

# ASX ANNOUNCEMENT



Sydney, 9 December 2015

## **COMMONWEALTH BANK OF AUSTRALIA ISSUE OF US\$1,250,000,000 4.500% TIER 2 CAPITAL SUBORDINATED NOTES NOTICE UNDER SECTION 708A(12G)(e) CORPORATIONS ACT 2001 (CTH)**

Commonwealth Bank of Australia ("CBA") is pleased to confirm that, on 9 December 2015, it issued US\$1,250,000,000 4.500% Tier 2 Capital subordinated notes due 9 December 2025 ("Subordinated Notes"). The Subordinated Notes were issued under CBA's US\$50 billion Rule 144A medium-term note program. Terms used but not defined in this announcement are defined in the offering circular dated 2 December 2015 relating to the Subordinated Notes ("Offering Circular").

The Subordinated Notes potentially exchange into fully paid ordinary shares of CBA ("Ordinary Shares") if a Non-Viability Trigger Event occurs.

This notice is a cleansing notice prepared for the purposes of section 708A(12G)(e) of the Corporations Act 2001 (Cth) ("Corporations Act") (as inserted by ASIC Instrument 14-1133). CBA has elected to give this notice to enable Ordinary Shares issued on Exchange to be sold without disclosure under Chapter 6D of the Corporations Act. This notice includes:

- in schedule 1, a description of the rights and liabilities attaching to Subordinated Notes that is based on the description of the Subordinated Notes in the Offering Circular; and
- in schedule 2, a description of the rights and liabilities attaching to Ordinary Shares.

CBA confirms that:

- (a) Subordinated Notes were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) the information in this notice remains current as at today's date;
- (c) this notice (including the Schedule) complies with section 708A of the Corporations Act, as notionally modified by ASIC Class Orders [CO 08/35] and [C010/322], and further modified by ASIC Relief Instrument 14-1133; and
- (d) CBA has complied with section 708A(12H) of the Corporations Act as inserted by ASIC Relief Instrument 14-1133.

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## EFFECT OF THE SUBORDINATED NOTES OFFER ON CBA

The issue of Subordinated Notes by CBA will not have a material impact on CBA's financial position. If a Non-Viability Trigger Event occurs and CBA issues Ordinary Shares, the impact of Exchange on CBA would be to increase CBA's shareholders' equity. The number of Ordinary Shares issued on Exchange is limited to the Maximum Exchange Number. The Maximum Exchange Number is 87.8414 Ordinary Shares per Subordinated Note (with a nominal value of A\$1,388.37), based on the Issue Date VWAP of A\$79.0272 per Ordinary Share.

## ADDITIONAL INFORMATION

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 Ordinary Shares.

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).

The principal risks affecting CBA's business are set out in its annual financial reports.

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.

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

- the Offering Circular;
- CBA's annual financial report for the year ended 30 June 2015;
- CBA's profit announcement for the half year ended 31 December 2014;
- any continuous disclosure notices given by CBA in the period after the lodgement of its annual financial report for the year ended 30 June 2015 and before the date of this notice; and
- CBA's constitution.

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

Investor Relations  
Commonwealth Bank of Australia  
Level 18, Tower 1  
201 Sussex Street  
Sydney NSW 2000

Tricia Ho-Hudson  
Head of Capital and Regulatory Strategy  
Telephone (02) 9118 1319

*This announcement 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 U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")). The Subordinated Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, the Subordinated Notes may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.*

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SCHEDULE 1 – SUMMARY OF SUBORDINATED NOTES  
THE FOLLOWING IS A BRIEF SUMMARY ONLY AND SHOULD BE READ IN  
CONNECTION WITH THE OFFERING CIRCULAR. CAPITALIZED TERMS NOT  
OTHERWISE DEFINED HAVE THE MEANING GIVEN TO THEM IN THE OFFERING  
CIRCULAR.

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## IMPORTANT NOTICE

NOTHING IN THIS DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION. THE PRIMARY OFFER AND DISTRIBUTION OF THE SUBORDINATED NOTES HAS CLOSED.

THE SUBORDINATED NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS.

IN THIS DOCUMENT, “WE”, “OUR”, “US” OR “CBA” REFER TO THE COMMONWEALTH BANK OF AUSTRALIA EXCLUDING ITS SUBSIDIARIES, AND THE “CBA GROUP” REFERS TO CBA (OR ANY NOHC THAT IS THE HOLDING COMPANY OF CBA) AND ITS SUBSIDIARIES, IN EACH CASE, UNLESS OTHERWISE SPECIFIED OR THE CONTEXT OTHERWISE REQUIRES.



Commonwealth Bank of Australia  
(ABN 48 123 123 124)

U.S.\$1,250,000,000  
4.500%

*Subordinated Notes due 2025*

*(Subject to Exchange for fully paid ordinary shares of CBA or Write Down upon the occurrence of a Non-Viability Trigger Event)*

*(“Subordinated Notes”)*

### CERTAIN DEFINITIONS

In this document, unless otherwise specified or the context otherwise requires:

- “ABN” means Australian Business Number;
- “*additional amounts*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Payment of additional amounts”;
- “ADI” means an institution that is an authorized deposit-taking institution under the Australian Banking Act and regulated as such by APRA;
- “*Appointed Person*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — Appointment of Appointed Person”;
- “APRA” means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of us;
- “*associate*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Payment of additional amounts”;
- “ASX” means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires;

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- “*ASX Listing Rules*” means the listing rules of ASX from time to time with any applicable modification or waiver granted by ASX;
  - “*Attributable Proceeds*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder”;
  - “*Australian Banking Act*” means the Banking Act 1959 of Australia;
  - “*Australian Corporations Act*” or the “*Corporation Act*” means the Corporations Act 2001 of Australia;
  - “*Australian FSTB Act*” means the Financial Sector (Business Transfer and Group Restructure) Act 1999 of Australia;
  - “*Australian Tax Act*” means the Income Tax Assessment Act 1936 of Australia;
  - “*A\$*”, “*Australian Dollar*” or “*\$*” means the Australian dollar and “*US\$*” means the U.S. dollar;
  - “*Board*” means either our board of directors or a committee appointed by our board of directors;
  - “*Business Day*” means a day which is:
    - for the purposes of (i) any day on which trading in Ordinary Shares is to take place or Ordinary Shares or other entitlements are to be traded or quoted, (ii) issuance of Ordinary Shares or (iii) any VWAP determination or adjustment, a business day within the meaning of the ASX Listing Rules; and
    - for all other purposes, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Sydney, London and New York City;
  - “*CBA Group*” means CBA (or any NOHC that is the holding company of CBA) and its Subsidiaries;
  - “*CHES*” means the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Limited (ABN 49 008 504 532);
  - “*Commonwealth*” and “*Australia*” each means the Commonwealth of Australia;
  - “*Cum Value*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Adjustments to VWAP generally”;
  - “*Date of Substitution*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Substitution of a NOHC for us as issuer of the Ordinary Shares on Exchange”;
  - “*Depository Participant*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder”;
  - “*Depository Cut-Off Date*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder”;

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- “*Early Redemption Amount*” means a price equal to 100% of the Outstanding Principal Amount of the Subordinated Notes being Redeemed plus accrued and unpaid interest to (but excluding) the date fixed for Redemption;
  - “*Equal Ranking Securities*” has the meaning given in this document under the heading “Description of the Subordinated Notes — How the Subordinated Notes rank against other debt — Status of Subordinated Notes”;
  - “*Event of Default*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Default, remedies and waiver of default — Event of Default”;
  - “*Exchange*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — Exchange”;
  - “*Exchange Date*” means the date on which Exchange occurs as described in this document under the heading “Description of the Subordinated Notes — Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — Exchange”;
  - “*Exchange Date Cross Rate*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange”;
  - “*FATCA Withholding*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Payment of additional amounts”;
  - “*Fiscal Agency Agreement*” means the Amended & Restated Fiscal Agency Agreement, dated as of December 9, 2015, between us and The Bank of New York Mellon, as fiscal agent;
  - “*Fiscal Agent*” means The Bank of New York Mellon, acting in its capacity as fiscal agent under the Fiscal Agency Agreement;
  - “*Foreign Subordinated Holder*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder”;
  - “*Ineligible Subordinated Holder*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder”;
  - “*Issue Date Cross Rate*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange”;
  - “*Issue Date VWAP*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange”;
  - “*Junior Ranking Securities*” has the meaning given in this document under the heading “Description of the Subordinated Notes — How the Subordinated Notes rank against other debt — Status of Subordinated Notes”;
  - “*Level 1*” has the meaning given by APRA from time to time;
  - “*Level 2*” has the meaning given by APRA from time to time;
  - “*Level 1 Group*” means either:
    - CBA; or

- the “extended licensed entity” which is comprised of CBA and each Subsidiary of CBA as specified in any approval granted by APRA in accordance with APRA’s prudential standards (as amended from time to time);
- “*Level 2 Group*” means CBA and each Subsidiary that is recognized by APRA as part of CBA’s Level 2 group in accordance with APRA’s prudential standards (as amended from time to time);
- “*Maximum Exchange Number*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange”;
- “*NOHC*” means a “non-operating holding company” within the meaning of the Australian Banking Act;
- “*NOHC Event*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Substitution of a NOHC for us as issuer of the Ordinary Shares on Exchange”;
- “*NOHC Ordinary Shares*” means fully paid ordinary shares in the capital of a NOHC;
- “*Non-Viability Trigger Event*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — Non-Viability Trigger Event”;
- “*Ordinary Share*” means a fully paid ordinary share in CBA;
- “*Outstanding Principal Amount*” means in respect of any Subordinated Note which is outstanding at any time, the outstanding principal amount of the Subordinated Note, and for such purposes: (a) the principal amount of a Subordinated Note issued at a discount, at par or at a premium is at any time to be equal to its Specified Denomination; and (b) if the principal amount of a Subordinated Note has at any time been Exchanged or Written Down as described in this document, the principal amount of the Subordinated Note will be reduced by the principal amount so Exchanged or Written Down at that time;
- “*RBA*” means the Reserve Bank of Australia or any successor body;
- “*Regular Record Date*” means the close of business on the fifteenth day (whether or not a Business Day) next preceding the relevant Interest Payment Date;
- “*Reclassification*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Adjustments to VWAP for capital reconstruction”;
- “*Related Body Corporate*” has the meaning given in the Australian Corporations Act;
- “*Redemption*” means the redemption of all or some Subordinated Notes as described in this document under the heading “Description of the Subordinated Notes — Redemption or Repurchase of Subordinated Notes — Redemption of Subordinated Notes in certain circumstances”, and “*Redeem*” and “*Redeemed*” have corresponding meanings;
- “*Redemption Date*” means, in respect of each Subordinated Note, the date specified by us as the Redemption Date as described in this document under the heading “Description of the Subordinated Notes — Redemption or Repurchase of Subordinated Notes — Redemption of Subordinated Notes in certain circumstances”;
- “*Relevant Security*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — Non-Viability Trigger Event”;

- “*Relevant Tier 1 Security*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — Non-Viability Trigger Event”;
- “*Relevant Tier 2 Security*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — Non-Viability Trigger Event”;
- “*Repurchase*” has the meaning given in this document under the heading “Description of the Subordinated Notes - Redemption or Repurchase of Subordinated Notes – Repurchase”;
- “*Senior Ranking Obligations*” has the meaning given in this document under the heading “Description of the Subordinated Notes — How the Subordinated Notes rank against other debt — Status of Subordinated Notes”;
- “*Specified Denomination*” means denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof;
- “*Subsidiary*” has the meaning given in the Corporations Act;
- “*Substitution Conditions*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Substitution of a NOHC for us as issuer of the Ordinary Shares on Exchange”;
- “*Successor*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Substitution of a NOHC for us as issuer of the Ordinary Shares on Exchange”;
- “*Successor Documents*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Substitution of a NOHC for us as issuer of the Ordinary Shares on Exchange”;
- “*Tier 1 Capital*” means our Tier 1 Capital on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;
- “*Tier 2 Capital*” means our Tier 2 Capital on the relevant Level 1 or Level 2 basis, as defined by APRA from time to time;
- “*VWAP*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange”;
- “*VWAP Period*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Exchange Mechanics — Exchange”;
- “*Winding-Up*” means, with respect to an entity, a winding-up or liquidation, by a court of competent jurisdiction or otherwise under applicable law (which, in the case of Australia, includes the Australian Corporations Act), and “*Wound-Up*” has a corresponding meaning. For the avoidance of doubt, a Winding-Up does not occur solely by reason of an application to wind-up being made or by the appointment of a receiver, administrator or official with similar powers, including the exercise of APRA’s powers under section 13A(1) of the Australian Banking Act;
- “*Written Down*” has the meaning given in this document under the heading “Description of the Subordinated Notes — Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — No further rights if Exchange cannot occur”, and “*Write Down*” has a corresponding meaning; and
- “*Write Down Date*” means the date on which all of a percentage of the Outstanding Principal Amount is Written Down. For the avoidance of doubt, if the Outstanding Principal Amount has not

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been fully Written Down, the Subordinated Notes will continue to be payable on the remaining Outstanding Principal Amount.

## DESCRIPTION OF THE SUBORDINATED NOTES

The information included in the following sections of this document is based on material in the Offering Circular.

The Subordinated Notes will be issued on a fully paid basis such that no further payment is required from investors following their purchase of any Subordinated Notes.

The Subordinated Notes will mature on December 9, 2025. Subject to this paragraph and the provisions described under “—Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event” and “—Exchange Mechanics”, interest will be payable on the Outstanding Principal Amount of the Subordinated Notes semiannually in arrears on June 9 and December 9 of each year, beginning on June 9, 2016 at the rate of 4.500% per annum to the persons in whose names the Subordinated Notes are registered on the Regular Record Date. Interest will be paid on the basis of a 360-day year comprised of twelve 30-day calendar months. See “—Payment mechanics for Subordinated Notes” below for further information.

The Subordinated Notes will be unsecured, direct and subordinated obligations and claims in respect of Subordinated Notes will rank in our Winding-Up after the claims of all Senior Ranking Obligations, *pari passu* with claims in respect of Equal Ranking Securities and ahead of claims in respect of Junior Ranking Securities, as further defined and described below under “—How the Subordinated Notes rank against other debt”.

If a Non-Viability Trigger Event occurs prior to the Maturity Date or earlier Redemption of the Subordinated Notes, we must Exchange all or some of the Subordinated Notes or a percentage of the Outstanding Principal Amount of each Subordinated Note (as the case may be and in an amount as determined as described under “—Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event” below) for Ordinary Shares. A Non-Viability Trigger Event occurs when APRA notifies us in writing that it believes (i) an Exchange of all or some Subordinated Notes, or conversion or write down of capital instruments of the CBA Group, is necessary because, without it, we would become non-viable or (ii) a public sector injection of capital, or equivalent support, is necessary because, without it, we would become non-viable.

If, for any reason, an Exchange fails to take effect and we have not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within five Business Days after the occurrence of the applicable Non-Viability Trigger Event, then the rights of the relevant holder of Subordinated Notes (including to the payment of the Outstanding Principal Amount and interest, and the right to receive Ordinary Shares) in relation to such Subordinated Notes or the percentage of the Outstanding Principal Amount of the Subordinated Notes are Written Down. See “—Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event” for more information.

If the amount of our Relevant Tier 1 Securities is not sufficient to satisfy APRA that we will no longer be non-viable, some or all of our Relevant Tier 2 Securities, including the Subordinated Notes, will be subject to Exchange or Write Down. See “— Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event” below.

The Subordinated Notes may, subject to the terms described in “— Redemption or Repurchase of Subordinated Notes — Redemption of Subordinated Notes under certain circumstances”, be Redeemed at our option, in whole but not in part, following the occurrence of certain tax events or regulatory events.

The Subordinated Notes will be issued in the aggregate principal amount of US\$1,250,000,000.

The Subordinated Notes will be issued only in fully registered form in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof (the “Specified Denomination”).

## **The Subordinated Notes will be issued under the Fiscal Agency Agreement**

The Subordinated Notes will be issued under an Amended and Restated Fiscal Agency Agreement dated August 28, 2015 between CBA and The Bank of New York Mellon as fiscal agent (the “Fiscal Agent” and the “Fiscal Agency Agreement”, respectively).

The Fiscal Agency Agreement and its associated documents, including the Subordinated Notes, contain the full legal text of the matters described in this section entitled “Description of the Subordinated Notes”. This section is a summary only and does not describe every aspect of the Fiscal Agency Agreement and the Subordinated Notes. For example, in this section, we use terms that have been given special meaning in the Fiscal Agency Agreement, but we describe the meaning of only the more important of those terms.

The Fiscal Agency Agreement and the Subordinated Notes will be governed by, and construed in accordance with, the laws of the State of New York without reference to the State of New York principles regarding conflicts of laws, except that all matters governing authorization and execution of the Subordinated Notes and the Fiscal Agency Agreement by us and the subordination, Exchange, Write Down and substitution provisions of the Subordinated Notes will be governed by and construed in accordance with the law applying in New South Wales, the Commonwealth of Australia.

Copies of the Fiscal Agency Agreement and the form of Subordinated Note are available for inspection during normal business hours at the office of the Fiscal Agent.

The Fiscal Agent performs administrative duties for us such as sending interest payments and notices to holders. See “— Our relationship with the Fiscal Agent” below for more information about the Fiscal Agent.

### **We may issue other debt securities**

The Fiscal Agency Agreement and the Subordinated Notes do not limit our ability to incur other indebtedness or to issue other securities. Also, we are not subject to financial covenants or similar restrictions by the terms of the Subordinated Notes or the Fiscal Agency Agreement.

### **How the Subordinated Notes rank against other debt**

#### **Our status as an ADI**

We are an ADI for the purposes of the Australian Banking Act. The Australian Banking Act provides that, in the event an ADI becomes unable to meet its obligations or suspends payment, the ADI's assets in Australia are to be available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including the Subordinated Notes). These specified liabilities include certain obligations of the ADI to APRA in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts due to the RBA and certain other debts to APRA. A “protected account” is, subject to certain conditions including as to currency and unless prescribed otherwise by regulations, an account or a specified financial product: (a) where the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account, or (b) otherwise prescribed by regulation. The Australian Treasurer has published a declaration of products prescribed as protected accounts for the purposes of the Australian Banking Act. Changes to applicable law may extend the liabilities required to be preferred by law.

The Subordinated Notes do not constitute deposit liabilities or protected accounts for us in Australia for the purposes of the Australian Banking Act and are not insured or guaranteed by the United States Federal Deposit Insurance Corporation or any government, governmental agency or compensation scheme of the United States, Australia or any other jurisdiction or by any other party.

### **Loss absorption does not apply to our subordinated debt issued prior to January 1, 2013**

The requirement for a conversion or write down on account of our non-viability does not apply to an amount of our subordinated debt that was issued prior to January 1, 2013. Accordingly, holders of

Subordinated Notes are likely to be in a worse position in the event we become non-viable than holders of our subordinated debt issued prior to January 1, 2013 because that subordinated debt generally does not require that it be exchanged or written down upon the occurrence of a Non-Viability Trigger Event.

### Status of Subordinated Notes

The Subordinated Notes will not be secured by any of our property or assets. Thus, by owning a Subordinated Note, a holder of a Subordinated Note is an unsecured creditor. The Subordinated Notes will be unsecured, direct and subordinated obligations and will rank *pari passu* with Equal Ranking Securities.

The liabilities which are preferred by law to the claim of a holder in respect of the Subordinated Notes are substantial. The terms and conditions of the Subordinated Notes do not limit the amount of such liabilities which we may incur or assume from time to time.

Each holder should be aware that, if we are in a Winding-Up, it is possible that a Non-Viability Trigger Event will have already occurred, following which the holder's Subordinated Notes may be, or may have already been, Exchanged for Ordinary Shares or Written Down. See "Risk factors — Subordinated Notes are subject to Exchange or Write Down in the event of our non-viability" for more information. See also "— How the Subordinated Notes rank against other debt" and "— Default, remedies and waiver of default" below for additional information on how subordination limits the ability of holders of Subordinated Notes to receive payment or pursue other rights if we default or have certain other financial difficulties.

Claims in respect of Subordinated Notes rank in our Winding-Up:

- after the claims in respect of Senior Ranking Obligations including claims preferred by applicable laws;
- *pari passu* with claims in respect of Equal Ranking Securities; and
- ahead of all claims in respect of Junior Ranking Securities including claims referred to in Sections 563AA and 563A of the Corporations Act.

The applicable laws referred to above include (but are not limited to) Sections 13A and 16 of the Australian Banking Act and Section 86 of the Reserve Bank Act. These provisions provide that, in the event that we becomes unable to meet our obligations or suspend payment, our assets in Australia are to be available to meet our liabilities to, among others, APRA, the Reserve Bank of Australia and holders of protected accounts held in Australia, in priority to all other liabilities, including the Subordinated Notes.

Changes to applicable laws may extend the debts required to be preferred by law. As noted above under "—Our status as an ADI", the Subordinated Notes do not constitute deposit liabilities or protected accounts for us in Australia for the purposes of the Australian Banking Act and are not insured or guaranteed by the United States Federal Deposit Insurance Corporation or any government, governmental agency or compensation scheme of the United States, Australia or any other jurisdiction or by any other party.

In our Winding-Up, payments on each Subordinated Note are subject to: (i) all holders of Senior Ranking Obligations being paid in full before any payment is made to holders of Subordinated Notes; and (ii) holders of Subordinated Notes and holders of Equal Ranking Securities being paid on a pro-rata basis.

We expect that from time to time we will incur additional indebtedness and other obligations that will constitute Senior Ranking Obligations. The Subordinated Notes do not limit the amount of our obligations that can rank ahead of the Subordinated Notes that we may incur or assume in the future.

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*“Equal Ranking Securities”* means any instrument that ranks in our Winding-Up as the most junior claim in our Winding-Up ranking senior to Junior Ranking Securities, and includes:

- if on issue at the commencement of our Winding-Up:
  - the JPY20,000,000,000 Perpetual Subordinated Callable Fixed/Floating Rate Reverse Dual Currency Securities issued by us in 1999; and
  - the JPY9,000,000,000 Perpetual Subordinated Instruments issued by the Bank of Western Australia Limited in 1996 and assigned to us in 2012 (together, the “Subordinated Perpetual Japanese Obligations”); and
- any other instruments, present and future, issued after January 1, 2013 as instruments constituting Tier 2 Capital.

*“Junior Ranking Securities”* means any instrument, present and future, issued by us which:

- qualifies as Tier 1 Capital (or, in the case of any instrument issued prior to January 1, 2013), was treated as constituting Tier 1 Capital in accordance with the prudential standards which applied prior to January 1, 2013, irrespective of whether or not such instrument is treated as constituting Tier 1 Capital in accordance with any transitional arrangements provided by APRA or which rank or are expressed to rank equally with such securities in our Winding-Up; and
- all of our ordinary shares.

*“Senior Ranking Obligations”* means all our present and future deposits and other liabilities, securities and other obligations which would be entitled to be admitted in our Winding-Up (and including, but not limited to, obligations in respect of instruments issued before January 1, 2013 as Tier 2 Capital) other than Equal Ranking Securities and Junior Ranking Securities.

To the maximum extent permitted by applicable law, none of us, any holder of a Subordinated Note or any person claiming through us or a holder of a Subordinated Note has any right of set-off in respect of any amounts owed by one person to the other person.

Pursuant to the terms of the Subordinated Notes and the Fiscal Agency Agreement, each holder irrevocably acknowledges and agrees that:

- the subordination provisions of the Subordinated Notes are a debt subordination for the purposes of Section 563C of the Australian Corporations Act;
- the debt subordination is not affected by our act or omission, or any act or omission of any holder of Senior Ranking Obligations, which might otherwise affect holders of Subordinated Notes at law or in equity;
- it must not exercise its voting rights as an unsecured creditor in our Winding-Up or administration in respect of the Subordinated Notes to defeat the subordination provisions of the Subordinated Notes; and
- it must pay or deliver to the liquidator any amount or asset received on account of its claim in the Winding-Up in excess of its entitlement under the subordination provisions of the Subordinated Notes.

For the avoidance of doubt, but subject as described below under “—Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — No further rights if Exchange cannot occur”, if a Non-Viability Trigger Event has occurred, holders of Subordinated Notes will rank in our Winding-Up as holders of the number of Ordinary Shares to which they became entitled as described below under “—Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event”.

## Form of Subordinated Notes

The Subordinated Notes will be issued in global — *i.e.*, book-entry — form represented by a global security registered in the name of a depository, which will be the holder of all the Subordinated Notes represented by the global security.

Subordinated Notes sold to “qualified institutional buyers” in reliance on Rule 144A under the U.S. Securities Act of 1933 (“Securities Act”) will be represented by one or more global Subordinated Notes (each, a “Rule 144A Global Note”), registered in the name of a nominee of The Depository Trust Company (“DTC”). Subordinated Notes sold outside of the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act will be represented by one or more global Subordinated Notes (each, a “Regulation S Global Note” and, together with the Rule 144A Global Notes, the “Global Notes”) registered in the name of a nominee of DTC or a common depository for DTC, Euroclear Bank S.A./N.V. (“Euroclear”), Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) and/or an alternative clearing system (collectively or individually, the “Depository”). Definitive Subordinated Notes will only be issued in limited circumstances.

Those who own beneficial interests in a Global Note will do so through participants in the Depository’s securities clearance system, and the rights of these indirect owners will be governed solely by the applicable procedures of the Depository and its participants.

### Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event

#### Non-Viability Trigger Event

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

- an Exchange of all or some Subordinated Notes, or conversion or write down of capital instruments of the CBA Group, is necessary because, without it, we would become non-viable; or
- a public sector injection of capital, or equivalent support, is necessary because, without it, we would become non-viable.

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

If a Non-Viability Trigger Event occurs, we must Exchange in accordance with “—Exchange” and “—No further rights if Exchange cannot occur” below such number of Subordinated Notes (or, if we so determine, such percentage of the Outstanding Principal Amount of each Subordinated Note) as is equal (taking into account any conversion or write down of other Relevant Securities as defined below) to the aggregate face value of capital instruments which APRA has notified us must be exchanged, converted or written down (or, if APRA has not so notified us, such number or, if we so determine, such percentage of the Outstanding Principal Amount of each Subordinated Note as is necessary to satisfy APRA that we will no longer be non-viable). If a Non-Viability Trigger Event occurs when APRA notifies us in writing that it believes a public sector injection of capital, or equivalent support, is necessary because, without it, we would become non-viable, we must Exchange all Subordinated Notes.

In determining the number of Subordinated Notes, or percentage of the Outstanding Principal Amount of each Subordinated Note, which must be Exchanged in accordance with this section, we will:

- first, exchange, convert or write down the face value of any Relevant Tier 1 Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of the Subordinated Notes;
- secondly, exchange, convert or write down the face value of any Relevant Tier 2 Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down before Exchange of the Subordinated Notes; and

- thirdly, if exchange, conversion or write down of those securities is not sufficient, Exchange (in the case of the Subordinated Notes) or exchange, convert or write down (in the case of any other Relevant Tier 2 Securities) on a pro-rata basis or in a manner that is otherwise, in our opinion, fair and reasonable, the Subordinated Notes and any other Relevant Tier 2 Securities whose terms require or permit, or are taken by law to require or permit, them to be exchanged, converted or written down in that manner (subject to such adjustments as we may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Subordinated Notes or other Relevant Tier 2 Securities remaining on issue),

but such determination will not impede the immediate Exchange of the relevant number of Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note (as the case may be).

“*Relevant Security*” means a Relevant Tier 1 Security and a Relevant Tier 2 Security.

“*Relevant Tier 1 Security*” means a security forming part of our Tier 1 Capital on a Level 1 basis or Level 2 basis.

“*Relevant Tier 2 Security*” means a security forming part of our Tier 2 Capital on a Level 1 basis or Level 2 basis.

If a Non-Viability Trigger Event occurs, then:

- the relevant number of Subordinated Notes, or percentage of the Outstanding Principal Amount of each Subordinated Note, must be Exchanged immediately upon occurrence of the Non-Viability Trigger Event in accordance with “—Exchange” and “—Exchange Mechanics” below and the Exchange will be irrevocable;
- we must give notice as soon as practicable that Exchange has occurred to the Depository, the Fiscal Agent and the holders of Subordinated Notes;
- the notice must specify the date on which the Non-Viability Trigger Event occurred; and
- 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 Subordinated Notes remaining on issue.

Failure to undertake any of the steps in the paragraph above does not prevent, invalidate or otherwise impede Exchange or Write Down, respectively.

For the purposes of the foregoing, where the specified currency of the face value of Relevant Tier 1 Securities, Relevant Tier 2 Securities and/or Subordinated Notes (as applicable) is not the same, we may treat them as if converted into a single currency of our choice at such rate of exchange as we in good faith consider reasonable.

### **Exchange**

No Subordinated Note or portion thereof can, or will, be Exchanged at the option of a holder thereof.

If a Non-Viability Trigger Event has occurred and all or some of the Subordinated Notes (or percentage of the Outstanding Principal Amount of each Subordinated Note) are required to be Exchanged in accordance with “—Non-Viability Trigger Event”, then:

- Exchange of the relevant Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note will occur in accordance with “—Non-Viability Trigger Event” and “—Exchange Mechanics” immediately upon the date of occurrence of the Non-Viability Trigger Event; and
- the entry of the corresponding Subordinated Note in each relevant holding of a holder of Subordinated Notes in the register of the Depository will constitute an entitlement of that holder of Subordinated Notes (or, where the provisions described under “—Exchange Mechanics — Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is

an Ineligible Subordinated Holder” applies, of the nominee) to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of the Subordinated Notes or remaining percentage of the Outstanding Principal Amount of each Subordinated Note), and we will recognize the holder of Subordinated Notes (or, where “—Exchange Mechanics — Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder” applies, the nominee) as having been issued the relevant Ordinary Shares for all purposes,

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

In relation to an Exchange, we shall notify the Fiscal Agent and the Depositary of the percentage of the Outstanding Principal Amount of each Subordinated Note that has been Exchanged and instruct the Fiscal Agent and the Depositary to reflect this Exchange in the relevant Global Note or other certificate representing the Subordinated Notes so that the Outstanding Principal Amount of such Subordinated Note is reduced by the relevant percentage. In the case of an Exchange of only part of a Subordinated Note, upon presentation and surrender of the Subordinated Note, we will issue a new Subordinated Note in the name of the holder with a reduced Outstanding Principal Amount reflecting the Exchange.

For the avoidance of doubt:

- nothing in the Subordinated Notes will allow a payment be made to a holder of Subordinated Notes upon Exchange; and
- Exchange under the Subordinated Notes takes priority over a notice for Redemption issued as described in “—Redemption or Repurchase of Subordinated Notes — Redemption of Subordinated Notes under certain circumstances”.

“Exchange” means the exchange of all or some Subordinated Notes or a percentage of each Subordinated Note for Ordinary Shares pursuant to the terms of the Subordinated Notes and “Exchanged” has a corresponding meaning.

#### **No further rights if Exchange cannot occur**

If for any reason, Exchange of any Subordinated Note or a percentage of the Outstanding Principal Amount of any Subordinated Note required to be Exchanged described under “—Non-Viability Trigger Event” fails to take effect as described in “—Exchange” and we have not otherwise issued the Ordinary Shares required to be issued in respect of such Exchange within five Business Days after the date of the occurrence of the Non-Viability Trigger Event, then the rights of the relevant holder of Subordinated Notes (including to payment of the Outstanding Principal Amount and interest, and the right to receive Ordinary Shares) in relation to such Subordinated Notes or percentage of the Outstanding Principal Amount of the Subordinated Notes are Written Down with effect from 5:00 p.m. (Sydney time) on the fifth Business Day after the date of the occurrence of the Non-Viability Trigger Event (“Written Down”). We must give notice as soon as practicable that Write Down has occurred to the Depositary, the Fiscal Agent and the holders of Subordinated Notes, and the notice must specify the date on which the Non-Viability Trigger Event occurred.

#### **Appointment of Appointed Person**

Each holder of a Subordinated Note, on behalf of itself and (in the case of any Global Note) any person owning an indirect interest in such Subordinated Note, irrevocably:

- appoints us and our duly authorized officers and any liquidator, administrator, statutory manager or other similar official of CBA (each an “Appointed Person”) severally to be the attorney of the holder and the agents of the holder, with the power in the name and on behalf of the holder to:

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- do all such acts and things (including, without limitation signing all documents, instruments or transfers or instructing CHES) as may, in the opinion of the Appointed Person, be necessary or desirable to be done in order to give effect to, record or perfect an Exchange or Write Down (as applicable);
- do all other things which an Appointed Person reasonably believes to be necessary or desirable to give effect to the terms of the Subordinated Notes; and
- appoint in turn its own agent or delegate; and
- authorizes and directs us and/or the Fiscal Agent to make such entries in the register, including amendments and additions to the register, which we and/or the Fiscal Agent may consider necessary or desirable to record an Exchange or Write Down (as applicable).

The power of attorney to be given by Subordinated Note holders in respect of the Subordinated Notes will be given for valuable consideration and to secure the performance by the Subordinated Note holder of the Subordinated Note holder's obligations under the Subordinated Notes, will be irrevocable and will survive and not be affected by the subsequent disability or incapacity of the Subordinated Note holder (or, if such Subordinated Note holder is an entity, by its dissolution or termination). An Appointed Person will have no liability in respect of any acts duly performed in accordance with the power of attorney thereby given.

## Exchange Mechanics

### Exchange

On the Exchange Date, subject to the conditions described in “— Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — No further rights if Exchange cannot occur” and “— Exchange Mechanics — Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder”, the following will apply:

- we will allot and issue the Exchange Number of Ordinary Shares for each Subordinated Note (or percentage of the Outstanding Principal Amount of each Subordinated Note) required to be Exchanged. The Exchange Number is, subject always to the Exchange Number being no greater than the Maximum Exchange Number, calculated according to the following formula:

$$\text{Exchange Number} = \frac{\text{Outstanding Principal Amount} \times \text{Exchange Date Cross Rate}}{P \times \text{VWAP}}$$

where:

“*P*” means 0.99.

“*VWAP*” (expressed in Australian dollars and cents) 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 as described under “— Adjustments to VWAP generally” and “— Adjustments to VWAP for capital reconstruction”, 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.

“*VWAP Period*” means:

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- in the case of the calculation of the Exchange Number, the period of five Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Exchange Date; or
- in the case of the Issue Date VWAP, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but excluding the Issue Date.

“*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 the provisions described in “— Adjustments to Issue Date VWAP generally”, “—Adjustments to Issue Date VWAP for bonus issues”, “—Adjustments to Issue Date VWAP for capital reconstruction” and “—No adjustment to Issue Date VWAP in certain circumstances”.

“*Exchange Date Cross Rate*” means the average (rounded to six decimal places) of the inverse A\$/US\$ exchange rates published by the RBA at approximately 4:00 p.m. (Sydney time) on each of the Business Days during the five Business Day period immediately preceding (but excluding) the Exchange Date or, if such exchange rate is not published by the RBA on any of such Business Days, the Exchange Date Cross Rate will be the simple average of the inverse A\$/US\$ exchange rate quoted by two or more independent market makers in that exchange rate, selected by us, on the Exchange Date.

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

$$\text{Maximum Exchange Number} = \frac{\text{Outstanding Principal Amount} \times \text{Issue Date Cross Rate}}{0.20 \times \text{Issue Date VWAP}}$$

“*Issue Date Cross Rate*” means the average (rounded to six decimal places) of the inverse A\$/US\$ exchange rates published by the Reserve Bank of Australia at approximately 4:00 p.m. (Sydney time) on each of the Business Days during the 20 Business Day period immediately preceding (but excluding) the Issue Date or, if such exchange rate is not published by the RBA on any of such Business Days, the Issue Date Cross Rate will be the simple average of the inverse A\$/US\$ exchange rate quoted by two or more independent market makers in that exchange rate, selected by us, at approximately 4:00 p.m. (Sydney time) on the Issue Date.

The rights of each holder of Subordinated Notes (including to payment of interest) in relation to each Subordinated Note that is being Exchanged (or percentage of the Outstanding Principal Amount of each Subordinated Note that is being Exchanged) will be immediately and irrevocably terminated for an amount equal to the Outstanding Principal Amount of each Subordinated Note (or percentage of the Outstanding Principal Amount of each Subordinated Note) and we will apply that amount by way of payment for the subscription for the Ordinary Shares to be allotted and issued under as described under the paragraph above. Each holder of Subordinated Notes is taken to have irrevocably directed that any amount payable under this section is to be applied as provided for in this section and no holder of Subordinated Notes has any right to payment in any other way.

If the total number of additional Ordinary Shares to be allotted and issued in respect of the aggregate holding of a holder of Subordinated Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

Subject to the conditions described in “—Exchange Mechanics — Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder”, where Subordinated Notes are Exchanged, we will allot and issue the Ordinary Shares to the holder of Subordinated Notes on the basis that the name and address set out in the register of holders (or, if not set out in the register, otherwise held by the Depositary) are the name and address

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for entry into any register of title and delivery of any certificate or holding statement in respect of any Ordinary Shares issued on Exchange.

### **Adjustments to VWAP generally**

For the purposes of calculating the VWAP under “—Exchange” above:

- 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 Subordinated Notes 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:
  - in the case of a cash dividend or other distribution, the amount of that dividend or other distribution;
  - in the case of any other entitlement that is not a dividend or other distribution under the bullet above 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 relevant 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
  - 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 our Board; and
- 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 Subordinated Notes 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.

### **Adjustments to VWAP for capital reconstruction**

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

Any adjustment made by us in accordance with the paragraph above will be effective and binding on holders of Subordinated Notes under the Fiscal Agency Agreement, and the Subordinated Notes and the Fiscal Agency Agreement will be construed accordingly.

For the avoidance of doubt, nothing in this section allows a cash payment or other distribution to be made to or by a holder of Subordinated Notes as part of a Reclassification or as a result of a Reclassification.

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### Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP as described under “—Exchange”, adjustments will be made in accordance with “—Adjustments to VWAP generally” and “—Adjustments to VWAP for capital reconstruction ” during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- may be made by us in accordance with the conditions described below under “—Adjustments to Issue Date VWAP for bonus issues”, “—Adjustments to Issue Date VWAP for capital reconstruction” and “—Adjustments to Issue Date VWAP in certain circumstances” (inclusive);
- if so made, will correspondingly cause an adjustment to the Maximum Exchange Number; and
- if so made, will be effective and binding on holders of Subordinated Notes under the Fiscal Agency Agreement, and the Fiscal Agency Agreement and the Subordinated Notes will be construed accordingly.

### Adjustments to Issue Date VWAP for bonus issues

Subject to the two paragraphs at the end of this section, if we make 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.

For the avoidance of doubt, the paragraph above 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.

For the purposes of this section, an issue will be regarded as a bonus issue notwithstanding that we do not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia (or to whom an offer is otherwise subject to foreign securities laws), provided that in so doing we are not in contravention of the ASX Listing Rules.

### 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.

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### **No adjustment to Issue Date VWAP in certain circumstances**

Despite the provisions described in “—Adjustments to Issue Date VWAP for bonus issues” and “—Adjustments to Issue Date VWAP for capital reconstruction”, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP then in effect.

### **Announcement of adjustments to Issue Date VWAP**

We will notify any adjustment to the Issue Date VWAP under the provisions described in “—Adjustments to Issue Date VWAP generally”, “—Adjustments to Issue Date VWAP for bonus issues” and “—Adjustments to Issue Date VWAP for capital reconstruction” to the Depositary, Fiscal Agent and the holders of Subordinated Notes within 10 Business Days of us determining the adjustment and the adjustment will be final and binding.

### **Status and quotation of Ordinary Shares**

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 5:00 p.m. (Sydney time) on the Exchange Date (or such other time required by APRA).

We will use all reasonable endeavours to quote the Ordinary Shares issued on Exchange of the Subordinated Notes on ASX.

### **Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder**

If Subordinated Notes (or a percentage of the Outstanding Principal Amount of each Subordinated Note) of a holder of Subordinated Notes are required to be Exchanged and:

- the holder of Subordinated Notes has notified us 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;
- the holder of Subordinated Notes is an Ineligible Subordinated Holder; or
- we have not received (for any reason whether or not due to the fault of that holder of Subordinated Notes) any information required by it in accordance with the conditions of the Subordinated Notes so as to impede us issuing the Ordinary Shares to a holder of Subordinated Notes on the Exchange Date,

then, subject to the paragraph below, on the Exchange Date, the rights of the holder of Subordinated Notes (including to payment of the Outstanding Principal Amount and interest, and to receive Ordinary Shares) in relation to such Subordinated Notes being Exchanged are immediately and irrevocably terminated and we will (subject to the final paragraph of this section) issue the Exchange Number of Ordinary Shares to a nominee (which nominee may not be us or one of our Related Entities) for no additional consideration on terms that, at the first opportunity to sell the Ordinary Shares, the nominee will arrange for their sale at market value and pay the Attributable Proceeds to the relevant holder of Subordinated Notes (unless, because the holder of Subordinated Notes is an Ineligible Subordinated Holder, the nominee is deemed to be an Ineligible Subordinated Holder, in which case such issue shall occur as soon as practicable after the nominee ceases to be an Ineligible Subordinated Holder).

“*Attributable Proceeds*” means the net proceeds of sale of Ordinary Shares attributable to the Subordinated Notes of the relevant holder of Subordinated Notes, or where the provisions described in the penultimate paragraph of this “—Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder” section apply, the Depositary Participant, actually received after deducting any applicable brokerage, stamp duty and other taxes.

*"Ineligible Subordinated Holder"* means a holder of Subordinated Notes 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 of Subordinated Notes in respect of some of its Subordinated Notes, it shall only be treated as an Ineligible Subordinated Holder in respect of those Subordinated Notes and not in respect of the balance of its Subordinated Notes), and includes a Foreign Subordinated Holder. We will be entitled to treat a holder of Subordinated Notes as not being an Ineligible Subordinated Holder unless the holder of Subordinated Notes has otherwise notified us after the Issue Date and prior to the Exchange Date.

*"Foreign Subordinated Holder"* means:

- a holder of Subordinated Notes whose address in the register is a place outside Australia; or
- a holder of Subordinated Notes who we believe may not be a resident of Australia and we are not satisfied that the laws of the country in which we believe the holder of Subordinated Notes is resident permit the offer of Ordinary Shares to, or holding or acquisition of Ordinary Shares by, the holder of Subordinated Notes (but we will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which we, in our absolute discretion, regards as acceptable and not unduly onerous.

If Subordinated Notes (or a percentage of the Outstanding Principal Amount of each Subordinated Note) of a holder of Subordinated Notes are required to be Exchanged and the holder of Subordinated Notes is a Depository or a nominee for a common depository for any one or more Depository (such Depository or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant Depository or Depositories) then, on the Exchange Date, the rights of the holder of Subordinated Notes (including to payment of the Outstanding Principal Amount and interest, and to receive Ordinary Shares from us) in relation to such Subordinated Notes being Exchanged are immediately and irrevocably terminated and we will (subject to the final paragraph of this section) issue the Exchange Number of Ordinary Shares to a nominee (which nominee may not be us or one of our Related Entities) for no additional consideration on terms that they are dealt with in accordance with the two paragraphs below.

Where Ordinary Shares are issued to one or more nominees in accordance with this section, each person who is for the time being shown in the records of the relevant Depository or Depositories as the holder of the corresponding Subordinated Notes immediately prior to Exchange ("Depository Participant", in which regard any certificate or other document issued by a Depository as to the Outstanding Principal Amount of such Subordinated Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) may, no later than 30 days following the relevant Exchange Date ("Depository Cut-Off Date"), provide to us and the relevant nominee:

- its name and address for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Exchange;
- the security account details of the holder of Subordinated Notes in CHES or such other account to which the Ordinary Shares issued on Exchange are to be credited; and
- such other information as is reasonably requested by us,

and, if it does so, the nominee will transfer the relevant Ordinary Shares to the Depository Participant as soon as possible thereafter.

If a Depository Participant:

- fails to provide the information required by the paragraph above by the Depository Cut-off Date;

- notifies us that it does not wish to receive Ordinary Shares on or prior to the Depositary Cut-off Date; or
- would be an Ineligible Subordinated Holder if the Depositary Participant's name had been entered in a register as the owner of the Subordinated Notes immediately prior to Exchange,

then, with effect from the Depositary Cut-off Date, the Depositary Participant will cease to be entitled to receive the relevant Ordinary Shares and, at the first opportunity to sell the Ordinary Shares after the Depositary Cut-off Date, the relevant nominee will arrange for their sale at market value and pay the Attributable Proceeds to the Depositary Participant.

Where a nominee is to be issued with Ordinary Shares under the provisions described in this section, on and from the date of issue of those Ordinary Shares, the relevant Subordinated Notes (or percentage of the Outstanding Principal Amount of each Subordinated Note) are taken to have been Exchanged and the only rights of the holders of Subordinated Notes or the Depositary Participant (as the case may be) in respect of such Subordinated Notes (or percentage of the Outstanding Principal Amount of each Subordinated Note) are:

- where the first or fourth paragraph of this section applies, to require the nominee to pay it the Attributable Proceeds; or
- where the third paragraph of this section applies and the Depositary Participant complies with the conditions set forth in that paragraph, to require the nominee to effect a transfer of those Ordinary Shares to the Depositary Participant.

If, where the provisions described in this section apply:

- the Exchange fails to take effect; and
- we have not otherwise issued Ordinary Shares to the relevant nominee within five Business Days after the date of the occurrence of the Non-Viability Trigger Event,

then the rights of the holders of Subordinated Notes (including to payment of the Outstanding Principal Amount and interest, and to receive Ordinary Shares) are immediately and irrevocably terminated as described in “—Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — No further rights if Exchange cannot occur” above.

#### **Exchange of a percentage of Outstanding Principal Amount**

If, under the conditions described in this “Description of the Subordinated Notes” section, it is necessary to Exchange a percentage of the Outstanding Principal Amount, the provisions described in this section “— Exchange Mechanics” will apply to the Exchange as if references to the Outstanding Principal Amount were references to the relevant percentage of the Outstanding Principal Amount to be Exchanged.

For the avoidance of doubt, if, under the conditions described in this “Description of the Subordinated Notes” section, it is not necessary to Exchange all of the Outstanding Principal Amount of each Subordinated Note, and either (a) a holder of Subordinated Notes is a Depositary or nominee for a common depository for any one or more Depositories or (b) an Exchange of some only of the Subordinated Notes could result in the Exchange being applied among holders of Subordinated Notes or Depositary Participants (as applicable) other than on a pro-rata basis, the Exchange will be effected by the relevant percentage of the Outstanding Principal Amount of each Subordinated Note being Exchanged.

#### **Holder of Subordinated Notes acknowledgements**

Each holder of Subordinated Notes irrevocably:

- consents to becoming a member of CBA upon Exchange of the Subordinated Notes as required by the conditions described in this “Description of the Subordinated Notes” section and agrees to

be bound by our Constitution, in each case in respect of the Ordinary Shares issued to such holder of Subordinated Notes on Exchange;

- unless (x) it has given notice in accordance with the provisions described in “— Exchange where the holder of Subordinated Notes does not wish to receive Ordinary Shares or is an Ineligible Subordinated Holder” above that it does not wish to receive Ordinary Shares as a result of the Exchange or (y) it is an Ineligible Subordinated Holder, acknowledges and agrees that it is obliged to accept Ordinary Shares if it holds Subordinated Notes that are required to be Exchanged as and when required by the conditions described in this “Description of the Subordinated Notes” section notwithstanding anything that might otherwise affect Exchange including:
  - any change in our financial position since the issue of such Subordinated Notes;
  - any disruption to the market or potential market for the Ordinary Shares or to capital markets generally;
  - any breach by us of any obligation in connection with the Subordinated Notes; or
  - any failure to or delay in exchange, conversion or write down of other Relevant Securities; and
- acknowledges and agrees that:
  - it will not have any rights to vote in respect of any Exchange or Write Down;
  - it has no claim against us for any loss it may suffer arising in connection with any Exchange or Write Down;
  - it has no rights to compensation from, or any other remedies against, us or any other member of the CBA Group on account of the failure of us to issue Ordinary Shares if we are for any reason prevented from doing so;
  - Exchange is not subject to any conditions other than those expressly provided for in “— Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event” and this “—Exchange Mechanics” section; and
  - it has no right to request Exchange or to determine whether (or in what circumstances) the Subordinated Notes it holds are Exchanged.

### **Redemption or Repurchase of Subordinated Notes**

Each Subordinated Note will be Redeemed on the Maturity Date for its Outstanding Principal Amount unless previously Repurchased, Redeemed, Exchanged or Written Down in full.

### **APRA approval required to Redeem or Repurchase Subordinated Notes**

We may only Redeem or Repurchase Subordinated Notes before the Maturity Date if APRA has given its prior written approval to the Redemption or Repurchase. Approval is at the discretion of APRA. Holders of Subordinated Notes should not expect that APRA’s approval will be given for Redemption or Repurchase of Subordinated Notes.

Additionally, we may only Redeem or Repurchase any Subordinated Notes before the Maturity Date if either:

- before or concurrently with the Redemption or Repurchase we replace the Subordinated Notes 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 the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the CBA Group; or

- we obtain confirmation from APRA that APRA is satisfied, having regard to the capital position of the CBA Group, that we do not have to replace the Subordinated Notes.

### **Redemption of Subordinated Notes under certain circumstances**

No Subordinated Note or portion thereof can, or will, be Redeemed at the option of a holder of such Subordinated Note.

As described above under “—APRA approval required to Redeem or Repurchase Subordinated Notes”, we may Redeem prior to the Maturity Date in whole but not in part, the Subordinated Notes upon the occurrence of certain tax events or regulatory events, as described below.

Any Redemption as described below under “—Redemption upon the occurrence of certain tax events” and “—Redemption upon the occurrence of certain regulatory events” will be made at the Early Redemption Amount, which shall be equal to 100% of the Outstanding Principal Amount of the Subordinated Notes Redeemed plus accrued and unpaid interest to (but excluding) the Redemption Date. If we have provided a notice of Redemption, the Outstanding Principal Amount of the Subordinated Notes called for Redemption shall become due on the Redemption Date. On and after the Redemption Date, unless we default in payment of the Early Redemption Amount, interest shall cease to accrue on the Outstanding Principal Amount of the Subordinated Notes.

If we elect to Redeem the Subordinated Notes, we will provide holders of the Subordinated Notes and the Fiscal Agent with at least 20 Business Days’ (and no more than 60 Business Days’) irrevocable notice. Notices to Redeem Subordinated Notes shall be given by us in writing and for so long as any Subordinated Notes are held by the Depository, given to each holder in accordance with the rules and regulations of the Depository relating to the delivery of notices, or mailed to their last addresses appearing on the register of the Subordinated Notes. Notices to Redeem the Subordinated Notes shall specify the Redemption Date, the Early Redemption Amount, the place or places of payment and that payment will be made upon presentation and surrender of the Subordinated Notes to be Redeemed.

All Subordinated Notes Redeemed by us will be cancelled forthwith and all our liabilities and obligations in connection with those Subordinated Notes so Redeemed will be discharged.

#### ***Redemption upon the occurrence of certain tax events***

Subject to the requirements described above under “—APRA approval required to Redeem or Repurchase Subordinated Notes”, if, at any time after the Issue Date, we receive an opinion from reputable legal counsel or other tax adviser in Australia, experienced in such matters, to the effect that there is a material risk that as a result of a change in laws of Australia (including following any announcement of a prospective change or amendment which has been or will be introduced), we would be exposed to a more than de minimis adverse tax consequence in relation to the Subordinated Notes other than a tax consequence we expected as at the Issue Date (and, in the case of any successor entity, expected as at the date of that entity’s assumption of our obligations), then we may Redeem all (but not some) of the Subordinated Notes at any time prior to the Maturity Date.

If we choose to Redeem the Subordinated Notes upon the occurrence of such tax events, then immediately prior to the giving of any notice of Redemption of Subordinated Notes pursuant to this section, we must deliver to the Fiscal Agent an officer’s certificate stating that we are entitled to effect such Redemption and setting forth in reasonable detail a statement of facts showing that the conditions precedent to our right to so Redeem the Subordinated Notes have occurred.

The notice of such Redemption must not be given earlier than 60 Business Days before the Interest Payment Date occurring immediately before the earliest date on which we would be subject to the adverse tax consequence. Such notice shall also state that the conditions precedent to such Redemption have occurred and state that we have elected to exercise our option to Redeem the Subordinated Notes in accordance with their terms.

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### ***Redemption upon the occurrence of certain regulatory events***

Subject to the requirements described above under “—APRA approval required to Redeem or Repurchase Subordinated Notes”, if, at any time after the Issue Date, we determine that as a result of a change in the laws of Australia or a change in APRA’s prudential standards (including following any announcement of a prospective change or amendment which has been or will be introduced) all, some or a percentage of all or some Subordinated Notes are not or will not be treated as Tier 2 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 us as at the Issue Date (and, in the case of any successor entity, expected as at the date of that entity’s assumption of our obligations), then we may Redeem all (but not some) of the Subordinated Notes at any time prior to the Maturity Date.

If we choose to Redeem the Subordinated Notes upon the occurrence of such a regulatory event, then immediately prior to the giving of any notice of Redemption of Subordinated Notes pursuant to this section, we must deliver to the Fiscal Agent an officer’s certificate stating that we are entitled to effect such Redemption and setting forth in reasonable detail a statement of facts showing that the conditions precedent to our right to so Redeem the Subordinated Notes have occurred.

The notice of such Redemption must not be given earlier than 60 Business Days before the Interest Payment Date occurring immediately before the earliest date on which all, some or a percentage of all or some of the Subordinated Notes will cease to be treated as Tier 2 Capital. Such notice shall also state that the conditions precedent to such Redemption have occurred and state that we have elected to exercise our option to Redeem the Subordinated Notes in accordance with their terms.

### ***Repurchase***

Subject to the requirements described above under “APRA approval required to Redeem or Repurchase the Subordinated Notes”, we or any member of the CBA Group may, to the extent permitted by applicable laws and regulations, at any time purchase Subordinated Notes in the open market, by tender to all or some of the holders of Subordinated Notes or by private agreement or otherwise at any price (“Repurchase”). All Subordinated Notes Repurchased by the us or any member of the CBA Group will be cancelled forthwith and all our liabilities and obligations in connection with those Subordinated Notes so Repurchased will be discharged.

### ***Mergers and similar transactions***

We are generally permitted to consolidate or merge with another person. We are also permitted to sell substantially all of our assets to another person, or to buy substantially all of the assets of another person.

However, we may not take any of these actions unless all the following conditions are met:

- where we merge out of existence or sell our assets, except as otherwise indicated below, the other person must be an entity organized as a corporation, trust or partnership, it must expressly assume the due and punctual payment of the Outstanding Principal Amount of and interest, if any, on the Subordinated Notes and the performance of every covenant included in the Subordinated Notes;
- we deliver to the holders of the Subordinated Notes an officer’s certificate and opinion of counsel, each stating that the consolidation, merger, sale, lease or purchase of assets complies with the terms of the Subordinated Notes; and
- the merger, sale of assets or other transaction must not cause a default on the Subordinated Notes, and we must not already be in default under the Subordinated Notes, unless the merger or other transaction would cure the default.

If such person is not organized and validly existing under the laws of Australia, it must expressly agree:

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- to indemnify the holder of the Subordinated Notes against any tax, assessment or governmental charge required to be withheld or deducted from any payment to such holder as a consequence of such merger, sale of assets or other transaction; and
  - that all payments pursuant to the Subordinated Notes must be made without withholding or deduction for or on account of any tax of whatever nature imposed or levied on behalf of the jurisdiction of organization of such person, or any political subdivision or taxing authority thereof or therein, unless such tax is required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such person will pay such additional amounts in order that the net amounts received by the holders of the Subordinated Notes after such withholding or deduction will equal the amount which would have been received in respect of the Subordinated Notes in the absence of such withholding or deduction, subject to the same exceptions as would apply with respect to the payment by us of additional amounts in respect of the Subordinated Notes (substituting the jurisdiction of organization of such person for Australia provided, however, that this indemnity shall not apply to any deduction or withholding imposed or required pursuant to Section 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and shall not require the payment of additional amounts on account of any such withholding or deduction).

**Upon any such consolidation or merger, or any conveyance, transfer or lease of the properties and assets of the Issuer substantially as an entirety in accordance with the provisions described in this “—Mergers and similar transactions” section above, the successor person formed by such consolidation or into which we are merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, us under the Fiscal Agency Agreement and the Subordinated Notes with the same effect as if the successor person had been named as the Issuer therein and herein and thereafter, except in the case of a lease, the predecessor person shall be relieved of all obligations and covenants under the Subordinated Notes and under the Fiscal Agency Agreement.**

Notwithstanding the above, we are not prevented from consolidating with or merging into any other person or conveying, transferring or leasing our respective properties and assets substantially as an entirety to any person, or from permitting any person to consolidate with or merge into us or to convey, transfer or lease our respective properties and assets substantially as an entirety to us where such consolidation, merger, conveyance, transfer or lease is:

- required by APRA (or any statutory manager or similar official appointed by it) under law and prudential regulation applicable in the Commonwealth of Australia (including, without limitation, the Australian Banking Act or the Australian FSTB Act, as used herein, and any amendments thereto, rules thereunder and any successor laws, amendments and rules); or
- determined by us or by APRA (or any statutory manager or similar official appointed by it) to be necessary in order for us to be managed in a sound and prudent manner or for us or APRA (or any statutory manager or similar official appointed by it) to resolve any financial difficulties affecting us, in each case in accordance with law and prudential regulation applicable in the Commonwealth of Australia.

It is possible that the merger, sale of assets or other transaction would cause some of our property to become subject to a mortgage or other legal mechanism giving lenders preferential rights in that property over other lenders or over our general creditors if we fail to pay them back.

## **Existence**

Subject to the provisions described under “— Mergers and similar transactions” above, we are required to do or cause to be done all things necessary to preserve and keep in full force and effect our existence, rights (charter and statutory) and franchises; provided, however, that we shall not be

required to preserve any such right or franchise if our Board determines that the preservation thereof is no longer desirable in the conduct of our business and that the loss thereof is not disadvantageous in any material respect to the holders of the Subordinated Notes or:

- we are required to do otherwise by APRA (or any statutory manager or similar official appointed by it) under law and prudential regulation applicable in the Commonwealth of Australia (including without limitation the Australian Banking Act or the Australian FSTB Act, which terms, as used herein, include any amendments thereto, rules thereunder and any successor laws, amendments and rules)); or
- it is determined by us or by APRA (or any statutory manager or similar official appointed by it) to do otherwise in order for us to be managed in a sound and prudent manner or it is determined by us or APRA to do otherwise (or any statutory manager or similar official appointed by it) in order to resolve any financial difficulties affecting each of us, in each case in accordance with law and prudential regulation applicable in the Commonwealth of Australia.

### **Payment of additional amounts**

We will pay all amounts that we are required to pay on the Subordinated Notes without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges imposed or levied by or on behalf of Australia or any political subdivision or taxing authority thereof or therein. This obligation will not apply, however, if those taxes, duties, assessments or other governmental charges are required by Australia or any such subdivision or taxing authority to be withheld or deducted (including withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code). If that were to occur, we will pay additional amounts of, or in respect of, the principal of, and any interest on, the affected Subordinated Notes ("additional amounts") that are necessary so that the net amounts paid to the holders of those Subordinated Notes, after deduction or withholding, will equal the amounts of principal and any premium and interest that we would have had to pay on those Subordinated Notes if the deduction or withholding had not been required except that our obligation to pay additional amounts in relation to the Subordinated Notes will not apply to:

- any withholding, deduction, tax, duty, assessment or other governmental charge that would not have been imposed but for the fact that the holder of the affected Subordinated Note:
  - was a resident, domiciliary or national of, or engaged in business or maintained a permanent establishment or was physically present in, Australia or otherwise had some connection with Australia other than only owning that Subordinated Note, or receiving payments under that Subordinated Note;
  - presented that Subordinated Note for payment in Australia, unless he or she was required to present that Subordinated Note for payment and it could not have been presented for payment anywhere else; or
  - presented that Subordinated Note more than 30 days after the date payment became due on that Subordinated Note or was provided for, whichever is later, except to the extent that the holder would have been entitled to the additional amounts on presenting the Subordinated Note for payment on any day during that 30 day period;
- any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge or any withholding or deduction on account of those taxes;
- any tax, assessment or other governmental charge which is payable otherwise than by withholding or deduction from payments of, or in respect of, the Outstanding Principal Amount of or interest on the affected Subordinated Note;
- any withholding, deduction, tax, assessment or other governmental charge that is imposed or withheld because the holder or the beneficial owner of the affected Subordinated Note did not comply with our request:

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- to provide information concerning his or her nationality, residence or identity; or
- to make a declaration or other similar claim or satisfy any requirement for information or reporting,

which, in the case of each of the two preceding bullet points, is required or imposed by a statute, treaty, regulation or administrative practice of Australia or any political subdivision or taxing authority of or in Australia as a condition to an exemption from all or part of the withholding, deduction, tax, assessment or other governmental charge;

- any withholding, deduction, tax, assessment or other governmental charge that is imposed or withheld because the person who receives the payment is our associate as defined in section 128F of the Australian Tax Act;
- any withholding, deduction, tax, duties, assessment or other governmental charge that is imposed or withheld by reason of the Commissioner of Taxation of the Commonwealth of Australia giving a notice under Section 255 of the Australian Tax Act or Section 260-5 of Schedule 1 of the Taxation Administration Act 1953 of the Commonwealth of Australia;
- any withholding or deduction due to a determination having been made under Part IVA of the Australian Tax Act (or any modification thereof or provision substituted therefor) by the Commissioner of Taxation of the Commonwealth of Australia that withholding tax is payable in respect of a payment in circumstances where that payment would not have been subject to withholding tax because of a scheme which had the dominant purpose of causing the payment not to be subject to withholding tax;
- any withholding or deduction that is imposed by reason of the failure of a person entitled to such payment to perfect an exemption from any withholding or deduction (including, for the avoidance of doubt, as a result of any payment being made through an intermediary that is subject to withholding or deduction) imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof;
- any withholding or deduction that is imposed on a payment and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, or providing for measures equivalent to those laid down in, such Directive; or
- any combination of the foregoing bullet points.

The term “associate” is widely defined for the purposes of section 128F of the Australian Tax Act. It would include:

- a person who controls a majority voting interest in us or is able to sufficiently influence us;
- any trust under which we, or any of our subsidiaries, can benefit; and
- any entity which we can sufficiently influence or in which we have a majority voting interest, even where that entity acts as trustee.

No additional amounts shall be payable with respect to any payment of, or in respect of, the Outstanding Principal Amount of, or any interest on, any Subordinated Note to any holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that payment would, under the laws of Australia or any political subdivision or taxing authority of Australia, be treated as being derived or received for tax purposes by a beneficiary or settlor of that fiduciary or a member of that partnership or a beneficial owner who would not have been entitled to those additional amounts had it been the actual holder of the affected Subordinated Note.

In addition, any amounts to be paid on the Subordinated Notes will be paid, and any Ordinary Shares to be delivered as a result of an Exchange of such Subordinated Notes will be delivered, net of any

deduction, withholding, interest or penalty imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding"), and no additional amounts will be required to be paid and no additional Ordinary Shares will be required to be delivered on account of any such FATCA Withholding. Each holder shall be deemed to authorize us to remit, or otherwise deal with, any amounts and Ordinary Shares comprising a FATCA Withholding and report information in accordance with applicable requirements connected therewith.

Whenever we refer in this document, in any context, to the payment of the Outstanding Principal Amount of or interest on any Subordinated Note or the net proceeds received on the sale or Exchange of any Subordinated Note, we mean to include the payment of additional amounts to the extent that, in that context, additional amounts are, were or would be payable.

Any additional amounts payable on Subordinated Notes will be subordinated in right of payment, see "— Status and Subordination of Subordinated Notes" above.

### **Substitution of a NOHC for us as issuer of the Ordinary Shares on Exchange**

We may, without the consent of the holders of the Subordinated Notes, provided that the Substitution Conditions (as defined below) are satisfied, by giving notice to the Depositary, Fiscal Agent and holders of the Subordinated Notes, substitute for ourself a non-operating holding company within the meaning of the Australian Banking Act ("NOHC") as the issuer of the Ordinary Shares on Exchange ("Successor").

The notice shall specify the date on which the substitution is to take effect (the "Date of Substitution").

### **Substitution Conditions**

The "Substitution Conditions" are:

- by entering into a deed poll and such other documents (if any) as may be necessary to give full effect to the substitution (the "Successor Documents"), the Successor agrees with effect on and from the Date of Substitution, to deliver NOHC Ordinary Shares under all circumstances when we would otherwise have been required to deliver Ordinary Shares, subject to the same terms and conditions as set out in the Subordinated Notes (with all necessary modifications);
- unless otherwise approved by APRA in writing, the Successor agrees that in all circumstances where the Successor delivers fully paid NOHC Ordinary Shares under the Successor Documents, the Successor or another entity (which is a parent entity) will simultaneously subscribe for Ordinary Shares in such amount as may be necessary to ensure that the capital position of our Level 1 Group and our Level 2 Group is equivalent to the position if such Successor Documents had not been entered into and we were required to issue the Ordinary Shares;
- the NOHC 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 NOHC Ordinary Shares issued under the conditions described in the Subordinated Notes on the securities exchanges on which the NOHC Ordinary Shares are quoted at the time of delivery;
- both we and the Successor have obtained APRA approval and all other necessary authorizations, regulatory and governmental approvals and consents for such substitution and for the performance by the Successor of its obligations under the Subordinated Notes and the documents effecting substitution;
- if the Successor does not have a place of business in New York, the Successor has appointed a process agent in New York to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Subordinated Notes;

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- the Successor has, in our reasonable opinion, the financial capacity to satisfy its obligations under the Subordinated Notes;
- we have used all reasonable endeavours to give an irrevocable notice to the holders of the Subordinated Notes as soon as practicable before the Board initiates a restructure of the CBA Group and a NOHC becomes our ultimate holding company (a “NOHC Event”), but no later than 10 Business Days before the NOHC Event occurs, specifying the amendments to the Subordinated Notes which will be made under the conditions described in the Subordinated Notes in connection with the substitution of a NOHC as the issuer of Ordinary Shares on Exchange and such amended terms will have effect on and from the date specified in the notice; and
- the Successor will not be deemed to be an investment company required to register under the U.S. Investment Company Act of 1940, as amended.

#### **Effect of substitution of Successor**

If the relevant requirements set out in “—Substitution Conditions” have been completed, on and from the Date of Substitution:

- we (or any corporation which has previously assumed our obligations) will be released from any obligation we would otherwise have under the conditions described in the Subordinated Notes to issue Ordinary Shares to holders of the Subordinated Notes upon Exchange; and
- references to Ordinary Shares in the Subordinated Notes (other than the reference contained in the first two bullets under “—Substitution Conditions”) and the Terms Agreement will be taken to be references to the NOHC Ordinary Shares.

#### **Default, remedies and waiver of default**

##### **Events of Default**

An “Event of Default” occurs in relation to the Subordinated Notes if:

- (A) we fail to pay any amount due in respect of the Subordinated Notes and such default continues for a period of 15 Business Days and is continuing, provided that no Event of Default shall arise on account of any non-payment if we withhold, deduct or refuse to make the payment:
- in order to comply with any law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment; or
  - in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability, at any time during the said period of 15 Business Days, by independent legal advisers;
  - to the extent that, immediately after the payment, we will not be solvent (as defined in the Australian Corporations Act); or
- (B) an order is made by a court of competent jurisdiction (other than an order successfully appealed or permanently stayed within 30 Business Days), or an effective resolution is passed, for our Winding-Up in Australia (but not elsewhere).

##### **Consequences of an Event of Default**

If an Event of Default occurs in relation to the Subordinated Notes:

- as described under paragraph (A) of “—Events of Default” above, any holder of Subordinated Notes may institute proceedings:

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- to recover the amount we have failed to pay, provided that we may only be compelled to pay that amount to the extent that, immediately after the payment, we will be solvent (as defined in the Australian Corporations Act);
  - for specific performance of any other obligation in respect of the Subordinated Notes; or
  - for our Winding-Up in Australia (but not elsewhere); or
- as described under paragraph (B) “—Events of Default” above, the Subordinated Notes are immediately due and payable for an amount equal to the Outstanding Principal Amount plus accrued but unpaid interest up to (but excluding) the date of commencement of our Winding-Up and any holder of Subordinated Notes may, subject to the provisions described in “—How the Subordinated Notes rank against other debt”, prove in our Winding-Up in respect of this amount.

A holder of Subordinated Notes has no right to accelerate payment or exercise any other remedies (including any right to sue for damages) as a consequence of any Event of Default other than as set out in this section.

#### **Modification of the Subordinated Notes or the Fiscal Agency Agreement and waiver of covenants**

The prior written approval of APRA is required to modify, amend or supplement the terms of the Subordinated Notes or the Fiscal Agency Agreement, insofar as it affects the Subordinated Notes, or to give consents or waivers in respect of the Subordinated Notes or take other actions where such modification, amendment, supplement, consent, waiver or other action may affect the eligibility of the Subordinated Notes as Tier 2 Capital of CBA (including, for the avoidance of doubt, waivers of any of our covenants in the Fiscal Agency Agreement, insofar as they affect the Subordinated Notes, or in the Subordinated Notes).

If we are able to obtain APRA’s prior written approval, there are three types of changes we can make to the Fiscal Agency Agreement and the Subordinated Notes and these changes might subject the holders to U.S. federal tax.

#### **Changes requiring each holder’s approval**

First, there are changes that cannot be made without the consent or the affirmative vote or approval of each holder affected by the change. Here is a list of those types of changes:

- change to due date for the payment of Outstanding Principal Amount of, or any installment of interest on any Subordinated Note;
- reduce the Outstanding Principal Amount of any Subordinated Note, the portion of any Outstanding Principal Amount that is payable upon acceleration of the maturity of the Subordinated Note, the interest rate or the Early Redemption Amount, except as expressly provided in the terms of the Subordinated Notes;
- changes to the subordination provisions of a Subordinated Note in a manner adverse to the interests of any holder of the Subordinated Note;
- change the currency of any payment on a Subordinated Note;
- change our obligation to pay additional amounts;
- change the place of payment on a Subordinated Note;
- reduce the percentage of Outstanding Principal Amount of the Subordinated Notes necessary to modify, amend or supplement the Fiscal Agency Agreement or the Subordinated Notes or to waive past defaults or future compliance; or
- reduce the percentage of Outstanding Principal Amount of the Subordinated Notes required to adopt a resolution or the required quorum at any meeting of holders of Subordinated Notes at which a resolution is adopted.

### Changes not requiring approval

The second type of change does not require any approval by holders of the Subordinated Notes. We may, without the vote or consent or affirmative vote or approval of any holder of Subordinated Notes, amend the terms of the Subordinated Notes or the Fiscal Agency Agreement, insofar as it affects the Subordinated Notes, if we are of the opinion that such alteration is: (i) of a formal, technical or minor nature; (ii) made to cure any ambiguity or correct any manifest error; (iii) necessary or expedient for the purposes of facilitating a substitution under the terms described in “—Substitution of a NOHC for us as issuer of the Ordinary Shares on Exchange” (including satisfying any requirement of APRA in connection with such a substitution); (iv) made to amend any date or time period stated, required or permitted in connection with any Redemption or Exchange (including, without limitation, when the proceeds of Redemption are to be reinvested in a new security to be issued by us or a Related Body Corporate); (v) not materially prejudicial to the interests of holders of Subordinated Notes as a whole (subject to the terms described in “—Changes requiring each holder’s approval”); or (vi) made to (subject to the terms described in “—Changes requiring each holder’s approval”) (x) alter the terms of any Subordinated Notes to align them with any Relevant Tier 2 Securities issued after the date of such Subordinated Notes; or (y) alter either or both of the definitions of “Relevant Tier 1 Securities” and “Relevant Tier 2 Securities” on account of the issue (after the date of issue of any Subordinated Notes) of capital instruments of the CBA Group, provided in each case of (vi)(x) and (vi)(y) such alteration is not materially prejudicial to the interests of holders of Subordinated Notes as a whole.

### Changes requiring majority approval

Any other change to the Subordinated Notes or the Fiscal Agency Agreement, insofar as it affects the Subordinated Notes, requires the following (in addition to the prior written approval of APRA):

- the written consent of the holders of at least 50% of the Outstanding Principal Amount of the Subordinated Notes affected by such change; or
- the adoption of a resolution at a meeting at which a quorum of holders of Subordinated Notes is present by at least 50% of the Outstanding Principal Amount of the Subordinated Notes affected by such change represented at the meeting.

The same 50% approval would be required for us to obtain a waiver of any of our covenants in the Fiscal Agency Agreement or the Subordinated Notes. Such covenants include the promises we make about merging, which we describe above under “— Mergers and similar transactions”. If the holders approve a waiver of a covenant, we will not have to comply with it.

If approved in accordance with the terms described in this section, then all holders of Subordinated Notes, including holders who did not provide their written consent or attend and vote at a relevant meeting and holders who voted in a manner contrary to the majority, will be bound by such change.

The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in Outstanding Principal Amount of the Subordinated Notes and, at any reconvened meeting adjourned for lack of a quorum, 25% of the Outstanding Principal Amount of the Subordinated Notes. For purposes of determining whether holders of the Outstanding Principal Amount of Subordinated Notes required for any action or vote, or for any quorum, have taken the action or vote, or constitute a quorum, the Outstanding Principal Amount of any particular Subordinated Note may differ from its Outstanding Principal Amount at the Maturity Date but will not exceed its stated face amount upon original issuance.

Unless otherwise indicated, we will be entitled to set any day as a record date for determining which holders of book-entry Subordinated Notes are entitled to make, take or give requests, demands, authorizations, directions, notices, consents, waivers or other action, or to vote on actions, authorized or permitted by the Fiscal Agency Agreement and the Subordinated Notes. In addition, record dates for any book-entry Subordinated Note may be set in accordance with procedures established by the Depository from time to time. Therefore, record dates for book-entry Subordinated Notes may differ from those for other Subordinated Notes. Book-entry and other indirect owners should consult their

banks or brokers for information on how approval may be granted or denied if we seek to change the Fiscal Agency Agreement or any Subordinated Notes or request a waiver.

### **Only outstanding Subordinated Notes are eligible**

Only holders of outstanding Subordinated Notes will be eligible to participate in any action by holders of Subordinated Notes. Also, we will count only outstanding Subordinated Notes in determining whether the various percentage requirements for taking action have been met. For these purposes, a Subordinated Note will not be "outstanding":

- if it has been surrendered for cancellation;
- if it has been Written Down in full;
- if we have called such Subordinated Note for Redemption or it has become due and payable at maturity or otherwise and we have deposited or set aside, in trust for its holder, money for its payment or Redemption;
- if it is in lieu of or in substitution for other Subordinated Notes that have been authenticated and delivered;
- if we are the direct or indirect owner; or
- if it has been Exchanged.

### **Form, exchange and transfer of Subordinated Notes**

If any Subordinated Notes cease to be issued in registered global form, they will be issued:

- only in fully registered form;
- without interest coupons; and
- unless we indicate otherwise, in denominations of US\$200,000 or integral multiple of US\$1,000 in excess thereof.

Holders may exchange their Subordinated Notes for Subordinated Notes of smaller denominations or combine them into fewer Subordinated Notes of larger denominations, as long as the total Outstanding Principal Amount is not changed.

Holders may exchange or transfer their Subordinated Notes at the office of the Fiscal Agent. They may also replace lost, stolen, destroyed or mutilated Subordinated Notes at that office. We have appointed the Fiscal Agent to act as our agent for registering Subordinated Notes in the names of holders and transferring and replacing Subordinated Notes. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their Subordinated Notes, but they may be required to pay for any tax or other governmental charge and certain other related expenses associated with the exchange or transfer and any other reasonable expenses (including the fees and expenses of the Fiscal Agent) in connection with the exchange or transfer. The transfer or exchange, and any replacement, will be made only if our transfer agent is satisfied with the holder's proof of legal ownership. The transfer agent may require an indemnity before replacing any Subordinated Notes.

We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any Subordinated Notes are Redeemable and we Redeem less than all those Subordinated Notes, we may block the transfer or exchange of those Subordinated Notes during the period beginning 15 days before the day we mail the notice of Redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing, and refuse to register transfers of or exchange any Subordinated Note selected for Redemption, except that we will continue to permit

transfers and exchanges of the unredeemed portion of any Subordinated Note being partially Redeemed.

If a Subordinated Note is issued as a Global Note, only the Depository — e.g., DTC, Euroclear and Clearstream, Luxembourg — will be entitled to transfer and exchange the Subordinated Note as described in this subsection, since the Depository will be the sole holder of the Subordinated Note.

The rules for exchange described above apply to exchange of Subordinated Notes for other Subordinated Notes of the same kind.

### **Payment mechanics for Subordinated Notes**

#### **Who receives payment?**

If interest is due on a Subordinated Note on an Interest Payment Date, we will pay the interest to the person in whose name the Subordinated Note is registered at the close of business on the Regular Record Date (as defined below) relating to the Interest Payment Date, see “— Payment and Record Dates for interest” below. If interest is due at the Maturity Date, we will pay the interest to the person entitled to receive the principal of the Subordinated Note. If principal or another amount besides interest is due on a Subordinated Note at the Maturity Date, we will pay the amount to the holder of the Subordinated Note against surrender of the Subordinated Note at a proper place of payment or, in the case of a Global Note, in accordance with the applicable policies of the Depository, which will be DTC, Euroclear or Clearstream, Luxembourg.

#### **Payment and Record Dates for interest**

Interest will be payable on the Outstanding Principal Amount of the Subordinated Notes semiannually in arrears on June 9 and December 9 of each year, beginning on June 9, 2016 at the rate of 4.500% per annum to the persons in whose names the Subordinated Notes are registered on the Regular Record Date. For each Interest Payment Date, the interest to be paid in arrears to (but excluding) the Interest Payment Date shall be that which has accrued from (and including) the prior Interest Payment Date. Interest will be paid on the basis of a 360-day year comprised of twelve 30-day calendar months. If any Interest Payment Date for the Subordinated Notes falls on a day that is not a Business Day, the interest payment shall be postponed to the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after the Interest Payment Date. If the Maturity Date or any earlier Redemption Date falls on a day that is not a Business Day, payment of the Outstanding Principal Amount and interest otherwise due on such day will be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after such Maturity Date, or Redemption Date, as the case may be.

No interest will accrue on any Subordinated Notes, or relevant percentage of Subordinated Notes, required to be Exchanged in the period from (and including) the Interest Payment Date that immediately precedes the Non-Viability Trigger Event to the Exchange Date or Write Down Date, as applicable.

#### **How we will make payments on Global Notes**

We will make payments on a Global Note in accordance with the applicable policies as in effect from time to time of the Depository, which will be DTC, Euroclear or Clearstream, Luxembourg. Under those policies, we will pay directly to the Depository, or its nominee, and not to any indirect owners who own beneficial interests in the Global Note. An indirect owner's right to receive those payments will be governed by the rules and practices of the Depository and its participants.

#### **Paying Agent**

We may appoint one or more financial institutions to act as our paying agents, at whose designated offices Subordinated Notes in non-global entry form may be surrendered for payment at their maturity. We call each of those financial institutions a “Paying Agent”. We may add, replace or terminate Paying Agents from time to time; provided that at all times there will be a Paying Agent in the Borough of Manhattan, The City of New York. We may also choose to act as our own Paying Agent. Initially,

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we have appointed The Bank of New York Mellon, as the Paying Agent. We must notify the Fiscal Agent of changes in the Paying Agents. Additionally, we intend to maintain a Paying Agent in each Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

### **Unclaimed payments**

Regardless of who acts as Paying Agent, all money paid by us to a Paying Agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to us. After that two-year period, the holder may look only to us for payment and not to the Fiscal Agent, any other Paying Agent or anyone else.

### **Notices**

Notices to be given to holders of a Global Note will be given only to the Depository, in accordance with its applicable policies as in effect from time to time. Notices to be given to holders of Subordinated Notes not in global form will be sent by mail to the respective addresses of the holders as they appear in the Fiscal Agent's records, and will be deemed given when mailed. Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder. Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive notices.

Nothing in the above paragraph affects the Exchange or Write Down of the Subordinated Notes as described under “— Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event — Exchange”.

### **Our relationship with the Fiscal Agent**

The Bank of New York Mellon is serving as the Fiscal Agent for the Subordinated Notes issued under the Fiscal Agency Agreement. The Bank of New York Mellon has provided services for us and our affiliates in the past and may do so in the future. Among other things, The Bank of New York Mellon serves as fiscal agent with regard to some of our other debt obligations.

### **Successor fiscal agent**

The Fiscal Agency Agreement provides that the Fiscal Agent may be removed by us at any time or may resign upon 30 days' prior written notice to us or any shorter period that we accept, effective upon the acceptance by a successor fiscal agent of its appointment. The Fiscal Agency Agreement provides that any successor fiscal agent must have an established place of business in the Borough of Manhattan, The City of New York and a combined capital and surplus in excess of U.S.\$50,000,000. We must notify the holders of the Subordinated Notes of the appointment of a successor fiscal agent.

### **Governing law**

The Fiscal Agency Agreement and the Subordinated Notes will be governed by, and construed in accordance with, the laws of the State of New York without reference to the State of New York principles regarding conflicts of laws, except that all matters governing authorization and execution of the Subordinated Notes and the Fiscal Agency Agreement by us, the subordination provisions of the Subordinated Notes described under “—Status and Subordination of Subordinated Notes” above, the Exchange and Write Down provisions of the Subordinated Notes described under “—Automatic Exchange or Write Down upon the occurrence of a Non-Viability Trigger Event” above and the substitution provisions described above under “—Substitution of a NOHC for us as issuer of the Ordinary Shares on Exchange” will be governed by and construed in accordance with the law applying in New South Wales in the Commonwealth of Australia. We have appointed the General Manager, Americas, of our New York branch, located at 599 Lexington Avenue, 17th Floor, New York, New York 10022, as our agent for service of process in The City of New York in connection with any

action arising out of the sale of the Subordinated Notes or enforcement of the terms of the Fiscal Agency Agreement.

**Security identification numbers**

The following security identification numbers have been initially assigned to the Subordinated Notes:

ISINs: US2027A0HR32 (Rule 144A Global Note); and US US2027A1HR15 (Regulation S Global Note).

CUSIPs: 2027A0HR3 (Rule 144A Global Note); and 2027A1HR1 (Regulation S Global Note).

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## SCHEDULE 2– SUMMARY OF CBA CONSTITUTION

Ordinary Shares may be issued to Subordinated Holders by way of Exchange. Ordinary Shares may also be issued to a nominee to hold for sale for the benefit of a Subordinated Holder if Exchange occurs and the Holder has notified CBA that they do not wish to receive Ordinary Shares or the Subordinated Holder is an Ineligible Subordinated Holder.

The rights and liabilities attaching to Ordinary Shares are set out in the constitution. The constitution of CBA is dated 13 November 2008, and incorporates amendments up to and including all amendments passed at the Annual General Meeting on 13 November 2008 (**Constitution**). The Constitution provides for the following:

### **Rights attaching to Ordinary Shares**

Any Ordinary Shares issued to Holders by way of Exchange will be fully paid and will rank equally with Ordinary Shares already on issue in all respects.

### **Transfers**

Subject to the ASX Settlement Operating Rules, transfers of Ordinary Shares are not effective until registered. Ordinary Shares are transferable, subject to the ASX Listing Rules and the Constitution, and the right of the directors of CBA to refuse to register a transfer of Ordinary Shares in limited circumstances.

Unless otherwise required by law or the Constitution, CBA is entitled to treat the registered holder as the absolute owner of a share. Ordinary Shares held by a trustee may, with the directors' consent, be identified as being subject to the relevant trust.

Except in limited circumstances, CBA is not bound to register more than three persons as joint holders of an Ordinary Share. If CBA is required to issue a share certificate for a share by law or the ASX Listing Rules, CBA is not required to issue more than one certificate.

Restrictions apply in respect of persons who become entitled to Ordinary Shares by reason of a holder's death, bankruptcy or mental incapacity. In the case of the death of a holder, the survivor or survivors jointly registered as shareholders and the legal personal representatives of a sole holder are the only persons CBA will recognise as having title to the member's interest in the shares.

### **Dividends**

Holders of Ordinary Shares may receive dividends if the directors determine that a dividend is payable. CBA may not pay a dividend unless CBA's assets exceed its liabilities, the payment of the dividend is fair and reasonable to holders of Ordinary Shares as a whole and the payment does not materially prejudice the ability of CBA to pay its creditors. Payment may also be subject to the rights of holders of securities carrying preferred rights. CBA pays shareholders with registered addresses in Australia, New Zealand and the United Kingdom cash dividends by direct credit. If a direct credit payment instruction is not provided, the dividend will be held in a non-interest bearing account. CBA also has a dividend reinvestment plan for eligible shareholders. The directors of CBA determine whether or not the dividend reinvestment plan operates for each dividend and their decision is announced to ASX.

## **Winding up**

On winding up of CBA, holders of Ordinary Shares will participate in the division of any surplus assets of CBA (subject to the rights of holders of shares carrying preferred rights).

## **Meetings**

Holders of Ordinary Shares are entitled to receive notice of, attend and, subject to the Constitution, to vote in person, by representative, attorney or proxy at general meetings of CBA.

On a show of hands, each holder (regardless of the number of shares held) has one vote. On a poll, each holder has one vote for each fully paid Ordinary Share held.

## **Issue of further shares**

The directors of CBA control the issue of shares. Subject to the Corporations Act and ASX Listing Rules, the directors may issue further shares, and grant rights or options over shares, on such terms as they think fit.

## **Restrictions of ownership of Ordinary Shares**

Australian laws including financial sector and foreign ownership and takeover laws impose certain limitations on the right of persons to hold, own or vote on Ordinary Shares.

## **Variation of the Constitution**

CBA may seek approval by special resolution of holders of Ordinary Shares (passed by at least 75% of the votes cast by members entitled to vote on the resolution) to vary the Constitution.