

**Issuer**

Commonwealth Bank of Australia  
ABN 48 123 123 124

Date of Prospectus  
3 September 2012

Prospectus and PERLS IV Reinvestment Offer Information

# PERLS VI

Perpetual Exchangeable Resaleable Listed Securities



**Arrangers**

Commonwealth Bank of Australia  
Morgan Stanley Australia Securities Limited

**Joint Lead Managers**

ANZ Securities Limited  
Commonwealth Bank of Australia  
Goldman Sachs Australia Pty Ltd  
Macquarie Capital (Australia) Limited  
Morgan Stanley Australia Securities Limited  
RBS Equity Capital Markets (Australia) Limited  
Westpac Institutional Bank

**Co-Managers**

Bell Potter Securities Limited  
Deutsche Bank AG  
Evans and Partners Pty Limited  
Ord Minnett Limited  
RBS Morgans Limited

Investments in PERLS VI 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 PERLS VI in Australia to raise A\$750 million, with the ability to raise more or less ("Offer").

This Prospectus is dated 3 September 2012 and a copy was lodged with the Australian Securities and Investments Commission ("ASIC") on this date. This Prospectus expires 13 months after this date and no PERLS VI will be issued on the basis of this Prospectus after that expiry date.

ASIC and ASX Limited ("ASX") take no responsibility for the contents of this Prospectus nor for the merits of investing in PERLS VI.

This Prospectus does not provide information in relation to the credit ratings of CBA or PERLS VI as the companies which provide ratings in relation to CBA only hold Australian Financial Services Licenses which allow disclosure of this information to certain investors.

### Exposure Period

Under the Corporations Act 2001 (Cth) ("Corporations Act"), the Issuer is prohibited from processing Applications in the seven day period after 3 September 2012, being the date on which 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 the Prospectus to be examined by market participants prior to the raising of funds. No applications received during the Exposure Period will be accepted until after the expiry of that period.

### Documents relevant to the Offer

In addition to this Prospectus, the following documents are relevant to the Offer and can be obtained from [www.commsec.com.au](http://www.commsec.com.au) during the Offer Period and from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au) after the Issue Date:

- the full terms of PERLS VI (see Appendix A to this Prospectus);
- the Trust Deed (see Section 6.2 "Other documents relevant to the Offer"); and
- the Constitution (see Section 6.2 "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 VI.

### Status of PERLS VI

PERLS VI are perpetual, exchangeable, resaleable, listed, subordinated<sup>1</sup>, unsecured notes, issued by CBA.

Investments in PERLS VI 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 and are not guaranteed or insured by any Australian government, government agency or compensation scheme.

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

Information about the key risks of investing in PERLS VI is detailed in Section 5 "Key Risks of PERLS VI".

### 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. Any information or representation not contained in this Prospectus may not be relied upon 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 performance to be expected in future periods. 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 issues). It is important that you read this Prospectus in full before deciding to invest in PERLS VI and consider the risks that could affect the performance of PERLS VI.

This Prospectus also contains information in relation to (amongst other things) the Reinvestment Offer. Neither CBA nor the On-Market Sale Broker nor any other person is providing any investment advice or making any recommendation to Eligible PERLS IV Holders in respect of the Reinvestment Offer.

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

### Obtaining a Prospectus and Application Form

Paper copies of this Prospectus and an Application Form can be obtained free of charge by calling the PERLS VI Information Line on 1800 250 297 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

This Prospectus can also be obtained electronically from [www.commsec.com.au](http://www.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 accompanied, the electronic Prospectus. You may also apply by completing the online Application Form on [www.commsec.com.au](http://www.commsec.com.au). By lodging an Application, you declare that you were given access to the electronic Prospectus together with the Application Form.

### Restrictions on foreign jurisdictions

The distribution of this Prospectus and the Offer or sale of PERLS VI 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 VI in any jurisdiction other than Australia and CBA does not accept any liability in that regard.

Furthermore, PERLS VI 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 6.6 "US Persons".

### Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined in Section 8 "Glossary".

A reference to A\$ or Australian cent 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 VI or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS VI Information Line on 1800 250 297 (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.**

<sup>1</sup> Holders of PERLS VI rank after holders of Senior Ranking Obligations, creditors preferred by law and secured creditors. Your PERLS VI rank equivalently to a preference share. See Section 2.2.5 "How will PERLS VI rank in a winding up?"

For personal use only

## Table of Contents

	<b>Important Notices</b>	Inside front cover
	<b>ASIC Guidance for Retail Investors</b>	2
	<b>Key Dates</b>	3
<b>Section 1</b>	<b>Investment Overview</b> An overview of CBA, key terms of PERLS VI, and key benefits and risks of investing in PERLS VI	5
<b>Section 2</b>	<b>Information About PERLS VI</b> Detailed information about the key terms of PERLS VI	13
<b>Section 3</b>	<b>Information About the Reinvestment Offer</b> Detailed information about the Reinvestment Offer for Eligible PERLS IV Holders	29
<b>Section 4</b>	<b>Information About CBA</b> Detailed information about CBA, its business strategy, directors, management, and financial information	33
<b>Section 5</b>	<b>Key Risks of PERLS VI</b> Information about risks associated with PERLS VI and CBA	45
<b>Section 6</b>	<b>Other Information</b> Information about a number of other matters, including the tax consequences of investing in PERLS VI	53
<b>Section 7</b>	<b>How to Apply</b> Information on how to apply for PERLS VI, the different types of Offer including the Reinvestment Offer, Securityholder Offer, Customer Offer and General Offer, and trading	61
<b>Section 8</b>	<b>Glossary</b>	65
<b>Appendix A</b>	<b>Terms of PERLS VI</b> Full Terms of PERLS VI	71
<b>Appendix B</b>	<b>Financial Services Guide for Commonwealth Securities Limited (ABN 60 067 254 399, AFSL 238814) in relation to the On-Market Buy-Back Facility</b>	91
<b>Appendix C</b>	<b>Financial Services Guide for Pacific Custodians Pty Limited (ABN 66 009 682 866, AFSL 295142) in relation to the On-Market Buy-Back Facility</b>	95
	<b>Application Forms</b>	
	<b>Corporate Directory</b>	Inside back cover

## ASIC Guidance for Retail Investors

ASIC has published the following guidance which may be relevant to your consideration of PERLS VI:

- a guide for retail investors who are considering investing in bonds called “Investing in corporate bonds?”; and
- information for retail investors who are considering investing in hybrid securities called “Hybrid securities and notes” (under the heading “Complex securities” at [www.moneysmart.gov.au/investing](http://www.moneysmart.gov.au/investing))

(together, the “ASIC Guidance”). Free copies of the ASIC Guidance can be obtained from ASIC’s website at [www.moneysmart.gov.au/investing](http://www.moneysmart.gov.au/investing) or by calling ASIC on 1300 300 630 (from Australia) or + 61 3 5177 3988 (from outside Australia).

Free copies of the ASIC Guidance can also be obtained from [www.comsec.com.au](http://www.comsec.com.au) during the Offer Period and from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au) after the Issue Date.

### Where can I obtain further information about CBA and PERLS VI?

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 VI.

Copies of documents lodged with ASIC and ASX can be obtained from, or inspected at, an ASIC office and can also be obtained from [www.asx.com.au](http://www.asx.com.au).

In addition, the following information can be obtained from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au):

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

### Can I receive email notification of announcements or new information?

If you wish to receive an email when CBA announces or publishes certain new information about itself, you can register your details with the Registry after the Issue Date.

**Investments in PERLS VI 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

Lodgement of Prospectus with ASIC	3 September 2012
Bookbuild	10 September 2012
Announcement of Margin	11 September 2012
Opening Date for the Offer	12 September 2012
Closing Date for the Offer	5.00pm (Sydney time) 5 October 2012
Issue Date	17 October 2012
Commencement of deferred settlement trading	18 October 2012
Despatch of Holding Statements	19 October 2012
Commencement of trading on normal settlement basis	22 October 2012

## Key dates for Eligible PERLS IV Holders

Reinvestment Offer Record Date	7 September 2012
Opening Date for the Reinvestment Offer	12 September 2012
Closing Date for the Reinvestment Offer	5.00pm (Sydney time) 5 October 2012
On-Market Buy-Back Date	12 October 2012
Record date for final distribution on PERLS IV participating in the Reinvestment Offer	16 October 2012
Payment date for final distribution on PERLS IV participating in the Reinvestment Offer	23 October 2012
Issue Date – when PERLS VI are Issued under the Reinvestment Offer	17 October 2012
Resale date for PERLS IV which did not participate in the Reinvestment Offer	31 October 2012

## Key dates for PERLS VI

First Distribution payment <sup>1</sup>	17 December 2012
Call Date	15 December 2018
Mandatory Exchange Date <sup>2</sup>	15 December 2020

<sup>1</sup> 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) until all PERLS VI have been Exchanged or Redeemed. If any of these scheduled dates is not a Business Day, then the payment will be made on the next Business Day. If a payment is postponed until the next Business Day, there is no adjustment to the amount of the Distribution payable. The first Distribution will be paid on 17 December 2012

<sup>2</sup> If the Mandatory Exchange Conditions are not satisfied on that date, then the Mandatory Exchange Date will be the first Distribution Payment Date thereafter 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 Arrangers, vary the timetable, including to close the Offer early; close the Reinvestment Offer, Securityholder Offer, Customer Offer, or General Offer early; extend the Closing Date; accept late Applications, either generally or in specific cases; or withdraw 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.

This page has been left blank intentionally.

For personal use only

# Section I

## Investment Overview

- 1.1 What are the basic facts about CBA and PERLS VI?
- 1.2 What is the Offer and how do I apply?

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

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

		Further information	Page
<b>1.1 What are the basic facts about CBA and PERLS VI?</b>			
<b>Issuer</b>	Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA")	Section 4 "Information About CBA"	33
	CBA is one of Australia's leading providers of integrated financial services including retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance, and investment and share broking products and services	For further information about CBA's business strategy, see Section 4.2 "Businesses of CBA" and Section 4.3 "Business strategy of CBA"	34
	CBA is one of the largest companies listed on ASX and is regulated by APRA and other regulatory bodies		
	The principal activities of CBA are carried out by the following segments:		
	<ul style="list-style-type: none"> <li>• <b>Retail Banking Services</b> includes the origination of home loans, consumer finance and retail deposit products, and the sales and servicing of all retail bank customers</li> </ul>	For further information about CBA's Directors, see Section 4.4 "Directors of CBA"	35
	<ul style="list-style-type: none"> <li>• <b>Business and Private Banking</b> provides specialised banking services to relationship managed business and agribusiness customers, private banking to high net worth individuals, and margin lending and trading through CommSec</li> </ul>	For further information about the management of the businesses of CBA, see Section 4.5 "Management of the businesses of CBA"	35
	<ul style="list-style-type: none"> <li>• <b>Institutional Banking and Markets</b> provides services to CBA's major corporate, institutional and government clients</li> </ul>		
	<ul style="list-style-type: none"> <li>• <b>Wealth Management</b> includes global asset management (including operations in Asia and Europe), platform administration and financial advice, as well as life and general insurance, businesses of the Australian operations</li> </ul>	For financial information about CBA, see Section 4.7 "Financial information about CBA"	36
	<ul style="list-style-type: none"> <li>• <b>New Zealand</b> includes banking, funds management and insurance businesses operating in New Zealand</li> </ul>		
	<ul style="list-style-type: none"> <li>• <b>Bankwest</b> is a full service banking division active in all domestic market segments</li> </ul>		
	<ul style="list-style-type: none"> <li>• <b>Other</b> includes other offshore retail banking operations and investments</li> </ul>		
	CBA had consolidated total assets of A\$718 billion and consolidated total liabilities of A\$677 billion as at 30 June 2012, and earned consolidated net profit after income tax of A\$7.1 billion in the year ended 30 June 2012		
	CBA's strategy remains focused on long-term value for CBA's customers, shareholders and people. The overarching priority for CBA is customer focus supported by four clear capabilities – technology, people, strength and productivity		

For personal use only

		Further information	Page
<b>PERLS VI</b>	Perpetual, exchangeable, resaleable, listed, subordinated <sup>1</sup> , unsecured notes, issued by CBA	Appendix A Terms of PERLS VI Clause 1.1	72
<b>Offer size</b>	A\$750 million, with the ability to raise more or less		
<b>Use of proceeds</b>	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 the extent necessary, to refinance PERLS IV and otherwise to fund CBA's business  On issue, PERLS VI will be classified as debt in the financial statements of CBA	Section 4.7 "Financial information about CBA"	36
<b>Face Value</b>	A\$100 per PERLS VI (Initial Face Value)	Appendix A Terms of PERLS VI Clause 1.2 and definition of Face Value	72, 87
<b>Term</b>	Perpetual (no maturity date) However, CBA must Exchange PERLS VI on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), may Redeem PERLS VI on the Call Date, or may Exchange or Redeem PERLS VI earlier on the occurrence of certain events	Appendix A Terms of PERLS VI Clauses 3, 4, 5 and 7	74, 75, 77, 79
<b>Distributions</b>	PERLS VI are scheduled to pay quarterly, floating rate Distributions until all PERLS VI are Exchanged or Redeemed  The Distribution Rate is calculated using the following formula: <b>Distribution Rate = (Market Rate + Margin) x (1 – Tax Rate)</b>  Distributions are expected to be fully franked  The first Distribution will be paid on 17 December 2012  Distributions may not be paid in certain circumstances	Section 2.2.1 "How are Distributions calculated on PERLS VI"  Section 2.2.2 "How are Distributions paid on PERLS VI"  For further information about the circumstances in which Distributions may not be paid, see Section 2.2.2 "How are Distributions paid on PERLS VI?"	15  17  17
<b>Mandatory Exchange Date</b>	15 December 2020, or if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date thereafter on which the Mandatory Exchange Conditions are satisfied	Section 2.2.3 "When will the Face Value be repaid?"  For further information about the Mandatory Exchange Conditions, see Section 2.2.4 "How does Exchange work?"  Appendix A Terms of PERLS VI Clause 3	73  18  21  74

<sup>1</sup> Holders of PERLS VI rank after holders of Senior Ranking Obligations, creditors preferred by law and secured creditors. Your PERLS VI rank equivalently to a preference share. See Section 2.2.5 "How will PERLS VI rank in a winding up?"

		Further information	Page
<b>Exchange on the Mandatory Exchange Date</b>	<p>PERLS VI do not have a maturity date but have a Mandatory Exchange Date</p> <p>On the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), you will receive for each of your PERLS VI a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Face Value (initially A\$100) and the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Exchange Date with the benefit of a 1% discount)</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 PERLS VI Clauses 3 and 7	74, 79
<b>Early Exchange</b>	<p>CBA must also Exchange a number of PERLS VI (or a percentage of the Face Value of each PERLS VI or, in the case of a Change of Control Event, all PERLS VI) in the following circumstances:</p> <ul style="list-style-type: none"> <li>• If a Capital Trigger Event occurs;</li> <li>• If a Non-Viability Trigger Event occurs; or</li> <li>• If a Change of Control Event occurs</li> </ul> <p>The Mandatory Exchange Conditions do not apply if a Capital Trigger Event or Non-Viability Event occurs. However, if a Change of Control Event occurs, the Second and Third Mandatory Exchange Conditions will apply</p>	<p>Section 2.2.3 “When will the Face Value be repaid?”</p> <p>Section 2.2.4 “How does Exchange work?”</p> <p>For further information about the Capital Trigger Event and Non-Viability Event see Section 2.2.3 “When will the Face Value be repaid?” and Section 2.2.4 “How does Exchange work?”</p>	<p>18</p> <p>21</p> <p>18, 21</p>
<b>Call Date</b>	<p>15 December 2018. This is the only date on which CBA may in its absolute discretion Redeem all or some PERLS VI (subject to prior written approval from APRA)</p> <p>It should be noted that approval is at the discretion of APRA and may or may not be given</p>	<p>Section 2.2.3 “When will the Face Value be repaid?”</p> <p>Appendix A Terms of PERLS VI Clause 5.1 and definition of Call Date</p>	<p>18</p> <p>77, 85</p>
<b>Early Redemption</b>	<p>CBA may also Redeem PERLS VI at any time in the following circumstances (subject to certain conditions, including prior written approval from APRA):</p> <ul style="list-style-type: none"> <li>• For tax reasons; or</li> <li>• For regulatory reasons</li> </ul> <p>It should be noted that approval is at the discretion of APRA and may or may not be given</p>	<p>Section 2.2.3 “When will the Face Value be repaid?”</p> <p>Appendix A Terms of PERLS VI Clause 5</p>	<p>18</p> <p>77</p>
<b>Resale on the Call Date</b>	<p>On the Call Date, CBA may elect that Resale occur in relation to PERLS VI. If Resale occurs, your PERLS VI will be purchased by a third party for a cash amount equal to their Face Value</p>	<p>Section 2.2.3 “When will the Face Value be repaid?”</p> <p>Appendix A Terms of PERLS VI Clause 6</p>	<p>18</p> <p>78</p>

For personal use only

		Further information	Page
<b>Ranking in a winding up of CBA</b>	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, creditors preferred by law and secured creditors	Section 2.2.5 “How will PERLS VI rank in a winding up?”	25
	Your claim will rank equally with claims of other Holders and of holders of Equal Ranking Securities. This means your PERLS VI rank equivalently to a preference share Your claim will rank ahead of claims of holders of Junior Ranking Securities (including holders of Ordinary Shares) On Exchange, Holders will become holders of Ordinary Shares and rank equally with other holders of Ordinary Shares	Appendix A Terms of PERLS VI Clause 1.5	72
<b>ASX quotation</b>	CBA will apply for quotation of PERLS VI on ASX. It is expected that PERLS VI will be quoted under code “CBAPC”	Section 7.3 “Issue and Quotation of PERLS VI”	64
<b>Key benefits of PERLS VI</b>	<ul style="list-style-type: none"> <li>• Floating Distribution Rate</li> <li>• Fixed Margin to be determined through the Bookbuild</li> <li>• Distribution paid quarterly in arrears</li> <li>• Distributions are expected to be fully franked</li> <li>• PERLS VI may be sold on ASX</li> <li>• Provides investors an opportunity to diversify their investment portfolio</li> </ul>		
<b>Key risks of PERLS VI</b>	<p>You should read Section 5 “Key Risks of PERLS VI” in full before deciding to invest</p> <p>The key risks outlined in that section include risks associated with PERLS VI specifically:</p> <ul style="list-style-type: none"> <li>• Investments in PERLS VI 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</li> <li>• Investments in PERLS VI are subordinated and unsecured liabilities</li> <li>• CBA may not pay Distributions</li> </ul>	Section 5 “Key Risks of PERLS VI”	45

For personal use only

	Further information	Page
--	---------------------	------

**Key risks of PERLS VI (cont.)**

- PERLS VI may be Exchanged for Ordinary Shares on the Mandatory Exchange Date or if certain events occur (subject to the Maximum Exchange Number and Mandatory Exchange Conditions). This includes if a Capital Trigger Event, Non-Viability Trigger Event or Change of Control Event occurs. There is a risk that you will receive a number of Ordinary Shares with a value which is less than the Face Value as a result of the application of the Maximum Exchange Number
- If a Capital Trigger Event or Non-Viability Trigger Event occurs and the Exchange is not effective and CBA is not otherwise able to issue Ordinary Shares within five Business Days, then Holders' rights under the relevant PERLS VI will be terminated. Your investment will lose its value 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 an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares
- Ordinary Shares are a different type of investment to PERLS VI
- PERLS VI may not be Exchanged on the scheduled Mandatory Exchange Date and you may continue to hold PERLS VI in perpetuity
- CBA may redeem PERLS VI if certain events occur. This includes for tax or regulatory reasons
- You do not have a right to request that your PERLS VI be Exchanged or Redeemed early
- CBA may raise more debt and issue further securities which rank equally with or ahead of PERLS VI, whether or not secured
- The Distribution Rate will fluctuate with changes in the Market Rate
- The market price of PERLS VI will fluctuate and you may not recover the full Face Value if you sell your PERLS VI
- Liquidity of PERLS VI may be low and you may not be able to sell your PERLS VI at an acceptable price or at all
- You may be subject to FATCA withholding and information reporting
- CBA may amend the Terms in certain circumstances
- CBA may substitute a NOHC as the debtor

The key risks outlined in Section 5 "Key Risks of PERLS VI" also include risks associated with CBA's businesses which may affect PERLS VI:

- CBA may be adversely affected by disruption to global markets
- CBA may be adversely affected by a downturn in the Australian economy

- CBA may incur losses associated with counterparty exposures
- CBA may be adversely affected by changes in its credit ratings
- CBA is subject to extensive regulation which may adversely affect its performance or financial position
- CBA is subject to operational risks and may incur losses
- CBA is subject to intense competition which may adversely affect its performance
- CBA may be adversely affected by harm to its reputation
- Acquisitions of other businesses by CBA may adversely affect its performance and financial position

**Differences between savings accounts, term deposits, CommBank Retail Bonds, PERLS VI and ordinary shares**

There are differences between savings accounts, term deposits, CommBank Retail Bonds, PERLS VI and ordinary shares. You should consider these differences in the light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding to invest in PERLS VI

	Savings account	Term deposit	CommBank Retail Bonds	PERLS VI	Ordinary shares
Guarantee under the Australian government Financial Claims Scheme <sup>1</sup>	Yes	Yes	No	No	No
Term	At call (usually)	One month to five years (usually)	Five years <sup>2</sup>	Perpetual with a Mandatory Exchange Date in eight years <sup>3</sup>	Perpetual (no maturity date)
Distribution rate	Variable (usually)	Fixed (usually)	Floating	Floating	Variable dividends are payable
Distribution payment dates	Monthly (usually)	End of term or per annum (usually)	Quarterly	Quarterly	Semi-annually
Distributions are discretionary	No	No	No	Yes	Dividends may not be paid in certain circumstances
Transferable	N/A	No <sup>4</sup>	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX
Ranking	See Section 2.2.5 “How will PERLS VI rank in a winding up?”				

Note

1 From 1 February 2012, the guarantee will be provided for up to A\$250,000 deposited per person with each Australian financial institution

2 CommBank Retail Bonds were issued in 2010 with a five year term. They mature on 24 December 2015

3 The Mandatory Exchange Date is 15 December 2020 or, if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date thereafter on which the Mandatory Exchange Conditions are satisfied

4 Can be withdrawn subject to conditions

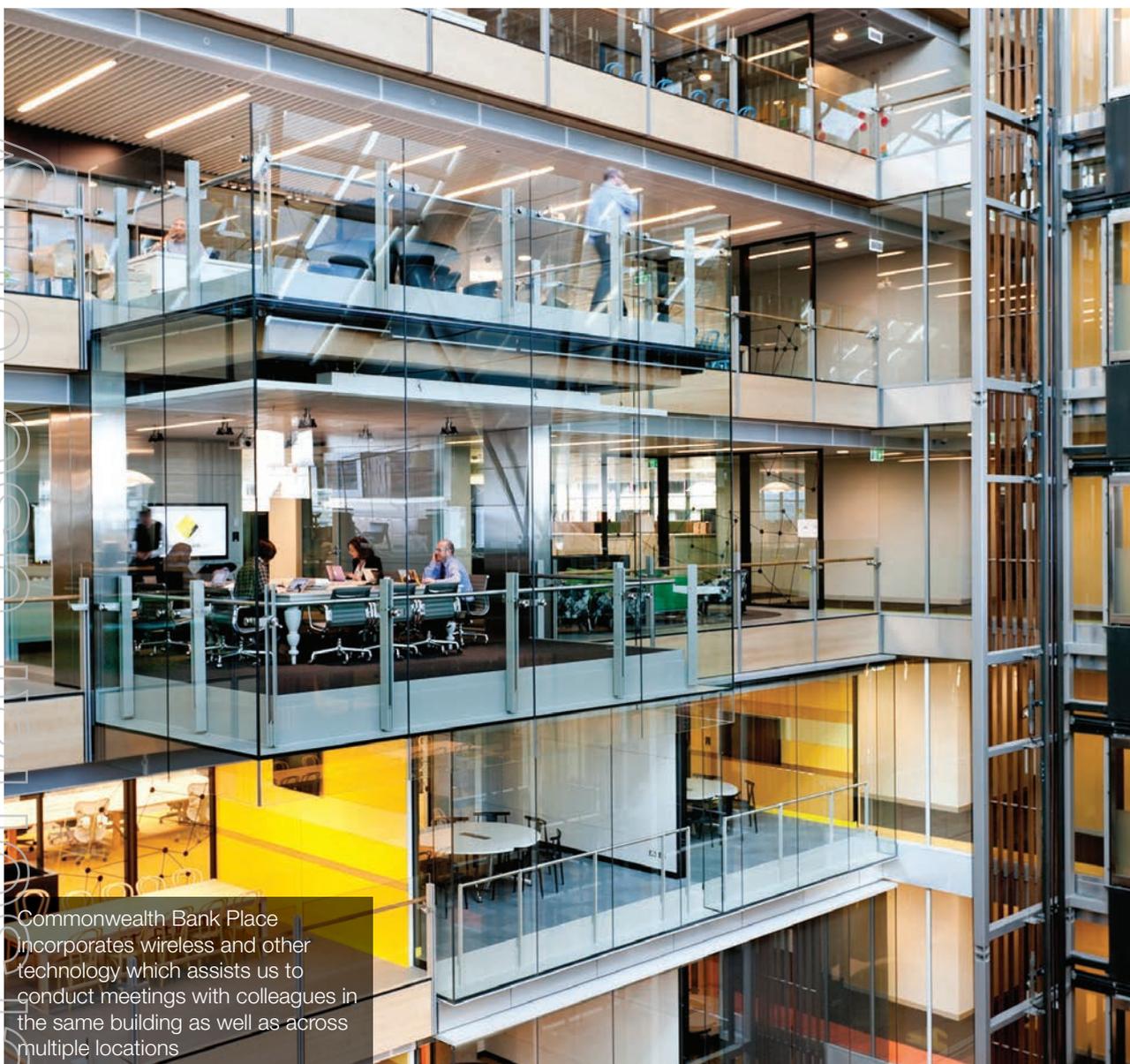
1.2 What is the Offer and how do I apply?

<b>Offer structure</b>	The Offer comprises: <ul style="list-style-type: none"> <li>• a Reinvestment Offer;</li> <li>• a Broker Firm Offer;</li> <li>• a Securityholder Offer;</li> <li>• a Customer Offer; and</li> <li>• a General Offer</li> </ul>	For further information on the different types of Offer and how to apply, see Section 3 “Information about the Reinvestment Offer” and Section 7 “How to Apply”	29, 61
<b>Reinvestment Offer for Eligible PERLS IV Holders</b>	If you are an Eligible PERLS IV Holder, you have two options: Option 1 – Invest in PERLS VI by participating in the Reinvestment Offer Option 2 – Do not participate in the Reinvestment Offer	For further information about the Reinvestment Offer, see Section 3 “Information About the Reinvestment Offer”	29
<b>Minimum Application for PERLS VI</b>	50 PERLS VI (A\$5,000) and thereafter in multiples of 10 PERLS VI (A\$1,000) If you are an Eligible PERLS IV Holder, these minimums do not apply to your Application for PERLS VI under the Reinvestment Offer	Section 7.2.1 “Minimum Application”	63
<b>How to apply</b>	To apply for PERLS VI, you must complete an Application Form and follow the instructions in Section 7 “How to Apply”	Section 7 “How to Apply”	61

If you have any questions about PERLS VI or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS VI Information Line on 1800 250 297 (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

For personal use only



Commonwealth Bank Place incorporates wireless and other technology which assists us to conduct meetings with colleagues in the same building as well as across multiple locations

# Section 2

## Information About PERLS VI

- 2.1 What are the basic facts about CBA and PERLS VI?
- 2.2 More information about PERLS VI
  - 2.2.1 How are Distributions calculated on PERLS VI?
  - 2.2.2 How are Distributions paid on PERLS VI?
  - 2.2.3 When will the Face Value be repaid?
  - 2.2.4 How does Exchange work?
  - 2.2.5 How will PERLS VI rank in a winding up?
  - 2.2.6 What else should I know about?

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

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

		Further information	Page
<b>2.1 What are the basic facts about CBA and PERLS VI?</b>			
<b>Issuer</b>	Commonwealth Bank of Australia ABN 48 123 123 124 ("CBA")	Section 4 "Information About CBA"	33
		For financial information about CBA, see Section 4.7 "Financial information about CBA"	36
<b>PERLS VI</b>	Perpetual, exchangeable, resaleable, listed, subordinated <sup>1</sup> , unsecured notes, issued by CBA	Appendix A Terms of PERLS VI Clause 1.1	72
<b>Face Value</b>	A\$100 per PERLS VI (Initial Face Value)	Appendix A Terms of PERLS VI Clause 1.2 and definition of Face Value	72, 87
<b>Term</b>	Perpetual (no maturity date) However, CBA must Exchange PERLS VI on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), may Redeem PERLS VI on the Call Date, or may Exchange or Redeem PERLS VI earlier on the occurrence of certain events	Appendix A Terms of PERLS VI Clauses 3, 4, 5 and 7	74,75, 77,79

<sup>1</sup> Holders of PERLS VI rank after holders of Senior Ranking Obligations, creditors preferred by law and secured creditors. Your PERLS VI rank equivalently to a preference share. See Section 2.2.5 "How will PERLS VI rank in a winding up?"

For personal use only

	Further information	Page
<b>2.2 More information about PERLS VI</b>		
<b>2.2.1 How are Distributions calculated on PERLS VI?</b>		

### Distribution Rate

PERLS VI are scheduled to pay quarterly, floating rate Distributions until all PERLS VI are Exchanged or Redeemed

Appendix A Terms of PERLS VI Clause 2.2

73

The Distribution Rate is calculated using the following formula:

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

where

**Market Rate** is a primary benchmark interest rate for the Australian money market. It is based on the average of rates at which major Australian financial institutions lend short-term cash to each other over a 90 day period. It changes to reflect supply and demand within the cash and currency markets. The Market Rate for each Distribution Period is set on the first Business Day of the Distribution Period

**Tax Rate** is the Australian corporate tax rate on the relevant Distribution Payment Date

The **Margin** will be determined through the Bookbuild Distributions are expected to be fully franked

The first Distribution will be paid on 17 December 2012

Distributions may not be paid in certain circumstances

### Historical 90 day Market Rate



Source: Bloomberg

Note: This chart shows historical movements in the Market Rate. Past levels are not necessarily indicative of future levels. Bloomberg has not consented to the use of this data in this Prospectus

		Further information	Page
<b>Calculation of Distributions</b>	The Distribution payable on each PERLS VI for each Distribution Period is calculated using the following formula:	Appendix A Terms of PERLS VI Clause 2.3	73
	<p><b>Distribution payable =</b></p> $\frac{\text{Distribution Rate} \times \text{Face Value} \times \text{Number of days in the Distribution Period}}{365}$ <p>For example, if the Market Rate was 3.65% per annum, the Margin was 3.80% per annum, the Australian corporate tax rate was 30% and the Distribution Period was 90 days in length, the Distribution for the relevant Distribution Period would be calculated as follows:</p> $\frac{7.45\% \times (1 - 30\%) \times \text{A\$}100 \times 90}{365}$ <p><b>= A\$1.2859 per PERLS VI</b></p> <p>This Distribution would be 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>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 <a href="http://www.asx.com.au">www.asx.com.au</a> and from the Shareholder Centre at <a href="http://www.commbank.com.au">www.commbank.com.au</a></p>		
<b>Franking credits</b>	Distributions are expected to be fully franked	Appendix A Terms of PERLS VI Clause 2.4	73
	If any Distribution is not fully franked for any reason, then the Distribution will be calculated according to the formula in Clause 2.4 of the Terms	For further information about the tax consequences of receiving Distributions, see Section 6.4 "Summary of Australian tax consequences for Holders"	54

For personal use only

		Further information	Page
<b>2.2.2 How are Distributions paid on PERLS VI?</b>			
<b>Distribution Payment Dates</b>	<p>Distributions are scheduled to be paid quarterly in arrears on the following dates until all PERLS VI have been Exchanged or Redeemed:</p> <ul style="list-style-type: none"> <li>• 15 March</li> <li>• 15 June</li> <li>• 15 September</li> <li>• 15 December</li> </ul> <p>If any of these scheduled dates is not a Business Day, then the payment will 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 will be paid on 17 December 2012</p>	<p>Appendix A Terms of PERLS VI Clauses 2.1, 9.3 and definition of Distribution Payment Date</p>	<p>73, 82, 87</p>
<b>Payments</b>	<p>Distributions will 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>	<p>Appendix A Terms of PERLS VI Clauses 9.1 and 9.4</p>	<p>82</p>
<b>Distributions may not be paid Dividend and capital restrictions may then apply to Ordinary Shares</b>	<p>Payment of a Distribution is subject to:</p> <ul style="list-style-type: none"> <li>• CBA, in its absolute discretion, making the Distribution;</li> <li>• CBA having sufficient Distributable Profits (unless APRA otherwise agrees in writing);</li> <li>• Payment not resulting in a breach of CBA's capital requirements under APRA's prudential standards;</li> <li>• Payment not resulting in CBA becoming insolvent; or</li> <li>• APRA not otherwise objecting to the payment</li> </ul> <p>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. However, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date (or PERLS VI are Exchanges or Redeemed), CBA cannot (subject to certain exceptions):</p> <ul style="list-style-type: none"> <li>• declare, determine or pay a dividend or distribution on Ordinary Shares; or</li> <li>• return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares</li> </ul>	<p>Appendix A Terms of PERLS VI Clauses 2.5, 2.6 and 2.7</p>	<p>73</p>

		Further information	Page
<b>2.2.3 When will the Face Value be repaid?</b>			
<b>Mandatory Exchange Date</b>	15 December 2020, or if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date thereafter on which the Mandatory Exchange Conditions are satisfied	Appendix A Terms of PERLS VI Clause 3	74
<b>Exchange on the Mandatory Exchange Date</b>	<p>PERLS VI do not have a maturity date but have a Mandatory Exchange Date</p> <p>On the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions), you will receive for each of your PERLS VI a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Face Value (initially A\$100) and the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Exchange Date with the benefit of a 1% discount)</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 PERLS VI Clauses 3 and 7	74, 79
<b>Early Exchange by CBA</b>	<p>CBA must also Exchange a number of PERLS VI (or a percentage of the Face Value of each PERLS VI or, in the case of a Change of Control Event, all PERLS VI) in the following circumstances:</p> <ul style="list-style-type: none"> <li>• If a Capital Trigger Event occurs;</li> <li>• If a Non-Viability Trigger Event occurs; or</li> <li>• If a Change of Control Event occurs</li> </ul> <p>On the Exchange Date (subject to the Maximum Exchange Number), you will receive for each of your PERLS VI a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Face Value (initially A\$100) and the VWAP of Ordinary Shares with the benefit of a 1% discount):</p> <ul style="list-style-type: none"> <li>• In the case of a Capital Trigger Event or Non-Viability Trigger Event, the VWAP is based on the 5 Business Days before the Exchange Date; and</li> <li>• In the case of a Change of Control Event, the VWAP is based on the 20 Business Days before the Exchange Date</li> </ul> <p>To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price</p>	<p>Section 5.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”</p> <p>Appendix A Terms of PERLS VI Clauses 4 and 7 and definition of VWAP</p>	47 75, 79, 89

For personal use only

		Further information	Page
<b>Early Exchange by CBA – Capital Trigger Event</b>	A Capital Trigger Event occurs when:	Section 4.7.1.2.1 “Capital Trigger Event”	37
	<ul style="list-style-type: none"> <li>• CBA determines; or</li> <li>• 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%</li> </ul>	Section 5.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”	47
	<p>The Common Equity Tier 1 Capital Ratio is the ratio of CBA’s Common Equity Tier 1 Capital to its risk-weighted assets, where Common Equity Tier 1 Capital is the strongest form of capital held by CBA. CBA’s Level 2 Common Equity Tier 1 Capital Ratio was 7.82%, as at 30 June 2012 which, under Basel II, equates to a surplus of approximately A\$8.2 billion above the Capital Trigger Event level of 5.125%<sup>2</sup></p> <p>If a Capital Trigger Event occurs, CBA must immediately Exchange such number of PERLS VI (or a percentage of the Face Value of each PERLS VI) as is sufficient to return the relevant Common Equity Tier 1 Capital Ratio to above 5.125%</p> <p>The Mandatory Exchange Conditions do not apply</p>	Appendix A Terms of PERLS VI 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	75, 76, 85, 86
<b>Early Exchange by CBA – Non-Viability Trigger Event</b>	A Non-Viability Trigger Event occurs when APRA notifies CBA in writing that it believes:	Section 5.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”	47
	<ul style="list-style-type: none"> <li>• Exchange of all or some PERLS VI (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</li> <li>• a public sector injection of capital, or equivalent support, is necessary because, without it, CBA would become non-viable</li> </ul> <p>If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS VI (or a percentage of the Face Value of each PERLS VI) as specified by APRA or necessary to satisfy APRA that CBA will no longer be non-viable</p> <p>The Mandatory Exchange Conditions do not apply</p>	Appendix A Terms of PERLS VI Clauses 4.2, 4.3, 4.4, 4.5 and 4.6	75, 76
<b>Early Exchange by CBA – Change of Control Event</b>	<p>A Change of Control Event occurs when:</p> <ul style="list-style-type: none"> <li>• a takeover bid is made for Ordinary Shares is made and certain conditions are satisfied; or</li> <li>• a scheme of arrangement is proposed and certain conditions are satisfied</li> </ul> <p>The Second and Third Mandatory Exchange Conditions will apply</p>	Appendix A Terms of PERLS VI Clauses 4.7 and 5.5	76, 78

<sup>2</sup> In the past, CBA has not been required to calculate Common Equity Tier 1 Capital ratios at Level 1 but the relevant ratios would have been higher than the ratios at Level 2. See Section 4.7.1 “Capital adequacy”

		Further information	Page
<b>Early Redemption by CBA</b>	<p>CBA has the right to Redeem the following number of PERLS VI in the following circumstances (subject to certain conditions, including prior written approval from APRA):</p> <ul style="list-style-type: none"> <li>• on the Call Date (15 December 2018) – all or some PERLS VI; or</li> <li>• at any time – all PERLS VI:                             <ul style="list-style-type: none"> <li>– For tax reasons; or</li> <li>– For regulatory reasons</li> </ul> </li> </ul> <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 VI</p>	Appendix A Terms of PERLS VI Clause 5	77
<b>Early Redemption by CBA – for tax reasons</b>	<p>A tax reason arises when:</p> <ul style="list-style-type: none"> <li>• as a result of a change in, or amendment to, laws, or any change in their application or official or judicial interpretation or administration (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 fully frank Distributions; or</li> <li>• CBA receives an opinion from reputable legal counsel or other tax adviser 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 expected by CBA as at the Issue Date)</li> </ul>	Appendix A Terms of PERLS VI Clauses 5.2 and 5.3	77
<b>Early Redemption by CBA – for regulatory reasons</b>	<p>A regulatory reason arises when PERLS VI are not or will not be treated as Tier 1 Capital of the CBA Group under APRA's prudential standards (other than as a result of a change of treatment expected by CBA as at the Issue Date)</p>	Appendix A Terms of PERLS VI Clauses 5.4	78
<b>Resale on the Call Date</b>	<p>On the Call Date, CBA may elect that Resale occur in relation to PERLS VI. If Resale occurs, your PERLS VI will be purchased by a third party for a cash amount equal to their Face Value</p> <p>The third party will be one or more parties selected by CBA in its absolute discretion</p>	Appendix A Terms of PERLS VI Clause 6	78
<b>No early Exchange or Redemption rights for Holders</b>	<p>You do not have a right to request that your PERLS VI be Exchanged or Redeemed early for any reason</p> <p>To realise your investment, you can sell your PERLS VI on ASX at the prevailing market price</p>	Appendix A Terms of PERLS VI Clause 5.7	78

For personal use only

		Further information	Page
<b>2.2.4 How does Exchange work?</b>			
<b>Exchange Number</b>	<p>CBA will issue to the Holder the Exchange Number of Ordinary Shares for each PERLS VI held by that Holder</p> <p>The Exchange Number is calculated according to the following formula and is subject to the Exchange Number being no greater than the Maximum Exchange Number:</p> <p><b>Face Value</b> <b><math>0.99 \times \text{VWAP}</math></b></p> <p>Based on a Face Value of A\$100 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. However, if a Capital Trigger Event or Non-Viability Trigger Event occurs, then the amount used as the Face Value in this calculation will only be the 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 VI with a lesser remaining Face Value</p>	Appendix A Terms of PERLS VI Clauses 4.1, 4.2 and 7.1	75, 79

For personal use only

For personal use only

		Further information	Page
<b>Maximum Exchange Number</b>	<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, or 0.20 if Exchange is occurring at any other time (for example, if Exchange is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event). Prior to 1 January 2013, the Relevant Percentage is 0.50 in all situations</p> <p>The Issue Date VWAP is the relevant VWAP of Ordinary Shares immediately preceding (but not including) the Issue Date for PERLS VI</p> <p>For example, on a Mandatory Exchange Date, based on a Face Value of A\$100 and if the Issue Date VWAP was A\$53, the Maximum Exchange Number would be calculated as follows:</p> $\frac{100}{0.50 \times 53}$ <p><b>= 3.7736 Ordinary Shares per PERLS VI</b></p> <p>The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value which is less than the Face Value. To provide some protection for Holders against this occurring, CBA will normally not be required to Exchange PERLS VI unless the Mandatory Exchange Conditions are satisfied</p> <p>However, the Mandatory Exchange Conditions do not apply if a Capital Trigger Event or Non-Viability Trigger Event has occurred</p>	Appendix A Terms of PERLS VI Clause 7.1	79
<b>VWAP</b>	<p>VWAP means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant period, 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 PERLS VI definition of VWAP	89

		Further information	Page
<b>Mandatory Exchange Conditions</b>	<p>If the Mandatory Exchange Conditions<sup>3</sup> are not satisfied, Exchange will not occur and you will continue to hold your PERLS VI until the first Distribution Date thereafter on which the Mandatory Exchange Conditions are satisfied, at which time Exchange will occur</p> <p>The Mandatory Exchange Conditions<sup>4</sup> are:</p> <ul style="list-style-type: none"> <li>• <b>First Mandatory Exchange Condition:</b> 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. This takes the 1% discount for Exchange into account</li> <li>• <b>Second Mandatory Exchange Condition:</b> 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. This also takes the 1% discount for Exchange into account</li> <li>• <b>Third Mandatory Exchange Condition:</b> Ordinary Shares are listed or admitted to trading on ASX as at the Mandatory Exchange Date</li> </ul> <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>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> <p>The following diagram illustrates the timeframes that are relevant for the Mandatory Exchange Conditions, using the date of 15 December 2020 as a potential Mandatory Exchange Date. These dates are indicative only and may change</p>	Appendix A Terms of PERLS VI Clause 3.2	74



<sup>3</sup> If Exchange is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, the Mandatory Exchange Conditions do not apply

<sup>4</sup> If a Change of Control Event occurs, the Second and Third Mandatory Exchange Conditions apply with the modifications outlined in Clause 4.7(c) of the Terms

		Further information	Page
<b>How does Exchange work upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event?</b>	Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, CBA must immediately Exchange all or some PERLS VI (or a percentage of the Face Value of each PERLS VI). 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	Section 5.2.5 “A Capital Trigger Event or Non-Viability Trigger Event may occur”	47
	Any ASX trades in PERLS VI 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+3 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 VI have been Exchanged as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event  If the Exchange is not effective and CBA is not otherwise able to issue Ordinary Shares within five Business Days, then Holders’ rights under the relevant PERLS VI will be terminated. Your investment will lose its value 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 an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares	Appendix A Terms of PERLS VI Clauses 4.1, 4.2, 4.3, 4.5 and 4.6	75, 76
<b>How does Exchange work upon the occurrence of a Change of Control Event?</b>	Upon the occurrence of a Change of Control Event, CBA must Exchange all PERLS VI. The Second and Third Mandatory Exchange Conditions will apply	Appendix A Terms of PERLS VI Clause 4.7	76
<b>What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?</b>	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 Holder <sup>5</sup> , then CBA will issue the relevant number of Ordinary Shares to the Trustee who will hold the Ordinary Shares on trust for sale for your benefit <sup>6</sup> . At the first reasonable opportunity, the Trustee 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 or whether a sale can be achieved	Appendix A Terms of PERLS VI Clause 7.10	80

<sup>5</sup> CBA will treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it

<sup>6</sup> If, because the Holder is an Ineligible Holder, the Trustee is deemed to be an Ineligible Holder, then Ordinary Shares will be issued to the Trustee as soon as practicable after the Trustee 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 is not effective and CBA is not otherwise able to issue Ordinary Shares to the Trustee within five Business Days, then Holders’ rights under the relevant PERLS VI will be terminated

For personal use only

		Further information	Page
<b>2.2.5 How will PERLS VI rank in a winding up?</b>			
<b>No security</b>	PERLS VI are not secured by any assets of CBA or its subsidiaries	Appendix A Terms of PERLS VI Clause 1.1	72
<b>Ranking in a winding up of CBA</b>	<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, creditors preferred by law and secured creditors</p> <p>Your claim will rank equally with claims of other Holders and of holders of Equal Ranking Securities. This means your PERLS VI 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</p>	<p>Appendix A Terms of PERLS VI 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 2.2.4 “How does Exchange work?” and Section 5.2.5.3 “Consequences of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event”</p>	<p>72</p> <p>21, 47</p>

For personal use only

For personal use only

**Further information** **Page**

**Illustration of ranking in a winding up of CBA<sup>1</sup>**

		Existing CBA obligations/ securities <sup>1</sup>	Amount as at 30 June 2012
<b>Higher ranking</b>	Secured debt	• Covered bonds	A\$11.4bn
	Liabilities preferred by law	• Liabilities in Australia in relation to protected accounts • Other liabilities preferred by law including employee entitlements	See deposits below A\$2.4bn <sup>2</sup>
Senior Ranking Obligations		• Deposits (other than protected accounts)	A\$362.8bn <sup>3</sup>
		• Senior debt	A\$91.0bn
		• CommBank Retail Bonds	A\$0.6bn
		• General unsubordinated unsecured creditors	A\$184.2bn
Equal Ranking Securities		• Tier 2 Capital	A\$4.3bn
		• <b>PERLS VI<sup>4</sup></b>	<b>A\$750m with the ability to raise more or less</b>
		• PERLS V • Any preference shares or other subordinated unsecured debts <sup>5</sup>	A\$2.0bn A\$3.7bn
<b>Lower ranking</b>	Junior Ranking Securities	• Ordinary Shares	A\$25.5bn

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 Comprises tax liabilities and other provisions including employee entitlements  
 3 A substantial portion of customer deposits are held in protected accounts and rank as liabilities preferred by law  
 4 Ranking prior to Exchange  
 5 Excluding Junior Ranking Securities

Other than outlined above, CBA has not given any mortgage, charge or other security interest over its assets. However, in the ordinary course of its business and that of its subsidiaries, certain arrangements have been or may be entered into which are treated as creating a security interest for certain purposes

## Section 2

### Information About PERLS VI (continued)

		Further information	Page
<b>2.2.6 What else should I know about?</b>			
<b>No voting rights for Holders at shareholder meetings</b>	<p>You do not have a right to vote at meetings of shareholders of CBA</p> <p>You may vote at meetings for PERLS VI Holders in accordance with the Trust Deed</p>	Appendix A Terms of PERLS VI Clauses 1.8 and 12.2	72, 83
<b>Further issues of securities</b>	<p>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 VI, whether or not secured. A Holding of PERLS VI does not confer any right to participate in further issues of securities by CBA</p>	<p>Section 5.2.9 “CBA may raise more debt and issue other securities”</p> <p>Appendix A Terms of PERLS VI Clause 1.8</p>	<p>48</p> <p>72</p>
<b>Substitution</b>	<p>CBA may, without the consent of Holders but subject to APRA approval<sup>7</sup>, substitute any NOHC as the debtor under PERLS VI by giving notice to the Trustee, the Registry and ASX. Any substitution is subject to the NOHC expressly assuming CBA's obligations under the Terms and Trust Deed (including 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 VI nor does it give you a right to request Exchange of your PERLS VI</p> <p>Following substitution and prior to Exchange, you will continue to hold PERLS VI. 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 PERLS VI Clause 11	82
<b>ASX quotation</b>	<p>CBA will apply for quotation of PERLS VI on ASX. It is expected that PERLS VI will be quoted under code “CBAPC”</p>	Section 7.3 “Issue and Quotation of PERLS VI”	64

<sup>7</sup> Approval is at the discretion of APRA and may or may not be given

		Further information	Page
<b>Trustee and Trust Deed</b>	<p>CBA has elected to appoint a trustee in connection with PERLS VI. The Trustee is not appointed under a requirement in the Corporations Act (Chapter 2L) and the provisions of Chapter 2L do not apply</p> <p>The Trustee holds certain property and rights in relation to PERLS VI on trust for Holders under the Trust Deed. In certain circumstances, the Trustee will act on behalf of Holders</p> <p>The Trustee holds on trust for the Holders the right to enforce any obligations of CBA under the Terms and Trust Deed. The Trustee will be entitled to take any action against CBA to enforce any obligations of CBA, subject to the Terms and Trust Deed. The Trustee must take action to enforce the Terms and Trust Deed if it has been directed to do so by the required majority of Holders (or the Terms otherwise oblige it to act) and it is indemnified to its reasonable satisfaction and is not restricted or prohibited from taking such action by any court order or law</p> <p>Holders will not be entitled to take any action to enforce any obligations of CBA under the Terms or Trust Deed unless the Trustee fails to do so within a reasonable period after becoming required to take that action in accordance with the Trust Deed. If the Trustee continues to fail to act, a Holder may, in the name of the Trustee and subject to the Terms and Trust Deed, take the required action to the same extent as the Trustee would have been entitled to do so</p>	Section 6.2.1 “Trust Deed”	54
<b>Governing law</b>	New South Wales, Australia	Appendix A Terms of PERLS VI Clause 12.9	84

If you have any questions about PERLS VI or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS VI Information Line on 1800 250 297 (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



Commonwealth Bank Place has working spaces which facilitate activity-based working and is the largest example of activity-based working in the world

# Section 3

## Information about the Reinvestment Offer

- 3.1 What are the key differences between PERLS IV and PERLS VI?
- 3.2 What is the Reinvestment Offer and is it relevant to me?
- 3.3 If I am an Eligible PERLS IV Holder, what are my options?
- 3.4 Who is the On-Market Sale Broker and what does the On-Market Sale Broker do on the On-Market Buy-Back Date?
- 3.5 How will the final distribution on my PERLS IV be paid?
- 3.6 What are the tax consequences of the Reinvestment Offer for me?
- 3.7 What are the key differences between PERLS IV, PERLS VI and other securities issued by CBA?

The following provides information about the Reinvestment Offer for Eligible PERLS IV Holders. Detailed information about PERLS VI and CBA is provided in the following sections of this Prospectus and it is important that you read this Prospectus, the Terms, Trust Deed and Constitution in full before deciding to participate in the Reinvestment Offer and invest in PERLS VI.

If you have any questions about the Reinvestment Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the PERLS VI Information Line on 1800 250 297 (Monday to Friday 8.00am - 7.30pm, Sydney time) during the Offer Period.

### 3.1 What are the key differences between PERLS IV and PERLS VI?

There are differences between PERLS IV and PERLS VI. In particular, there are differences in relation to:

- the term of each security – the mandatory exchange date for PERLS IV is 31 October 2012 while the Mandatory Exchange Date for PERLS VI is 15 December 2020;
- the margin payable on each security;
- PERLS VI includes a Capital Trigger Event and a Non-Viability Trigger Event; and
- the key risks of each security – for further information about the key risks of PERLS VI, see Section 5 “Key Risks of PERLS VI”.

Other key differences between PERLS IV and PERLS VI are summarised in Section 3.7 “What are the key differences between PERLS IV, PERLS VI and other securities issued by CBA?”.

PERLS VI may not suit your investment objectives, financial situation or particular needs. If you have any questions about the differences between PERLS IV and PERLS VI, you should seek advice from your financial adviser or other professional adviser before deciding to invest in PERLS VI.

### 3.2 What is the Reinvestment Offer and is it relevant to me?

The Reinvestment Offer is an offer to Eligible PERLS IV Holders to sell all or some of their PERLS IV through the On-Market Buy-Back Facility for A\$200 per PERLS IV on the On-Market Buy-Back Date (12 October 2012) and to automatically reinvest the proceeds in PERLS VI.

The Reinvestment Offer is only relevant to investors who are registered holders of PERLS IV at 7.00pm on the Reinvestment Offer Record Date (7 September 2012) (such investors are “Eligible PERLS IV Holders”). If you have a registered address in Australia, you do not need to satisfy any further conditions. If you have a registered address outside Australia, you will also need to satisfy the

conditions outlined in the section entitled “Restrictions on foreign jurisdictions” on the inside front cover of this Prospectus.

If you hold PERLS III, PERLS V, CommBank Retail Bonds or Ordinary Shares but do not also hold PERLS IV, you are not eligible to apply for PERLS VI under the Reinvestment Offer. However, you may apply for PERLS VI under the Securityholder Offer.

### 3.3 If I am an Eligible PERLS IV Holder, what are my options?

You have two options:

#### Option 1 – Invest in PERLS VI by participating in the Reinvestment Offer

If you are an Eligible PERLS IV Holder, you can invest in PERLS VI through the Reinvestment Offer. To participate in the Reinvestment Offer, you must complete the personalised Reinvestment Form which is sent to you. If you did not receive a Reinvestment Form or would like a replacement Reinvestment Form, please call the PERLS VI Information Line on 1800 250 297 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

The benefits of participating in the Reinvestment Offer are:

- All or some of your PERLS IV (as you nominate on the Reinvestment Form) will be sold on your behalf through the On-Market Buy-Back Facility by the On-Market Sale Broker. The proceeds will be automatically applied for reinvestment in PERLS VI. If you choose this option, no brokerage or other expenses in relation to the On-Market Buy-Back Facility will be payable by you; and
- CBA will give priority in allocation of PERLS VI to Applications received under the Reinvestment Offer over Applications received under the Securityholder Offer, Customer Offer and General Offer.

For further information on the allocation policy for PERLS VI, see Section 7.2.4 “Allocation policy and refunds”.

The main risks of participating in the Reinvestment Offer are the risks related to investing in PERLS VI. For further information about the key risks of PERLS VI, see Section 5 “Key Risks of PERLS VI”.

You can also apply for additional PERLS VI through the Securityholder Offer by completing Section E of the Reinvestment Form. You will have to lodge your Application with accompanying Application Monies for any additional PERLS VI that you apply for.

For further information on how to apply under the Reinvestment Offer, see Section 7 “How to Apply”.

For personal use only

### Option 2 – Do not participate in the Reinvestment Offer

If you do not wish to participate in the Reinvestment Offer, you may sell your PERLS IV on ASX for cash through your own broker (and may have to pay brokerage) at the prevailing market price, which may be more or less than A\$200. The last day for trading in PERLS IV is expected to be 24 October 2012 after which trading will be suspended.

If you do not sell your PERLS IV on ASX then it is expected that, on 31 October 2012, the Resale Broker will purchase your PERLS IV for A\$200 per PERLS IV. The Resale Broker will pay the sale proceeds to you in the same way in which distributions on your PERLS IV have previously been paid to you. No brokerage will be payable by you.

CBA intends to later buy back any PERLS IV held by the Resale Broker.

### 3.4 Who is the On-Market Sale Broker and what does the On-Market Sale Broker do on the On-Market Buy-Back Date?

The On-Market Sale Broker is Commonwealth Securities Limited. The On-Market Sale Broker will act on behalf of Eligible PERLS IV Holders who choose to participate in the Reinvestment Offer.

On the On-Market Buy-Back Date (12 October 2012), the On-Market Sale Broker will offer for sale on ASX all PERLS IV participating in the Reinvestment Offer for A\$200 per PERLS IV or, in the unlikely event that there is a higher market price available on that day, that higher market price<sup>1</sup>. On that day, the On-Market Buying Broker (who is acting on behalf of CBA) will make offers on ASX to purchase all PERLS IV offered for sale at A\$200 per PERLS IV. The On-Market Buying Broker is Morgan Stanley Australia Securities Limited.

Following settlement of these trades on 17 October 2012, the On-Market Sale Broker will then reinvest the proceeds on your behalf in PERLS VI. For every PERLS IV you held, you will receive two PERLS VI (subject to scale back).

You may also sell your PERLS IV on ASX at any time before trading in PERLS IV is suspended.

The market price of PERLS IV is subject to change from time to time. You may be able to sell or dispose of your PERLS IV on ASX for a price which is higher or lower than the price you would receive through participating in the On-Market Buy-Back Facility<sup>1</sup>. Up to date information about the market price of PERLS IV can be obtained from [www.asx.com.au](http://www.asx.com.au) (ASX code: CBAPB).

### 3.5 How will the final distribution on my PERLS IV be paid?

If you have chosen Option 1, CBA will pay a distribution on your PERLS IV on 23 October 2012. This distribution will be calculated and paid up to and including 16 October 2012 and will be the final distribution you receive on PERLS IV. The Board has made an amendment to the terms of PERLS IV to enable a distribution to be paid on this date.

If you have chosen Option 2, then, unless you have sold your PERLS IV before the ex-date for this distribution, you will also receive a distribution on your PERLS IV on 23 October 2012 as outlined above. If you continue to hold your PERLS IV until 31 October, you will also receive a distribution on that date. This latter distribution will be calculated and paid up to and including 30 October 2012 and will be the final distribution you receive on PERLS IV.

These distributions will be paid to you in the same way in which distributions on your PERLS IV have previously been paid to you.

### 3.6 What are the tax consequences of the Reinvestment Offer for me?

Section 6.5 "Summary of Australian tax consequences for Eligible PERLS IV Holders who participate in the Reinvestment Offer" provides information about the tax consequences.

<sup>1</sup> CBA believes that it is unlikely that there will be a market price higher than A\$200 available on that day as all PERLS IV which do not participate in the Reinvestment Offer will be compulsorily acquired by the Resale Broker on 31 October 2012 for A\$200 per PERLS IV pursuant to the terms of PERLS IV. However, if any PERLS IV are sold for more than A\$200, any amount in excess of A\$200 will be allocated to participating Eligible PERLS IV Holders in proportion to the number of PERLS IV sold on their behalf. This excess (if any) will be paid to you in the same way in which distributions on your PERLS IV have previously been paid to you. Therefore the amount that you receive from the sale of your PERLS IV through the On-Market Buy-Back Facility (in the form of PERLS VI and possibly cash) may be more or less than the actual price received by the On-Market Sale Broker

### 3.7 What are the key differences between PERLS IV, PERLS VI and other securities issued by CBA?

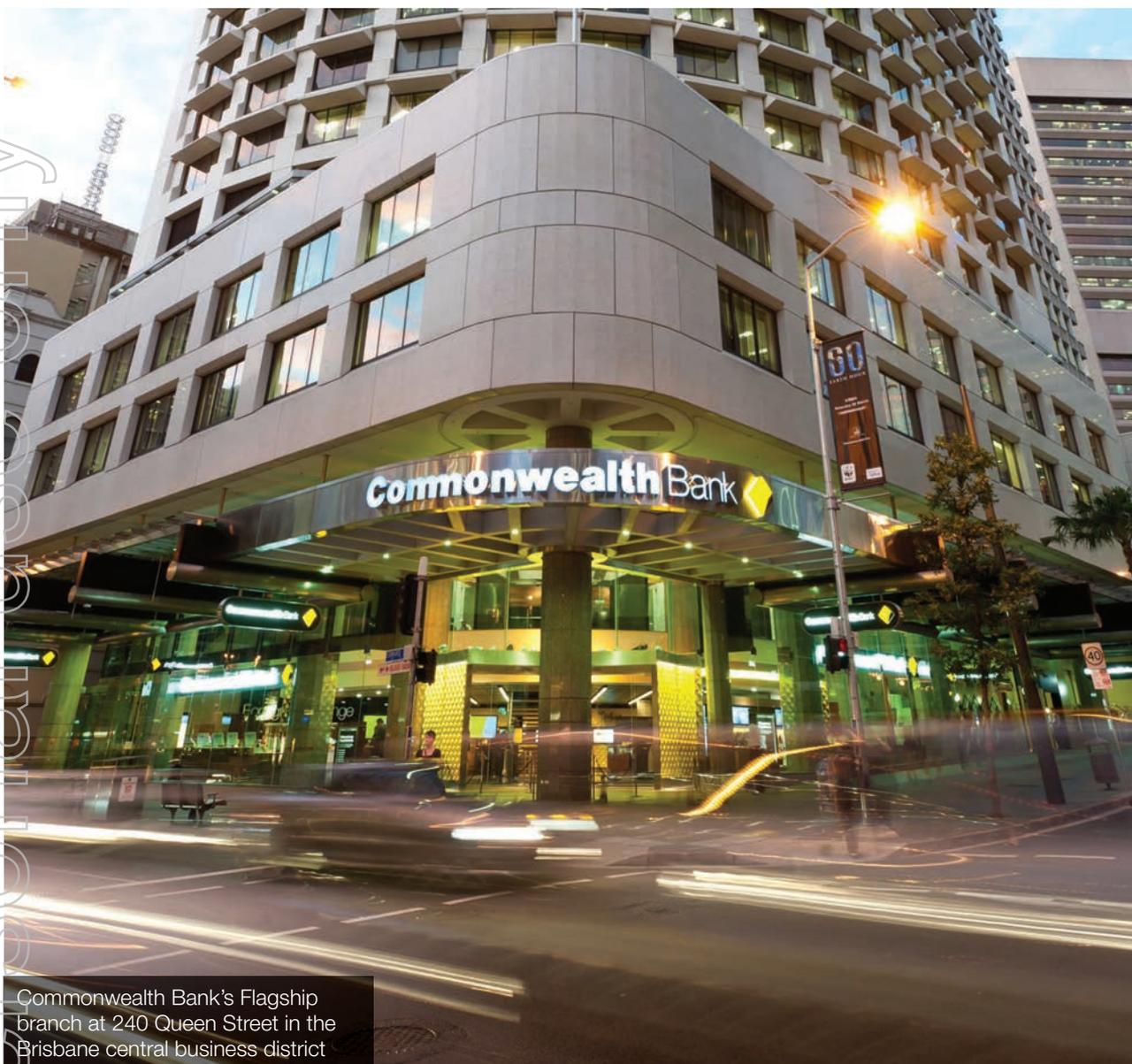
	PERLS IV	PERLS VI	Other securities issued by CBA	
			PERLS III	PERLS V
<b>Issuer</b>	CBA	CBA	Preferred Capital Limited, a subsidiary of CBA	CBA
<b>Legal form</b>	Stapled security	Perpetual note	Preference share	Stapled security
<b>Face value</b>	A\$200	A\$100	A\$200	A\$200
<b>ASX code</b>	CBAPB	CBAPC <sup>2</sup>	PCAPA	CBAPA
<b>Margin</b>	1.05% per annum	To be determined through the Bookbuild	1.05% per annum until the step-up date (6 April 2016) After the step-up date, the initial margin increases by 1.00% per annum	3.40% per annum
<b>Distributions</b>	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked	Floating rate, expected to be fully franked
<b>Distributable Profits payment condition</b>	Level 1 or Level 2	Level 1 or Level 2	Level 2	Level 1 or Level 2
<b>Exchange</b>	CBA must exchange for Ordinary Shares on 31 October 2012 if certain conditions are satisfied	CBA must Exchange on 15 December 2020 if the Mandatory Exchange Conditions are satisfied	CBA may choose to exchange for Ordinary Shares on 6 April 2016	CBA must exchange for Ordinary Shares on 31 October 2014 if certain conditions are satisfied
<b>CBA ordinary share price for first mandatory exchange condition</b>	\$33.05	56% of Issue Date VWAP (being approximately \$29.68 <sup>3</sup> )	N/A	\$28.28
<b>Capital Trigger Event</b>	No	Common Equity Tier 1 Capital Ratio equal to or less than 5.125%	Tier 1 Capital Ratio less than 5% Total Capital Ratio less than 8%	No
<b>Non-Viability Trigger Event</b>	No	Yes	No	No
<b>Ranking in a winding up</b>	Ranks equivalent to a preference share	Ranks equivalent to a preference share	Exchanges into Ordinary Shares	Ranks equivalent to a preference share

<sup>2</sup> CBA will apply for quotation of PERLS VI on ASX. It is expected that PERLS VI will be quoted under this code

<sup>3</sup> Assuming an Issue Date VWAP of \$53

For personal use only

For personal use only



Commonwealth Bank's Flagship branch at 240 Queen Street in the Brisbane central business district

# Section 4

## Information About CBA

- 4.1 Profile of CBA
- 4.2 Businesses of CBA
- 4.3 Business strategy of CBA
- 4.4 Directors of CBA
- 4.5 Management of the businesses of CBA
- 4.6 Corporate governance of CBA
- 4.7 Financial information about CBA

## 4.1 Profile of CBA

CBA is one of Australia's leading providers of integrated financial services including retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance, and investment and share broking products and services. CBA is one of the largest companies listed on ASX and had a market capitalisation of A\$89.2 billion as at 15 August 2012. CBA is an authorised deposit-taking institution regulated by APRA and other regulatory bodies.

The strategic vision of CBA is to be Australia's finest financial services organisation through excelling in customer service, and remaining focused on long-term value for CBA's customers, shareholders and people. The overarching priority for CBA is customer focus supported by four clear capabilities – technology, people, strength and productivity.

The CBA brand is one of the most recognised brands in the Australian financial services industry. Other award-winning brands within CBA include Colonial First State's wealth management business, Commonwealth Securities Limited's ("CommSec") online broking service, and Bankwest.

You should focus on the financial position of CBA when deciding to invest in PERLS VI. Investments in PERLS VI 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 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 and ASX can be obtained from, or inspected at, an ASIC office. They can also be obtained from [www.asx.com.au](http://www.asx.com.au).

## 4.2 Businesses of CBA

The principal businesses of CBA are carried out in the following business segments. The segments are based on the types of products and services provided to customers.

- **Retail Banking Services**

Retail Banking Services includes the origination of home loans, consumer finance and retail deposit products, and the sales and servicing of all retail bank customers. It also oversees CBA's marketing functions and online strategy and development.

- **Business and Private Banking**

Business and Private Banking provides specialised banking services to relationship managed business and agribusiness customers, private banking to high net worth individuals, and margin lending and trading through CommSec.

- **Institutional Banking and Markets**

Institutional Banking and Markets provides services to CBA's major corporate, institutional and government clients, including debt and equity capital raising, financial and commodities risk management, and transactional banking capabilities. Institutional Banking and Markets currently operates globally through physical presence in eight locations: London, Malta, Singapore, Hong Kong, Shanghai, Tokyo, New York and Auckland.

- **Wealth Management**

Wealth Management brings together CBA's global asset management, platform administration and financial advice, as well as the life and general insurance, businesses. These divisions include the well-known brands of Colonial First State Global Asset Management, Colonial First State and CommInsure.

- **New Zealand**

New Zealand includes banking, funds management and insurance businesses operating in New Zealand under the well-known brands of ASB and Sovereign.

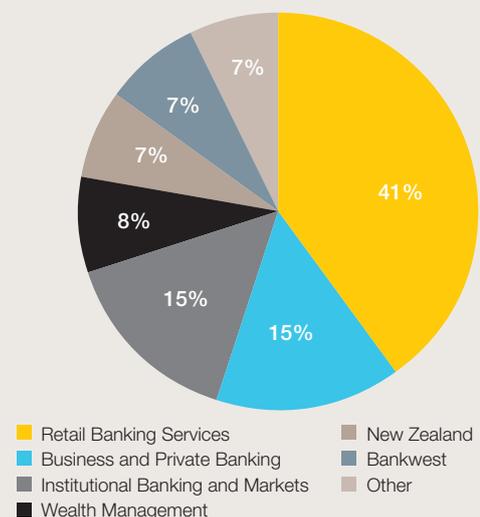
- **Bankwest**

Bankwest is a full service banking division active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products.

- **Other**

This segment primarily consists of the Asian retail and small-medium enterprise banking operations (China, Indonesia, India and Vietnam), investments in Chinese and Vietnamese retail banks, a joint venture Chinese life insurance business and life insurance operations in Indonesia. It does not include the Business and Private Banking, Institutional Banking and Markets, or Colonial First State Global Asset Management businesses in Asia.

### Business contribution to CBA's net profit after tax for the year ended 30 June 2012



For personal use only

### 4.3 Business strategy of CBA

CBA's strategy is built around strengthened capability delivering competitive advantage which enables domestic growth of CBA and underpins its growth outside Australia. The result of this strategy is the delivery of total shareholder return outperformance with industry-leading return on equity and stable dividend streams for shareholders. CBA has five key priorities in order to achieve these outcomes:

- **Customer Focus**

CBA's overarching priority is to continue to focus on its customers' financial goals to enhance their lives and businesses. It is CBA's focus to continue to provide its customers with an outstanding customer experience. CBA strives to be number one in customer service.

- **Technology**

CBA will continue to apply its world-class technology to meet evolving customer needs. This includes developing applications to leverage CBA's real-time capabilities, considering new ways for its customers to interact with CBA, using data and analytic insights to offer more value and better pricing, providing greater stability for customers, and continuing to use technology to enhance productivity.

- **People**

CBA has a vibrant, customer-focused and high integrity culture. CBA's people are central to CBA's success and CBA will continue to invest in people development, talent management and making CBA a place committed to diversity and safety.

- **Strength**

A strong and flexible balance sheet is important to ensuring that CBA can continue to support its customers and capitalise on opportunities. Sound financial and risk management has always been and will continue to be a major area of importance.

- **Productivity**

Productivity is about continuously simplifying the ways things are done to achieve better outcomes for CBA's customers and people. Productivity is something good businesses do at all times and is critical to their success. CBA will accelerate what has been done in the last couple of years, which is taking a process-by-process look at CBA, finding ways to improve turnaround times, reduce errors, and reduce unit cost.

Further information about CBA's strategy can be found in the Group Strategy Update presentation dated 19 April 2012 available from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au).

### 4.4 Directors of CBA

The Directors are:

- David Turner, Chairman
- Ian Narev, Managing Director and Chief Executive Officer
- Sir John Anderson

- Colin Galbraith
- Jane Hemstrich
- Launa Inman
- Carolyn Kay
- Brian Long
- Andrew Mohl
- Fergus Ryan
- Harrison Young

The roles and responsibilities of the Directors are set out in the Board Charter. A description of the Board Charter and further information on the Directors is available from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au).

### 4.5 Management of the businesses of CBA

The senior managers of the businesses of CBA include:

- Ian Narev, Managing Director and Chief Executive Officer, CBA
- Simon Blair, Group Executive International Financial Services
- Barbara Chapman, Managing Director and Chief Executive Officer, ASB
- David Cohen, General Counsel and Group Executive Group Corporate Affairs
- Matthew Comyn, Group Executive Retail Banking Services
- David Craig, Chief Financial Officer
- Michael Harte, Group Executive Enterprise Services, and Chief Information Officer
- Robert Jesudason, Group Executive, Group Strategic Development
- Melanie Laing, Group Executive Human Resources
- Grahame Petersen, Group Executive Business and Private Banking
- Ian Saines, Group Executive Institutional Banking and Markets
- Annabel Spring, Group Executive Wealth Management
- Alden Toevs, Group Chief Risk Officer

Further information about CBA's management is available from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au).

### 4.6 Corporate governance of CBA

The Board has consistently placed great importance on the governance of CBA and has adopted a comprehensive framework of corporate governance guidelines. The corporate governance guidelines and practices of CBA comply with the revised "Corporate Governance Principles and Recommendations" of the ASX Corporate Governance Council dated 30 June 2010.

Further information about CBA's corporate governance guidelines and practices can be found in the section entitled "Corporate Governance" in the Annual Report 2012 which is available from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au).

## 4.7 Financial information about CBA

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

CBA's consolidated income statements and balance sheets for the full years ended 30 June 2011 and 30 June 2012 are summarised in Sections 4.7.4 "Commonwealth Bank of Australia Consolidated Income Statement" and 4.7.5 "Commonwealth Bank of Australia Consolidated Balance Sheet".

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 prepared in accordance with the Corporations Act. In particular, the consolidated income statements and consolidated balance sheets have been extracted from the Annual Report 2012.

The Annual Report 2012 is available from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au).

### 4.7.1 Capital adequacy

#### 4.7.1.1 Capital generally

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

Under the principles known as "Basel I" and "Basel II", CBA is currently required to hold a certain level of regulatory capital against its risk-weighted assets in order

for such capital to absorb losses which CBA may incur from time to time and therefore protect depositors from realising such losses.

Common Equity Tier 1 Capital comprises ordinary share capital, retained earnings plus certain other items recognised as capital. The ratio of such capital to risk-weighted assets is called the Common Equity Tier 1 Capital Ratio.

Tier 1 Capital comprises Common Equity Tier 1 Capital plus certain securities (such as PERLS VI). The ratio of such capital to risk-weighted assets is called the Tier 1 Capital Ratio.

Tier 2 Capital comprises certain securities recognised as Tier 2 Capital.

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

The sum of Tier 1 Capital and Tier 2 Capital is called Total Capital. The ratio of Total Capital to risk-weighted assets is called the Total Capital Ratio.

Under Basel II, CBA is currently required to hold a minimum amount of Tier 1 Capital and Total Capital. Under Basel III, CBA will, from 1 January 2013, also be required to hold a minimum amount of Common Equity Tier 1 Capital (see Section 4.7.1.2 "Introduction of Basel III capital reforms"). CBA has generally held capital at levels above these minimums and intends to hold capital above these minimums in the future.

### CBA Level 2 Tier 1 Capital and Total Capital levels under Basel II

Year ended 30 June	Tier 1 Capital Ratio	Tier 1 Capital (A\$Bn)	Minimum Tier 1 Capital Ratio	Minimum Tier 1 Capital (A\$Bn)	Surplus above minimum Tier 1 Capital Ratio	Surplus Tier 1 Capital (A\$Bn)
2012	10.01%	30.3	4%	12.1	6.01%	18.2
2011	10.01%	28.2	4%	11.3	6.01%	16.9
2010	9.15%	26.6	4%	11.6	5.15%	15.0
2009	8.07%	23.3	4%	11.6	4.07%	11.7
2008	8.17%	16.8	4%	8.2	4.17%	8.6

Year ended 30 June	Total Capital Ratio	Total Capital (A\$Bn)	Minimum Total Capital Ratio	Minimum Total Capital (A\$Bn)	Surplus above minimum Total Capital Ratio	Surplus Total Capital (A\$Bn)
2012	10.98%	33.2	8%	24.2	2.98%	9.0
2011	11.70%	33.0	8%	22.5	3.70%	10.5
2010	11.49%	33.4	8%	23.3	3.49%	10.1
2009	10.42%	30.1	8%	23.1	2.42%	7.0
2008	11.58%	23.8	8%	16.4	3.58%	7.4

### 4.7.1.2 Introduction of Basel III capital reforms

In December 2010, the Basel Committee on Banking Supervision published a discussion paper on banking reforms to address issues which led to the Global Financial Crisis and to position banks for future crises. The objectives of the capital reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk. The major reforms are to be phased in from 1 January 2013 to 1 January 2019 and are known as “Basel III”.

In March 2012, APRA published a discussion paper and draft prudential standards relating to the implementation of the Basel III capital reforms in Australia. APRA proposes to adopt a more conservative approach than the minimum standards proposed by the Basel Committee on Banking Supervision and to adopt an accelerated timetable for implementation. It is expected that APRA will publish a final set of prudential standards by the end of 2012.

Under Basel III, CBA will be required to have a minimum Common Equity Tier 1 Capital Ratio, beginning with 4.5% on 1 January 2013 and increasing to 7% on 1 January 2016. CBA intends to hold capital above these minimums in the future.

#### 4.7.1.2.1 Capital Trigger Event

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

A Capital Trigger Event may occur if either or both the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio as calculated under APRA’s approach is equal to or less than 5.125% (see Section 5.2.4 “A Capital Trigger Event or Non-Viability Trigger Event may occur”). CBA has generally held Common Equity Tier 1 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 Common Equity Tier 1 Capital levels under Basel II and Basel III. In the past, CBA has not been required to calculate Common Equity Tier 1 Capital ratios at Level 1 but the relevant ratios would have been higher than the ratios at Level 2.

### CBA Level 2 Common Equity Tier 1 Capital levels under Basel II and Basel III (under APRA’s approach)

Year ended 30 June	Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital (A\$Bn)	Capital Trigger Event <sup>1</sup>	Capital Trigger Event (A\$Bn)	Surplus above Capital Trigger Event	Surplus Common Equity Tier 1 Capital (A\$Bn)
2012 (Basel III)	7.5%	N/A	5.125%	N/A	2.4%	N/A
2012 (Basel II)	7.82%	23.7	5.125%	15.5	2.69%	8.2
2011 (Basel II)	7.66%	21.6	5.125%	14.4	2.53%	7.2
2010 (Basel II)	6.86%	20.0	5.125%	14.9	1.73%	5.1

<sup>1</sup> The Capital Trigger Event was not applicable in prior periods. Calculations have been included to illustrate CBA’s historic capital ratios had it applied in prior periods.

### 4.7.1.3 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.

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 VI to satisfy its Tier 1 Capital requirements and provide flexibility for future growth.

CBA Group Treasury is responsible for day-to-day management of capital, including payment of dividends, in accordance with a capital policy approved by the Board and consistently with its Group Risk Appetite policy.

Further information about CBA’s approach to capital management can be found in the section entitled “Capital Management” in the Annual Report 2012 which is available from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au).

### 4.7.2 Funding and liquidity

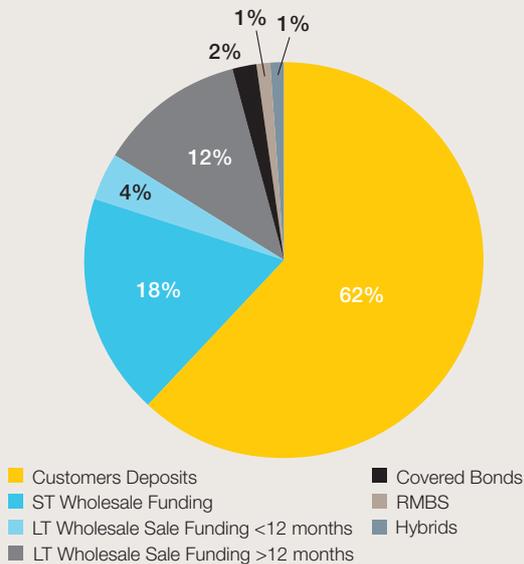
#### 4.7.2.1 Funding

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 is 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.

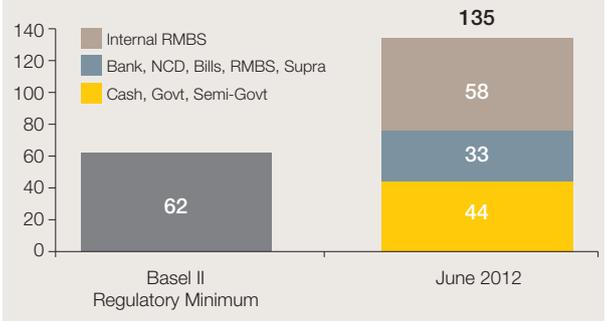
It also manages its wholesale debt maturities to ensure that it is able to repay or refinance its liabilities when they fall due.

CBA Group Treasury is responsible for day-to-day management of its funding in accordance with a Group Liquidity and Funding Policy approved by the Board.

### CBA's funding by type as at 30 June 2012



### CBA's liquid assets as at 30 June 2012 (A\$Bn)



#### 4.7.2.3 Introduction of Basel III funding and liquidity reforms

In December 2010, the Basel Committee on Banking Supervision published a discussion paper on banking reforms to address issues which led to the Global Financial Crisis and to position banks for future crises. The objective of the funding and liquidity reforms are to increase the amount of long-term funding held by banks and the amount and quality of liquid assets. The reforms are to be phased in from 1 January 2015 to 1 January 2018 and are known as "Basel III".

In November 2011, APRA published a discussion paper and draft prudential standards relating to the implementation of the Basel III funding and liquidity reforms in Australia. It is expected that APRA will publish a final set of prudential standards by the end of 2012.

Under the draft APRA prudential standards, CBA will be required to hold a minimum amount of long-term funding in accordance with a new net stable funding ratio. It will also be required to hold a minimum amount of liquid assets in accordance with a new liquidity coverage ratio. CBA intends to hold funding and liquidity above these minimums in the future.

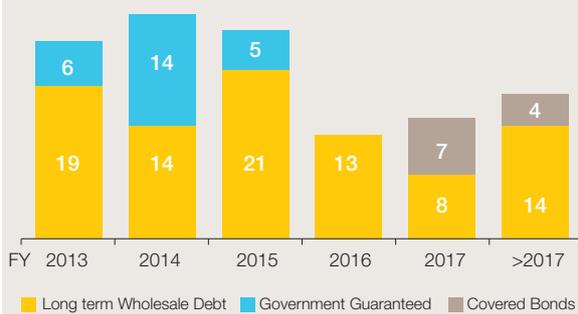
#### 4.7.3 Explanation of CBA's revenue model

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 businesses earn fees for funds management and advice services performed for customers.

The insurance businesses earn premiums in relation to life and general insurance provided to customers. Part of those premiums are invested in anticipation of future liabilities and therefore the revenue of these businesses also includes investment earnings.

### CBA's term maturity profile as at 30 June 2012 (A\$Bn)



#### 4.7.2.2 Liquidity

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

Under APRA's prudential standards, CBA is required to hold a minimum amount of liquid assets. CBA has generally held liquid assets at a level above this minimum and intends to hold liquid assets above this minimum in the future.

CBA Group Treasury is responsible for day-to-day management of the liquidity position in accordance with a Group Liquidity and Funding Policy approved by the Board.

For personal use only

**4.7.4 Commonwealth Bank of Australia**  
**Consolidated Income Statement**

	Full year to 30 June 2012 A\$M	Full year to 30 June 2011 A\$M
Interest Income	38,258	37,477
Interest expense	(25,136)	(24,883)
Net interest income	13,122	12,594
Other banking income	4,089	3,643
<b>Net banking operating income</b>	<b>17,211</b>	<b>16,237</b>
Funds management income	1,959	1,996
Investment revenue	226	854
Claims and policyholder liability expense	(245)	(808)
<b>Net funds management operating income</b>	<b>1,940</b>	<b>2,042</b>
Premiums from insurance contracts	2,114	1,884
Investment revenue	547	547
Claims and policyholder liability expense from insurance contracts	(1,428)	(1,313)
<b>Net insurance operating income</b>	<b>1,233</b>	<b>1,118</b>
<b>Total net operating income before impairment and operating expenses</b>	<b>20,384</b>	<b>19,397</b>
Impairment expense	(1,089)	(1,280)
Operating expenses	(9,331)	(9,060)
<b>Net profit before income tax</b>	<b>9,964</b>	<b>9,057</b>
Corporate tax expense	(2,736)	(2,481)
Policyholder tax expense	(122)	(166)
<b>Net profit after income tax</b>	<b>7,106</b>	<b>6,410</b>
Non-controlling interests	(16)	(16)
<b>Net profit attributable to equity holders of CBA</b>	<b>7,090</b>	<b>6,394</b>

#### 4.7.5 Commonwealth Bank of Australia Consolidated Balance Sheet

	As at 30 June 2012 A\$M	As at 30 June 2011 A\$M
<b>Assets</b>		
Cash and liquid assets	19,666	13,241
Receivables due from other financial institutions	10,886	10,393
Assets at fair value through income statement		
– Trading	13,816	20,469
– Insurance	14,525	14,998
– Other	980	824
Derivative assets	38,937	30,317
Available-for-sale investments	60,827	45,171
Loans, bills discounted and other receivables	525,682	500,057
Bank acceptances of customers	9,717	10,734
Property, plant and equipment	2,503	2,366
Investment in associates	1,898	1,712
Intangible assets	10,281	9,603
Deferred tax assets	980	1,300
Other assets	7,517	6,681
Assets held for sale	14	33
<b>Total assets</b>	<b>718,229</b>	<b>667,899</b>
<b>Liabilities</b>		
Deposits and other public borrowings	437,655	401,147
Payables due to other financial institutions	22,126	15,899
Liabilities at fair value through Income Statement	6,555	10,491
Derivative liabilities	39,221	33,976
Bank acceptances	9,717	10,734
Current tax liabilities	1,537	1,222
Deferred tax liabilities	338	301
Other provisions	1,224	1,277
Insurance policy liabilities	12,994	13,652
Debt issues	124,712	118,652
Managed funds units on issue	995	1,048
Bills payable and other liabilities	9,561	10,652
Loan capital	10,022	11,561
<b>Total liabilities</b>	<b>676,657</b>	<b>630,612</b>
<b>Net assets</b>	<b>41,572</b>	<b>37,287</b>
<b>Shareholders' equity</b>		
Share capital		
– Ordinary share capital	25,175	23,602
– Other equity instruments	939	939
Reserves	1,571	392
Retained profits	13,356	11,826
<b>Shareholders' equity attributable to equity holders of CBA</b>	<b>41,041</b>	<b>36,759</b>
Non-controlling interests	531	528
<b>Total shareholders' equity</b>	<b>41,572</b>	<b>37,287</b>

For personal use only

### 4.7.6 Relevant financial ratios

CBA believes that its strong position in the financial services industry provides a high degree of stability in relation to its profitability and cashflow.

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 following ratios which may provide assistance:

- **Expense to income ratio**

The expense to income ratio represents CBA's operating expenses as a percentage of total operating income. Generally, a lower expense to income ratio indicates that more total operating income may be available to pay Distributions and the Face Value.

As at 30 June 2012, CBA's expense to income ratio was 46.0%. This means that, for every A\$1 of operating income it earned, it had operating expenses of A\$0.46.

If the expense to income ratio is too high, it may indicate that there may be a risk that CBA may not be able to repay the Face Value unless it is able to refinance PERLS VI.

- **Capital ratios**

The Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio represent the amount of regulatory capital CBA holds against its risk-weighted assets. Such capital absorbs losses which CBA may incur from time to time and protects depositors from realising such losses. Generally, higher capital ratios indicate CBA's financial strength which is critical to CBA's ability to refinance its debt, including PERLS VI in the future.

As at 30 June 2012, CBA's Common Equity Tier 1 Capital Ratio was 7.82%, its Tier 1 Capital Ratio was 10.01% and its Total Capital Ratio was 10.98% (all calculated under Basel II). Using the Common Equity Tier 1 Capital Ratio as an example, this means that, for every A\$1 of risk-weighted assets it had, it held A\$0.078 of capital in the form of Common Equity Tier 1 Capital.

If the capital ratios are too low, it may indicate that CBA may not be able to Redeem PERLS VI in the future.

A Capital Trigger Event may occur if the Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% (see Section 5.2.5 "A Capital Trigger Event or Non-Viability Trigger Event may occur"). CBA has generally held Common Equity Tier 1 Capital at levels above 5.125% and intends to hold capital above this level in the future.

For further information about CBA's capital ratios, see Section 4.7.1 "Capital adequacy".

- **Net stable funding ratio and liquidity coverage ratio**

If the Basel III reforms in relation to funding and liquidity are fully implemented in Australia, CBA will, in the future, calculate a net stable funding ratio and liquidity coverage ratio. However, these ratios are not currently available.

#### Relevant financial ratios as at 30 June 2012

	As at 30 June 2012	As at 30 June 2011
Expense to income ratio <sup>1</sup>	46.0%	45.5%
Common Equity Tier 1 Capital Ratio (Basel III)	7.5%	N/A
Common Equity Tier 1 Capital Ratio (Basel II)	7.82%	7.66%
Tier 1 Capital Ratio (Basel II)	10.01%	10.01%
Total Capital Ratio (Basel II)	10.98%	11.70%

<sup>1</sup> Calculated using a net profit after tax ("cash basis") approach

### 4.7.7 Impact of the Offer on CBA

The net proceeds of the Offer will be used, to the extent necessary, to refinance PERLS IV and otherwise to fund CBA's business. The Offer will not have a material impact on CBA's cashflow.

The following pro forma adjustments show the changes that would be made to CBA's consolidated balance sheet for the period ended 30 June 2012 assuming the Offer was completed, A\$1.465 billion of PERLS IV were bought back, A\$750 million of PERLS VI were issued and issue costs of A\$17 million were incurred, on 30 June 2012. CBA has the ability to raise more or less than A\$750 million of PERLS VI.

**Commonwealth Bank of Australia**  
**Consolidated pro forma Balance Sheet as at 30 June 2012**

	As reported A\$M	Pro forma adjustment A\$M	Pro forma A\$M
<b>Assets</b>			
Cash and liquid assets	19,666	(732)	18,934
Receivables due from other financial institutions	10,886		10,886
Assets at fair value through income statement			
– Trading	13,816		13,816
– Insurance	14,525		14,525
– Other	980		980
Derivative assets	38,937		38,937
Available-for-sale investments	60,827		60,827
Loans, bills discounted and other receivables	525,682		525,682
Bank acceptances of customers	9,717		9,717
Property, plant and equipment	2,503		2,503
Investment in associates	1,898		1,898
Intangible assets	10,281		10,281
Deferred tax assets	980		980
Other assets	7,517		7,517
Assets held for sale	14		14
<b>Total assets</b>	<b>718,229</b>	<b>(732)</b>	<b>717,497</b>
<b>Liabilities</b>			
Deposits and other public borrowings	437,655		437,655
Payables due to other financial institutions	22,126		22,126
Liabilities at fair value through Income Statement	6,555		6,555
Derivative liabilities	39,221		39,221
Bank acceptances	9,717		9,717
Current tax liabilities	1,537		1,537
Deferred tax liabilities	338		338
Other provisions	1,224		1,224
Insurance policy liabilities	12,994		12,994
Debt issues	124,712		124,712
Managed funds units on issue	995		995
Bills payable and other liabilities	9,561		9,561
Loan capital	10,022	(732)	9,290
<b>Total liabilities</b>	<b>676,657</b>	<b>(732)</b>	<b>675,925</b>
<b>Net assets</b>	<b>41,572</b>		<b>41,572</b>
<b>Shareholders' equity</b>			
Share capital			
– Ordinary share capital	25,175		25,175
– Other equity instruments	939		939
Reserves	1,571		1,571
Retained profits	13,356		13,356
<b>Shareholders' equity attributable to equity holders of CBA</b>	<b>41,041</b>		<b>41,041</b>
Non-controlling interests	531		531
<b>Total shareholders' equity</b>	<b>41,572</b>		<b>41,572</b>

The following pro forma adjustments show the changes that would be made to relevant financial ratios as at 30 June 2012 assuming the Offer was completed, A\$1.465 billion of PERLS IV were bought back, A\$750 million of PERLS VI were issued and issue costs of A\$17 million were incurred, on 30 June 2012.

### Pro forma relevant financial ratios as at 30 June 2012

	As reported	Pro forma adjustment	Pro forma
Expense to income ratio <sup>1</sup>	46.0%	–	46.0%
Common Equity Tier 1 Capital Ratio (Basel III)	7.5%	–	7.5%
Common Equity Tier 1 Capital Ratio (Basel II)	7.82%	–	7.82%
Tier 1 Capital Ratio (Basel II)	10.01%	(0.24)%	9.77%
Total Capital Ratio (Basel II)	10.98%	(0.24)%	10.74%

<sup>1</sup> There is no change to the expense to income ratio because all costs are capitalised and amortised over time

This page has been left blank intentionally.

For personal use only

For personal use only



The Brisbane Flagship branch incorporates technology to integrate all banking solutions including NetBank kiosks and foreign exchange ATMs

# Section 5

## Key Risks of PERLS VI

- 5.1 Introduction
- 5.2 Risks associated with PERLS VI specifically
- 5.3 Risks associated with CBA's businesses which may affect PERLS VI

## 5.1 Introduction

There are two types of risks which could affect the performance of PERLS VI:

- risks associated with PERLS VI specifically; and
- risks associated with CBA's businesses which may affect PERLS VI.

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

The risks outlined in this section are not exhaustive and there may be other risks which may affect the performance of PERLS VI.

## 5.2 Risks associated with PERLS VI specifically

### 5.2.1 Investments in PERLS VI are not deposit liabilities or protected accounts under the Banking Act

Investments in PERLS VI 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. Therefore, PERLS VI are not guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

### 5.2.2 Holders of PERLS VI 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 VI 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 VI, there is a risk that you may lose some or all of the money you invested in PERLS VI.

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

### 5.2.3 CBA may not pay Distributions

Payment of a Distribution is subject to:

- CBA, in its absolute discretion, making the Distribution;
- CBA having sufficient Distributable Profits (unless APRA otherwise agrees in writing);

- Payment not resulting in a breach of CBA's capital requirements under APRA's prudential standards;
- Payment not resulting in CBA becoming insolvent; or
- APRA not otherwise objecting to the payment.

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. However, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date (or PERLS VI are Exchanged or Redeemed), CBA cannot (subject to certain exceptions):

- declare, determine or pay a dividend or distribution 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, unless the amount of any unpaid Distribution is paid in full within five Business Days of the Distribution Payment Date.

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 these other securities. If this occurs, the dividend and capital restrictions outlined above will apply.

### 5.2.4 PERLS VI may be Exchanged for Ordinary Shares on the Mandatory Exchange Date or if certain events occur

#### 5.2.4.1 Consequences of the application of the Maximum Exchange Number

PERLS VI must be Exchanged on the Mandatory Exchange Date (unless Redeemed earlier), or upon the occurrence of a Capital Trigger Event, Non-Viability Trigger Event or Change of Control Event.

Normally, you will receive a variable number of Ordinary Shares with a value equal to A\$101.01 (based on the Face Value (initially A\$100) and the VWAP of Ordinary Shares with the benefit of a 1% discount). However, you will not receive more than the Maximum Exchange Number (which is calculated using a VWAP equal to the Relevant Percentage of the Issue Date VWAP). The Relevant Percentage is 50% if Exchange is occurring on a Mandatory Exchange Date, or 20% if Exchange is occurring at any other time (for example, if Exchange is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event). Prior to 1 January 2013, the Relevant Percentage is 50% in all situations.

The Maximum Exchange Number may limit you to receiving a number of Ordinary Shares with a value which is less than the Face Value. To provide some protection for Holders against this occurring, CBA will normally not be required to Exchange PERLS VI unless the Mandatory Exchange Conditions are satisfied. However, the Mandatory Exchange Conditions do not apply if a Capital

For personal use only

Trigger Event or Non-Viability Trigger Event has occurred. Therefore, if a Capital Trigger Event or Non-Viability Trigger Event occurs, there is a risk that you will receive a number of Ordinary Shares with a value which is less than the Face Value (although the Maximum Exchange Number will be greater because the Relevant Percentage is only 20%).

To realise the value of the Ordinary Shares, you can sell them on ASX at the prevailing market price. However, depending on the time you decide to sell and market conditions at that time, it is possible that a sale may not be possible or that your sale proceeds may be less than the Face Value.

### 5.2.4.2 Consequences of holding Ordinary Shares

Ordinary Shares are a different type of investment to PERLS VI. Dividends 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, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of CBA.

Ordinary Shares trade at a market price which is more similar to equity than a fixed income investment. The market price may be more sensitive than that of PERLS VI to changes in CBA's performance, operational issues and other business issues.

## 5.2.5 A Capital Trigger Event or Non-Viability Trigger Event may occur

### 5.2.5.1 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 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%.

The Common Equity Tier 1 Capital Ratio is the ratio of CBA's Common Equity Tier 1 Capital to its risk-weighted assets, where Common Equity Tier 1 Capital is the strongest form of capital held by CBA.

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

- Exchange of all or some PERLS VI (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.

If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS VI (or a percentage of the Face Value of each PERLS VI) as specified by APRA or necessary to satisfy APRA that CBA will no longer be non-viable.

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

It should be noted that whether a Non-Viability Trigger Event will occur is at the discretion of APRA and there are currently no precedents for this. 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 when APRA has a concern about a bank's funding and liquidity levels.

In Section 5.3 "Risks associated with CBA's businesses which may affect PERLS VI", 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, CBA believes this may be the type of situation in which APRA may become concerned and notify CBA that it has become non-viable. It should be noted that these are examples. The risks outlined in Section 5.3 are not exhaustive and there may be other risks which affect the performance of CBA.

### 5.2.5.3 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 certain capital securities is a new requirement under APRA's prudential standards.

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 advance 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 VI (or a percentage of the Face Value of each PERLS VI). 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. Any ASX trades in PERLS VI 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+3 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 VI 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 other public sector support, APRA may require the full Face Value of PERLS VI to 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 5.2.4 “PERLS VI may be Exchanged for Ordinary Shares on the Mandatory Exchange Date or if certain events occur”.

If the Exchange is not effective and CBA is not otherwise able to issue Ordinary Shares within five Business Days, then Holders’ rights under the relevant PERLS VI will be terminated. Your investment will lose its value 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 an applicable law or order of any court, or action of any government authority, from issuing Ordinary Shares.

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

CBA conservatively but proactively manages its capital, funding and liquidity positions to avoid experiencing financial difficulty. As at 30 June 2012, CBA’s Level 2 Common Equity Tier 1 Capital Ratio was 7.82%, which, under Basel II, equates to a surplus of approximately A\$8.2 billion above the Capital Trigger Event level of 5.125%<sup>1</sup>.

For further information about CBA’s capital, funding and liquidity positions, how they are managed and the CBA Level 2 Common Equity Tier 1 Capital Ratio surplus above the level of 5.125%, see Section 4.7.1 “Capital adequacy” and Section 4.7.2 “Funding and liquidity”. However, there are a number of risks which are wholly or partly outside CBA’s control as discussed in Section 5.3 below.

#### 5.2.6 PERLS VI may not be Exchanged on the scheduled Mandatory Exchange Date

PERLS VI may not be Exchanged on the scheduled Mandatory Exchange Date because the Mandatory Exchange Conditions (which provide some protection for Holders against a lower price for Ordinary Shares than the Issue Date VWAP) are not satisfied. This means that you will continue to hold your PERLS VI and be entitled to receive Distributions. PERLS VI are a perpetual security and it is possible that the Mandatory Exchange Conditions may never be satisfied and that PERLS VI may never be Exchanged.

To realise your investment, you can sell your PERLS VI on ASX at the prevailing market price. However, depending on market conditions at the time, PERLS VI may be

trading at a market price below the Face Value and/or the market for PERLS VI may not be liquid.

#### 5.2.7 CBA may Redeem PERLS VI if certain events occur

CBA has the right to Redeem PERLS VI or choose that Resale occur on the Call Date, or at any time for tax reasons or regulatory reasons.

Depending on market conditions at the time, you may not be able to reinvest the amount you receive on Redemption or Resale at a similar rate of return to the rate of return you expected on your PERLS VI if you had continued to hold them. In addition, the timing or occurrence of the Redemption or Resale may not coincide with your individual preferences.

#### 5.2.8 Holders do not have a right to request that their PERLS VI be Exchanged or Redeemed early

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

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

#### 5.2.9 CBA may raise more debt and issue other securities

CBA has the right in its absolute discretion to issue additional Senior Ranking Obligations or Equal Ranking Securities which may rank ahead of or equally with PERLS VI, whether or not secured. Any issue of other securities may affect your ability to recover Distributions or Face Value due to you on a winding up.

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 VI 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 VI.

#### 5.2.10 The Distribution Rate will fluctuate

The Distribution Rate is a floating rate, based on the Market Rate plus the fixed Margin. The Market Rate will fluctuate and therefore the Distribution Rate will fluctuate. Over the term of PERLS VI, the Distribution Rate may be higher or lower than the initial Distribution Rate on the Issue Date.

If the Distribution Rate decreases, there is a risk that the return on PERLS VI may become less attractive compared to returns on investments which carry fixed interest rates.

<sup>1</sup> In the past, CBA has not been required to calculate Common Equity Tier 1 Ratios at Level 1 but the relevant ratios would have been higher than the ratios at Level 2. See Section 4.7.1 “Capital adequacy”

For personal use only

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

### 5.2.11 The market price of PERLS VI will fluctuate

CBA will apply for quotation of PERLS VI on ASX. The market price of PERLS VI 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;
- the performance or financial position of CBA;
- 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 hostilities and tensions, and acts of terrorism.

PERLS VI 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 VI 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 VI.

### 5.2.12 The liquidity of PERLS VI may be low

The market for PERLS VI may not be liquid and may be less liquid than that of equity.

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

### 5.2.13 Holders may be subject to FATCA withholding and information reporting

In order to comply with FATCA, it is possible that CBA (or, if PERLS VI are held through another financial institution, such 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 VI, which information may in turn be provided to the IRS. CBA may also be required to withhold US tax on some portion of payments in relation to PERLS VI made after 31 December 2016 if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the IRS (and are not otherwise required to comply with the FATCA regime under applicable laws or are otherwise exempt from complying with the requirements to enter into a FATCA agreement with the IRS).

If CBA or any other person is required to withhold amounts under or in connection with FATCA from any payments made in relation to PERLS VI, Holders and beneficial owners of PERLS VI 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 as at the date of this Prospectus, including recently issued proposed regulations. Future guidance may affect the application of FATCA to CBA, Holders or beneficial owners of PERLS VI.

### 5.2.14 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 – if the amendment is of a formal, technical or minor nature; to correct an error; to give effect to the listing; where there is no material prejudice; or to enable the substitution of a NOHC as the debtor of PERLS VI; and
- with the consent of Holders – by a Special Resolution being passed.

In both cases, the Terms of all PERLS VI will be amended. However, 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.

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

### 5.2.15 CBA may substitute a NOHC as the debtor

CBA may substitute for itself a NOHC as the debtor in respect of PERLS VI. This means that you would no longer have rights against CBA.

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

## 5.3 Risks associated with CBA's businesses which may affect PERLS VI

### 5.3.1 CBA may be adversely affected by disruption to global markets

Global equity and debt markets, particularly in the United States and Europe, have experienced extreme volatility and disruption for more than four years. This has resulted in volatility in interest rates, credit margins, inflation rates and foreign exchange rates, and markets have generally been less liquid.

As a diversified financial institution, CBA may be affected in a number of ways. CBA's ability to maintain its liquidity, which is critical to its solvency, may be affected. CBA's businesses also operate in, or depend on the operation of, these markets, either directly or indirectly, including through exposures in securities, loans, derivatives and

other activities (including risk management activities). CBA's insurance and wealth management businesses invest their assets in the financial markets. In addition, disruption in the financial markets has flowed into the real economy, slowing or contracting major global economies, and adversely affecting CBA's opportunities for business growth.

CBA's ability to raise capital and funding at an acceptable price, or at all, may be affected. This may adversely affect its costs, performance, financial position and financial flexibility. It may affect its ability to repay debt and access capital and funding for growth.

CBA monitors economic, market, industry and company specific developments. However, it is difficult to predict how long these conditions will persist and which economies, markets, industries and companies will be affected.

### 5.3.2 CBA may be adversely affected by a downturn in the Australian economy

A significant proportion of CBA's business is related to Australia. A material downturn in the Australian economy may increase unemployment, increase loan defaults, decrease house prices, decrease the value of security held and adversely affect CBA's opportunities for business growth. Different parts of the economy may be affected at different times.

CBA monitors market, industry and company specific developments which may affect the Australian economy and adjusts its businesses to reflect current and expected conditions. However, it is difficult to predict every development that may affect the Australian economy, particularly international developments.

### 5.3.3 CBA may incur losses associated with counterparty exposures

CBA enters into transactions with a number of counterparties. These counterparties may default on their obligations to CBA due to insolvency, illiquid markets, foreign exchange controls, operational failure or other reasons. This may cause CBA to incur losses.

CBA monitors economic, market, industry and company specific developments which may affect those counterparties and adjusts its exposures to those counterparties as necessary. However, it is not possible to predict every development that may affect a counterparty.

### 5.3.4 CBA may be adversely affected by changes in its credit ratings

CBA's ability to raise capital and funding, and other aspects of its performance, may be affected if it fails to maintain its credit ratings. Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which they assign credit ratings. Such changes could adversely affect the market price, liquidity and performance of PERLS VI or Ordinary Shares received on Exchange.

### 5.3.5 CBA is subject to extensive regulation which may adversely affect its performance or financial position

CBA and its businesses are subject to extensive regulation by Australian regulators and regulators in other jurisdictions in which CBA conducts business, particularly relating to capital levels, liquidity levels, provisioning, and insurance policy terms and conditions. The Basel Committee on Banking Supervision and APRA are currently reviewing the levels of capital and liquidity that they require banks to hold. In addition, APRA is also reviewing the application of capital standards to general and life insurers and to conglomerate groups which hold banking, insurance and wealth management businesses (such as CBA).

APRA has very wide powers under the Banking Act, including in limited circumstances to direct banks, including CBA, not to make payments.

CBA's businesses and performance are also affected by the fiscal or other policies (including taxation) that are adopted by the Australian government and governments in other jurisdictions in which CBA conducts business.

Any change in regulation or policy may adversely affect the performance or financial position of CBA, either on a short-term or long-term basis. CBA may also be adversely affected by the pace or extent of such change.

### 5.3.6 CBA is subject to operational risks and may incur losses

CBA's businesses are highly dependent on their ability to process and monitor a very large number of transactions, many of which are complex, across numerous and diverse markets and in many currencies, on a daily basis. CBA's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partly outside CBA's control. This may cause CBA to incur losses.

In addition, CBA is exposed to the risk of loss resulting from product complexity and pricing risk; client suitability and servicing risk; incorrect evaluating, recording or accounting for transactions; human error; breaches of CBA's internal policies and regulations; breaches of security; theft and fraud; and improper business practices.

CBA employs a range of risk monitoring and risk mitigation techniques. However, those techniques and the judgments that accompany their use cannot anticipate every risk and outcome or the timing of such outcome.

For personal use only

### **5.3.7 CBA is subject to intense competition which may adversely affect its performance**

CBA faces intense competition in all of its businesses and jurisdictions in which it conducts business. This may affect profit margins, make businesses unsustainable, result in loss of key personnel, and adversely affect its performance and opportunities for growth.

### **5.3.8 CBA may be adversely affected by harm to its reputation**

CBA manages risks relating to legal and regulatory requirements, sales and trading practices, potential conflicts of interest, money laundering laws, foreign exchange controls, trade sanctions laws, privacy laws, ethical issues and conduct by companies in which CBA holds strategic investments, which may cause harm to its reputation amongst customers and investors.

In addition, failure to appropriately manage some of these risks could subject CBA to litigation, legal and regulatory enforcement actions, fines and penalties.

### **5.3.9 Acquisitions of other businesses by CBA may adversely affect its performance and financial position**

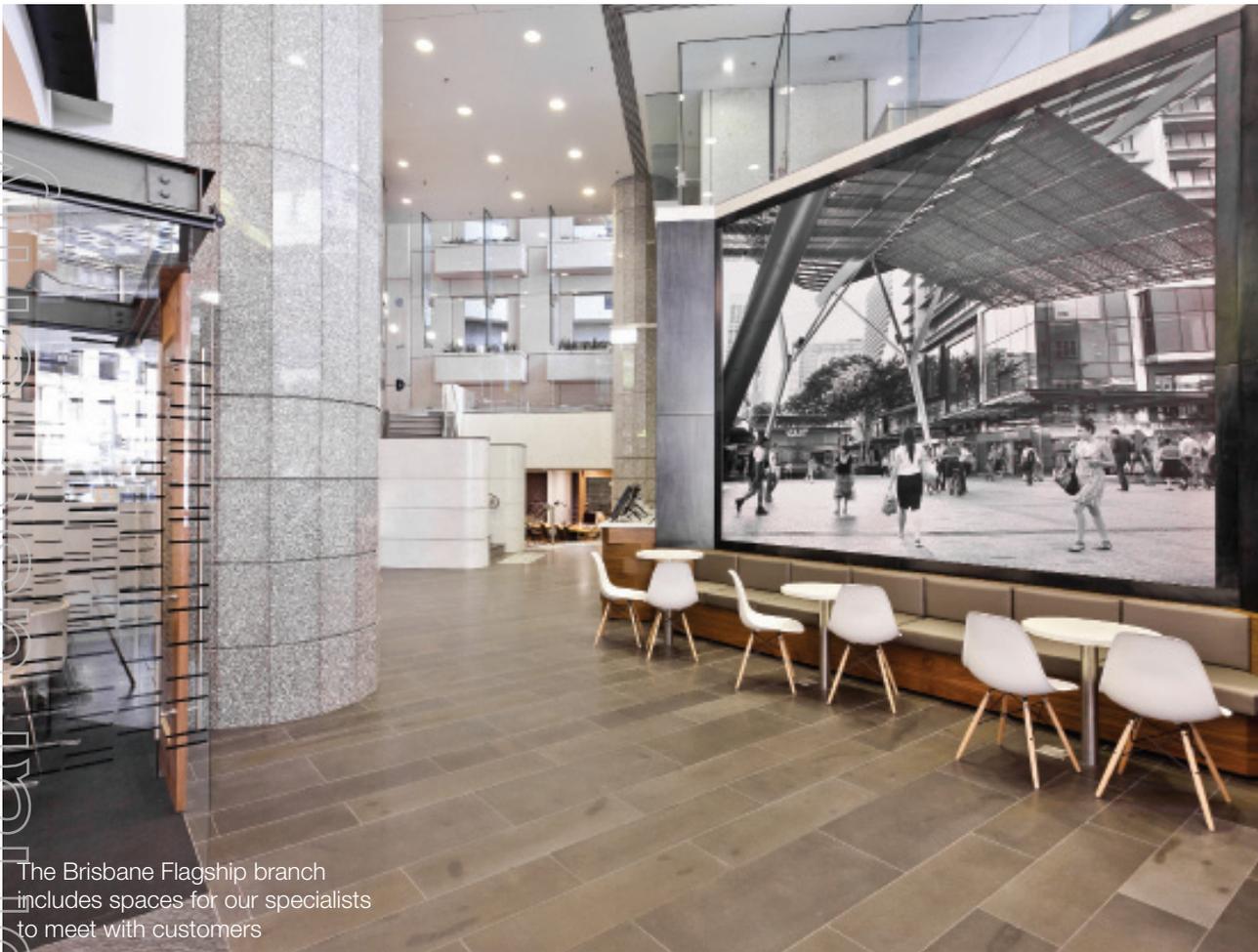
From time to time, CBA evaluates and undertakes acquisitions of other businesses. There is a risk that CBA may not achieve expected synergies from the acquisition as a result of difficulties in integrating systems and processes, not achieve expected cost savings or otherwise incur losses. This may adversely affect its performance and financial position.

In addition, there is a risk that CBA may experience disruptions to its existing businesses resulting from difficulties in integrating the systems and processes of the acquired business, and may lose customers and market share. Multiple acquisitions at the same time may exacerbate these risks.

CBA employs a range of acquisition evaluation, risk monitoring and risk mitigation techniques. However, those techniques and the judgments that accompany their use cannot anticipate every risk and outcome or the timing of such outcome.

This page has been left blank intentionally.

For personal use only



The Brisbane Flagship branch includes spaces for our specialists to meet with customers

# Section 6

## Other Information

- 6.1 No material breaches of loan covenants or debt obligations
- 6.2 Other documents relevant to the Offer
- 6.3 Incorporation by reference
- 6.4 Summary of Australian tax consequences for Holders
- 6.5 Summary of Australian tax consequences for Eligible PERLS IV Holders who participate in the Reinvestment Offer
- 6.6 US Persons
- 6.7 Consents to be named
- 6.8 Interests of Advisers
- 6.9 Interests of Directors
- 6.10 Dealings in PERLS VI
- 6.11 Personal information
- 6.12 ASIC and ASX
- 6.13 Governing law
- 6.14 Consent of Directors

## 6.1 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.

## 6.2 Other documents relevant to the Offer

### 6.2.1 Trust Deed

Under the Trust Deed, the Trustee holds certain rights in relation to PERLS VI on trust for Holders. In certain circumstances, the Trustee will act on behalf of Holders.

A summary of the Trust Deed, and the full Trust Deed, can be obtained from [www.commsec.com.au](http://www.commsec.com.au) during the Offer Period and from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au) after the Issue Date.

### 6.2.2 Financial Statements

The Annual Report 2012 can be obtained from [www.commsec.com.au](http://www.commsec.com.au) during the Offer Period and from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au) after the Issue Date.

### 6.2.3 Offer Management Agreement

The Arrangers and the Joint Lead Managers, have entered into an agreement with CBA to manage the Offer. This agreement is called the Offer Management Agreement.

A summary of the Offer Management Agreement can be obtained from [www.commsec.com.au](http://www.commsec.com.au) during the Offer Period and from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au) after the Issue Date.

A summary of the fees payable to the Arrangers, Joint Lead Managers and other Syndicate Brokers is outlined in Section 6.8 "Interests of Advisers".

### 6.2.4 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.

A summary of the Constitution, and the full Constitution, can be obtained from [www.commsec.com.au](http://www.commsec.com.au) during the Offer Period and from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au) after the Issue Date.

### 6.2.5 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 Annual Report 2012 lodged with ASIC by CBA;
- the interim financial report for the half year ended 31 December 2011 lodged with ASIC by CBA; and

- any continuous disclosure notices given by CBA in the period after the lodgement of the Annual Report 2012 and before the lodgement of this Prospectus with ASIC.

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

#### Investor Relations

Level 18, Tower 1  
201 Sussex Street  
Sydney NSW 2000

## 6.3 Incorporation by reference

CBA has lodged a summary of the Trust Deed, the full Trust Deed, a summary of the Constitution, the full 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 from [www.commsec.com.au](http://www.commsec.com.au) during the Offer Period and from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au) after the Issue Date.

## 6.4 Summary of Australian tax consequences for Holders

### 6.4.1 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 VI under the Offer.

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

- acquire PERLS VI otherwise than under the Offer;
- hold PERLS VI in their business of share trading or dealing in securities, or who otherwise hold their PERLS VI 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 VI; and/or
- in relation to a non-Australian resident, hold their PERLS VI 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.

For personal use only

### 6.4.2 Class ruling sought on PERLS VI

CBA has applied to the ATO for a public class ruling confirming certain Australian tax consequences for Australian resident Holders. In accordance with usual practice, a class ruling will only be issued sometime 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 [www.ato.gov.au](http://www.ato.gov.au) or from the Shareholder Centre at [www.commbank.com.au](http://www.commbank.com.au).

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 VI 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 VI 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 early Exchange or Resale;
- 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 VI 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.

It is expected that whether PERLS VI are “traditional securities” (to which section 26BB and section 70BB of the Tax Act apply) will not be covered in the class ruling at the time it is issued in order to allow the ATO further time to consider this point. When the ATO has formed a view, it is expected the ATO will issue an addendum to the class ruling which will clarify the ATO’s view as to whether or not PERLS VI are “traditional securities”. It is noted that whether PERLS VI are “traditional securities” will not affect the tax treatment of Distributions.

### 6.4.3 Distributions on PERLS VI

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

#### 6.4.3.1 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 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 VI “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 VI. Where a Holder undertakes risk management strategies in relation to their PERLS VI (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.
- 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 their PERLS VI “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.

There are anti-avoidance rules which can deny the benefit of franking credits to Holders in certain situations. The most significant of these rules is in section 177EA of the Tax Act.

The ATO has reviewed its practice in relation to the application of section 177EA in light of the Full Federal Court case of *Mills v Federal Commissioner of Taxation* [2011] FCAFC 158. In *Mills*, the Full Federal Court found that section 177EA applied to a representative holder of PERLS V issued by CBA in 2009.

In light of the differences between PERLS VI and PERLS V, and having regard to the ATO's current practices, neither section 177EA, nor other anti-avoidance rules, should apply to Distributions on PERLS VI, subject to the particular circumstances of a Holder.

#### 6.4.3.2 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.

### 6.4.4 Disposal of PERLS VI

#### 6.4.4.1 Disposal other than through Exchange

##### (a) Australian resident Holders

On the disposal (including an on-market disposal or through Redemption) of PERLS VI, 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 VI. As described in Section 6.4.2, it is expected that the ATO will issue an addendum to the class ruling which will address the issue as to whether the gain will be treated as effectively ordinary income for tax purposes (under the rules dealing with "traditional securities") or, instead, as a capital gain under the CGT rules in the Tax Act. Holders should refer to the class ruling and addendum when issued, on this point. If PERLS VI are not "traditional securities", qualifying Holders (individuals, trusts and complying superannuation funds) who have held their PERLS VI for at least 12 months prior to disposal may be eligible for the CGT discount concession on any capital gain made on disposal.

It is similarly expected that the addendum to the class ruling to be issued by the ATO will address the issue as to whether any loss on the disposal (including an on-market disposal) of PERLS VI will be allowable as deduction against any assessable income (under the rules dealing with "traditional securities") or, instead, only as a capital loss 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. Holders should again refer to the class ruling when issued on this point.

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

Although the class ruling will not cover Resale, the same consequences should arise if Australian resident Holders dispose of their PERLS VI to a third party on Resale.

##### (b) Non-Australian resident Holders

As described in Section 6.4.2, it is expected that the ATO will issue an addendum to the class ruling which will address whether PERLS VI will be treated as "traditional securities". Although the class of entities covered by the class ruling will not include non-Australian resident Holders, whether PERLS VI are "traditional securities" will be relevant to the tax treatment arising for non-Australian resident Holders on disposal.

If PERLS VI are "traditional securities", non-Australian resident Holders may be subject to Australian income tax on any gain realised on disposal of their PERLS VI (depending on whether or not that gain has an Australian "source"). However, non-Australian resident Holders may be eligible for relief from Australian income tax if they are resident in a country which has a double taxation agreement with Australia.

If PERLS VI are not "traditional securities", non-Australian resident Holders should generally not be taxable on any gain realised on disposal of their PERLS VI (as PERLS VI should generally not be "taxable Australian property").

#### 6.4.4.2 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 VI. This outcome applies both to Australian resident Holders and non-Australian resident Holders and regardless of whether PERLS VI are "traditional securities".

### 6.4.5 Ordinary Shares acquired on Exchange

#### 6.4.5.1 Australian resident Holders

The taxation treatment of any dividends received on Ordinary Shares will be broadly similar to that discussed in Section 6.4.3.1.

The Ordinary Shares will not be "traditional securities" for income tax purposes. 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.

#### 6.4.5.2 Non-Australian resident Holders

The taxation treatment of any dividends received on Ordinary Shares will be broadly similar to that discussed in section 6.4.3.2.

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").

## 6.4.6 Provision of TFN and/or ABN

The *Taxation Administration Act 1953* (Cth) imposes withholding tax (currently at the rate of 46.5%) 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.

## 6.4.7 GST

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

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

## 6.4.8 Stamp duty

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

## 6.5 Summary of Australian tax consequences for Eligible PERLS IV Holders who participate in the Reinvestment Offer

### 6.5.1 Class Ruling CR 2008/30 issued on 23 April 2008

The following is a summary of the Australian tax consequences for Australian resident Eligible PERLS IV Holders who are subject to Class Ruling CR 2008/30 and who participate in the Reinvestment Offer.

Class Ruling CR 2008/30 sets out certain Australian tax consequences that arise for Australian resident investors who invested in PERLS IV through the initial offering and who hold their PERLS IV on capital account for tax purposes.

### 6.5.2 Final distribution on PERLS IV

Eligible PERLS IV Holders who participate in the Reinvestment Offer will receive a final distribution on their PERLS IV on 23 October 2012.

The final distribution should be subject to the same taxation treatment for distributions on PERLS IV as outlined in Class Ruling CR 2008/30. In particular, Eligible PERLS IV Holders 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 and should qualify for a tax offset equal to the franking credits.

## 6.5.3 Disposal of PERLS IV

For CGT purposes, Eligible PERLS IV Holders who participate in the Reinvestment Offer will be taken to have disposed of their PERLS IV. The proceeds from the disposal will be \$200 per PERLS IV (which will then be reinvested to subscribe for PERLS VI).

To the extent that the proceeds from the disposal exceed the Holder's cost base for their PERLS IV, the excess will constitute a capital gain. Conversely, a capital loss will arise to the extent the proceeds from the disposal are less than the reduced cost base.

The cost base or reduced cost base should include the amount paid to acquire PERLS IV as well as any incidental costs (e.g. broker fees) associated with the acquisition and disposal of PERLS IV.

Any Eligible PERLS IV Holders who acquired their PERLS IV otherwise than through the initial offering (for example, on-market at a later time) should generally realise a capital gain or loss on disposal having regard to the difference between the proceeds from the disposal and their cost base or reduced cost base for their PERLS IV. Class Ruling CR 2008/30 will not apply to these Eligible PERLS IV Holders (as they did not acquire PERLS IV through the initial offering).

## 6.6 US Persons

PERLS VI 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 VI 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 VI 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 VI 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.

## 6.7 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:

- each Arranger;
- each Joint Lead Manager;
- each Co-Manager;
- On-Market Sale Broker;
- The Trust Company (Australia) Limited;
- PricewaterhouseCoopers Securities Limited;
- Freehills;
- Greenwood and Freehills Pty Limited;
- Pacific Custodians Pty Limited; and
- Link Market Services Limited.

Each of the On-Market Sale Broker and Pacific Custodians Pty Limited has given its consent to the inclusion of its financial services guide in relation to the On-Market Buy-Back Facility in the form and context in which they appear in Appendix B and Appendix C respectively.

Except as outlined above, none of the parties have 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 but does not apply to any matter to the extent to which consent is given. The Trustee has not been involved in the preparation of any part of the Prospectus.

## 6.8 Interests of Advisers

CBA will pay to the Arrangers a fee of A\$14 million, based on certain assumptions in relation to the final Offer size and the allocation of PERLS VI between the Reinvestment Offer, Broker Firm Offer, Securityholder Offer, Customer Offer, and General Offer.

Commonwealth Securities Limited is acting as the On-Market Sale Broker. This role is part of its role as an Arranger and it will not receive additional fees in respect of this role.

Morgan Stanley Australia Securities Limited is acting as the On-Market Buying Broker and the Resale Broker. These roles are part of its role as an Arranger and it will not receive additional fees in respect of these roles.

The Arrangers will pay (out of their own fees) the Joint Lead Managers a management fee of 0.50%, and a selling fee of 1.00%, of their Broker Firm Allocation. In addition, the Joint Lead Managers will be paid an additional fee of 0.25% on the amount by which their Broker Firm Allocation exceeds A\$100 million. The Arrangers will pay the Co-Managers and Participating Brokers a selling fee of 1.00% of their Broker Firm Allocation. In addition, the Co-Managers will be paid an additional fee of 0.25% on the amount by which their Broker Firm Allocation exceeds A\$25 million.

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

The Arrangers will pay Syndicate Brokers a handling fee of 1.00% of the Application Monies received from Applications accepted in the Reinvestment Offer (over and above their Broker Firm Allocation) and which include the stamp or adviser code of that broker, subject to a cap of A\$1,000 per Application. This fee is inclusive of any applicable GST. The Arrangers reserve the right to aggregate Applications that appear to be multiple Applications from the same Applicant.

The Arrangers will pay non-Syndicate Brokers and financial planners in Australia a handling fee of 1.00% of the Application Monies received from Applications accepted in the Reinvestment Offer, Securityholder Offer, Customer Offer and General Offer and which include the stamp or adviser code of that broker or financial planner, subject to a cap of A\$1,000 per Application. This fee is inclusive of any applicable GST. The Arrangers reserve the right to aggregate Applications that appear to be multiple Applications from the same Applicant.

The Arrangers may approach certain institutional investors to participate in the Bookbuild and, if they apply for and hold their PERLS VI until the second Distribution Payment Date, the Arrangers may pay them a commitment fee of 0.50% of their Allocation.

Freehills is acting as legal adviser to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A\$650,000 (excluding disbursements and GST) will be payable to Freehills. Further amounts may be paid to Freehills under its normal time based charges.

Greenwoods & Freehills Pty Limited is acting as tax adviser to CBA in relation to the Offer. In respect of this work, CBA estimates that approximately A\$270,000 (excluding disbursements and GST) will be payable to Greenwoods & Freehills Pty Limited. Further amounts may be paid to Greenwoods & Freehills Pty Limited under its normal time based charges.

PricewaterhouseCoopers Securities Limited 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\$85,000 (excluding disbursements and GST) will be payable

to PricewaterhouseCoopers Securities Limited in respect of this work. Further amounts may be paid to PricewaterhouseCoopers Securities Limited under its normal time based charges.

The Trust Company (Australia) Limited is acting as the Trustee and CBA will pay to The Trust Company (Australia) Limited fees for performing this role.

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.

## 6.9 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no 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 VI or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to the Directors for services in connection with the formation or promotion of CBA or the Offer.

## 6.10 Dealings in PERLS VI

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 VI from time to time.

## 6.11 Personal information

If you lodge an Application, CBA will collect information about you. CBA will use this information to process your Application, identify you, administer your PERLS VI and keep in touch with you in relation to your PERLS VI.

CBA may disclose this information on a confidential basis for these purposes to its subsidiaries and related companies, as well as to agents, contractors and third party service providers that provide services on its or their behalf (e.g. the Registry and a printing firm or mailhouse engaged to print and mail statements to you). Some of these parties or parts of their businesses may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

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.

If you used a financial adviser who recommended your investment in PERLS VI (as indicated on your Application Form), CBA may disclose details of your holding to that adviser.

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 or if you consent to or request the disclosure.

If you think CBA's records of your personal information are incorrect or out of date, you can contact CBA and request that the information be corrected. Subject to certain exceptions, you may access your information at any time by contacting the Registry in writing. CBA is permitted to charge a fee for such access but does not intend to do so.

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 VI, or make payments to you.

## 6.12 ASIC and ASX

CBA has received ASIC relief in relation to:

- section 713 of the Corporations Act and Class Order 00/195 – to permit CBA to issue a transaction-specific prospectus in relation to PERLS VI and Ordinary Shares; and
- sections 601QA (1), 911A2 (1) and 1020F (1) (a) of the Corporations Act – in relation to the On-Market Buy-Back Facility.

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 of PERLS VI;
- a confirmation that listing rule 7.1 is to be applied to CBA as if PERLS VI were counted as the number of Ordinary Shares into which they would convert based on the market price of Ordinary Shares immediately prior to the announcement of the Offer;
- 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 the Directors and their associates being restricted to applying for in aggregate no more than 0.20% of the number of PERLS VI issued or individually no more than 0.02% of the number of PERLS VI issued; and
- approval to allow PERLS VI to trade on a deferred settlement basis for a short time following the Issue Date and quotation of PERLS VI on ASX.

CBA has received the following ASX confirmations in relation to PERLS IV and the Reinvestment Offer:

- a confirmation that the amendments to the PERLS IV terms are appropriate and equitable for the purposes of Listing Rule 6.1;
- a confirmation that the early distribution payment is permitted under Listing Rule 6.10; and
- a confirmation that the timetable for the Reinvestment Offer is acceptable.

### 6.13 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.

### 6.14 Consent of Directors

This prospectus is authorised by each Director who has consented to its lodgement with ASIC.

For personal use only

For personal use only



The St James branch provides private spaces to meet with our customers in the middle of the Sydney central business district

# Section 7

## How to Apply

- 7.1 Applying for PERLS VI
- 7.2 Completing and lodging your Application
- 7.3 Issue and Quotation of PERLS VI
- 7.4 Trading and Holding Statements

## 7.1 Applying for PERLS VI

To apply for PERLS VI, you must complete the Application Form attached to, or accompanying, the Prospectus or the online Application Form at [www.commsec.com.au](http://www.commsec.com.au).

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

- the Reinvestment Offer;
- the Broker Firm Offer;
- the Securityholder Offer;
- the Customer Offer; or
- the General Offer.

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

### 7.1.1 Applying under the Reinvestment Offer

The Reinvestment Offer is only relevant to investors who are registered holders of PERLS IV at 7.00pm on the Reinvestment Offer Record Date (7 September 2012) (such investors are “Eligible PERLS IV Holders”). If you have a registered address in Australia, you do not need to satisfy any further conditions. If you have a registered address outside Australia, you will also need to satisfy the conditions outlined in the section entitled “Restrictions on foreign jurisdictions” on the inside front cover of this Prospectus.

If you hold PERLS III, PERLS V, CommBank Retail Bonds or Ordinary Shares but do not also hold PERLS IV, you are not eligible to apply for PERLS VI under the Reinvestment Offer. However, you may apply for PERLS VI under the Securityholder Offer.

The Closing Date for the Reinvestment Offer (and therefore the On-Market Buy-Back Facility) is 5.00pm (Sydney time) on 5 October 2012. The On-Market Buy-Back Facility will remain open until that time. The On-Market Buy-Back Facility will take effect on the On-Market Buy-Back Date (12 October 2012).

[For further information about the Reinvestment Offer, see Section 3 “Information about the Reinvestment Offer”.](#)

You must complete the personalised Reinvestment Form which is sent to you. If you did not receive a Reinvestment Form or would like a replacement Reinvestment Form, please call the PERLS VI Information Line on 1800 250 297 (Monday to Friday 8.00am – 7.30pm, Sydney time) during the Offer Period.

You may apply for PERLS VI under the Reinvestment Offer by either:

- completing the Reinvestment Form accompanying this Prospectus and lodging your Reinvestment Form with the Registry; or
- completing the Reinvestment Form online at [www.commsec.com.au](http://www.commsec.com.au).

If you have been contacted by a Syndicate Broker about the Reinvestment Offer, you should contact your Syndicate Broker for information about how and when to lodge your Reinvestment Form. Generally, you will lodge your Reinvestment Form with your Syndicate Broker.

By completing the Reinvestment Form, you give various authorisations to the On-Market Sale Broker to sell your PERLS IV through the On-Market Buy-Back Facility, the settlement of that sale and the reinvestment of the proceeds in PERLS VI. For further information about these authorisations, see the Reinvestment Form.

If you wish to apply for additional PERLS VI, you can do so through the Securityholder Offer by completing Section E of the Reinvestment Form. You will have to lodge your Reinvestment Form with accompanying Application Monies for any additional PERLS VI that you apply for.

[For further information about the Securityholder Offer, see section 7.1.3 “Applying under the Securityholder Offer”.](#)

### 7.1.2 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.

### 7.1.3 Applying under the Securityholder Offer

The Securityholder Offer is available to Eligible Securityholders.

You are an Eligible Securityholder if, by the Closing Date, you:

- are a holder of Ordinary Shares;
- are a holder of PERLS III, PERLS IV or PERLS V;
- are a holder of CommBank Retail Bonds; or
- are a holder of Colonial Group Subordinated Notes,

and have a registered address in Australia. You will also need to satisfy the conditions outlined in the section entitled “Restrictions on foreign jurisdictions” on the inside front cover of this Prospectus.

As an Eligible Securityholder, you may apply for PERLS VI under the Securityholder Offer by either:

- completing the Application Form attached to, or accompanying, this Prospectus, providing your SRN or HIN, and lodging your Application and accompanying Application Monies with the Registry; or
- applying online at [www.commsec.com.au](http://www.commsec.com.au), providing your SRN or HIN, and following the instructions in relation to payment of your Application Monies.

For personal use only

### 7.1.4 Applying under the Customer Offer

The Customer Offer is available to Eligible Customers.

You are an Eligible Customer if, by the Closing Date, you:

- have a Netbank client number; or
- have a CommSec ID/account number,

and have a registered address in Australia. You will also need to satisfy the conditions outlined in “Restrictions on foreign jurisdictions” on the inside front cover of this Prospectus.

As an Eligible Customer, you may apply for PERLS VI under the Customer Offer by either:

- completing the Application Form attached to, or accompanying, this Prospectus, providing your customer number, and lodging your Application and accompanying Application Monies with the Registry; or
- applying online at [www.comsec.com.au](http://www.comsec.com.au), providing your customer number, and following the instructions in relation to payment of your Application Monies.

### 7.1.5 Applying under the General Offer

The General Offer is available to all Applicants who are not applying under the Reinvestment Offer, Broker Firm Offer, Securityholder Offer, or Customer Offer. You will also need to satisfy the conditions outlined in the section entitled “Restrictions on foreign jurisdictions” on the inside front cover of this Prospectus.

You may apply for PERLS VI online at [www.comsec.com.au](http://www.comsec.com.au). You may also apply by completing the Application Form attached to, or accompanying, this Prospectus, and lodging your Application and accompanying Application Monies with the Registry.

### 7.1.6 Applications by Institutional Investors

If you are an Institutional Investor, you must apply to participate in the Broker Firm Offer by contacting the Arrangers 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 Arrangers.

## 7.2 Completing and lodging your Application

### 7.2.1 Minimum Application

The amount you have to pay for each PERLS VI is A\$100. You must apply for a minimum of 50 PERLS VI, which is a minimum investment of A\$5,000. Applications for greater than 50 PERLS VI must be in multiples of 10 PERLS VI (A\$1,000).

If you are an Eligible PERLS IV Holder, these minimums do not apply to your Application for PERLS VI under the Reinvestment Offer.

### 7.2.2 Lodging your Application (if you don't apply online at [www.comsec.com.au](http://www.comsec.com.au))

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

If you are applying under the Reinvestment Offer, (otherwise than through a Syndicate Broker) the Securityholder Offer, Customer Offer or the General Offer, you should lodge your Application and accompanying Application Monies with the Registry by mailing or delivering it to:

#### Mail Address

##### PERLS VI Offer

c/- Link Market Services Limited  
Reply Paid 1512  
Sydney South NSW 1234  
Australia

#### Delivery Address

##### PERLS VI Offer

c/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138  
Australia

Application Monies must be paid by cheque and/or money order in Australian dollars drawn on an Australian branch of a financial institution. It should be made payable to “PERLS VI Offer Account” and be crossed “not negotiable”.

Applications and Application Monies must be received at one of the above addresses by 5.00pm (Sydney time) on the Closing Date which is expected to be 5 October 2012.

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

### 7.2.3 No brokerage or stamp duty

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

### 7.2.4 Allocation policy and refunds

Applications may be scaled back if there is excess demand for the Offer. Priority will be given to Applications received under the Reinvestment Offer over the Securityholder Offer, Customer Offer and the General Offer. Priority will be given to Applications received under the Securityholder Offer over the Customer Offer, and Applications received under the Customer Offer will receive priority over the General 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 the Issue Date (expected to be 17 October 2012) on ASX and through advertisements in The Australian, Australian Financial Review, The Sydney Morning Herald, The Age, The Brisbane Courier Mail, The Adelaide Advertiser and The West Australian newspapers.

If you have applied under the Reinvestment Offer and your Application is scaled back, you will receive a cash payment in respect of the number of PERLS VI not Allocated to you as soon as practicable after the Closing Date. No interest will be payable on this amount. This amount will be paid to you in the same way in which distributions on your PERLS IV have previously been paid to you.

If you have applied under the Broker Firm Offer, your Syndicate Broker is responsible for determining your 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 VI 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 VI or less than the number of PERLS VI you applied for, you will receive a refund cheque 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.

## 7.3 Issue and Quotation of PERLS VI

It is expected that PERLS VI will be quoted under code "CBAPC".

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

## 7.4 Trading and Holding Statements

### 7.4.1 Commencement of trading of PERLS VI on ASX

It is expected that PERLS VI will begin trading on ASX on a deferred settlement basis on 18 October 2012. Trading on a deferred settlement basis occurs when Holding Statements have not yet been despatched and it is not possible to settle trades on a trade date plus three business days (T+3) basis. The trade is settled on a date specified by ASX.

It is expected that PERLS VI will begin trading on ASX on a normal settlement basis on 22 October 2012.

It is your responsibility to determine your holding of PERLS VI before trading to avoid the risk of selling PERLS VI you do not own. To assist you in determining your holding prior to receipt of a Holding Statement, CBA will announce the basis of Allocation by placing advertisements in The Australian, Australian Financial Review, The Sydney Morning Herald, The Age, The Brisbane Courier Mail, The Adelaide Advertiser and The West Australian newspapers on the Issue Date (expected to be 17 October 2012). You should also check your holding by asking your Syndicate Broker or calling the PERLS VI Information Line on 1800 250 297 (Monday to Friday 8.00am - 7.30pm, Sydney time) from the Issue Date.

### 7.4.2 Holding Statements

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

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

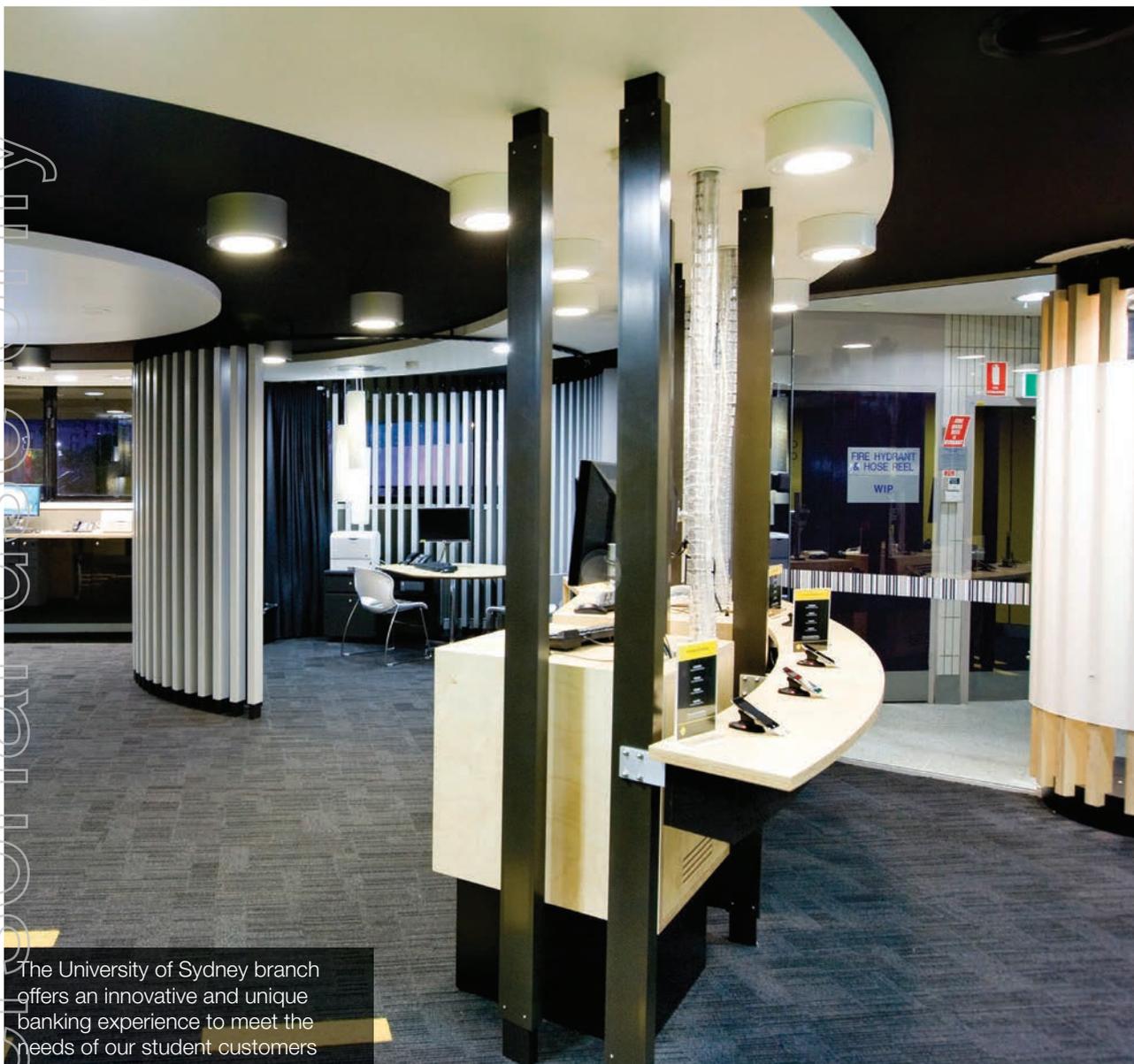
### 7.4.3 Provision of TFN and/or ABN

When your Holding Statement is mailed, you will be also be mailed a form on which to provide your TFN and/or ABN should you wish to do so (see Section 6.4.7 "Provision of TFN and/or ABN").

### 7.4.4 Provision of bank account details for payments

When your Holding Statement is mailed, you will be also be mailed a form on which to provide your bank account details for payment of Distributions and other amounts.

For personal use only



The University of Sydney branch offers an innovative and unique banking experience to meet the needs of our student customers

# Section 8

## Glossary

Term	Meaning
<b>ABN</b>	Australian Business Number
<b>Allocation</b>	The number of PERLS VI allocated under this Prospectus to applicants under the Reinvestment Offer, Broker Firm Offer, Securityholder Offer, Customer Offer, and General Offer. Allocated has a corresponding meaning
<b>Annual Report 2012</b>	The annual report issued by CBA for the financial year ended 30 June 2012
<b>Applicant</b>	A person who lodges an Application Form in accordance with this Prospectus
<b>Application</b>	A valid application for PERLS VI made through a completed Application Form in accordance with this Prospectus
<b>Application Form</b>	A paper or online form (as the context requires) attached to, or accompanying, this Prospectus or available at <a href="http://www.commsec.com.au">www.commsec.com.au</a> upon which an application for PERLS VI may be made
<b>Application Monies</b>	The amount payable on each Application, being the Face Value multiplied by the number of PERLS VI applied for
<b>APRA</b>	Australian Prudential Regulation Authority
<b>Arrangers</b>	Commonwealth Bank of Australia ABN 48 123 123 124 Morgan Stanley Australia Securities Limited ABN 55 078 652 276
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASIC Guidance</b>	The guide published by ASIC called "Investing in corporate bonds?" and the information published by ASIC on its website entitled "Hybrid securities and notes"
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or the securities market operated by it (as the context requires)
<b>ASX Listing Rules</b>	The listing rules of ASX, with any modification or waivers which ASX may grant to CBA from time to time
<b>ATO</b>	Australian Tax Office
<b>Australian Financial Services Licence or AFSL</b>	Has the meaning given to that term in the Corporations Act
<b>Banking Act</b>	Banking Act 1959 (Cth)
<b>Board</b>	The board of Directors of CBA acting as a board
<b>Bookbuild</b>	The process through which Syndicate Brokers and certain investors bid for an Allocation of PERLS VI at different proposed Margin levels under the Broker Firm Offer. The final Margin is set through the Bookbuild process
<b>Broker Firm Allocation</b>	The Allocation allocated to a Syndicate Broker through the Bookbuild process
<b>Broker Firm Offer</b>	The offer as described in Section 7 "How to Apply"
<b>Business Day</b>	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
<b>Call Date</b>	15 December 2018
<b>Capital Trigger Event</b>	Occurs when CBA determines, or 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%
<b>CBA</b>	Commonwealth Bank of Australia ABN 48 123 123 124
<b>CBA Group</b>	CBA (or any NOHC that is a holding company of CBA) and its subsidiaries

For personal use only

Term	Meaning
<b>CBA Level 1 Common Equity Tier 1 Capital Ratio</b>	Has the meaning given in the Terms
<b>CBA Level 2 Common Equity Tier 1 Capital Ratio</b>	Has the meaning given in the Terms
<b>CHESS</b>	Clearing House Electronic Subregister System
<b>Change of Control Event</b>	Occurs when: <ul style="list-style-type: none"> <li>• a takeover bid is made and certain conditions are satisfied; or</li> <li>• a scheme of arrangement is proposed is approved and certain conditions are satisfied</li> </ul> A Change of Control Event does not include the implementation of a NOHC structure
<b>CGT</b>	Capital Gains Tax
<b>Closing Date</b>	The closing date for the Offer which is expected to be 5 October 2012
<b>Colonial Group Subordinated Notes</b>	Colonial Group Subordinated Notes issued by Colonial Holding Company Limited, a subsidiary of CBA, on 29 March 2012
<b>Co-Managers</b>	Bell Potter Securities Limited; Deutsche Bank AG, Sydney Branch; Evans and Partners Pty Limited; Ord Minnett Limited; and RBS Morgans Limited
<b>CommBank Retail Bonds</b>	CommBank Retail Bonds issued by CBA on 24 December 2010
<b>Common Equity Tier 1 Capital</b>	Ordinary share capital, retained earnings plus certain other items recognised as capital
<b>Common Equity Tier 1 Capital Ratio</b>	Ratio of Common Equity Tier 1 Capital to risk-weighted assets
<b>Constitution</b>	The constitution of CBA as amended from time to time
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Customer Offer</b>	The offer to Eligible Customers of CBA as described in Section 7 “How to Apply”
<b>Directors</b>	Some or all of the directors of CBA
<b>Distributable Profits</b>	CBA Level 1 Distributable Profits and CBA Level 2 Distributable Profits as defined in the Terms
<b>Distribution</b>	Distribution payable on each PERLS VI
<b>Distribution Payment Dates</b>	15 March, 15 June, 15 September and 15 December each year until all PERLS VI have been Exchanged or Redeemed. If any of these scheduled dates is not a Business Day, then the payment will be made on the next Business Day. If a payment is postponed until the next Business Day, there is no adjustment to the amount of Distribution payable. The first Distribution will be paid on 17 December 2012
<b>Distribution Period</b>	Each period commencing on (and including) a Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date. However: <ol style="list-style-type: none"> <li>a) the first Distribution Period commences on (and includes) the Issue Date; and</li> <li>b) the final Distribution Period ends on (but excludes) the Exchange Date or Redemption Date (as the case may be)</li> </ol>
<b>Distribution Rate</b>	$(\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$
<b>Eligible Customer</b>	Customers of CBA as described in Section 7 “How to Apply”
<b>Eligible PERLS IV Holder</b>	Investors who are registered holders of PERLS IV at 7.00pm on the Reinvestment Offer Record Date (7 September 2012). Eligible PERLS IV Holders are eligible to participate in the Reinvestment Offer

Term	Meaning
<b>Eligible Securityholder</b>	Holders of Ordinary Shares, PERLS III, PERLS IV, PERLS V, CommBank Retail Bonds and Colonial Group Subordinated Notes as described in Section 7 “How to Apply”
<b>Equal Ranking Securities</b>	PERLS V, PERLS VI, any preference shares issued by CBA and any other securities which rank equally with PERLS VI in a winding up of CBA (excluding any Junior Ranking Securities)
<b>Exchange</b>	The exchange of PERLS VI for Ordinary Shares under the Terms. Exchangeable and Exchanged have corresponding meanings
<b>Exchange Number</b>	The number of Ordinary Shares on Exchange as described in Section 2.2.4 “How does Exchange work?”
<b>Face Value</b>	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
<b>FATCA</b>	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)
<b>General Offer</b>	The offer as described in Section 7 “How to Apply”
<b>GST</b>	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999 (Cth)
<b>HIN</b>	The holder identification number identifying registration on the Register
<b>Holder</b>	A registered holder of PERLS VI
<b>Holding</b>	At any time after Allocation, the number of PERLS VI held by a Holder
<b>Holding Statement</b>	A statement issued to Holders by the Registry which sets out the number of PERLS VI Issued to that Holder
<b>Ineligible Holder</b>	Has the meaning given in clause 13.2 of the Terms
<b>Institutional Investor</b>	An investor to whom PERLS VI 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)
<b>IRS</b>	The United States Internal Revenue Service
<b>Issue</b>	The process of issuing PERLS VI to Holders. Issue and Issued have corresponding meanings
<b>Issue Date</b>	The date PERLS VI are Issued which is expected to be 17 October 2012
<b>Joint Lead Managers</b>	ANZ Securities Limited; Commonwealth Bank of Australia; Goldman Sachs Australia Pty Ltd; Macquarie Capital (Australia) Limited; Morgan Stanley Australia Securities Limited; RBS Equity Capital Markets (Australia) Limited; and Westpac Institutional Bank
<b>Junior Ranking Securities</b>	Ordinary Shares
<b>Mandatory Exchange Conditions</b>	The conditions which must be satisfied before Exchange will occur. These are outlined in Section 2.2.4 “How does Exchange work?”
<b>Mandatory Exchange Date</b>	15 December 2020
<b>Margin</b>	The margin for PERLS VI will be determined through the Bookbuild
<b>Market Rate</b>	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)

For personal use only

Term	Meaning
<b>Maximum Exchange Number</b>	The number of Ordinary Shares calculated in accordance with the formula in Clause 7.1 of the Terms
<b>Non-Viability Trigger Event</b>	Occurs when APRA notifies CBA in writing that it believes: <ul style="list-style-type: none"> <li>• Exchange of all or some PERLS VI (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</li> <li>• a public sector injection of capital, or equivalent support, is necessary because without it, CBA would become non-viable</li> </ul>
<b>NOHC</b>	A “non-operating holding company” within the meaning of the Banking Act
<b>Offer</b>	The offer made through this Prospectus by CBA of PERLS VI to raise A\$750 million, with the ability to raise more or less. The offer comprises the Reinvestment Offer, the Broker Firm Offer, Securityholder Offer, Customer Offer and General Offer
<b>Offer Management Agreement</b>	The arrangement between CBA, Arrangers and the Joint Lead Managers dated 3 September 2012
<b>Offer Period</b>	The period from the Opening Date to the Closing Date
<b>On-Market Buy-Back Date</b>	12 October 2012
<b>On-Market Buy-Back Facility</b>	The facility under which Eligible PERLS IV Holders sell all or some of their PERLS IV to the On-Market Buying Broker on the On-Market Buy Back Date
<b>On-Market Buying Broker</b>	Morgan Stanley Australia Securities Limited ABN 55 078 652 276
<b>On-Market Sale Broker</b>	Commonwealth Securities Limited ABN 60 067 254 399
<b>Opening Date</b>	The opening date of the Offer which is 12 September 2012
<b>Ordinary Share</b>	A fully paid ordinary share in CBA
<b>Participating Brokers</b>	Any participating organisation of ASX selected by the Arrangers to participate in the Bookbuild
<b>PERLS III</b>	Perpetual Exchangeable Repurchaseable Listed Shares issued by Preferred Capital Limited, a subsidiary of CBA, on 6 April 2006
<b>PERLS IV</b>	Perpetual Exchangeable Resaleable Listed Securities issued by CBA on 12 July 2007
<b>PERLS V</b>	Perpetual Exchangeable Resaleable Listed Securities issued by CBA on 14 October 2009
<b>PERLS VI</b>	Perpetual Exchangeable Resaleable Listed Securities issued by CBA under the Terms
<b>Prospectus</b>	This Prospectus (whether in paper or electronic format) as supplemented or replaced
<b>Record Date</b>	For payment of Distributions: <ul style="list-style-type: none"> <li>a) subject to paragraph (b) below, the date that is eight calendar days prior to the relevant Distribution Payment Date; or</li> <li>b) such other date determined by CBA and communicated to ASX, or such other date as may be required by ASX</li> </ul>
<b>Redemption</b>	The process through which CBA repays the Face Value under the Terms. Redeem has a corresponding meaning
<b>Redemption Date</b>	The date on which Redemption occurs
<b>Register</b>	The register of PERLS VI maintained by the Registry on CBA's behalf and including any subregister established and maintained in CHESS
<b>Registry</b>	Link Market Services Limited ABN 54 083 214 537 or any other registry that CBA appoints

Term	Meaning
<b>Reinvestment Form</b>	A paper or online form (as the context requires) accompanying this Prospectus or available at <a href="http://www.commsec.com.au">www.commsec.com.au</a> upon which an application to participate in the Reinvestment Offer may be made
<b>Reinvestment Offer</b>	The offer to Eligible PERLS IV Holders to sell all or some of their PERLS IV through the On-Market Buy-Back Facility and reinvest the sale proceeds in PERLS VI as described as in Section 3 "Information about the Reinvestment Offer" and Section 7 "How to Apply"
<b>Reinvestment Offer Record Date</b>	7 September 2012
<b>Resale</b>	The sale of PERLS VI by Holders to a third party under the Terms
<b>Resale Broker</b>	Morgan Stanley Australia Securities Limited ABN 55 078 652 276
<b>Securityholder Offer</b>	The offer to Eligible Securityholders as described in Section 7 "How to Apply"
<b>Senior Ranking Obligations</b>	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
<b>Shareholder</b>	A registered holder of Ordinary Shares in CBA
<b>Special Resolution</b>	Has the meaning given in clause 13.2 of the Terms
<b>SRN</b>	Shareholder Registration Number
<b>Syndicate Broker</b>	Any of the Joint Lead Managers, Co-Managers and Participating Brokers
<b>Tax Act</b>	Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth)
<b>Terms</b>	The terms of PERLS VI attached as a schedule to the Trust Deed, as set out in Appendix A
<b>TFN</b>	Tax File Number
<b>Tier 1 Capital</b>	Common Equity Tier 1 Capital plus certain securities recognised as Tier 1 capital
<b>Tier 2 Capital</b>	Certain securities recognised as Tier 2 capital
<b>Total Capital</b>	Sum of Tier 1 Capital (including Common Equity Tier 1 Capital) and Tier 2 Capital
<b>Trust Deed</b>	The deed entered into between CBA and the Trustee dated on or about 30 August 2012
<b>Trustee</b>	The Trust Company (Australia) Limited ACN 000 000 993 or any other trustee that CBA appoints
<b>US Person</b>	Has the meaning given in Regulation S of the US Securities Act
<b>US Securities Act</b>	United States Securities Act of 1933, as amended
<b>VWAP</b>	means the average of the daily volume weighted average prices of Ordinary Shares traded on ASX during the relevant period, subject to adjustments

For personal use only

For personal use only

# Appendix A

Terms of PERLS VI

## 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.
- 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:

$$\text{Distribution payable} = \frac{\text{Distribution Rate} \times \text{Face Value} \times N}{1 - [T \times (1 - F)]}$$

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;
- 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.

For personal use only

## 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 7 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 7 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 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 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:

- 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 VI 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 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.

### 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;
- 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.

For personal use only

- 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.

## 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:

- A) prior to 1 January 2013, 0.50;  
 B) on or after 1 January 2013:  
 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) 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 (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:

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

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.

#### 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;

**V<sub>o</sub>** 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:

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

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 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

For personal use only

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 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 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

For personal use only

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:

- 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 CHESSE, 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 (i) a business day within the meaning of the 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 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:

$$\text{CBA Level 1 Distributable Profits} = A - B$$

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:

$$\text{CBA Level 2 Distributable Profits} = A - B$$

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;
  - 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;

For personal use only

**CHESS** 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:

- 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 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;

For personal use only

**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 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.

This page has been left blank intentionally.

For personal use only

For personal use only

# Appendix B

Financial Services Guide for  
Commonwealth Securities Limited  
(ABN 60 067 254 399, AFSL 238814)  
in relation to the On-Market Buy-Back  
Facility

## What is the purpose of this Financial Services Guide (FSG)?

It is to provide information about Commonwealth Securities Limited who will potentially act for you as the On-Market Sale Broker (in this FSG, the Broker), and its role, remuneration and representatives in the context of the On-Market Buy-Back Facility (Facility), so that you may take these into account when you make your decision whether or not to participate in the Facility, which involves the provision of financial services by the Broker. This FSG also provides information about what to do if you have a complaint against the Broker.

Where applicable, the defined terms used in the Prospectus apply throughout this FSG.

## Who is the Broker for the Facility?

The Broker is a wholly owned non-guaranteed subsidiary of Commonwealth Bank of Australia (the "CBA") and is a Participant of the ASX Group and Chi-X Australia. This FSG has been prepared by, and is the responsibility of, the Broker (including in relation to liability for defaults under the Corporations Act 2001). The Broker is neither responsible nor liable for any part of this document other than the FSG.

## What services will the Broker provide in relation to the Facility?

If you elect to participate in the Facility, the Broker will, acting on your behalf, sell your PERLS IV on ASX as set out in Section 3 of the Prospectus. CBA as the issuer of PERLS IV has entered into an arrangement with the Broker so that it (as the Australian Financial Services Licensee) will act as broker to the On-Market Buy-Back Facility on behalf of CBA.

## How is the Broker remunerated under the Facility?

The Broker will not charge you any fees in relation to the Facility.

## How are the Broker's representatives remunerated?

Our representatives are remunerated by salary from the Broker or CBA and do not directly receive any commissions or fees. They may be eligible for a bonus payment. Some representatives' bonus payment may be up to 45% of fees and commissions that the Broker receives from the placement of a financial product. The bonus payments are discretionary, and based on achievement of pre-determined business objectives.

These may include: business outcomes, customer service, people engagement, special tasks, and people principles.

Our representatives may also be eligible to:

- Share in incentives (both monetary and non-monetary) rewarded for outstanding service;
- Receive a free grant of ordinary shares under CBA's Employee Share Acquisition Plan (ESAP);
- Participate in CBA's long term incentive program. This incentive is in the form of ordinary shares that only vest at a prescribed point in the future where CBA attains certain share performance hurdles. It is entirely discretionary and is based on a representative's contribution to the business over time; and
- Receive indirect benefits stemming from advice provided to you. Indirect benefits include such things as business lunches, tickets to sporting and cultural events (including overseas study tours), corporate promotional merchandise and other minor benefits unquantifiable at this stage from product providers whose products they recommend.

## How can I contact the Broker?

To participate in the Facility, you do not need to contact the Broker. You simply complete, sign and send the personalised Reinvestment Form in accordance with the instructions on it. The Broker will sell your PERLS IV on the basis of the instructions contained in the personalised Reinvestment Forms which have been received and processed by the Registry (not the Broker). However, in case you require the Broker's contact details, they are:

**Mail Address:** Locked Bag 22, Australia Square  
NSW 1215

**Telephone:** 131519

**Internet:** [www.commsec.com.au](http://www.commsec.com.au)

### What if I have a complaint?

If you are not satisfied with the service or advice you receive from the Broker, you are entitled to complain. The Broker has established procedures to ensure that all enquiries and complaints are properly considered and dealt with. To save yourself valuable time, gather all the facts and documents about the complaint, think about the questions you want answered and decide what you want the Broker to do. Next, contact the department that handled the matter and explain the problem. A quick call is all that is required to resolve most issues. If you are unsure which department to contact, please call 13 15 19 and speak to a Client Service Officer. If your complaint is not satisfactorily resolved within 3 business days after you first notified the Broker, please put your complaint in writing addressed to the CommSec Client Relations team:

**By phone:** 1800 805 605

**By fax:** 1800 025 542

**By email:** [www.commbank.com.au/feedback](http://www.commbank.com.au/feedback)

**By mail:** CBA Group Customer Relations  
Reply Paid 41  
Sydney NSW 2001

If, after giving CommSec Client Relations the opportunity to resolve your complaint, you feel we have not resolved it satisfactorily, you may also lodge a written complaint with the Financial Ombudsman Service Limited ("FOS"):

For further information please contact FOS at:

**Mail Address:** GPO Box 3  
Melbourne  
VIC 3001

**Telephone:** 1300 780 808

**Fax:** 03 9613 6399

**Internet:** [www.fos.org.au](http://www.fos.org.au)

**This FSG is dated 3 September 2012**

This page has been left blank intentionally.

For personal use only

For personal use only

# Appendix C

Financial Services Guide for  
Pacific Custodians Pty Limited  
(ABN 66 009 682 866, AFSL 295142)  
in relation to the On-Market  
Buy-Back Facility

## This Financial Services Guide (FSG) is issued by Pacific Custodians Pty Limited (Pacific Custodians)

This FSG is an important document that is intended to provide with information about Pacific Custodians Pty Limited who may act for you as your custodian in relation to the repurchase of your Perpetual Exchangeable Resaleable Listed Securities (PERLS IV) issued on 12 July 2007 and the issue of new Perpetual Exchangeable Resaleable Listed Securities (PERLS VI).

The matters covered in this FSG include: who we are and how we can be contacted; the financial services we will provide; the remuneration we receive in relation to the financial services we may provide and how we deal with any complaints you may have.

Please contact us if you have any questions about us or this FSG. Our contact details are set out at the end of this FSG.

### Who is Pacific Custodians?

Pacific Custodians is a wholly owned subsidiary of Link Market Services Limited, the share registry provider for the Commonwealth Bank of Australia.

Pacific Custodians is neither responsible nor liable for any part of this document other than the FSG.

### What Services will Pacific Custodians provide?

Pacific Custodians will provide custodial services to you if you submit a Reinvestment Form. Pacific Custodians will not provide any services to you if you do not submit a Reinvestment Form.

If you choose to submit a Reinvestment Form, your PERLS IV securities will be transferred to Pacific Custodians to hold as custodian pending their transfer to the Broker for subsequent sale. The financial services of the Broker are described in a Financial Services Guide issued by the Broker.

Pacific Custodians will not provide any advisory service and you should seek independent advice in this regard.

Pacific Custodians is responsible for the financial services it provides to you. The services are provided by Pacific Custodians on its own behalf.

### How do I provide instructions to Pacific Custodians?

You do not need to provide any instructions directly to Pacific Custodians. The completion and submission of the Reinvestment Form in accordance with the instructions on the Reinvestment Form provides all the instructions that are required.

### How is Pacific Custodians remunerated?

Pacific Custodians will not charge you any fees in relation to the services that it provides to you in relation to your PERLS IV securities.

Employees of Pacific Custodians and its related companies are remunerated by salary and do not directly receive any commission or fees. Bonus payments are discretionary.

### How do I make a complaint?

Pacific Custodians is committed to providing quality financial services. We have developed a fast and efficient complaint handling procedure to enable us to deal with any complaints you may have about us.

If you have a complaint about our services, please contact us by:

Phone (02) 8280 7748

Mail Complaints Manager  
Pacific Custodians Pty Ltd  
Locked Bag A14,  
Sydney South NSW 1235

Fax (02) 9287 0303

Email [complaints@linkmarketservices.com.au](mailto:complaints@linkmarketservices.com.au)

Pacific Custodians is a member of the Financial Ombudsman Service (FOS) which is an externally managed dispute resolution scheme registered with the Australian Securities and Investments Commission. If you feel we have not dealt with your complaint satisfactorily, you may refer your complaint to FOS by:

Phone 1300 780 808

Mail Financial Ombudsman Service  
GPO Box 3,  
Melbourne VIC 3001

Fax (03) 9613 6399

Internet [www.fos.org.au](http://www.fos.org.au)

**This FSG is dated 3 September 2012**

# Corporate Directory

## Registered Office of CBA

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

## Arrangers

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

Morgan Stanley Australia Securities Limited  
Level 39, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

## Joint Lead Managers

ANZ Securities Limited  
ANZ Centre Melbourne  
Level 9, 833 Collins Street  
Docklands VIC 3008

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

Goldman Sachs Australia Pty Ltd  
Level 48, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

Macquarie Capital (Australia) Limited  
Level 9, 1 Martin Place  
Sydney NSW 2000

Morgan Stanley Australia Securities Limited  
Level 39, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

RBS Equity Capital Markets (Australia) Limited  
Level 29, RBS Tower  
88 Phillip Street  
Sydney NSW 2000

Westpac Institutional Bank  
Level 2, Westpac Place  
275 Kent Street  
Sydney NSW 2000

## Co-Managers

Bell Potter Securities Limited  
Level 33, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

Deutsche Bank AG, Sydney Branch  
Level 16, Deutsche Bank Place  
Cnr Philip and Hunter Streets  
Sydney NSW 2000

Evans and Partners Pty Limited  
32 Jolimont Terrace  
East Melbourne VIC 3002

Ord Minnett Limited  
Level 8, 255 George Street  
Sydney NSW 2000

RBS Morgans Limited  
Level 29, Riverside  
123 Eagle Street  
Brisbane QLD 4000

## Trustee

The Trust Company (Australia) Limited  
Level 15, 20 Bond Street  
Sydney NSW 2000

## Legal Adviser

Freehills  
MLC Centre  
19-29 Martin Place  
Sydney NSW 2000

## Tax Adviser

Greenwoods & Freehills Pty Limited  
MLC Centre  
19-29 Martin Place  
Sydney NSW 2000

## Accounting Adviser

PricewaterhouseCoopers Securities Ltd  
Ground Floor, Tower 2  
201 Sussex Street  
Sydney NSW 2000

## Registry

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

PERLS VI Information Line

1800 250 297 (Monday to Friday 8.00am - 7.30pm, Sydney time)

Cover image: Commonwealth Bank Place, our new office premises at Darling Quarter in Sydney's central business district, which has achieved a 6-green star design and built rating

For personal use only