

# ASX Announcement



## CommBank PERLS XIII Capital Notes Investor Presentation

### NOT FOR DISTRIBUTION IN THE UNITED STATES

**Wednesday, 24 February 2021 SYDNEY:** Commonwealth Bank of Australia ("**CBA**") today released an investor presentation regarding its offer of CommBank PERLS XIII Capital Notes ("**PERLS XIII**"). A copy of the investor presentation is attached.

Investors should read and consider the PERLS XIII prospectus ("**Prospectus**") in full and obtain professional advice before deciding whether to invest in PERLS XIII. PERLS XIII may not be suitable for some investors, so it is important that you consider the risks set out in the Prospectus, many of which are outside the control of CBA.

### Important information

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

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

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The release of this announcement was authorised by the Continuous Disclosure Committee.

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Commonwealth  
Bank

# CommBank PERLS XIII Capital Notes

Investor Presentation

24 February 2021

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

Commonwealth Bank of Australia | ACN 123 123 124 | Ground Floor Tower 1, 201 Sussex Street, Sydney NSW 2000

# Disclaimer

This presentation has been prepared by the Commonwealth Bank of Australia ("CBA") in relation to the offer of CommBank PERLS XIII Capital Notes ("PERLS XIII") (the "Offer"). The Offer will be made in or accompanied by a copy of the prospectus lodged with the Australian Securities and Investments Commission ("ASIC") on 24 February 2021 ("Prospectus"). CBA intends to lodge a replacement Prospectus which will include the margin determined after the Bookbuild to be held on or about 3 March 2021.

The information provided in this presentation is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). Investors should carefully read and consider the Prospectus in full and seek advice from your financial or other professional adviser before deciding to invest in the Offer. Any decision by a person to apply for PERLS XIII should be made on the basis of information contained in the Prospectus, including the risks that could affect the performance of PERLS XIII, and an independent assessment as to whether to invest, and not in reliance on any information contained in this presentation. Anyone wishing to acquire PERLS XIII will need to complete the Application Form in or accompanying the Prospectus during the Offer period. To obtain a Prospectus, interested investors should contact their broker or call the PERLS XIII Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time) or visit [www.commsec.com.au](http://www.commsec.com.au).

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

This presentation is not a prospectus, product disclosure statement or other offer document under Australian law or under any other law. This presentation is not, and does not constitute, financial product advice, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this presentation nor anything contained herein shall form the basis of any contract or commitment.

The distribution of this presentation, and the Offer or sale of PERLS XIII, may be restricted by law in certain jurisdictions. Persons who receive this presentation outside Australia must inform themselves about and observe all such restrictions. Nothing in this presentation is to be construed as authorising its distribution, or the Offer or sale of PERLS XIII, in any jurisdiction other than Australia and CBA does not accept any liability in that regard. Further, PERLS XIII may not be offered or sold, directly or indirectly, and neither this presentation nor any other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable law or regulations.

To the maximum extent permitted by law, none of CBA, the Arranger or the Joint Lead Managers, or their respective affiliates, directors, officers, partners, employees, advisers and agents of each of them, make any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied in connection with PERLS XIII and accept no responsibility or liability therefore, including for any loss or damage howsoever occurring resulting from the use of or reliance on this presentation by any person. None of CBA, the Arranger or the Joint Lead Managers accept any responsibility or obligation to inform you of any matter arising or coming to their notice, after the date of this presentation, which may affect any matter referred to in this presentation.

Subject to any terms implied by law and which cannot be excluded, the CBA Group shall not be liable for any errors, omissions, defects or misrepresentations in the information contained herein (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information contained herein. If any law prohibits the exclusion of such liability, the CBA Group limits its liability to the re-supply of the information in this presentation, provided that such limitation is permitted by law and is fair and reasonable.

This presentation 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). PERLS XIII have not been and will not be registered under the U.S. Securities Act of 1933, or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of U.S. Persons. This presentation must not be distributed or released in the United States or to, or relied upon by, a U.S. person or a persons acting for the account or benefit of a U.S. Person.

Past performance is not indicative of future performance and no guarantee of future returns is implied or given. This presentation contains certain forward looking statements that involve risks and uncertainties. These forward looking statements are based on the beliefs of CBA's management as well as assumptions made by, and information currently available to, CBA's management, and speak only as of the date of this presentation. CBA can give no assurance that the forward looking statements in this presentation will not materially differ from actual results, and the inclusion of forward looking statements in this presentation should not be regarded as a representation by CBA or any other person that they will be achieved.

In this presentation, words which are capitalised have the meanings given to them in the Prospectus.

# Overview



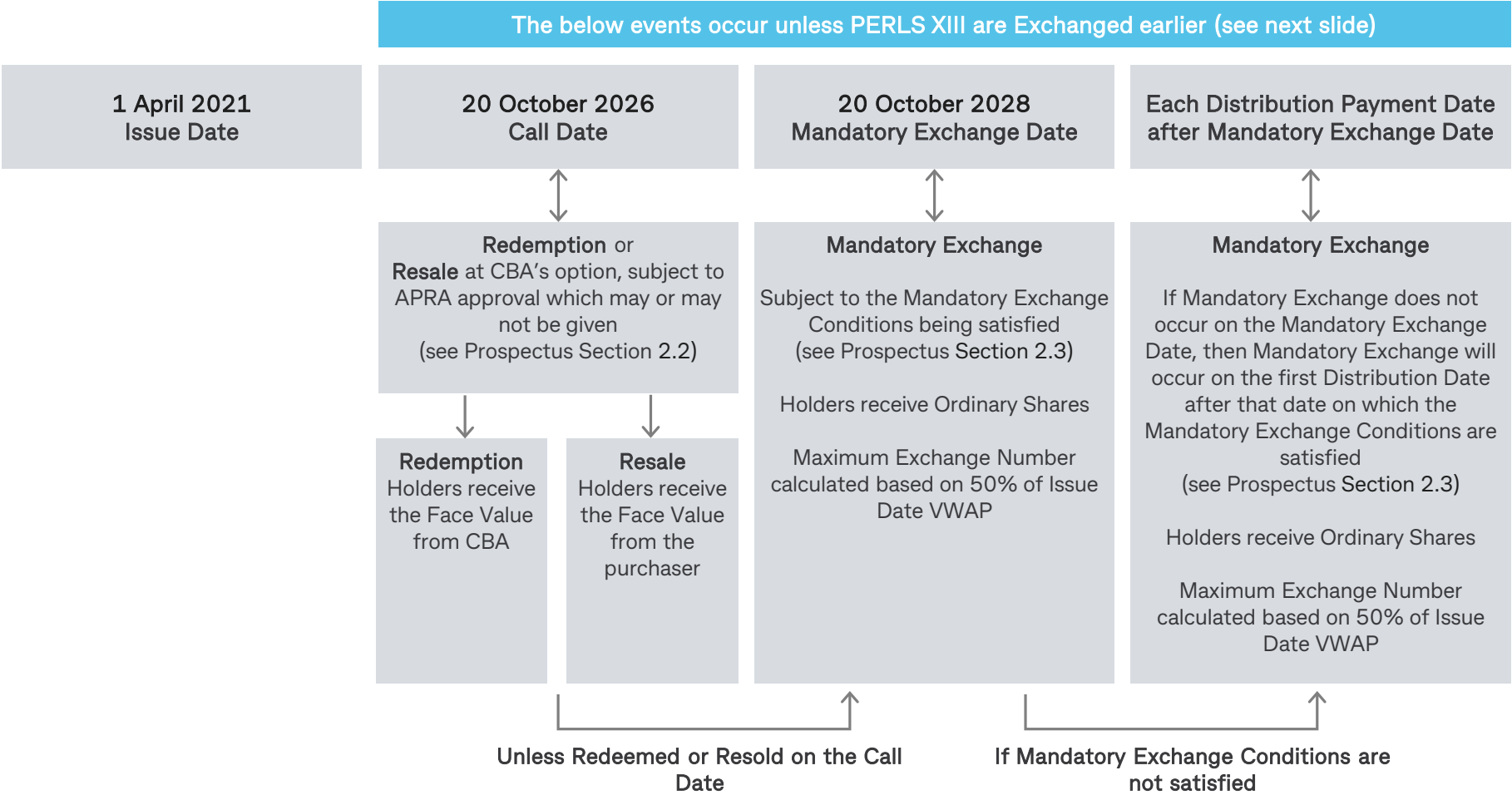
# Overview

<b>CommBank PERLS XIII Capital Notes ("PERLS XIII")</b>	<ul style="list-style-type: none"><li>PERLS XIII are subordinated, unsecured notes issued by CBA</li></ul>
<b>Offer size</b>	<ul style="list-style-type: none"><li>A\$750 million, with the ability to raise more or less</li></ul>
<b>Use of proceeds</b>	<ul style="list-style-type: none"><li>The Offer raises Tier 1 Capital to satisfy CBA's regulatory capital requirements and maintain the diversity of CBA's sources and types of funding</li><li>The net proceeds of the Offer will be used to fund CBA's business</li></ul>
<b>Face Value</b>	<ul style="list-style-type: none"><li>Initial Face Value is A\$100 per PERLS XIII but may be reduced following a Capital Trigger Event or Non-Viability Trigger Event</li></ul>
<b>Term</b>	<ul style="list-style-type: none"><li>PERLS XIII are perpetual, meaning they have no fixed maturity date and if not Exchanged or Redeemed could remain on issue indefinitely (in which case you would not receive your investment back)</li><li>However, on the Mandatory Exchange Date (20 October 2028), CBA must Exchange all PERLS XIII into Ordinary Shares (subject to the Maximum Exchange Number and Mandatory Exchange Conditions)</li><li>CBA may Exchange or Redeem PERLS XIII earlier on the occurrence of certain events (subject to APRA approval which may or may not be given)</li></ul>
<b>Automatic early Exchange</b>	<ul style="list-style-type: none"><li>CBA must Exchange all or a percentage of the Face Value of each PERLS XIII, if a Capital Trigger Event or a Non-Viability Trigger Event occurs. The value of Ordinary Shares the Holder receives could be less than the Face Value</li></ul>
<b>Call Date</b>	<ul style="list-style-type: none"><li>CBA may in its absolute discretion Redeem or Resell all or some PERLS XIII on 20 October 2026, subject to APRA approval</li></ul>
<b>Distributions</b>	<ul style="list-style-type: none"><li>PERLS XIII are scheduled to pay floating rate Distributions quarterly, which are expected to be fully franked (subject to Distribution payment conditions including CBA's absolute discretion)</li><li>Margin to be determined through the Bookbuild and is expected to be between 2.75% and 2.95% per annum</li></ul>
<b>Offer Structure</b>	<ul style="list-style-type: none"><li>The Offer comprises:<ul style="list-style-type: none"><li>a Broker Firm Offer – offer to retail investors who are clients of a Syndicate Broker; and</li><li>a Securityholder Offer – offer to eligible holders of Ordinary Shares, PERLS VII, PERLS VIII, PERLS IX, PERLS X, PERLS XI and PERLS XII who have a registered address in Australia</li></ul></li><li>The Securityholder Offer Record Date is 17 February 2021</li></ul>
<b>Minimum Application</b>	<ul style="list-style-type: none"><li>Minimum Application of 50 PERLS XIII (A\$5,000) and thereafter in multiples of 10 PERLS XIII (A\$1,000)</li></ul>
<b>ASX quotation</b>	<ul style="list-style-type: none"><li>It is expected that PERLS XIII will be quoted under code "CBAPJ" on the ASX</li></ul>

# Summary of Call and Exchange Dates

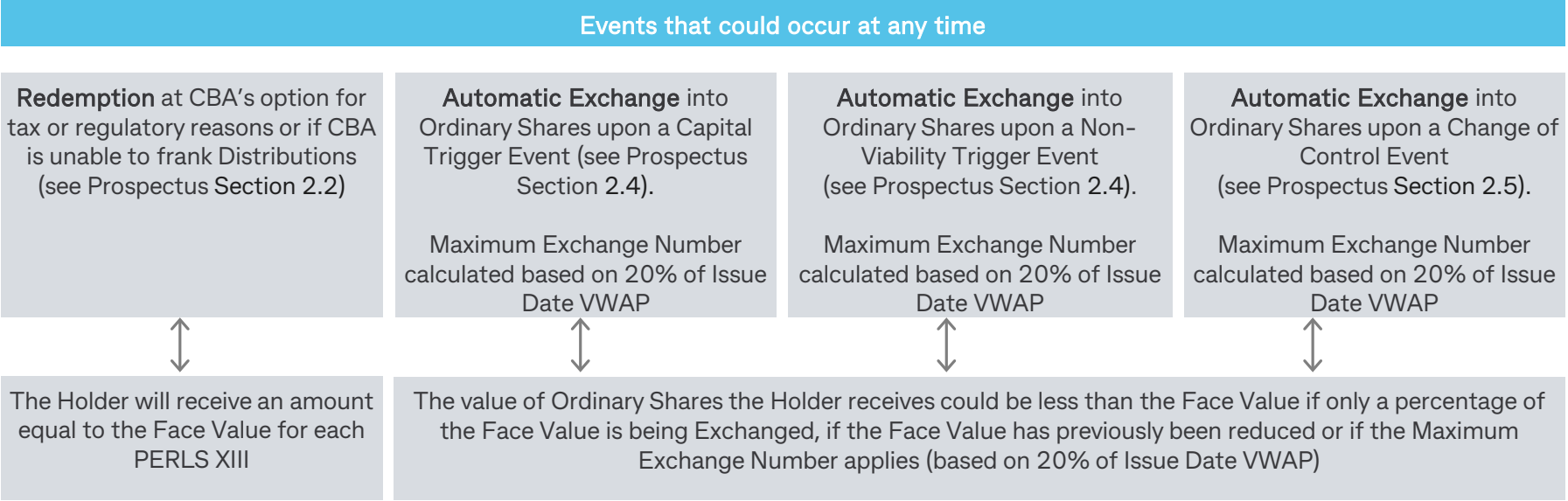
PERLS XIII do not have a fixed maturity date but may be Exchanged into Ordinary Shares, Redeemed or Resold. The diagram below summarises when these events could occur.

If none of these events occur, PERLS XIII could remain on issue indefinitely and the Face Value will not be repaid.

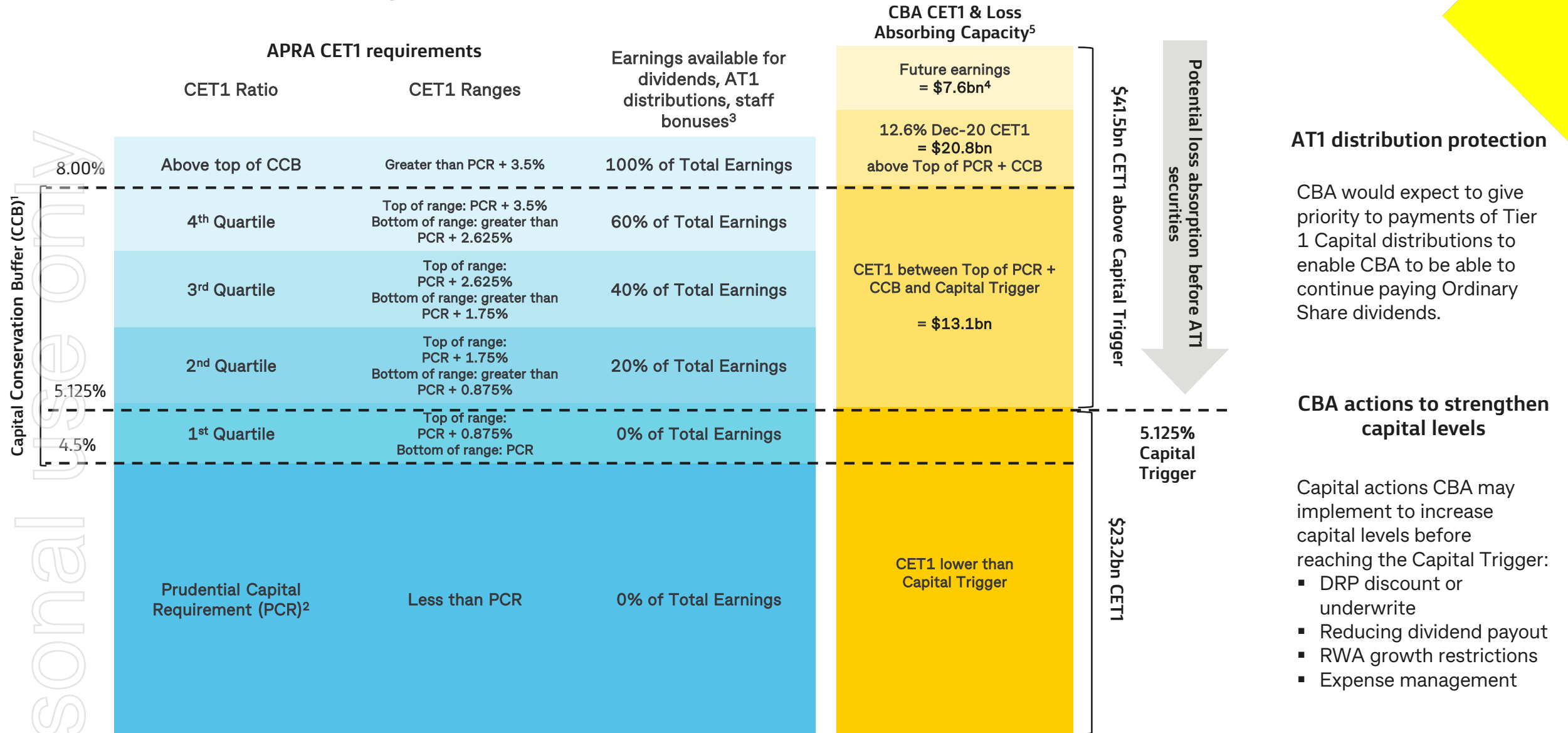


# Summary of events that may occur at any time

The diagram below summarises events that could happen at any time.



# Loss absorbing capacity and AT1 distribution protection



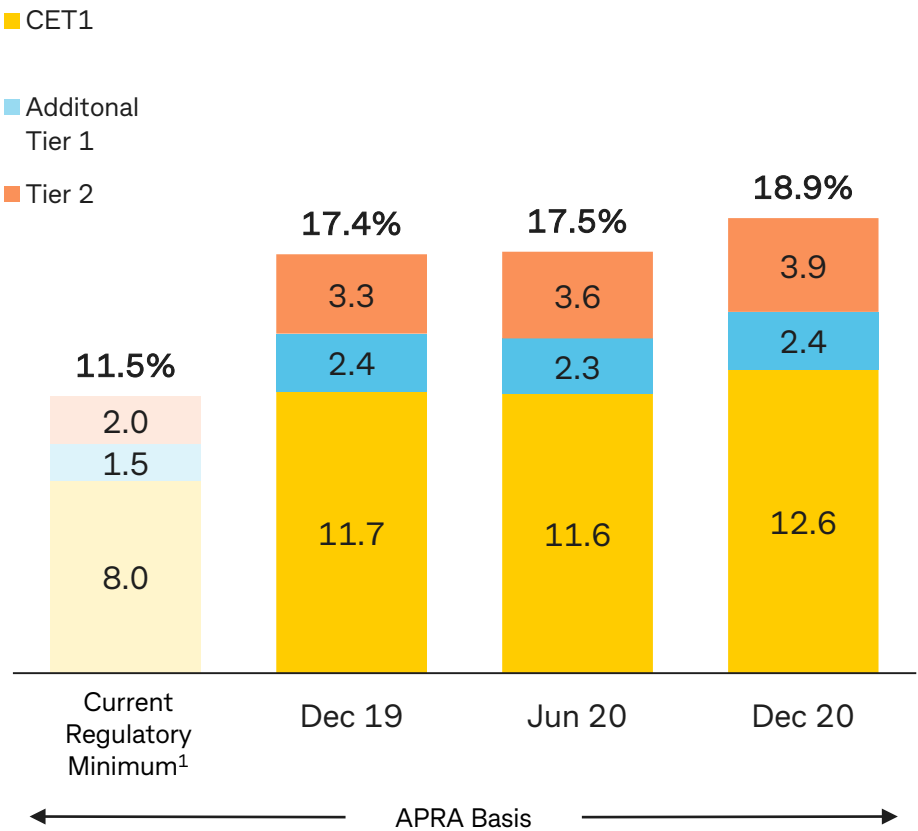
1. Assumes that the total CCB (including the D-SIB buffer of 1% and CCyB of 0%) is 3.5%. The CCB is subject to APRA's determination and is not specific to CBA. APRA has set the countercyclical capital buffer (CCyB) applicable to Australian exposures at 0%. The Group has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed. 2. 4.5% minimum plus any additional amount required by APRA. 3. APRA has provided guidance to the industry (30 August 2016) that an ADI can apply to APRA to make discretionary payments in excess of the constraints imposed by the CCB regime. 4. Note that "Future earnings" is not a forecast. It reflects the 1H21 Cash NPAT for continuing operations on an annualised basis (i.e. \$7.554bn). 5. Excess based on the existing ADI capital framework - refer to section 3.8.1.5 in the Prospectus for proposed changes to the ADI capital framework.



# Additional Tier 1 capital profile

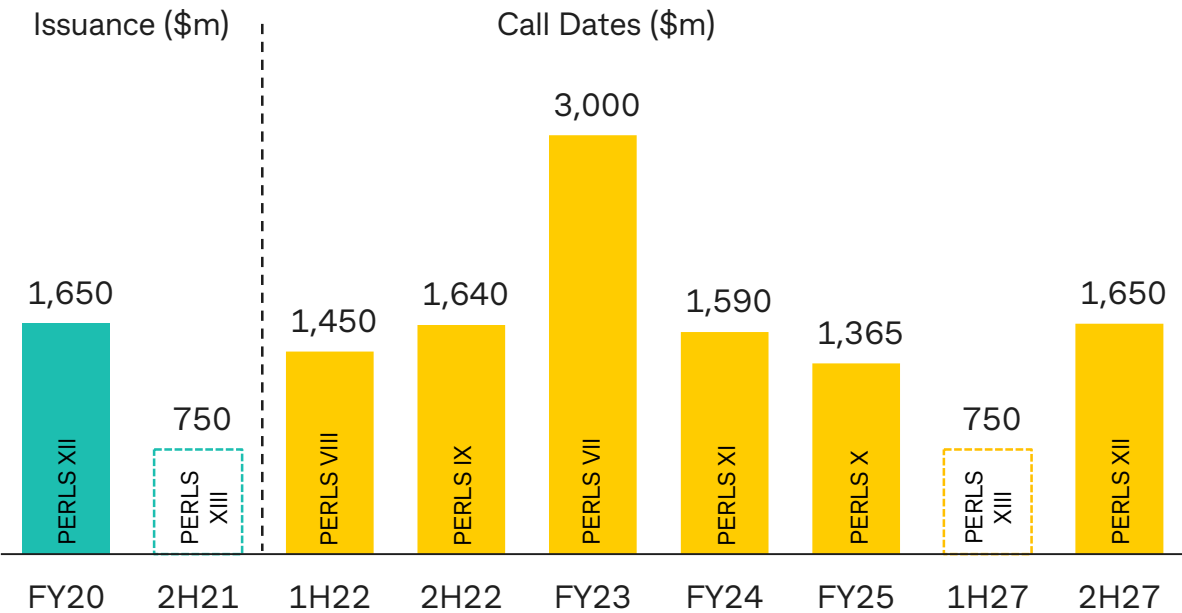
## Level 2 regulatory capital ratios (%)

Capital ratios well above regulatory minimum



## AT1 capital profile<sup>2</sup>

Active management of refinancing requirements



1. Based on the existing ADI capital framework - refer to section 3.8.1.5 in the Prospectus for proposed changes to the ADI capital framework. 2. Redemption on a call date is subject to APRA approval which may or may not be given. Assumes issuance of PERLS XIII.

# Key Dates

## Key dates for the Offer

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

## Key dates for CommBank PERLS XIII Capital Notes

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

### Dates may change

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

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

# **Key Features of CommBank PERLS XIII Capital Notes**



# Distributions

## Distributions

- PERLS XIII are scheduled to pay floating rate Distributions quarterly until that PERLS XIII is Exchanged or Redeemed
- The first Distribution is scheduled to be paid on 15 June 2021
- Distributions are expected to be fully franked, but will be grossed up to compensate Holders to the extent that a Distribution is not fully franked
- Distributions are discretionary and subject to the Distribution payment conditions being satisfied
- No Distribution will be paid on Exchange where Exchange occurs due to a Capital Trigger Event or a Non-Viability Trigger Event

## Distribution Rate

- $\text{Distribution Rate} = (\text{Market Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$
- Market Rate is the Bank Bill Swap Reference Rate (BBSW) expressed as a percentage per annum for a term of 3 months or if CBA determines that BBSW has been affected by a Market Rate Disruption Event, CBA may select an Alternative Market Rate that it considers appropriate and make other related changes to the Terms (subject to APRA's prior written approval in certain circumstances) in accordance with Clause 2.2 of the Terms
- Margin to be determined through the Bookbuild and is expected to be between 2.75% and 2.95% per annum
- It is possible for the Market Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate
- If the calculated Distribution Rate becomes negative, there will be no obligation on Holders to pay CBA

## Franking Credits

- Distributions are expected to be fully franked
- The ability for Holders to use franking credits, either as an offset to a tax liability or by claiming a refund, will depend on that Holder's particular tax circumstance

## Dividend and capital restrictions

- Distributions may not be paid in certain circumstances
- Distributions that are not paid do not accrue and will not be subsequently paid
- If a Distribution is not paid, from that Distribution Payment Date and until a Distribution is paid in full on a subsequent Distribution Payment Date (or all PERLS XIII are Exchanged, Redeemed or otherwise terminated), CBA cannot (subject to certain exceptions):
  - declare or determine a dividend on Ordinary Shares; or
  - return any capital or undertake any buy-backs or repurchases in relation to Ordinary Shares
- Non-payment of a Distribution will not be an event of default and CBA will have no liability to Holders in respect of the unpaid Distribution

# Early Redemption & Resale

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## Early Redemption Rights for CBA

- CBA may Redeem PERLS XIII in the following circumstances (subject to certain conditions including prior written approval by APRA):
  - on the Call Date (20 October 2026) – all or some PERLS XIII; or
  - at any time – all of PERLS XIII for tax or regulatory reasons
- Approval to Redeem is at the discretion of APRA and may or may not be given

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## Resale on the Call Date

- On the Call Date (20 October 2028), CBA may elect that Resale occur in relation to all or some PERLS XIII
- If Resale occurs, your PERLS XIII will be purchased by a third party for a cash amount equal to the Face Value

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## No early Exchange or Redemption rights for Holders

- You do not have a right to request that your PERLS XIII be Exchanged or Redeemed early for any reason
  - To realise your investment, you can sell your PERLS XIII on the ASX at the prevailing market price
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# Mandatory Exchange

<b>Mandatory Exchange</b>	<ul style="list-style-type: none"><li>▪ On the Mandatory Exchange Date (20 October 2028), CBA must Exchange all PERLS XIII (subject to the Maximum Exchange Number and Mandatory Exchange Conditions) for a variable number of Ordinary Shares with the benefit of a 1% discount<sup>1</sup></li><li>▪ If all of the Mandatory Exchange Conditions are not satisfied on that date, the Mandatory Exchange Date will be the first Distribution Payment Date after that date on which all the Mandatory Exchange Conditions are satisfied</li></ul>
<b>Maximum Exchange Number</b>	<ul style="list-style-type: none"><li>▪ Calculated according to the formula: (Face Value) / (Relevant Percentage x Issue Date VWAP)</li><li>▪ The Relevant Percentage is 50% if Exchange is occurring on a Mandatory Exchange Date</li></ul>
<b>Mandatory Exchange Conditions</b>	<ul style="list-style-type: none"><li>▪ There are three Mandatory Exchange Conditions:<ul style="list-style-type: none"><li>- First Mandatory Exchange Condition: the VWAP of Ordinary Shares on the 25th Business Day before (but not including) a possible Mandatory Exchange Date is greater than 56% of the Issue Date VWAP;</li><li>- Second Mandatory Exchange Condition: the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) a possible Mandatory Exchange Date is greater than 50.51% of the Issue Date VWAP; and</li><li>- Third Mandatory Exchange Condition: Ordinary Shares are listed or admitted to trading on the ASX as at the Mandatory Exchange Date</li></ul></li><li>▪ The First and Second Mandatory Exchange Conditions are intended to provide some protection for Holders against Exchange occurring when the price of Ordinary Shares has fallen to such a level that you would only receive the Maximum Exchange Number</li><li>▪ The Third Mandatory Exchange Condition is intended to provide protection to Holders to enable them to sell the Ordinary Shares they receive on the ASX if they wish to do so</li></ul>

1. The number of Ordinary Shares received for each PERLS XIII will have a value equal to A\$101.01 (based on the Face Value (initially A\$100) and the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Exchange Date with the benefit of a 1% discount).

# Automatic Early Exchange – Non-Viability Trigger Event

<b>Non-Viability Trigger Event</b>	<ul style="list-style-type: none"><li>▪ A Non-Viability Trigger Event occurs when APRA notifies CBA in writing that it believes:<ul style="list-style-type: none"><li>- Exchange of all or some PERLS XIII (or the taking of an action in relation to other capital instruments of the CBA Group), is necessary because, without it, CBA would become non-viable; or</li><li>- a public sector injection of capital, or equivalent support, is necessary because, without it, CBA would become non-viable</li></ul></li></ul>
<b>Examples of situations in which a Non-Viability Trigger Event may occur</b>	<ul style="list-style-type: none"><li>▪ Whether a Non-Viability Trigger Event will occur is at the discretion of APRA – there are currently no precedents</li><li>▪ The circumstances in which APRA may exercise its discretion are not limited to when APRA may have a concern about a bank's capital levels but may also include when APRA has a concern about a bank's funding and liquidity levels</li></ul>
<b>Exchange following a Non-Viability Trigger Event</b>	<ul style="list-style-type: none"><li>▪ If a Non-Viability Trigger Event occurs, CBA must immediately Exchange such number of PERLS XIII (or a percentage of the Face Value of each PERLS XIII) as specified by APRA or necessary to satisfy APRA that CBA will no longer be non-viable</li><li>▪ On Exchange, Holders receive a variable number of Ordinary Shares (subject to the Maximum Exchange Number) with the benefit of a 1% discount</li><li>▪ The Mandatory Exchange Conditions do not apply and the Terms provide that Exchange occurs automatically without the need for any further act or step by CBA and that CBA will recognise Holders as having been issued Ordinary Shares</li></ul>
<b>Maximum Exchange Number</b>	<ul style="list-style-type: none"><li>▪ Calculated according to the formula: <math>(\text{Face Value}) / (\text{Relevant Percentage} \times \text{Issue Date VWAP})</math></li><li>▪ The Relevant Percentage is 20% if Exchange is occurring as a result of a Non-Viability Trigger Event</li></ul>

# Automatic Early Exchange – Capital Trigger Event

<b>Capital Trigger Event</b>	<ul style="list-style-type: none"> <li>A Capital Trigger Event occurs when: <ul style="list-style-type: none"> <li>CBA determines; or</li> <li>APRA notifies CBA in writing that it believes that either or both of the CBA Level 1 Common Equity Tier 1 Capital Ratio or CBA Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%</li> </ul> </li> </ul>
<b>Exchange following a Capital Trigger Event</b>	<ul style="list-style-type: none"> <li>If a Capital Trigger Event occurs, CBA must immediately Exchange such number of PERLS XIII (or a percentage of the Face Value of each PERLS XIII) as is sufficient to return the relevant Common Equity Tier 1 Capital Ratio to above 5.125%</li> <li>The Mandatory Exchange Conditions do not apply and the Terms provide that Exchange occurs automatically without the need for any further act or step by CBA and that CBA will recognise Holders as having been issued Ordinary Shares</li> </ul>
<b>Maximum Exchange Number</b>	<ul style="list-style-type: none"> <li>Calculated according to the formula: (Face Value) / (Relevant Percentage x Issue Date VWAP)</li> <li>The Relevant Percentage is 20% if Exchange is occurring as a result of a Capital Trigger Event</li> </ul>
<b>Common Equity Tier 1 Capital Ratio</b>	<ul style="list-style-type: none"> <li>The Common Equity Tier 1 Capital Ratio is the ratio of CBA's Common Equity Tier 1 Capital to its risk-weighted assets, where Common Equity Tier 1 Capital is the strongest form of capital held by CBA</li> <li>As at 30 December 2020, CBA's Level 2 Common Equity Tier 1 Capital Ratio was 12.6%. This equates to a surplus of approximately A\$33.9bn above the Capital Trigger Event level of 5.125%</li> </ul>

## CBA Level 2 Common Equity Tier 1 Capital levels (under APRA's current capital framework<sup>1</sup>)

	Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital (A\$bn)	Capital Trigger Event	Capital Trigger Event (A\$bn)	Surplus above Capital Trigger Event	Surplus Common Equity Tier 1 Capital (A\$bn)
31 Dec 2020	12.6%	57.1	5.125%	23.2	7.5%	33.9
30 Jun 2020	11.6%	52.6	5.125%	23.3	6.4%	29.3
31 Dec 2019	11.7%	52.4	5.125%	23.0	6.5%	29.4
30 Jun 2019	10.7%	48.4	5.125%	23.2	5.6%	25.2

1. Excess based on the existing ADI capital framework - refer to section 3.8.1.5 in the Prospectus for proposed changes to the ADI capital framework.



# Comparison between PERLS XIII and other types of investments in CBA

There are differences between savings accounts, term deposits, PERLS XII, PERLS XIII and Ordinary Shares. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation considerations) before deciding to invest in PERLS XIII. If you have any questions about the differences, you should seek advice from your financial or other professional adviser before deciding to invest in PERLS XIII.

	Savings account	Term deposit	PERLS XII	PERLS XIII	Ordinary Shares
<b>ASX code</b>	Not quoted on the ASX	Not quoted on the ASX	CBAPI	CBAPJ <sup>1</sup>	CBA
<b>Legal Form</b>	Deposit	Deposit	Unsecured subordinated debt obligations	Unsecured subordinated debt obligations	Ordinary share
<b>Guarantee under the Australian government Financial Claims Scheme<sup>2</sup></b>	Yes	Yes	No	No	No
<b>Term</b>	At call (usually)	One month to five years (usually)	Perpetual, CBA must exchange for Ordinary Shares on 20 April 2029 if the Mandatory Exchange Conditions are satisfied	Perpetual, CBA must exchange for Ordinary Shares on 20 October 2028 if the Mandatory Exchange Conditions are satisfied	Perpetual (no maturity date)
<b>Margin</b>	N/A	N/A	3.00% per annum	Expected to be between 2.75% and 2.95% per annum and will be determined through the Bookbuild	N/A
<b>Interest/distribution/dividend rate</b>	Variable (Usually)	Fixed (usually)	Floating	Floating	Variable dividends are payable
<b>Interest/distribution/dividend payment dates</b>	Monthly (usually)	End of term or per annum (usually)	Quarterly	Quarterly	Semi-annually
<b>Franking of interest/distribution/dividend</b>	N/A	N/A	Yes	Yes	Yes

1. CBA will apply for PERLS XIII to be quoted by ASX and they are expected to trade under code "CBAPJ". 2. The guarantee is provided for up to A\$250,000 deposited per person with each Australian authorised deposit-taking institution.

# Comparison between PERLS XIII and other types of investments in CBA (cont'd)

	Savings account	Term deposit	PERLS XII	PERLS XIII	Ordinary Shares
Interest/distribution/dividends at issuer's discretion	No	No	Yes	Yes	Yes
Impact on interest/distribution/dividend if interest/distribution/dividend not paid	No	N/A	Yes, applies to Ordinary Shares until next Distribution Payment Date	Yes, applies to Ordinary Shares until next Distribution Payment Date	No
Transferable	N/A	No <sup>2</sup>	Yes - quoted on the ASX	Yes - quoted on the ASX <sup>1</sup>	Yes - quoted on the ASX
Investor's ability to withdraw or redeem	Yes	Yes <sup>2</sup>	No	No	No
Redemption at CBA's option (subject to APRA approval which may or may not be given and certain other conditions)	No	No	Yes, on 20 April 2027 and in certain specified conditions	Yes, on 20 October 2026 and in certain specified conditions (see Section 2.2)	No
Conversion to Ordinary Shares on a Capital Trigger Event or Non-Viability Trigger Event	No	No	Yes, following a Capital Trigger Event (CET1 ratio equal to or less than 5.125%) or Non-Viability Trigger Event <sup>3</sup>	N/A	N/A
Ranking	See Section 1.1.2 "Ranking of PERLS XIII in a winding up of CBA" and Section 2.6 "How will CommBank PERLS XIII Capital Notes rank in a winding up?"				

1. CBA will apply for PERLS XIII to be quoted by the ASX and they are expected to trade under code "CBAPJ". 2. Can be withdrawn subject to certain conditions. 3. In relation to PERLS XIII, see Section 2.4 "Automatic Exchange on a Capital Trigger Event or Non-Viability Trigger Event".

# Summary of Key Benefits and Risks

## Key Benefits of PERLS XIII

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

## Key Risks of PERLS XIII

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

### Risks associated with CommBank PERLS XIII Capital Notes Specifically

- Investments in PERLS XIII are not deposit liabilities or protected accounts under the Banking Act or Financial Claims Scheme
- Holders of PERLS XIII are subordinated and unsecured creditors
- Distributions may not be paid
- PERLS XIII may be Exchanged for Ordinary Shares on the Mandatory Exchange Date or if certain events occur
- A Capital Trigger Event or Non-Viability Trigger Event may occur
- PERLS XIII may not be Exchanged on the scheduled Mandatory Exchange Date
- CBA may Redeem, or procure a Resale of, PERLS XIII in certain circumstances
- Holders do not have a right to request that their PERLS XIII be Exchanged or Redeemed early
- CBA may raise more debt and issue other securities
- The Distribution Rate will fluctuate
- The market price of PERLS XIII will fluctuate
- The liquidity of PERLS XIII may be low
- Holders may be subject to FATCA withholding and information reporting
- CBA may amend the Terms
- CBA may substitute for itself a non-operating holding company (“NOHC”)
- CBA may be subject to powers of an ADI Statutory Manager and of APRA

# Summary of Key Benefits and Risks (cont'd)

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

- The COVID-19 pandemic, and future outbreaks of other communicable diseases or pandemics, may negatively impact CBA, its customers, shareholders and employees. The COVID-19 pandemic has disrupted, and is expected to continue to disrupt, both the Australian economy and the global economy
- CBA is subject to extensive regulation and operates in an environment of political scrutiny, which may adversely impact CBA's operations or financial condition. Inquiries, investigations and other regulatory actions can adversely affect CBA, damage investor confidence, and may result in enforcement proceedings or changes in law/regulation
- CBA may be adversely impacted by a downturn in the Australian or New Zealand economy and deterioration in the global financial markets
- CBA's performance may be adversely affected by increasing competition, especially from non-Australian financial service providers, new non-bank entrants or smaller providers
- CBA is routinely exposed to, and manages, a number of material risks that primarily support or drive strategic decisions that could impact CBA's profitability or business model assumptions
- CBA may incur losses due to operational risks such as cyber-attacks, data security breaches or fraud
- CBA's results and reputation may be adversely impacted if CBA fails to comply, or is perceived to fail to comply, with requirements of relevant laws, regulatory bodies, industry standards and/or codes
- CBA may be adversely affected by other events that may have a direct or indirect impact on its financial position or performance such as credit risks, liquidity and funding risks, market risks and insurance risks

# Bank hybrid securities basics

ASIC has published guidance on hybrid securities on its MoneySmart website which may be relevant to your consideration of CommBank PERLS XIII Capital Notes. You can find this guidance by searching “hybrid securities” at [www.moneysmart.gov.au](http://www.moneysmart.gov.au).

CBA has developed a module on bank hybrid securities basics and is available to potential investors to help them understand bank hybrid securities, their features and risks. It is available from [commbank.com.au/hybrideducation](http://commbank.com.au/hybrideducation), and can be found by searching hybrid securities basics on [www.commbank.com.au](http://www.commbank.com.au).

**An introduction to bank hybrid securities**

Welcome to this module on basic things you should know about investing in bank hybrid securities.

**What you will learn?**

After completing this module, you should understand

- How you can invest in a bank and the differences between investments
- Key risks and benefits of investing in bank hybrid securities
- How to monitor a bank's financial position using relevant financial ratios
- Different ways to measure returns in bank hybrid securities

After reading this module, test your understanding in the question and answer section and review summary of things you should know.

moneysmart.gov.au

COVID-19 makes financial decisions... start here

INVESTMENTS PAYING INTEREST

### Hybrid securities and notes

Complex investments issued by banks and companies

0 MINUTES

On this page

Hybrid securities are a way for banks and companies to borrow money from investors. They are complex investments that can be very risky. Get financial advice before investing in hybrids.

#### How hybrid securities and notes work

Companies, banks and insurers issue hybrid securities and notes. They are complex financial products that combine the features of bonds and shares. They can provide income, like a bond, but their value can fall dramatically, like shares.

Hybrids can also have features that impact the future value of your investment. Even experienced investors can struggle to understand the risks and features of some hybrids.

Hybrids generally pay a fixed or floating rate of return until a specified date. However there's no guarantee on the amount and timing of interest payments.

# Information about CBA



# Overview – 1H21 result<sup>1</sup>

## Key outcomes summary

### Financial

Statutory NPAT <sup>2</sup> (\$m)	4,877	(20.8%)
Cash NPAT <sup>3</sup> (\$m)	3,886	(10.8%)
ROE <sup>3</sup> % (cash)	10.5	(180)bpts
EPS <sup>3</sup> cents (cash)	220	(26c)
DPS <sup>2</sup> \$	1.50	(50c)
Cost-to-income <sup>3</sup> (%)	46.5	+320 bpts
NIM <sup>3</sup> (%)	2.01	(10)bpts
Op income <sup>3</sup> (\$m)	11,961	(0.5%)
Op expenses <sup>3</sup> (\$m)	5,566	+6.9%
Profit after capital charge <sup>3,4</sup> (\$m)	1,821	(19.1%)
LIE to GLAA (bpts) <sup>5</sup>	22	+5 bpts

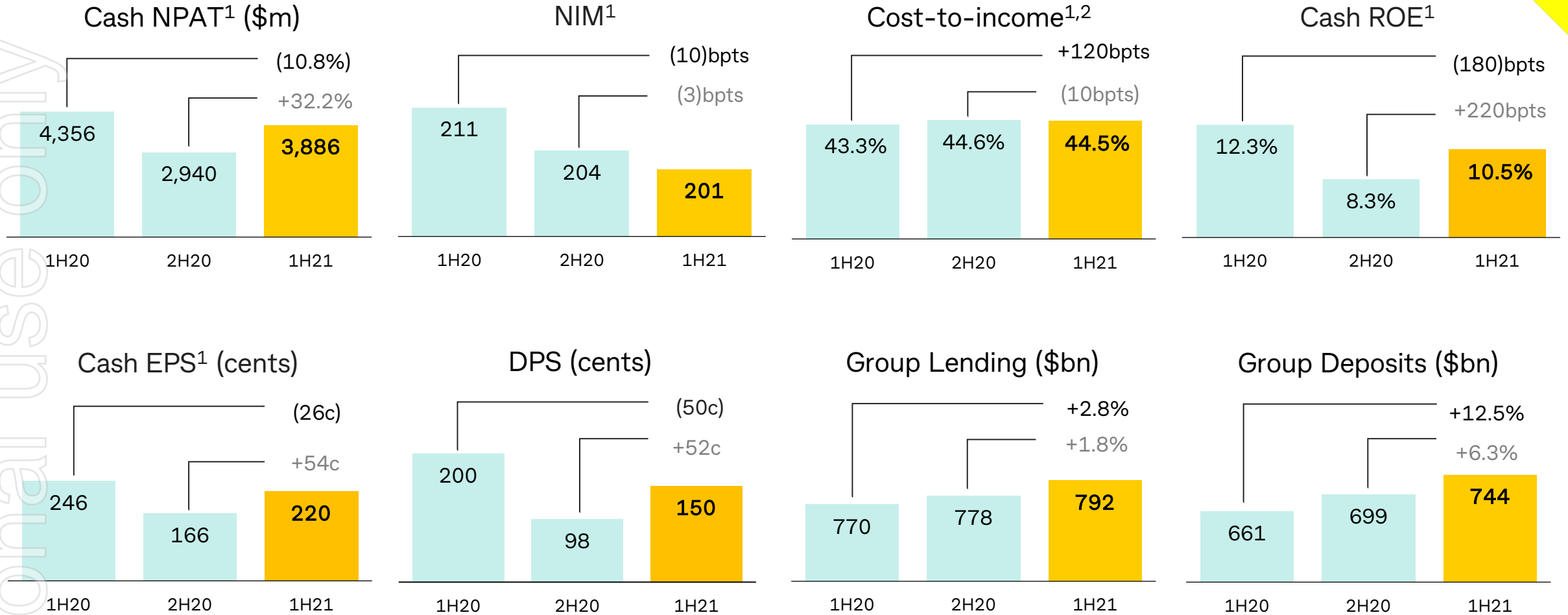
### Balance sheet, capital & funding

Capital – CET1 <sup>2,6</sup> (Int'l)	18.7%	+120 bpts
Capital – CET1 <sup>2</sup> (APRA)	12.6%	+90 bpts
Total assets (\$bn)	1,058	+7.9%
Total liabilities (\$bn)	983	+8.1%
Deposit funding	75%	+4.0%
LT wholesale funding WAM <sup>7</sup>	5.2 yrs	(0.2)yrs
Liquidity coverage ratio <sup>8</sup>	143%	+9%
Leverage ratio (APRA) <sup>2</sup>	6.0%	(10)bpts
Net stable funding ratio	123%	+9%
Credit ratings <sup>9</sup>	AA-/Aa3/A+	Refer footnote 9

1. All movements on prior comparative period unless otherwise stated. 2. Includes discontinued operations. 3. Presented on a continuing operations basis. 4. The Group uses PACC as a key measure of risk adjusted profitability. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments. 5. Cash Loan Impairment Expense as a percentage of average Gross Loans and Acceptances (GLAA) (bpts) annualised. 6. Internationally comparable capital - refer glossary for definition. 7. As at 31 December 2020, Weighted Average Maturity includes Term Funding Facility drawdowns. WAM as at 31 December 2020 excluding Term Funding Facility drawdowns is 5.7 years (+0.4yrs from 30 June 2020). 8. Quarterly average. 9. S&P, Moody's and Fitch. S&P revised Australian Major Banks outlook to "Negative" from "Stable" on 8th April 2020. Moody's affirmed CBA's ratings and stable outlook on 19th December 2019. Fitch affirmed CBA's A+ Negative Outlook rating on 21st September 2020.

# Overview – 1H21 result

## Key financial outcomes



1. Presented on a continuing operations basis. 2. Excludes remediation costs.



# Strengthening

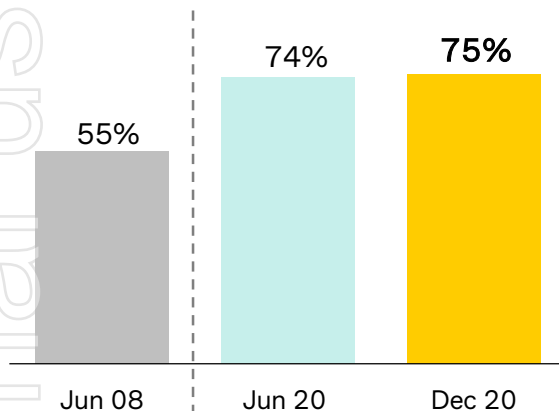
Already strong balance sheet and capital settings

## Funding

- 75% deposit funded
- Group transaction balances +37%

### Deposit funding

% of total funding

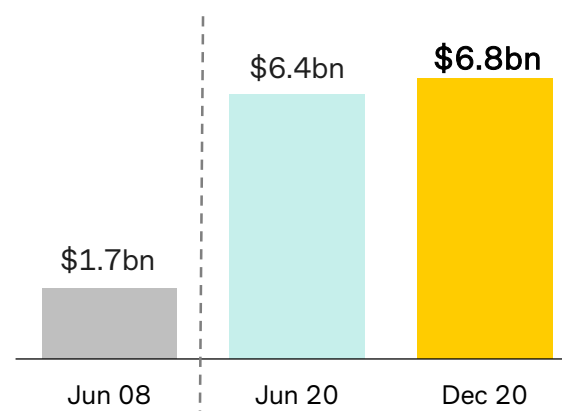


## Provisioning

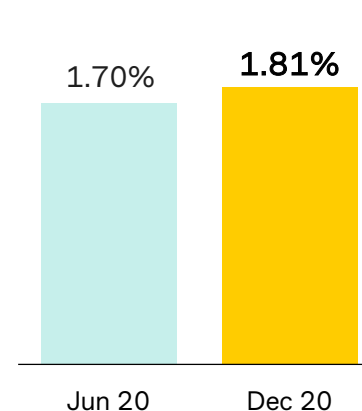
- Total provisions of \$6.8bn – increased coverage
- Ongoing adjustments for economic forecasts, stress factors

### Coverage ratios

Total provisions



Total provisions to Credit RWAs

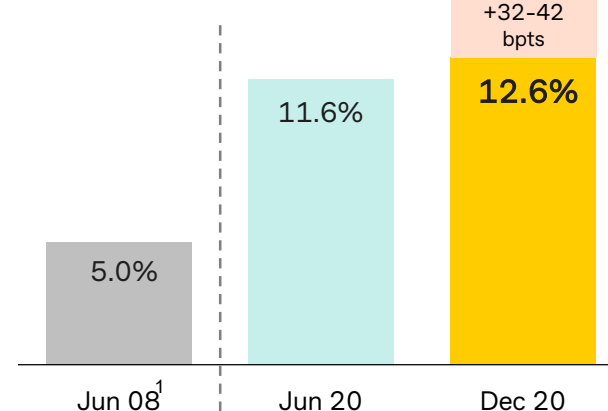


## Capital

- CET1 ratio of 12.6% (Level 2)
- Pro-forma 12.9-13.0%

### CET1 %

Level 2



Remaining divestments expected uplift<sup>2</sup>

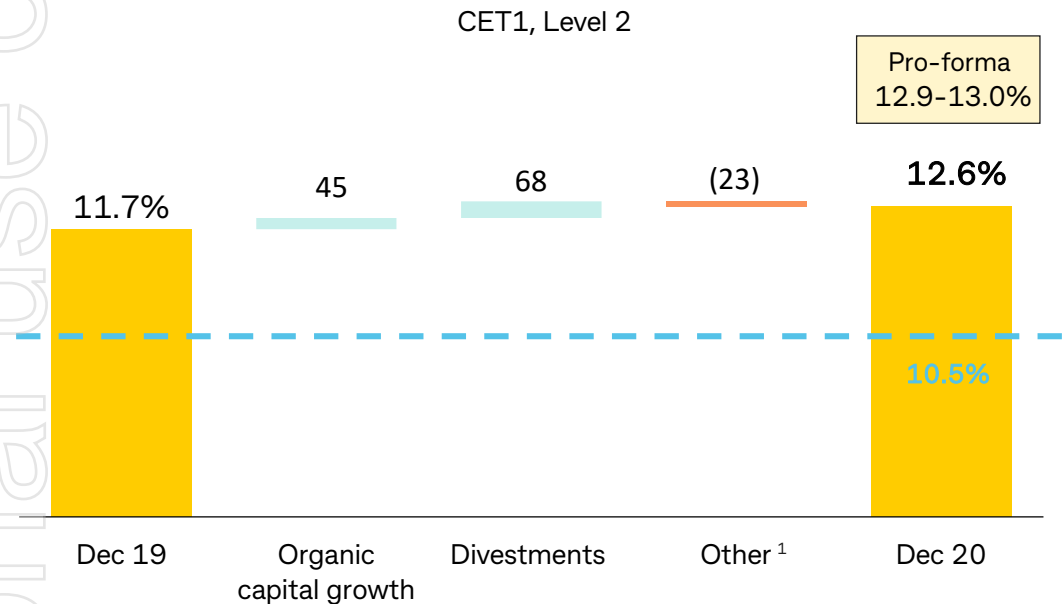
1. Calculated Basel III equivalent. 2. Expected CET1 uplifts from previously announced divestments: CommInsure Life (final instalment) 2bpts and majority sale of Colonial First State 30-40bpts. Completion of divestments subject to regulatory approvals.

# Capital strength

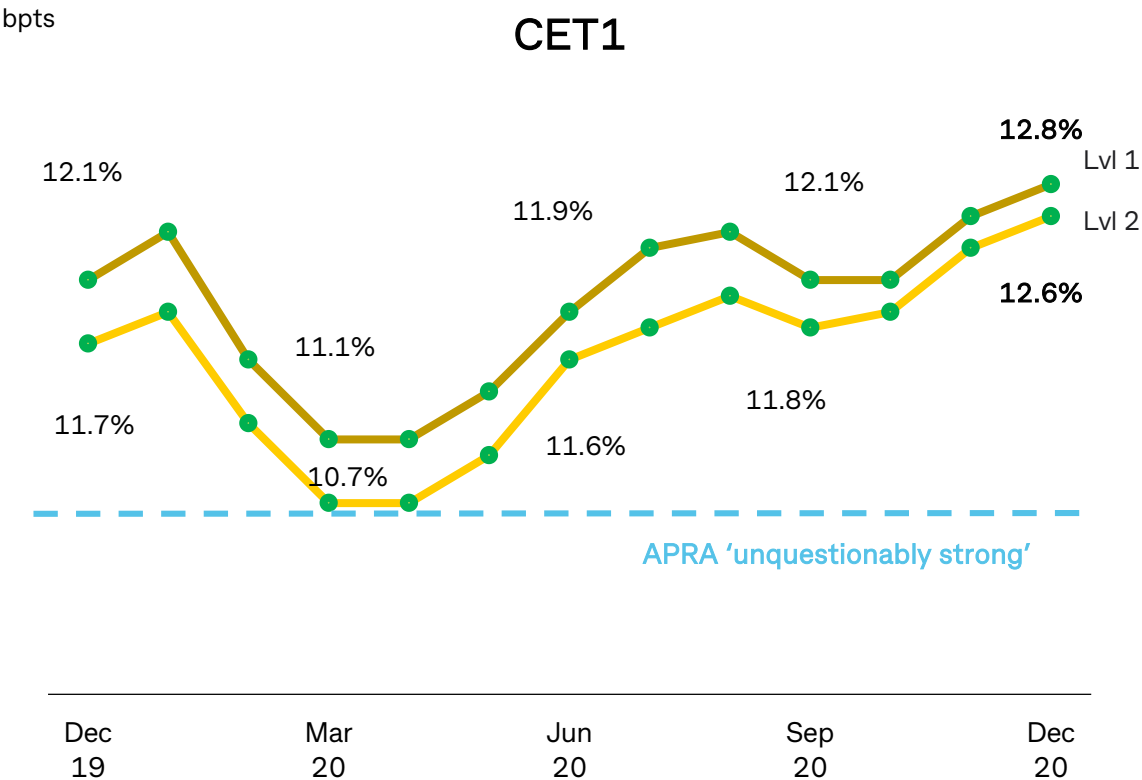
Significant capital surplus, excess franking credits

## Capital generation

Significant growth in surplus capital notwithstanding sector leading COVID-19 provisioning, balance sheet growth and dividend payments



1. Includes higher 2H20 loan loss provisions related to COVID-19 (-43bpts in 2H20), partially offset by removal of 50% of the Operational risk overlay in 1H21 (+17bpts).



**Thank you**

