



ASX announcement

Commonwealth Bank Launches CommBank PERLS XII Capital Notes Offer

Expected Margin of between 3.00% and 3.20% above bank bill swap reference rate

NOT FOR DISTRIBUTION IN THE UNITED STATES

Wednesday, 9 October 2019 (Sydney): Commonwealth Bank of Australia (CBA) today announced the offer of, and lodged a prospectus ("Prospectus") for, a new Tier 1 hybrid security, CommBank PERLS XII Capital Notes ("PERLS XII") ("Offer").

PERLS XII will qualify as Tier 1 Capital of CBA. The Offer is expected to raise A\$750 million, with the ability to raise more or less. PERLS XII are expected to be quoted on ASX under the trading code CBAPI.

PERLS XII are subordinated, unsecured notes¹ scheduled² to pay floating rate distributions quarterly, which are expected to be fully franked. PERLS XII have a Call Date of 20 April 2027 and will mandatorily Exchange into Ordinary Shares on 20 April 2029 (subject to certain conditions). PERLS XII have an Initial Face Value of A\$100.

The net proceeds of the Offer will be used to fund CBA's business.

CBA is the Arranger and a Joint Lead Manager to the Offer. ANZ Securities Limited, Morgan Stanley Australia Securities Limited, Morgans Financial Limited, National Australia Bank Limited, Ord Minnett Limited, UBS AG, Australia Branch and Westpac Institutional Bank have also been appointed as Joint Lead Managers to the Offer.

Bell Potter Securities Limited, Crestone Wealth Management and Evans Dixon Corporate Advisory Pty Limited have been appointed as Co-Managers to the Offer.

Unless otherwise defined, capitalised terms in this announcement have the meaning given to them in the Prospectus.

Details of the Offer

The Offer will comprise:

- a Broker Firm Offer made to retail investors who are clients of a Syndicate Broker and certain institutional investors; and

¹ Investments in PERLS XII 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.

² Distributions are discretionary and subject to the distribution payment conditions being satisfied. Distributions are non-cumulative.



- a Securityholder Offer made to Eligible Securityholders³ of Ordinary Shares, PERLS VII, PERLS VIII, PERLS IX, PERLS X or PERLS XI as at 2 October 2019.

There is no general offer for PERLS XII.

Distributions	<ul style="list-style-type: none">• Distributions are scheduled to be paid quarterly in arrears. The first Distribution is scheduled to be paid on 15 March 2020⁴.• The Distribution Rate is the Market Rate plus the Margin, multiplied by $(1 - \text{Tax Rate})^5$.• The Margin is expected to be between 3.00% and 3.20%, and will be determined through the Bookbuild.• Distributions are expected to be fully franked⁶.
Term	<ul style="list-style-type: none">• Perpetual. However, CBA must Exchange PERLS XII into Ordinary Shares on the Mandatory Exchange Date (subject to the Maximum Exchange Number and Mandatory Exchange Conditions) and may, at CBA's option, Redeem PERLS XII on the Call Date (subject to APRA approval),⁷ or may Exchange or Redeem PERLS XII earlier on the occurrence of certain events.• Holders do not have a right to request that their PERLS XII be Redeemed or Exchanged early for any reason. To realise their investment, Holders can sell their PERLS XII on ASX at the prevailing market price⁸.
Mandatory Exchange Date	<ul style="list-style-type: none">• 20 April 2029, or if the Mandatory Exchange Conditions are not satisfied on that date, the first Distribution Payment Date after that date on which the Mandatory Exchange Conditions are satisfied.• On the Mandatory Exchange Date, Holders will receive for each PERLS XII a variable number of Ordinary Shares with a value approximately equal to A\$101.01⁹. This is subject to the Maximum Exchange Number and Mandatory Exchange Conditions.
Early Exchange	<ul style="list-style-type: none">• CBA must Exchange all, some or a proportion of PERLS XII if a Capital Trigger Event or Non-Viability Trigger Event occurs.• CBA must Exchange all (but not some) of PERLS XII if a Change of Control Event occurs.
Call Date	<ul style="list-style-type: none">• CBA may, in its absolute discretion, Redeem, or elect that Resale occur in relation to, all or some PERLS XII on 20 April 2027. Redemption is subject to prior written approval from APRA¹⁰.
Early Redemption	<ul style="list-style-type: none">• CBA may redeem PERLS XII for certain tax or regulatory reasons.

³ Eligible Securityholders must have a registered address in Australia.

⁴ Distributions are scheduled to be paid quarterly on 15 March, 15 June, 15 September and 15 December. If any of these dates is not a Business Day, then the payment is scheduled to be made on the next Business Day. If a payment is postponed, there is no adjustment to the amount of the Distribution payable.

⁵ The Australian corporate tax rate on the relevant Distribution Payment Date, currently 30%.

⁶ Distributions may be unfranked or not fully franked. If a Distribution is unfranked or not fully franked, the cash Distribution will be grossed-up according to a formula under the Terms. Holders should be aware that the ability of a Holder to use franking credits will depend on their individual position and that the potential value of franking credits does not accrue at the same time as the cash Distribution is received.

⁷ Approval is at the discretion of APRA and may or may not be given.

⁸ PERLS XII may be trading at a market price below the Face Value and/or the market for PERLS XII may not be liquid. For further information about liquidity risks associated with PERLS XII, see Section 4.2.12 of the Prospectus.

⁹ The number of Ordinary Shares is 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. This may differ from the price of Ordinary Shares on or after Exchange, and therefore the value of Ordinary Shares received on Exchange of each PERLS XII may be more or less than A\$101.01 (based on Initial Face Value of A\$100).

¹⁰ Approval is at the discretion of APRA and may or may not be given.



Risks	<ul style="list-style-type: none">• PERLS XII are subject to risks associated with PERLS XII specifically and risks associated with CBA's businesses which may affect PERLS XII. These are set out in the Prospectus.
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Investors should read and consider the Prospectus in full and obtain professional advice before deciding whether to invest in PERLS XII and consider the risks that could affect the performance of PERLS XII. A replacement Prospectus containing the Margin will be available when the Offer opens. 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 XII.

Applications for PERLS XII under the Offer can only be made by completing the Application Form that is attached to or accompanies the Prospectus, or the online Application Form at www.commsec.com.au, following the opening of the Offer.

Key Dates for the Offer¹¹

Securityholder Offer Record Date	2 October 2019
Lodgement of Prospectus with ASIC	9 October 2019
Bookbuild	16 October 2019
Announcement of Margin	17 October 2019
Opening Date for the Offer and lodgement of the replacement Prospectus with ASIC	17 October 2019
Closing Date for the Offer	5.00pm (Sydney time) 8 November 2019
PERLS XII Issue Date	14 November 2019
Commencement of deferred settlement trading	15 November 2019
Despatch of Holding Statements	18 November 2019
Commencement of trading on normal settlement basis	19 November 2019

Potential investors can obtain a copy of the Prospectus by:

- calling the PERLS XII Information Line on 1800 992 547 (Monday to Friday 8.00am – 7.30pm, Sydney time);
- contacting their broker or adviser; or
- registering at www.commsec.com.au, where a copy of the Prospectus is also available for downloading.

Important information

Investments in PERLS XII 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 XII.

¹¹ 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 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, including by increasing or decreasing the Margin, 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.



The offering of securities 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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