLS VI are to be Redeemed under this clause, those PERLS VI 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.

[If any act or event under this clause 5.1 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.](#)

5.2 Early Redemption for inability to frank Distributions

If, there is a material risk that as a result of any change or proposed change in, or amendment or proposed amendment to, the laws of Australia, or their application or official or judicial interpretation or administration, 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 VI for their Face Value.

However, CBA may only Redeem under this clause if:

- (a) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to the Trustee, the Registry, ASX and the Holders;
- (b) before CBA gives the notice under clause 5.2(a), the Trustee and the Registry have each received a certificate from CBA stating that CBA is entitled to Redeem PERLS VI under this clause and setting out a statement of the facts showing that the conditions giving rise to the right of CBA to Redeem under this clause have occurred together with an opinion of reputable legal counsel or other tax adviser in Australia, experienced in such matters, to the effect that such conditions have occurred;
- (c) the proposed Redemption Date is a Distribution Payment Date; and
- (d) 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 tax 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 CBA would be exposed to a more than de minimis adverse tax consequence in relation to PERLS VI other than a tax consequence that CBA expected as at the Issue Date, CBA may Redeem all (but not some) PERLS VI for their Face Value.

However, CBA may only Redeem under this clause if:

- (a) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to the Trustee, the Registry, ASX and the Holders;

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- (b) before CBA gives the notice under clause 5.3(a), the Trustee and the Registry have each received a certificate from CBA stating that CBA is entitled to Redeem PERLS VI under this clause and setting out a statement of the facts showing that the conditions giving rise to the right of CBA to Redeem under this clause have occurred;
- (c) the proposed Redemption Date is a Distribution Payment Date; and
- (d) 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 all, some or a proportion of all or some PERLS VI are not or will not be treated as Tier 1 Capital of the CBA Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by CBA as at the Issue Date, CBA may Redeem all (but not some) PERLS VI for their Face Value.

However, CBA may only Redeem under this clause if:

- (a) CBA has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to the Trustee, the Registry, ASX and the Holders;
- (b) before CBA gives the notice under clause 5.4(a), the Trustee and the Registry have each received a certificate from CBA stating that CBA is entitled to Redeem PERLS VI under this clause and setting out a statement of the facts showing that the conditions giving rise to the right of CBA to Redeem under this clause have occurred together with an opinion of reputable legal counsel, experienced in such matters, or confirmation from APRA, to the effect that all, some or a proportion of all or some PERLS VI are not or will not be treated as Tier 1 Capital of the CBA Group;
- (c) the proposed Redemption Date is a Distribution Payment Date; and
- (d) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before the earliest date on which all, some or a proportion of all or some PERLS VI will cease to be treated as Tier 1 Capital.

5.5 APRA approval to Redeem

CBA may only Redeem under this clause 5 if:

- (a) either
 - (i) before or concurrently with Redemption, CBA replaces PERLS VI 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 VI and the replacement of PERLS VI is done under conditions that are sustainable for the income capacity of the CBA Group; or
 - (ii) CBA obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the CBA Group, that CBA does not have to replace PERLS VI; and
- (b) APRA has given its prior written approval to the Redemption. Approval is at the discretion of APRA and may or may not be given.

5.6 Final Distribution

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

5.7 No Redemption at the option of the Holders

Holders do not have a right to request Redemption of their PERLS VI 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 clause 9.3) Redeem PERLS VI on the Redemption Date specified in that notice.

6 Resale on the Call Date

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

If only some (but not all) PERLS VI are to be Resold under this clause, the number of PERLS VI 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 VI to the Purchaser on the Call Date for a cash amount per PERLS VI 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 VI will be transferred from the Holders to the Purchaser on the Call Date; and
 - (iii) if the Purchaser does not pay the Face Value to the relevant Holders on the Call Date, the relevant number of PERLS VI will not be transferred to the Purchaser.
- (c) Clause 9 will apply to payments by the Purchaser as if the Purchaser was CBA. If any payment to a particular Holder is not made or treated as made on the Call Date because of any error by or on behalf of the Purchaser, the relevant PERLS VI of that Holder will not be transferred until payment is made but the transfer of all other relevant PERLS VI will not be affected by the failure.
- (d) If any act or event under this clause 6 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.

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 VI 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:

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

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) prior to 1 January 2013, 0.50;
- (ii) on or after 1 January 2013:
 - (A) if Exchange is occurring on a Mandatory Exchange Date, 0.50; and
 - (B) if Exchange is occurring at any other time, 0.20.
- (b) Each Holder's rights (including to payment of Distributions) in relation to each PERLS VI 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 VI 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 VI 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 VI 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

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(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 VI 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 (**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 the following formula:

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.

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 clause 7.2 and clause 7.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

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

7.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clauses 7.5(b) and 7.5(c), if CBA makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

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

Where:

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

Vo 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, 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 offer to whom are otherwise subject to foreign securities laws), provided that in so doing CBA is not in contravention of the ASX Listing Rules.

7.6 Adjustments to Issue Date VWAP for capital reconstruction

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

A

B

where:

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

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

7.7 No adjustment to Issue Date VWAP in certain circumstances

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

7.8 Announcement of adjustments to Issue Date VWAP

CBA will notify any adjustment to the Issue Date VWAP under this clause to the Trustee, the Registry, ASX and the Holders within 10 Business Days of CBA determining the adjustment 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.
- (b) CBA will use all reasonable endeavours to list the Ordinary Shares issued on Exchange of PERLS VI on ASX.

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

If PERLS VI 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; or
- (b) the Holder is an Ineligible Holder,

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

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 is not otherwise able to issue Ordinary Shares to the Trustee within five Business Days, 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, 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 clause 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 6(d) 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 VI

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 VI; and
 - (ii) entitlement to the other benefits given to Holders under these Terms and the Trust Deed in respect of PERLS VI; and
- (b) an undertaking by CBA to pay Distributions and any other amount in accordance with these Terms,

subject to correction of the Register for fraud or error.

8.2 Non-recognition of interests

Except as required by law, CBA, the Trustee and the Registry must treat the person whose name is entered in the Register as a Holder as the absolute owner of that PERLS VI. This clause applies despite any notice of ownership, trust or interest in that PERLS VI.

8.3 Joint holders

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

8.4 Transfers

- (a) A Holder may transfer PERLS VI:
- (i) while PERLS VI 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 VI.
- (b) Title to PERLS VI passes when details of the transfer are entered in the Register.
- (c) PERLS VI 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 VI.
- (e) CBA must not charge any fee on the transfer of PERLS VI.
- (f) The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with PERLS VI.
- (g) Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under these Terms and the Trust Deed in respect of the transferred PERLS VI.
- (h) Subject to Applicable Regulations, CBA may determine that transfers of some or all PERLS VI will not be registered during any period reasonably specified by it prior to the Exchange Date, Redemption Date or Resale Date of such PERLS VI.

8.5 Refusal to register

CBA may only refuse to register a transfer of PERLS VI 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 a PERLS VI 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 VI.

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.

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 VI 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.
- (b) CBA, in its absolute discretion, may withhold or deduct payments to a Holder 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 VI may be subject to FATCA, and may deal with such payment and the Holder's PERLS VI 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 VI for or in respect of any such withholding or deduction.

10 Tax File Number withholdings

- (a) CBA will withhold an amount from payments of Distributions on PERLS VI 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 VI.

11 Substitution of CBA

11.1 Substitution

CBA may, without the consent of Holders, substitute for itself a NOHC as the debtor in respect of PERLS VI (**Successor**) by giving notice to the Trustee, the Registry and ASX, provided that:

- (a) the Successor or another 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 will not be adversely affected;
- (b) the Successor will expressly assume CBA's obligations under these Terms and the Trust Deed by entering into a deed poll for the benefit of Holders (**Successor Deed Poll**) under which it agrees (among other things):
 - (i) to comply with the restrictions in clause 2.7 of these Terms (with all necessary modifications); and
 - (ii) 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
- (c) 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;
- (d) the Successor and CBA have obtained all necessary authorisations, regulatory and governmental approvals and consents (including from APRA) for such substitution and for

- the performance by the Successor of its obligations under PERLS VI and the documents effecting substitution;
- (e) if the Successor does not have a place of business in New South Wales, the Successor has appointed a process agent in New South Wales to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with PERLS VI;
 - (f) the Successor has, in the reasonable opinion of CBA, the financial capacity to satisfy its obligations under the Successor Deed Poll;
 - (g) CBA must use all reasonable endeavours to give an irrevocable notice to the Holders as soon as practicable before a NOHC Event occurs but no later than 10 days before the NOHC Event occurs specifying the amendments to PERLS VI which will be made under these Terms to effect substitution of a NOHC as the issuer of ordinary shares on Exchange; and
 - (h) if the Successor is not an ADI, 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.

11.2 Effect of Substitution

Upon CBA satisfying the Trustee that the requirements set out in this clause 11 and the Trust Deed have been completed (**date of substitution**):

- (a) the Successor will assume all of the obligations of, succeed to, and be substituted for, and may exercise every right and power of, CBA under these Terms and the Trust Deed (as may be amended from time to time) with the same effect as if the Successor had been named as CBA in these Terms and the Trust Deed;
- (b) CBA (or any corporation which has previously assumed the obligations of CBA) will be released from its liability under the Terms and the Trust Deed;

and, from the date of substitution:

- (c) if CBA gives a notice to Holders under clause 11.1(g), the amended terms will have effect on and from the date specified in the notice; and
- (d) references to CBA in these Terms and the Trust Deed will be taken to be references to the Successor.

12 General

12.1 Time limit for claims

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

12.2 Voting

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

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 Trust Deed, from the date specified by CBA, if CBA is of the opinion that such alteration is:

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- (a) of a formal, technical or minor nature;
- (b) made to cure any ambiguity, correct any manifest error or correct or supplement any defective provision of the Terms or amend any provision of the Trust Deed;
- (c) necessary or expedient for the purpose of:
 - (i) enabling PERLS VI 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 VI; or
 - (iii) enabling a substitution in accordance with clause 11.1;
- (d) made to amend any date or time period stated, required or permitted in connection with any Exchange or Redemption (including, without limitation, when the proceeds of Redemption are to be reinvested in a new security to be issued by CBA or a Related Body Corporate); or
- (e) not materially prejudicial to the interests of Holders as a whole and CBA has provided to the Trustee (or the Trustee has obtained) an opinion of reputable legal counsel in Australia that it is open to the Trustee to determine that such amendment is not materially prejudicial to the interests of Holders as a whole.

The Terms of all PERLS VI 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 Trust Deed if such alteration is approved by a Special Resolution.

In this case, the Terms of all PERLS VI 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 this clause 12 being effective, where required CBA must obtain APRA's prior written approval (only where the amendment affects the capital treatment of PERLS VI 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

Unless otherwise specified, all notices and other communications to Holders must be in writing and either

- (i) sent by prepaid post (airmail if appropriate) to or left at the address of the Holders (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication),

- (ii) (if available) issued to Holders through CHESS in accordance with any applicable rules and regulations of CHESS, or
 - (iii) announced to ASX. An accidental or inadvertent failure to give notice to a particular Holder will not invalidate a notice otherwise properly given to Holders.
- (b) **To CBA, Trustee and Registry**
- All notices and other communications to all or any of CBA, the Trustee and the Registry must be in writing and sent by prepaid post (airmail if appropriate) to or left at the address of CBA, the Trustee and the Registry, as applicable.
- (c) **When effective**
- Notices and other communications take effect from the time they are taken to be received unless a later time is specified in them.
- (d) **Receipt**
- (i) If sent by post, notices or other communications are taken to be received three Business Days after posting (or five Business Days after posting if sent to or from a place outside Australia).
 - (ii) If left at the address, notices or other communications are taken to be received when given unless received after 5.00 pm in the place of receipt or on a non-Business Day, in which case they are taken to be received at 9.00 am on the next Business Day.
 - (iii) Notices given to Holders by being announced to ASX are taken to be received on the date of announcement.

12.8 Ability to trade

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

12.9 Governing law

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

12.10 Jurisdiction

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

12.11 Trust Deed

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

12.12 Waiver of immunity

CBA irrevocably and unconditionally waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 12.10.

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) the meaning of general words is not limited by specific examples introduced by "including", "for example" or similar expressions;
- (i) 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;
- (j) any provisions which refer to APRA requirements of 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;
- (k) 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

- (l) 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;

Applicable Regulation means the ASX Listing Rules, the ASX Settlement Operating Rules, the rules and regulations of CHESS, 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);

Bill has the meaning given in clause 2.2;

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 VI and, on the basis of those bids, CBA sets the final Margin and announces it on ASX;

Business Day means 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 means 15 December 2018;

Capital Trigger Event has the meaning given in clause 4.1;

CBA means Commonwealth Bank of Australia ABN 48 123 123 124;

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 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 Distributable Profits means, in relation to a Distribution Payment Date, an amount calculated in accordance with the following formula:

CBA Level 1 Distributable Profits = A – B

where:

- A** is the aggregate of the consolidated net profits after income tax of CBA, its Subsidiaries and other entities whose financial results are required by APRA to be consolidated with

CBA on a Level 1 basis for the immediately preceding 2 six-monthly financial periods for which results have been publicly announced; and

- B** is the aggregate amount of interest, dividends, distributions or other amounts paid, decided to be paid or liable to be paid by CBA, its Subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 1 basis on:
- (a) PERLS VI in the 12 months prior to and including the Distribution Payment Date;
 - (b) any other capital instruments qualifying as Tier 1 Capital on a Level 1 basis to the extent that interest, dividends, distributions or other amounts paid on those instruments are funded by CBA or by instruments of CBA in the 12 months prior to and including the Distribution Payment Date; and
 - (c) any CBA Shares (including Ordinary Shares) in relation to the immediately preceding 2 six-monthly financial periods for which results have been publicly announced,
- but excluding:
- (i) distributions payable in relation to PERLS VI on the Distribution Payment Date;
 - (ii) any such interest, dividend, distribution or other amount to which CBA, its Subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 1 basis was or is beneficially entitled; and
 - (iii) any such interest, dividend, distribution or other amount which is included in the calculation of consolidated net profit after tax within the meaning of A;

CBA Level 1 Group means either:

- (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 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 Distributable Profits means, in relation to a Distribution Payment Date, an amount calculated in accordance with the following formula:

CBA Level 2 Distributable Profits = A – B

Where:

- A** is the aggregate of the consolidated net profits after income tax of CBA, its Subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis for the immediately preceding 2 six-monthly financial periods for which results have been publicly announced; and
- B** is the aggregate amount of interest, dividends, distributions or other amounts paid, decided to be paid or liable to be paid by CBA, its Subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis on:
- (a) PERLS VI in the 12 months prior to and including the Dividend Payment Date;

PERLS VI – Terms of Issue

- (b) any other capital instruments qualifying as Tier 1 Capital Security on a Level 2 basis to the extent that interest, dividends, distributions or other amounts paid on those instruments are funded by CBA or by instruments of CBA in the 12 months prior to and including the Dividend Payment Date; and
- (c) CBA Shares (including Ordinary Shares) in relation to the immediately preceding 2 six- monthly financial periods for which results have been publicly announced, but excluding:
 - (i) distributions payable in relation to PERLS VI on the Distribution Payment Date;
 - (ii) any such interest, dividend, distribution or other amount to which CBA, its Subsidiaries and other entities whose financial results are required by APRA to be consolidated with CBA on a Level 2 basis was or is beneficially entitled; and
 - (iii) any such interest, dividend, distribution or other amount which is included in the calculation of consolidated net profit after tax within the meaning of A;

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);

CBA Share means a share in the capital of CBA;

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 Limited ABN 49 008 504 532;

Common Equity Tier 1 means:

- (a) before 1 January 2013, the lower of:
 - (i) in respect of the CBA Level 1 Group, fundamental Tier 1 Capital net of Tier 1 Capital deductions (as defined by APRA) of the CBA Level 1 Group; and
 - (ii) in respect of the CBA Level 2 Group, fundamental Tier 1 Capital net of Tier 1 Capital deductions (as defined by APRA) of the CBA Level 2 Group; and
- (b) on or after 1 January 2013, in respect of each of the CBA Level 1 Group and the CBA Level 2 Group, has the meaning determined for that term or its equivalent by APRA;

Corporations Act means the Corporations Act 2001 (Cth);

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

Distributable Profits means, in relation to a Distribution Payment Date, the lesser of CBA Level 1 Distributable Profits and CBA Level 2 Distributable Profits (or any other amount determined by APRA to be appropriate in CBA's circumstances);

Distribution means interest payable on PERLS VI under these Terms;

Distribution Payment Date means, in respect of each PERLS VI, 15 March, 15 June, 15 September and 15 December each year until that PERLS VI 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 December 2012;

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

PERLS VI – Terms of Issue

- (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 V;
- (b) PERLS VI; and
- (c) any preference shares in the capital of CBA or any other securities which rank or are expressed to rank equally with PERLS VI 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 VI for Ordinary Shares under these Terms and **Exchangeable** and **Exchanged** have corresponding meanings;

Exchange Date means the applicable:

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

Exchange Number has the meaning given in clause 7.1;

Face Value means as applicable either:

- (a) A\$100 per PERLS VI (**Initial Face Value**); or
- (b) the Initial Face Value reduced by the amount of Face Value per PERLS VI which has previously been Exchanged;

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);

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

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

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

PERLS VI – Terms of Issue

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 VI are issued;

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

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

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

Mandatory Exchange Conditions means the conditions in clause 3.2;

Mandatory Exchange Date 15 December 2020 or such other date as determined under clause 3.1;

Margin has the meaning given in clause 2.2;

Market Rate has the meaning given in clause 2.2;

Maximum Exchange Number has the meaning given in clause 7.1;

Meeting Provisions means the provisions for meetings of Holders set out in schedule 3 of the Trust Deed;

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

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

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

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

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

PERLS IV means Perpetual Exchangeable Resaleable Listed Securities issued by CBA on 12 July 2007;

PERLS V means Perpetual Exchangeable Resaleable Listed Securities issued by CBA on 14 October 2009;

PERLS VI means Perpetual Exchangeable Resaleable Listed Securities issued by CBA under these Terms;

Prospectus means the prospectus relating to the offer of PERLS VI dated on or about 3 September 2012;

Purchaser means one or more third parties selected by CBA in its absolute discretion (which may not include a member of the CBA Group);

Reclassification has the meaning given in clause 7.3;

Record Date means, for payment of Distributions:

- (a) subject to paragraph (b) below, the date that is eight calendar days prior to the relevant Distribution Payment Date; or
- (b) such other date determined by CBA in its absolute discretion and communicated to ASX and which is before the Record Date which would have been determined under paragraph (a) above,

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

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

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

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

- (a) a sub-register maintained by or for CBA in CHESS; 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 has the meaning given in the Corporations Act;

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 VI by Holders to the Purchaser in accordance with clause 6 and **Resell** and **Resold** have corresponding meanings;

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

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

Special Resolution means:

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

Subsidiary has the meaning given in the Corporations Act;

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 VI, as set out in schedule 1 of the Trust Deed;

Tier 1 Capital means the Tier 1 Capital of CBA on the relevant Level 1, Level 2 or Level 3 basis, as defined by APRA from time to time;

Tier 2 Capital means the Tier 2 Capital of CBA on the relevant Level 1, Level 2 or Level 3 basis, as defined by APRA from time to time;

Trust Deed means the deed entitled "PERLS VI Trust Deed" between CBA and the Trustee and dated on or about 30 August 2012;

Trustee means The Trust Company (Australia) Limited (ACN 000 000 993) (or any replacement trustee under the Trust Deed);

VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant VWAP Period, subject to any adjustments made under

PERLS VI – Terms of Issue

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; and
- (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.

For personal use only



Commonwealth Bank

1 November 2018

**Resale Notice for Perpetual Exchangeable Resaleable Listed Securities (PERLS VI)
(ASX Code: CBAPC)**

Commonwealth Bank of Australia (CBA) notifies holders of Perpetual Exchangeable Resaleable Listed Securities (**PERLS VI**) that, on 17 December 2018¹, a Resale of all PERLS VI on issue at that time will occur under which such PERLS VI will be compulsorily resold to the PERLS VI Purchaser (being Morgan Stanley Australia Securities Limited) in accordance with Clause 6 of the PERLS VI Terms as amended (**Terms**).

The PERLS VI Purchaser has given an undertaking in favour of each PERLS VI Holder that it will acquire each PERLS VI for \$100. Under the Resale, the Resale proceeds for each PERLS VI will be paid to Holders in the same way in which Distributions on PERLS VI have previously been paid.²

Capitalised terms used but not defined in this notice have the meaning given in the Terms.

¹ The PERLS VI Call Date of 15 December 2018 is not a Business Day for the purposes of the PERLS VI Terms and accordingly, the resale of PERLS VI will occur on the next Business Day, being 17 December 2018.

² For eligible PERLS VI holders who elect to reinvest some or all of their Resale proceeds in PERLS XI pursuant to the Reinvestment Offer of PERLS XI (made pursuant to the prospectus lodged by CBA with ASIC on 1 November 2018), those Resale proceeds will be paid to CBA in subscription for PERLS XI in accordance with the terms of the Reinvestment Offer.



CommonwealthBank

1 November 2018

**Redemption of Perpetual Exchangeable Resaleable Listed Securities (PERLS VI)
(ASX Code: CBAPC)**

Commonwealth Bank of Australia (CBA) gives notice that it will Redeem all of its Perpetual Exchangeable Resaleable Listed Securities (**PERLS VI**) (representing 20,000,000 PERLS VI at \$100 each) on 17 December 2018¹ in accordance with Clause 5 of the PERLS VI Terms as amended (**Terms**). The redemption price is \$100 per PERLS VI.

Redemption will occur following the Resale of all PERLS VI to Morgan Stanley Australia Securities Limited, as described in the Resale Notice dated 1 November 2018.

Capitalised terms used but not defined in this notice have the meaning given in the Terms.

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¹ The PERLS VI Call Date of 15 December 2018 is not a Business Day for the purpose of the PERLS VI Terms and, accordingly, the Redemption of PERLS VI will occur on the next Business Day, being 17 December 2018.
