



Incorporated in Australia with limited liability

## ASB Finance Limited

Incorporated in New Zealand with limited liability

Unconditionally and irrevocably guaranteed (in the case of Notes issued by ASB Finance Limited) by

## ASB Bank Limited

Incorporated in New Zealand with limited liability

# U.S.\$70,000,000,000

# Euro Medium Term Note Programme

Commonwealth Bank of Australia ("CBA" or the "Bank") and ASB Finance Limited ("ASB Finance" and, together with CBA, the "Issuers") may from time to time issue Euro Medium Term Notes (the "Notes") in any form contemplated in "Conditions of the Notes" herein and as described in "Description of the Programme" herein. The payment of all amounts payable in respect of Notes issued by ASB Finance will be unconditionally and irrevocably guaranteed by ASB Bank Limited ("ASB" or the "Guarantor").

The Notes will be issued from time to time to one or more of the Dealers specified on page 7 (each a "Dealer" and together the "Dealers", which expression shall include any additional Dealers appointed under the Programme (as defined below) from time to time), or offered by the Issuer through one or more Financial Intermediaries (each a "Financial Intermediary" and together the "Financial Intermediaries") to the public in the Public Offer Jurisdictions indicated in the applicable Final Terms. The relevant Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the "Conditions of the Notes" herein, in which case new listing particulars, if appropriate, will be published which will describe the effect of the agreement reached in relation to such Notes.

**An investment in Notes issued under the Programme involves certain risks.** For a discussion of these risks see "Risk Factors".

In respect of the CBA Base Prospectus (as defined below), any person (an "Investor") intending to acquire or acquiring any securities from any person (an "Offeror") should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 ("FSMA"), for the purpose of which this Programme Circular comprises a prospectus in the case of such an offer made in respect of Notes issued by CBA only, CBA may be responsible to the Investor for the Programme Circular under section 90 of FSMA, only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by CBA. If the Offeror is not authorised by CBA, the Investor should check with the Offeror whether anyone is responsible for the Programme Circular for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Programme Circular and/or who is responsible for its contents it should take legal advice.

The rating of certain Series of Notes to be issued under the Programme will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation") will be disclosed in the Final Terms. Please also refer to "*Credit ratings may not reflect all risks*" in the *Risk Factors* section of this Programme Circular.

Each of Standard & Poor's (Australia) Pty Ltd. ("S&P"), Moody's Investor Service Pty Ltd. ("Moody's") and Fitch Australia Pty Ltd ("Fitch") has rated CBA, see page 102.

Each of S&P, Moody's and Fitch has rated ASB, see page 113.

Each of S&P and Moody's has rated ASB Finance, see page 111.

S&P is not established in the European Union and is not registered in accordance with the CRA Regulation. However, Standard & Poor's Credit Market Services Europe Limited, which is established in the European Union and registered under the CRA Regulation (and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with such Regulation) has disclosed the intention to endorse credit ratings of S&P.

Moody's is not established in the European Union and not registered in accordance with the CRA Regulation. However, Moody's Investors Service Ltd., which is established in the European Union and registered under the CRA Regulation (and, as such is included in the list of credit rating agencies published by ESMA on its website in accordance with such Regulation) has disclosed the intention to endorse credit ratings of Moody's.

Fitch is not established in the European Union and not registered in accordance with the CRA Regulation. However, Fitch Ratings Ltd., which is established in the European Union and registered under the CRA Regulation (and, as such is included in the list of credit rating agencies published by ESMA on its website in accordance with such Regulation) has disclosed the intention to endorse credit ratings of Fitch.

Application has been made to the Financial Services Authority acting in its capacity as the competent authority under the FSMA (the "UK Listing Authority") for Notes to be issued during the period of 12 months from the date of this Programme Circular under this U.S.\$70,000,000,000 Euro Medium Term Note Programme (the "Programme") to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's regulated market. References in this Programme Circular to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the "Markets in Financial Instruments Directive"). Notice of the aggregate nominal amount of, interest (if any) payable in respect of, the issue price of, and any other terms and conditions not contained herein which are applicable to, each Series of Notes will be set forth in the Final Terms which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange.

This document is issued in replacement of a Programme Circular dated 13 October 2011 and accordingly supersedes that earlier Programme Circular. This does not affect any Notes issued under the Programme prior to the date of this Programme Circular.

Arranged by:

### UBS Investment Bank

Dealers:

Barclays

BofA Merrill Lynch

Commonwealth Bank of Australia

Daiwa Capital Markets Europe

Goldman Sachs International

J.P. Morgan

Nomura

UBS Investment Bank

BNP PARIBAS

Citigroup

Credit Suisse

Deutsche Bank

HSBC

Morgan Stanley

The Royal Bank of Scotland

This Programme Circular comprises a base prospectus of each Issuer, as explained in the following paragraph, for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”).

CBA accepts responsibility for the information contained in the CBA Base Prospectus. The “CBA Base Prospectus” includes the information contained in this Programme Circular except for any of the information contained herein under paragraphs (b) and (c) of “Documents Incorporated by Reference” on page 30 and under the heading “Risk Factors – ASB and ASB Finance” on pages 15 to 18 (inclusive), under the headings “ASB Finance Limited” and “Directors of ASB Finance Limited” on pages 111 and 112 and under the headings “ASB Bank Limited” and “Directors of ASB Bank Limited” on pages 113 to 118 (inclusive). Each of ASB and ASB Finance accepts responsibility for the information contained in the ASB Finance Base Prospectus. The “ASB Finance Base Prospectus” includes the information contained in this Programme Circular except for any of the information contained herein on page 2 in the paragraph beginning “The fact that as at 31 May 2012”, under paragraphs (a) and (d) of “Documents Incorporated by Reference” on page 30, under the headings “Summary of Terms and Conditions of the CBA Base Prospectus” on pages 7 to 9 (inclusive), under the heading “Risk Factors – CBA” on pages 12 to 15 (inclusive) and under the headings “Commonwealth Bank of Australia” and “Directors of Commonwealth Bank of Australia” on pages 102 to 110 (inclusive). To the best of the knowledge of each of CBA, ASB Finance and ASB (which have each taken all reasonable care to ensure that such is the case) the information contained in the Base Prospectus for which it has taken responsibility in accordance with the preceding sentences of this paragraph, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with paragraph 5 on the first page of this Programme Circular.

The fact that as at 31 May 2012, CBA (together with its subsidiary Bank of Western Australia Ltd) was Australia’s largest bank in terms of housing loans and household deposits is sourced from the Australian Prudential Regulatory Authority monthly Banking Statistics May 2012 (issued 31 May 2012) (Tables 2 and 4). CBA confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the Australian Prudential Regulatory Authority, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Programme Circular (and, therefore, acting in association with the Issuer) in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

**IN RESPECT OF THE CBA BASE PROSPECTUS, AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES ISSUED BY CBA ONLY FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. CBA WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROGRAMME CIRCULAR AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. CBA HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

Copies of the Final Terms will be available from the registered office of CBA at Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000, the London branch office of ASB Finance (currently Senator House, 85 Queen Victoria Street, London EC4V 4HA) and the specified office set out below of each of the Paying Agents (as defined below).

This Programme Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference”). This Programme

Circular shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Programme Circular.

The Dealers (which term in this paragraph and the third paragraph below includes Commonwealth Bank of Australia in its capacity as a dealer but does not include Commonwealth Bank of Australia in its capacity as an issuer of the Notes) have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Programme Circular or any further information supplied by each of CBA, ASB Finance and ASB in connection with the Notes.

No person has been authorised to give any information or to make any representation not contained in this Programme Circular or any further information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either Issuer, the Guarantor or any of the Dealers.

Neither this Programme Circular nor any further information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either Issuer, the Guarantor or any of the Dealers that any recipient of this Programme Circular or any further information supplied in connection with the Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and the Guarantor (where the relevant Issuer is ASB Finance). Neither this Programme Circular nor any further information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of either Issuer, the Guarantor or any of the Dealers to any person to subscribe for or to purchase any of the Notes.

The delivery of this Programme Circular does not at any time imply that the information contained herein concerning CBA, ASB Finance and/or ASB is correct at any time subsequent to the date hereof or that any further information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial or other condition or affairs of CBA, ASB Finance or ASB and any of their respective subsidiaries during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the relevant Issuer and the Guarantor (where the relevant Issuer is ASB Finance) when deciding whether or not to purchase any of the Notes.

The distribution of this Programme Circular and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Programme Circular and the offer or sale of the Notes in the United States of America, the European Economic Area (including the United Kingdom), Japan, Australia, New Zealand, Hong Kong, Singapore and Taiwan (see “Subscription and Sale”).

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933 (“Securities Act”) and the Notes include Notes in bearer form that are subject to U.S. federal tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “Subscription and Sale”).

This Programme Circular has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Programme Circular as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance

with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Any reference herein to an agreement between either Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and the relevant Dealer shall, in the case of Notes being, or intended to be, subscribed by more than one Dealer, be to an agreement between such Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and all such Dealers.

In this Programme Circular, references to “U.S. dollars”, “USD” and “U.S.\$” are to United States dollars, references to “JPY”, “Yen” and “¥” are to Japanese yen, references to “Sterling”, “GBP” and “£” are to pounds sterling, references to “AUD” and “A\$” are to Australian dollars, references to “NZD” and “NZ\$” are to New Zealand dollars, references to “HKD” are to Hong Kong dollars, references to “Renminbi” and “RMB” are to the lawful currency of People’s Republic of China (the “PRC”) which for purposes of this Programme Circular excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan, references to “CHF” are to Swiss Francs and references to “euro” and “€” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) ensure it makes a meaningful evaluation of the Notes and the merits and risks of investing in the Notes by reference to the information contained or incorporated by reference in this Programme Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public**

**disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**



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## Summary of Terms and Conditions of the CBA Base Prospectus

This summary must be read as an introduction to the CBA Base Prospectus and any decision to invest in any Notes should be based on a consideration of the CBA Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to CBA in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the CBA Base Prospectus. Where a claim relating to information contained in the CBA Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the CBA Base Prospectus before the legal proceedings are initiated.

Words and expressions defined in “Form of the Notes” and “Conditions of the Notes” below shall have the same meanings in this summary:

**Issuer:** Commonwealth Bank of Australia

### *Summary Information*

CBA is a public company incorporated in Australia and together with its subsidiaries provide a wide range of banking, financial and related services in Australia.

At 31 December 2011, CBA’s ordinary share capital was A\$24,651 million and CBA and its controlled entities had total assets of A\$701,986 million, deposits and other public borrowings of A\$431,827 million and total regulatory capital of A\$33,061 million. Net profit after income tax (statutory basis) for the half year ended 31 December 2011 was A\$3,624 million.

### *Business*

CBA provides a comprehensive range of banking, financial, life and risk business insurance and funds management and related services in Australia, New Zealand, throughout Asia and in the United Kingdom.

**Risk Factors:**

There are certain factors that may affect CBA’s ability to fulfil its obligations under Notes issued under the Programme. These include CBA’s exposure to adverse changes in the Australian and global economies and risks relating to volatility of interest rates and increased competition. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued by CBA under the Programme. These include certain risks relating to the structure of particular Series of Notes and certain market risks.

**Arranger:** UBS Limited

**Dealers:**

Barclays Bank PLC  
BNP Paribas  
Citigroup Global Markets Limited  
Commonwealth Bank of Australia  
Credit Suisse Securities (Europe) Limited  
Daiwa Capital Markets Europe Limited  
Deutsche Bank AG, London Branch  
Goldman Sachs International  
HSBC Bank plc  
J.P. Morgan Securities Ltd.  
Merrill Lynch International  
Morgan Stanley & Co. International plc  
Nomura International plc  
The Royal Bank of Scotland plc  
UBS Limited

Under the Programme Agreement, other institutions may be appointed Dealers either in relation to the Programme as a whole or in relation to specific issues thereunder.

**Form:** The Notes will be issued by CBA in bearer or registered form and may on issue be represented by one or more global Notes. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

**Denominations of Notes:** The Notes will be issued by CBA in such denominations as may be agreed between CBA and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “Certain Restrictions – Notes having a maturity of less than one year” above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

**Taxation:** All payments in respect of the Notes will be made by CBA without withholding or deduction for or on account of withholding taxes of the Commonwealth of Australia or any Taxing Jurisdiction unless such withholding or deduction is required by law as provided in Condition 9. In the event that any such withholding or deduction is made, CBA will, save in certain limited circumstances provided in Condition 9, be required to pay such additional amounts in respect of the Notes as will result (after withholding or deduction of the Taxes) in payment to the holders of the Notes of the amounts which would have been payable had there been no such withholding or deduction.

**Status of the Unsubordinated Notes:** The Unsubordinated Notes will constitute direct, unconditional and unsecured obligations of CBA and will rank senior to subordinated obligations. Except for certain debts that are required to be preferred by applicable laws, the Unsubordinated Notes rank equally among themselves and equally with CBA’s other unsecured and unsubordinated obligations subject as provided in the second and third paragraphs of Condition 3(a).

**Events of Default for Unsubordinated Notes:** Events of Default for each Tranche of Unsubordinated Notes issued by CBA are set out in Condition 11. There is no cross default or negative pledge.

**Status and other terms of Subordinated Notes:** Each Tranche of Subordinated Notes issued by CBA will rank *pari passu* with all other present and future outstanding unsecured subordinated indebtedness of CBA unless the terms of such other unsecured subordinated indebtedness of CBA expressly provide for it to rank ahead of or junior to the Notes of that Series. Each Tranche of Subordinated Notes issued by CBA will rank senior to all share capital of CBA (including without limitation preference shares, if any, of CBA).

**Events of Default for Subordinated Notes:** Events of Default for each Tranche of Subordinated Notes issued by CBA are set out in Condition 11.

**Listing:** Application has been made to the UK Listing Authority for Notes issued by CBA under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange’s regulated market.

Notes issued by CBA may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between CBA and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.



The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law:**

English law.

## Overview of the Programme

*The following overview does not purport to be complete and is not a summary for the purposes of the Prospectus Directive (for such a summary, please refer to “Summary of Terms and Conditions of the CBA Base Prospectus”. The following overview is qualified in its entirety by the remainder of the CBA Base Prospectus (in the case of Notes issued by CBA) and the remainder of the ASB Finance Base Prospectus (in the case of Notes issued by ASB Finance) and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a new Programme Circular will be published.*

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this Overview.

**Issuers:** Commonwealth Bank of Australia  
ASB Finance Limited

**Guarantor (of Notes issued by ASB Finance Limited only):**

ASB Bank Limited

**Description:** Euro Medium Term Note Programme

**Arranger:** UBS Limited

**Dealers:** Barclays Bank PLC  
BNP Paribas  
Citigroup Global Markets Limited  
Commonwealth Bank of Australia  
Credit Suisse Securities (Europe) Limited  
Daiwa Capital Markets Europe Limited  
Deutsche Bank AG, London Branch  
Goldman Sachs International  
HSBC Bank plc  
J.P. Morgan Securities Ltd.  
Merrill Lynch International  
Morgan Stanley & Co. International plc  
Nomura International plc  
The Royal Bank of Scotland plc  
UBS Limited

and any other Dealers appointed in accordance with the Programme Agreement.

**Certain restrictions:** Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the following restrictions applicable at the date of this Programme Circular.

### **Notes having a maturity of less than one year**

Notes issued by ASB Finance having maturity of less than one year from the date of issue will be issued (i) to a limited class of professional investors and will have a denomination of at least £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling) and no part thereof will be transferable unless the redemption value of that part is not less than £100,000 (or such an equivalent amount) or (ii) in any other circumstances which do not violate section 19 of the Financial Services and Markets Act 2000.

**Issuing and Principal Paying Agent:**

Deutsche Bank AG, London Branch

**Registrar:**

Deutsche Bank Luxembourg S.A.

**Distribution:**

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

<b>Currencies:</b>	U.S. dollars, euro, Yen, Sterling, Australian dollars, New Zealand dollars, Renminbi, Swiss Francs and such other currencies as may be agreed with the relevant Dealer.
<b>Maturities:</b>	Subject to any applicable laws and regulations, any original maturity.
<b>Issue Price:</b>	Notes may be issued at par or at a discount to, or premium over, par and either fully or on a partly-paid basis.
<b>Form of Notes:</b>	The Notes will be issued in bearer or registered form as described in “Form of the Notes”. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
<b>Fixed Rate Notes:</b>	Fixed interest will be payable in arrear on such date or dates in each year as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, or on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service or on such other basis as may be specified in the applicable Final Terms.</p> <p>The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms.</p>
<b>Index Linked Notes:</b>	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or formulae as the relevant Issuer and the relevant Dealer may agree.
<b>Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:</b>	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes will be payable on Interest Payment Dates, as agreed at the time of agreement to issue, and (where applicable) will be calculated on the basis of the Day Count Fraction specified in the applicable Final Terms.</p> <p>Details of the interest rate applicable to the then current Interest Period in respect of the Floating Rate Notes or (where applicable) Index Linked Interest Notes of any Series will be available from the Principal Paying Agent.</p>
<b>Low Interest (discount) Notes:</b>	Low Interest (discount) Notes will be offered and sold at a discount to their nominal amount and will bear interest at a rate lower than would otherwise be payable if they were issued at or about par.
<b>High Interest (premium) Notes:</b>	High Interest (premium) Notes will be offered and sold at a premium to their nominal amount and will bear interest at a rate higher than would otherwise be payable if they were issued at or about par.
<b>Redemption:</b>	<p>The applicable Final Terms will indicate either that the Notes of that Tranche cannot be redeemed prior to their stated maturity, other than in specified instalments or for taxation reasons, or that such Notes will be redeemable at the option of the relevant Issuer (in specified amounts if the applicable Final Terms so indicate) and/or at the option of the holder(s) of such Notes on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be indicated in the applicable Final Terms.</p> <p>The applicable Final Terms may provide that Notes may be redeemed in two or more instalments and on such dates and on such other terms as may be indicated in such Final Terms.</p> <p>Notes issued by ASB Finance having a maturity of less than one year from the date of issue may be subject to restrictions on their denomination and distribution, see “Certain Restrictions – Notes having a maturity of less than one year” above.</p>

## **Risk Factors**

*CBA believes that the factors set out below under the heading “CBA” may affect its ability to fulfil its obligations under Notes issued under the Programme. ASB Finance believes that the factors set out below under the heading “ASB Finance” may affect its ability to fulfil its obligations under Notes issued under the Programme. ASB believes that the factors set out below under the heading “ASB” may affect its ability to fulfil its obligations under the Guarantee. Most of these factors are contingencies which may or may not occur and neither Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued by the Issuers under the Programme are also described below.*

*Each of the Issuers and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the relevant Issuer or the Guarantor (in the case of Notes issued by ASB Finance) to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and neither Issuer nor the Guarantor represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Programme Circular and reach their own views prior to making any investment decision.*

### **CBA**

*CBA’s businesses may be adversely affected by the current disruption in the global credit markets and associated impacts*

Global credit and equity markets, particularly in the United States and Europe, have experienced extreme volatility, disruption and decreased liquidity for more than four years, reaching unprecedented levels of disruption from September 2008. These challenging market conditions have resulted in less liquidity, greater volatility, widening of credit spreads and a lack of price transparency in markets generally.

Our businesses operate in, or depend on the operation of, these markets, either directly or indirectly, including through exposures in securities, loans, derivatives and other activities. In addition, turmoil in the financial markets has flowed into the real economy, with major global economies either slowing substantially or contracting, which has caused increased unemployment in many countries. As a diversified financial institution, we may be impacted in a number of ways by the current economic climate.

We continue to monitor industry and company specific developments and the state of the global and Australian economies; however, it is difficult to predict how long these conditions will persist and which markets, products or other businesses will be affected, and these factors may continue to adversely impact our results of operations.

*A downturn in the Australian and New Zealand economies could adversely impact CBA’s results*

As a financial group whose core businesses are banking, funds management and insurance primarily located in Australia and New Zealand, the performance of CBA is dependent on the state of the Australian and New Zealand economies, customer and investor confidence and prevailing market conditions. We can give no assurances as to the likely future states of the Australian and New Zealand economies, which can be influenced by many factors within and outside Australia and New Zealand, outside of our control.

Australian economic conditions improved during the 2011/12 Financial Year; however, the recovery remains fragile. Internationally, concerns about sovereign debt and weaknesses in some advanced economies are affecting business and consumer sentiment. Domestically, Australia has benefited from strong conditions in the resource sector, which has grown strongly while other sectors of the economy, particularly those negatively impacted by the strong Australian dollar have been relatively weak.

A material downturn in the Australian and/or New Zealand economies could adversely impact future results and could potentially result in further increases in the amount overdue on individual loans. Recessive economic cycles also have a negative influence on liquidity levels, credit defaults of corporations and other borrowers and return on assets. Our banking business is affected by market conditions in that there may be less demand for loan products or certain customers may face difficulty in meeting their obligations. In particular, a significant or sustained decrease in the Australian housing market or property valuations or a further decline in the housing market or property valuations in New Zealand could adversely affect our home mortgage portfolio.

Furthermore, weaknesses in global securities markets due to credit, liquidity or other problems could result in a decline in our revenues from our funds management and insurance business.

*CBA may incur losses associated with its counterparty exposures*

CBA faces the possibility that a counterparty may be unable to honour its contractual obligations to CBA. These parties may default on their obligations to CBA due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from entering into swap or other derivative contracts under which counterparties have obligations to make payments to CBA, executing currency or other trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries.

*Adverse credit market conditions may significantly affect CBA's ability to access international capital markets, cost of capital and ability to meet liquidity needs*

Disruptions, uncertainty or volatility in the credit markets may limit CBA's access to capital, particularly its ability to issue longer-dated securities in international capital markets at a cost that is acceptable to CBA. These market conditions may limit CBA's ability to replace, in a timely manner, maturing liabilities and access the capital necessary to grow its business. As such, CBA may be forced to delay raising capital, issue shorter tenors than it prefers, or pay unattractive interest rates, thereby increasing CBA's interest expense, decreasing its profitability and significantly reducing its financial flexibility.

*Failure to hedge effectively against adverse fluctuations in exchange rates could negatively impact CBA's results of operations*

CBA undertakes the majority of its wholesale funding in international capital markets in currencies other than the Australian dollar, principally the U.S. dollar and the Euro. This exposes CBA to risks associated with exchange rates for the Australian dollar, which is the currency in which it prepares its financial statements and the principal currency of CBA's revenue and operating cash flows. The impact of such exchange rate risk cannot be predicted reliably. CBA attempts to manage its exchange rate risks to minimize any adverse effect on its financial position and performance. However, the level of CBA's hedging may change over time, and CBA may change its hedging policy at any time. CBA's results of operations may be adversely affected if its hedges are not effective to mitigate exchange rate risks or for balance sheet purposes, if CBA is inappropriately hedged or if a hedge provider defaults on its obligations under CBA's hedging agreements. There can be no assurance that CBA's exchange rate hedging arrangements or hedging policy will be sufficient or effective.

*CBA is subject to extensive regulation, which could impact its results*

CBA's banking, fund management and insurance activities are subject to extensive regulation, mainly relating to liquidity levels, solvency, provisioning and insurance policy terms and conditions. Our business and earnings are also affected by the fiscal or other policies that are adopted by various regulatory authorities of the Australian government and the governments of the other jurisdictions in which we conduct business.

The requirement to maintain certain levels of Tier One and Tier Two capital determines the level of CBA's lending activity or, alternatively, requires the issue of additional equity capital or subordinated debt, which are additional sources of its funds. Any change in regulation, including changes that increase the requirements of regulatory capital could have an adverse impact on CBA's results of operations.

Any changes to the regulatory liquidity requirements that increase the minimum level of liquid assets to be held could increase funding costs, and hence have a significant adverse impact on CBA's results of operations.

*Regulatory actions taken now or in the future may significantly affect CBA's operations and financial condition*

Recent events in the global economy and financial markets have led to various proposals for changes in the regulation of the financial services industry. In Australia, the Australian Prudential Regulatory Authority ("APRA") proposes to implement the Basel Committee on Banking Supervision's ("BCBS") reforms in relation to capital, liquidity and funding commonly known as "Basel III". From 1 January 2013, Australian banks will be required to hold higher levels of, and higher quality, capital than they previously held. This will benefit senior debt investors who rank ahead of capital investors.

From 1 January 2015, Australian banks will be required to calculate a liquidity coverage ratio in relation to a 30 day period (previously 5 business days) which requires them to hold higher levels of



high quality liquid assets. The ability of the Australian banks to obtain sufficient high quality assets, and the impact on profitability, is still being determined.

From 1 January 2018, Australian banks will be required to calculate a net stable funding ratio which requires them to hold more long-term debt to match long-term assets. There is a possibility that the BCBS will not proceed to implement the net stable funding ratio, in which case it is expected that APRA will not proceed to implement it in Australia.

In general, these changes, if implemented, may impact the profitability of CBA's business activities, require changes to certain business practices, and expose CBA to additional costs. These changes may also require CBA to invest significant management attention and resources to make any necessary changes, and could therefore also adversely affect CBA's business and operations.

*CBA may face operational risks associated with a complex financial institution and may incur losses as a result of ineffective risk management processes and strategies*

CBA's businesses are highly dependent on our ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as a spike in transaction volume, adversely affecting our ability to process these transactions or provide these services. In addition, we are exposed to the risk of loss resulting from human error, the failure of internal or external processes and systems or from external events. Such operational risks may include theft and fraud, improper business practices, client suitability and servicing risks, product complexity and pricing risk or improper recording, evaluating or accounting for transactions, breach of security and physical protection systems, or breaches of our internal policies and regulations.

As with any business operating in the financial services market, CBA utilises complex technology frameworks and systems to deliver its services and manage internal processes. Therefore disruptions to the technology framework can have an impact on CBA's operations. These disruptions can be caused from internal events (e.g. system upgrades) and external events (e.g. failure of vendors' systems or power supplies).

While we employ a range of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As such, we may, in the course of our activities, incur losses. There can be no assurance that the risk management processes and strategies that we have developed in response to current market conditions will adequately anticipate additional market stress or unforeseen circumstances.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that CBA will be unable to comply with its obligations as a company with securities admitted to the Official List or that CBA will be unable to comply with its obligations as a supervised firm regulated by the Financial Services Authority.

*Market, interest rate and currency risks could adversely impact CBA's results*

CBA is subject to the risks typical of banking, insurance and funds management activities, such as interest rate fluctuations, exchange rate variations and capital and equity market volatility. Many of these risks are outside its control. The results of CBA's banking and insurance operations are affected by CBA's management of interest rate sensitivity. Activity in the securities markets generally also affects its banking, funds management and insurance businesses. CBA also offer a number of financial products that expose it to risks associated with fluctuations in interest rates, securities prices or the value of real estate assets.

*CBA faces intense competition, which could adversely impact its results*

CBA faces intense competition in all of its principal areas of operation and geographical markets, principally Australia and New Zealand. Competition in the banking and funds management markets has, however, had the most significant effect on its results of operations.

*Liquidity and funding, operational and insurance risks could adversely impact CBA's results*

CBA is subject to liquidity and funding risks, operational risks and life insurance risks, which could adversely impact its future results. Liquidity risk is the risk of being unable to meet financial obligations as they fall due. Funding risk is the risk of over-reliance on a funding source to the extent that a change in that funding source could increase overall funding costs or cause difficulty in raising funds. Operational risk is defined as the risk of economic gain or loss resulting from (i) inadequate or failed internal processes and methodologies, (ii) people, (iii) systems and models used in making

business decisions, or (iv) external events. Further information on liquidity and funding risk is also included in note 41 to CBA's audited consolidated and non-consolidated annual financial statements for the financial year ended 30 June 2011.

Insurance risk is the risk of loss due to increases in policy benefits arising from variations in the incidence or severity of insured events. Insurance risk exposure arises in insurance business as the risk that claims payments are greater than expected. In the life insurance business this arises primarily through mortality (death) and morbidity (illness and injury) risks being greater than expected whereas for the general insurance business variability arises mainly through weather related incidents (floods or bushfires) and similar calamities, as well as general variability in home, motor and travel insurance claim amounts (as further described in note 33 to the 2011 Financial Statements).

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that CBA will be unable to comply with its obligations as a company with securities admitted to the Official List or that CBA will be unable to comply with its obligations as a supervised firm regulated by the Financial Services Authority.

#### *Reputational damage could harm CBA's business and prospects*

Various issues may give rise to reputational risk and cause harm to CBA's business and prospects. These issues include appropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues, money laundering laws, trade sanctions legislation, privacy laws, information security policies, sales and trading practices, and conduct by companies in which CBA holds strategic investments. Failure to address these issues appropriately could also give rise to additional legal risk, subject CBA to regulatory enforcement actions, fines and penalties, or harm its reputation among customers and investors in the marketplace.

#### *CBA's business may be adversely affected by acquisitions of businesses*

From time to time CBA evaluates and undertakes acquisitions of businesses. With acquisitions there is a risk that CBA may suffer a downgrade of its credit ratings, not achieve expected synergies from the acquisition as a result of difficulties in integrating information and other systems, CBA may achieve lower than expected cost savings or otherwise incur losses, CBA may lose customers and market share, or face disruptions to our operations resulting from integrating the systems and processes of the acquired business into CBA, or the acquisition may have other negative impacts on CBA's results, financial condition or operations. CBA regularly assesses acquisition opportunities and if it were to undertake other acquisitions these risks may be exacerbated.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that CBA will be unable to comply with its obligations as a company with securities admitted to the Official List or that CBA will be unable to comply with its obligations as a supervised firm regulated by the Financial Services Authority.

### **ASB and ASB Finance**

#### *Factors affecting ASB and ASB Finance*

ASB Finance is a funding vehicle for ASB, which is itself a wholly-owned subsidiary of CBA. As such, ASB Finance's principal purpose is to raise funds from offshore institutional debt markets to fund the operations of ASB. Notes issued under the Programme by ASB Finance are guaranteed by ASB, on a subordinated or on an unsubordinated basis, as specified in the applicable Final Terms, pursuant to the Guarantee. ASB Finance is affected by the same risk factors which affect ASB as set out below.

#### *ASB's and ASB Finance's businesses may be adversely affected by the current disruption in the global credit markets and associated impacts*

Global credit and equity markets, particularly in the United States and Europe, have experienced extreme volatility, disruption and decreased liquidity for more than four years, reaching unprecedented levels of disruption from September 2008. These challenging market conditions have resulted in less liquidity, greater volatility, widening of credit spreads and a lack of price transparency in markets generally.

ASB's business is impacted by the operation of these markets, either directly or indirectly, including through exposures in securities, loans, derivatives and other activities. In addition, periods of turmoil in the financial markets has flowed into the real economy, with major global economies either slowing substantially or contracting, which has caused increased unemployment in many countries, including New Zealand. As a diversified financial institution, ASB may be impacted in a number of ways by the current economic climate.

ASB continues to monitor industry and company specific developments and the state of the global and New Zealand economy; however, it is difficult to predict how long these conditions will persist and which markets, products or other businesses will be affected, and these factors may continue to adversely impact ASB's results or operations.

*A downturn in the New Zealand economy could adversely impact ASB's and ASB Finance's results*

As a financial group whose core business is banking located in New Zealand, the performance of ASB and ASB Finance is dependent on the state of the New Zealand economy, customer and investor confidence and prevailing market conditions. ASB can give no assurances as to the likely future states of the New Zealand economy, which can be influenced by many factors within and outside New Zealand, outside of ASB's control.

New Zealand economic conditions during the 2009 financial year were particularly difficult and ASB incurred substantial impairment charges as its corporate banking clients experienced financial difficulty and the property market in New Zealand was negatively impacted. While economic conditions in New Zealand improved during the 2010 and 2011 financial years, the recovery remains fragile.

A material downturn in the New Zealand economy could adversely impact future results and could potentially result in further increases in the amount overdue on individual loans. Recessive economic cycles also have a negative influence on liquidity levels, credit defaults of corporate and other borrowers and return on assets. ASB's banking business is affected by market conditions in that there may be less demand for loan products or certain customers may face difficulty in meeting their obligations. In particular, a further decline in the housing market or property valuations in New Zealand could adversely affect ASB's home mortgage portfolio.

*ASB and ASB Finance may incur losses associated with its counterparty exposures*

Each of ASB and ASB Finance faces the possibility that a counterparty may be unable to honour its contractual obligations to it. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example for ASB, from entering into swap or other derivative contracts under which counterparties have obligations to make payments to ASB. This risk may arise for example for ASB and ASB Finance, from executing trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries.

*Adverse credit market conditions may significantly affect ASB's ability to access international capital markets, cost of funding and ability to meet liquidity needs*

Disruptions, uncertainty or volatility in the credit markets may limit ASB's access to capital, particularly its ability to issue longer-dated securities in international capital markets at a cost that is acceptable to ASB. These market conditions may limit ASB's ability to replace, in a timely manner, maturing liabilities and access the capital necessary to grow its business. As such, ASB may be forced to delay raising capital, issue shorter tenors than it prefers, or pay unattractive interest rates, thereby increasing ASB's interest expense, decreasing its profitability and significantly reducing its financial flexibility.

*Failure to hedge effectively against adverse fluctuations in exchange rates could negatively impact ASB's results of operations*

ASB undertakes a significant portion of its wholesale funding in international capital markets in currencies other than the New Zealand dollar, principally the U.S. dollar and the Euro. This exposes ASB to risks associated with exchange rates for the New Zealand dollar, which is the currency in which it prepares its financial statements and the principal currency of ASB's revenue and operating cash flows. The impact of such exchange rate risk cannot be predicted reliably. ASB attempts to manage its exchange rate risks to minimise any adverse effect on its financial position and performance. However, the level of ASB's hedging may change over time, and ASB may change its hedging policy at any time. ASB's results of operations may be adversely affected if its hedges are not effective to mitigate exchange rate risks or for balance sheet purposes, if ASB is inappropriately hedged or if a hedge provider defaults on its obligations under ASB's hedging agreements. There can be no assurance that ASB's exchange rate hedging arrangements or hedging policy will be sufficient or effective.

*ASB is subject to extensive regulation, which could impact its results*

ASB's banking activities are subject to extensive regulation, mainly relating to liquidity levels, solvency and provisioning. Its business and earnings are also affected by the fiscal or other policies that are adopted by various regulatory authorities of the New Zealand government.

The requirement to maintain certain levels of Tier One and Tier Two capital affects the level of ASB's lending activity or, alternatively, may require the issue of additional equity capital or subordinated debt, which are additional sources of its funds. Any change in regulation, including changes that increase the requirements of regulatory capital could have an adverse impact on ASB's results of operations. The Reserve Bank of New Zealand ("RBNZ") has completed two consultations in relation to the implementation of Basel III in New Zealand. On 8 May 2012, the RBNZ released a letter to the chief executives of locally incorporated New Zealand banks advising that (among other things) in July 2012 the RBNZ intends to consult on proposed changes to the RBNZ's banking supervision handbook to incorporate the RBNZ's Basel III policy.

*Regulatory actions taken now or in the future may significantly affect ASB's operations and financial condition*

Recent events in the financial services industry and, more generally, in the international financial markets and the global economy, have led to various proposals for changes in the regulation of the financial services industry. In New Zealand, the RBNZ has introduced regulations designed to enhance liquidity risk management by registered banks, strengthen the resilience of registered banks to liquidity risk and improve RBNZ's ability to assess and monitor registered banks' liquidity risk profiles, which are expected to be consistent with the proposals of the Basel Committee on Banking Supervision.

While there can be no assurance that the proposals of the Basel Committee on Banking Supervision will ultimately be adopted or the form that any such regulations may ultimately take, any such changes, if enacted or adopted, may impact the profitability of ASB's business activities, require changes to certain business practices, and expose ASB to additional costs. Such additional costs may result from, among other things, holding additional liquid assets and undertaking wholesale long-term funding to replace short-term funding to more closely match ASB's long-term asset profile, which are comprised predominantly of home mortgages. These changes may also require ASB to invest significant management attention and resources to make any necessary changes, and could therefore also adversely affect ASB's business and operations.

*ASB may face operational risks associated with a complex financial institution and may incur losses as a result of ineffective risk management processes and strategies*

ASB's businesses are highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. ASB's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond its control, such as a spike in transaction volume, adversely affecting its ability to process these transactions or provide these services. In addition, ASB is exposed to the risk of loss resulting from human error, the failure of internal or external processes and systems or from external events. Such operational risks may include theft and fraud, improper business practices, client suitability and servicing risks, product complexity and pricing risk or improper recording, evaluating or accounting for transactions, breach of security and physical protection systems, or breaches of its internal policies and regulations.

As with any business operating in the financial services market, ASB utilises complex technology frameworks and systems to deliver its services and manage internal processes. Therefore disruptions to the technology framework can have an impact on ASB's operations. These disruptions can be caused from internal events (e.g. system upgrades) and external events (e.g. failure of vendors' systems or power supplies).

While ASB employs a range of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As such, ASB may, in the course of its activities, incur losses. There can be no assurance that the risk management processes and strategies that ASB has developed in response to current market conditions will adequately anticipate additional market stress or unforeseen circumstances.

*Market, interest rate and currency risks could adversely impact ASB's results*

ASB is subject to the risks typical of banking such as interest rate fluctuations, exchange rate variations and capital market volatility. Many of these risks are outside its control. The results of ASB's banking operations are affected by ASB's management of interest rate sensitivity. Activity in the securities markets generally also affects its banking business. ASB also offer a number of financial products that expose it to risks associated with fluctuations in interest rates.

*ASB faces intense competition, which could adversely impact its results*

ASB faces intense competition in all of its principal areas of operation in New Zealand.



### *Liquidity, funding and operational risks could adversely impact ASB's results*

ASB is subject to liquidity and funding risks and operational risks which could adversely impact its future results. Liquidity risk is the risk of being unable to meet financial obligations as they fall due. Funding risk is the risk of over-reliance on a funding source to the extent that a change in that funding source could increase overall funding costs or cause difficulty in raising funds. Operational risk is defined as the risk of economic gain or loss resulting from (i) inadequate or failed internal processes and methodologies, (ii) people, (iii) systems and models used in making business decisions, or (iv) external events.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that ASB will be unable to comply with its obligations as a company with securities admitted to the Official List or that ASB will be unable to comply with its obligations as a registered New Zealand bank regulated by the RBNZ.

### *Reputational damage could harm ASB's business and prospects*

Various issues may give rise to reputational risk and cause harm to ASB's business and prospects. These issues include appropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues, money laundering laws, trade sanctions legislation, privacy laws, information security policies, sales and trading practices, and conduct by companies in which ASB holds strategic investments. Failure to address these issues appropriately could also give rise to additional legal risk, subject ASB to regulatory enforcement actions, fines and penalties, or harm its reputation among customers and investors in the marketplace.

### *ASB's business may be adversely affected by acquisitions of businesses*

From time to time ASB evaluates and undertakes acquisitions of businesses. With acquisitions there is a risk that ASB may suffer a downgrade of its credit ratings, not achieve expected synergies from the acquisition as a result of difficulties in integrating information and other systems, ASB may achieve lower than expected cost savings or otherwise incur losses, ASB may lose customers and market share, or face disruptions to its operations resulting from integrating the systems and processes of the acquired business into ASB, or the acquisition may have other negative impacts on ASB's results, financial condition or operations. ASB from time to time assesses acquisition opportunities and if it were to undertake other acquisitions these risks may be exacerbated.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that ASB will be unable to comply with its obligations as a company or as a registered bank.

## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### *Risks related to the structure of a particular issue of Notes*

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Index Linked Notes and Dual Currency Notes*

The Issuers may issue Notes with principal or interest determined by reference to an index or formula, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the Issuers may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;



- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical levels of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes.

*Certain factors affecting the value and trading price of Index Linked Notes*

Generally, Index Linked Notes offer investment diversification opportunities, but there are some additional risks that may affect the value of the Notes before they mature. The interim or market value of the Index Linked Notes may be affected by a number of factors, including but not limited to:

- (i) market interest rates;
- (ii) fluctuations in currency exchange rates;
- (iii) fluctuations in the prices of securities generally;
- (iv) the time remaining to any redemption date; and
- (v) economic, financial, regulatory, political, terrorist, military or other events in one or more jurisdictions, including factors affecting capital markets generally or the stock exchanges on which any Index Linked Notes may be traded.

Additionally, the interim or market value of Index Linked Notes will vary with the price and/or level of the securities comprised in the relevant Index and is affected by a number of other factors, including but not limited to:

- (a) the value and volatility (frequency and magnitude of the changes in the level) of the relevant Index;
- (b) the dividend rate on any equity securities comprised in the relevant Index and the financial results and prospects of the issuer of those equity securities;
- (c) the liquidity of the securities comprised in the relevant Index in the secondary market;
- (d) changes that affect the Index, such as additions, deletions or substitutions of any securities comprised in the relevant index; and
- (e) economic, financial, regulatory, political, terrorist, military or other events in one or more jurisdictions, including factors affecting the stock exchange(s) on which any securities comprised in the relevant Index may be traded.

Furthermore, the amounts payable under Index Linked Notes may not directly correlate to the rise and/or fall in level of any relevant Index. For example, Index Linked Notes may provide that any positive performance of any Index is subject to:

- (a) a percentage participation factor that is less than 100 per cent. of a price or level of such Index;
- (b) a cap or maximum amount; and/or
- (c) a negative spread or percentage deduction to a relevant price or level of such Index,

which, in each case, would mean that the positive performance (if any) of such Index is not fully accounted for in any relevant payment(s) made under the Notes.

Prospective investors should be experienced with respect to options and option transactions, should understand the additional risks set out above and should reach an investment decision only after carefully considering the suitability of Index Linked Notes in light of their particular financial circumstances, the information regarding the relevant Notes and the particular index (or basket of

indices) to which the value of the relevant Notes may relate, as specified in the applicable Final Terms.

Before investing in Index Linked Notes, Noteholders should carefully consider, among other things, (a) the trading price of the relevant Notes, (b) the value and volatility of the relevant Index, (c) the time remaining to redemption of the Notes, (d) any changes in interim interest rates and dividend yields if applicable, (e) any changes in currency exchange rates if applicable, (f) the depth of the market or liquidity of any securities comprised in the relevant Index and (g) any related transaction costs.

*Index Linked Notes may be redeemed prior to their scheduled redemption date if an Additional Disruption Event occurs*

If an Additional Disruption Event (as specified in the applicable Final Terms) occurs, the Issuer will either (i) request the Calculation Agent to adjust the terms and conditions of the Index Linked Notes (without the consent of the Noteholders) or (ii) procure their early redemption, in each case, in accordance with the Conditions and the applicable Final Terms. Prospective investors should be aware that depending on the terms and conditions of the Notes in question, the early cash settlement amount payable on any redemption may be less than the initial investment. Following any early redemption of Index Linked Notes, a Noteholder may not be able to reinvest the amount received at any effective interest rate as high as the interest rate or yield on the Notes being redeemed and may only be able to do so at a significantly lower rate. Investors in Index Linked Notes should consider reinvestment risk in light of other investments available at that time.

If Index Linked Notes are redeemed before their due date for redemption because an Additional Disruption Event occurs, the Issuer will take into account when determining the settlement amount, and may deduct from the settlement amount, an amount in respect of all costs, losses and expenses (if any) incurred (or expected to be incurred) by or on behalf of the Issuer in connection with the redemption of the Notes, including without duplication or limitation, hedging termination and funding breakage costs (whether actual or notional). Such costs, losses and expenses will reduce the amount received by Noteholders on redemption and may reduce the settlement amount to zero. The Issuer is not under any duty to hedge itself at all or in any particular manner, and is not required to hedge itself in a manner that would (or may be expected to) result in the lowest costs, losses and expenses.

Principal protected Index Linked Notes are only principal protected to the extent that the Notes are held to maturity. Consequently, if principal protected Index Linked Notes are redeemed early Noteholders may lose some or all of their principal.

*Disrupted Days and Disruption Events*

Where the Calculation Agent determines that a day on which a valuation or determination is to be made is a disrupted day or that a relevant disruption event (including, for example, where an Exchange or Related Exchange fails to open on a Valuation Date or an Averaging Date, as applicable) has occurred, any such determination may have an effect on the timing of the valuation or determination and consequently may adversely affect the value of the relevant Index Linked Notes and/or may delay settlement of the Notes. Prospective investors should review the relevant conditions of the Index Linked Notes and the applicable Final Terms to ascertain whether and how such provisions apply to any Notes they are considering purchasing.

Furthermore, if the calculation of an Index is discontinued or suspended, it may become difficult to determine the value of the Notes and the Calculation Agent may, *inter alia*, make a good faith estimate in its sole discretion of the value the Index would have had at a certain Valuation Date.

*Valuation of Index Linked Notes: commissions and/or fees*

Prospective investors in Index Linked Notes should be aware that the issue price and/or offer price may include commissions and/or other fees (e.g. subscription fees, placement fees, direction fees, structuring fees and/or additional costs or inducements) paid by the Issuer to distributors as payment for distribution services. This can cause a difference between the theoretical value of the Notes and any bid and offer prices quoted by the Issuer or any third party. Any such difference may have an adverse effect on the value of the Notes, particularly immediately following the Offer and the Issue Date of such Notes, where any such fees and/or costs may be deducted from the price at which such Notes can be sold by the initial investor in the secondary market.

Information on the amount of these inducements, commissions and fees will be included in the applicable Final Terms and/or may be obtained from the Issuer or relevant distributor upon request.

### *Hedging*

Prospective investors intending to purchase Index Linked Notes to hedge against the market risk associated with investing in an index (or basket of indices) should recognise the complexities of utilising Notes in this manner. For example, the value of the Index Linked Notes may not exactly correlate with the level of the relevant Index. Due to fluctuating supply and demand for the Notes there is no assurance that their value will correlate with movements in the level of the relevant Index. For these reasons, among others, it may not be possible to purchase or liquidate Index Linked Notes in a portfolio at the prices used to calculate the level of any Index.

### *The issuer of a security comprised in an index could take actions that may adversely affect an Index Linked Note*

The issuer of a security comprised in an index referenced in the terms and conditions of an Index Linked Note will have no obligation to the Noteholder and may take actions, such as a merger or sale of assets, without regard to the interests of the Noteholder. Any such action could adversely affect the value of a Note linked to the index of which that security is a component.

### *Partly-paid Notes*

The Issuers may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

### *Notes with a multiplier or other leverage factor can be volatile investments*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed / Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the relevant Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### *The Issuers' obligations under Subordinated Notes are subordinated*

The Issuers' obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to Senior Liabilities. "Senior Liabilities" means any direct, unconditional and unsecured obligations of the Issuers. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

### ***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

#### *Modification and waivers*

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority and therefore there is no guarantee that the resolutions approved will be consistent with the interests and/or the votes cast by each Noteholder.

#### *Substitution of the Issuer*

If the conditions set out in the Conditions of the Notes are met, the Issuer may, without the consent or sanction of the Noteholders, substitute in its place a new issuer as debtor in respect of all obligations arising under or in connection with the Notes (the “**Substituted Company**”). In that case, the Noteholders will also assume the insolvency risk with regard to the Substituted Company.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC (the “Directive”) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State or any relevant non-EU country or territory which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note, Coupon, Talon or Receipt as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, the relevant Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

#### *U.S. Foreign Account Tax Compliance Withholding*

The relevant Issuer (or the Guarantor) and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes treated as debt for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified from that date and (ii) any Notes treated as equity for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (“FATCA”) or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if (i) the relevant Issuer is a foreign financial institution (“FFI”) (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service (“IRS”) to provide certain information on its account holders (making the relevant Issuer a “Participating FFI”), (ii) the relevant Issuer has a positive “passthru payment percentage” (as determined under FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the relevant Issuer nor the Guarantor (if payment is required under the Guarantee) nor any paying agent nor any other person would, pursuant to the Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes



should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change.

#### *Change of law*

The Conditions of the Notes are based on English law in effect as at the date of this Programme Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Programme Circular.

#### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

*The Notes will not have any covenant restricting the incurrence of liens for the benefit of other external indebtedness of CBA or (in the case of Notes issued by ASB Finance) ASB Finance or the Guarantor*

As at the date of this Programme Circular, a significant amount of the Issuers' long term indebtedness has the benefit of a covenant that CBA or (in the case of Notes issued by ASB Finance) ASB Finance or the Guarantor will not create or have outstanding any mortgage, pledge or other charge, upon or with respect to, any of its present or future assets or revenues to secure repayment of, or to secure any guarantee or indemnity in respect of, any "external indebtedness", as defined in the paragraph below, without according the same to the holders of that long term indebtedness. This covenant will not be given for the benefit of Noteholders of any Notes issued on or after the date of this Programme Circular.

As used in the previous paragraph "external indebtedness" means any obligation for the repayment of borrowed money in the form of or represented by bonds, notes, debentures or other securities:

- (i) which are initially offered outside the Commonwealth of Australia (if the Issuer is CBA) or New Zealand (if the Issuer is ASB Finance) with the consent of the Issuer in an amount exceeding 50 per cent. of the aggregate nominal amount of the relevant issue; and
- (ii) which are, or are capable of being, quoted, listed or ordinarily traded on any stock exchange or on any recognised securities market.

#### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

##### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market at prices higher than the relevant investor's initial investment. Therefore, in establishing their investment strategy, investors should ensure that the term of the Notes is in line with their future liquidity requirements. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. The liquidity of Notes is also influenced by whether or not the relevant Notes are exclusively offered to retail investors without any offer to institutional investors.



The Issuers may, but are not obliged to, list an issue of Notes on a stock exchange. If Notes are not listed or traded on any exchange, pricing information for the relevant Notes may be more difficult to obtain and the liquidity of such Notes may be adversely affected.

The secondary market price of any Notes immediately following their issue may be less than the Issue Price/Offer Price.

If Notes are not listed on a regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or “MTF”) or in other trading systems (e.g. bilateral systems, or equivalent trading systems). Trading in such Notes may take place outside the above-mentioned trading systems, with possible risks as to the transparency of the determination of prices. Investors should note that the Issuers do not grant any warranty to Noteholders as to the methodologies used to determine the price of Notes which are traded outside a trading system, however, where the Issuers or any of their affiliates determine the price of such Notes, they will take into account the market parameters applicable at such time in accordance with applicable provisions of law.

Each of the Issuers, the Guarantor and any Dealer may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private treaty. Any Notes so purchased may be held or resold or surrendered for cancellation. Any Dealer may, but is not obliged to, be a market maker for an issue of Notes. Even if a Dealer is a market-maker for an issue of Notes, the secondary market for such Notes may be limited and there is no assurance given as to the price offered by a secondary market-maker or the impact of any such quoted prices on those available in the wider market. The appointment of an entity acting as secondary market-maker with respect to Notes offered in Italy, may, under certain circumstances, have an impact on the price of the Notes in the secondary market. To the extent that an issue of Notes becomes illiquid, an investor may have to hold the relevant Notes until maturity before it is able to realise value.

In the case of unlisted Notes (i) subject to optional redemption by the Issuer and (ii) where principal or interest is determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (“Unlisted Callable Structured Notes”), CBA may from time to time publish on a screen page of a commercial quotation service or on such other basis as it may advise the relevant Dealers an indication of the charges it may apply on any purchase by it of such Unlisted Callable Structured Notes.

Any such publication is in CBA’s sole and absolute discretion and CBA may subsequently change any indicative charge so published or cease such publication at any time and for any reason. No such publication will constitute an offer to buy or a solicitation of an offer to sell any Unlisted Callable Structured Notes or represent any undertaking or other commitment by CBA to purchase any Unlisted Callable Structured Notes and any actual charge applied by CBA on any purchase of Unlisted Callable Structured Notes by it may be greater or less than any indicative charge published. CBA will not at any time purchase any Unlisted Callable Structured Notes from any Noteholder in any jurisdiction in which such purchase is unlawful and CBA may decide not to purchase Unlisted Callable Structured Notes at any time and for any reason.

Any charge CBA may apply on any purchase of Unlisted Callable Structured Notes will be only one of the relevant considerations in determining the purchase price of the relevant Unlisted Callable Structured Notes and other relevant factors may include, without limitation, the weighted average life of the Unlisted Callable Structured Notes and the cost to CBA of unwinding any underlying and/or related hedging and funding arrangements. The determination of such factors and any price at which CBA may purchase any Unlisted Callable Structured Notes will be in the sole and absolute discretion of CBA.

Investors should note that a secondary market may be affected by both legal restrictions in certain jurisdictions and by the Issuers, the Guarantor and/or any Dealer purchasing or holding Notes.

If it is possible to sell Notes, they would be sold for the prevailing bid price in the market and may be subject to a transaction fee. The prevailing bid price may be affected by several factors including the performance of any Index to which payments under the Notes are linked, prevailing interest rates at the time of sale, the time left before the stated maturity date and the creditworthiness of the relevant Issuer. It is therefore possible that an investor selling Notes in the secondary market may receive a price less than the investor’s initial investment in the relevant Notes.

### *Impact of implicit fees on the Issue / Offer Price*

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Notes, but such fees will not be taken into account for the purposes of determining the price of such Notes in the secondary market.

The Issuers will specify in the relevant Final Terms, the type and amount of any implicit fees which are applicable from time to time.

Investors should also take into consideration that if Notes are sold on the secondary market immediately following the offer period relating to such Notes, the implicit fees included in the Issue/Offer Price on initial subscription for such Notes will be deducted from the price at which such Notes may be sold in the secondary market.

### *Certain considerations relating to public offers of Notes*

As described in the applicable Final Terms, Notes may be distributed by means of a public offer made during an offer period specified in the applicable Final Terms. During such offer period, the relevant Issuer and/or any other person specified in the applicable Final Terms may reserve the right to cancel, withdraw or revoke such offer and/or to scale back applications for such offer in the event of over-subscription. In such circumstances, an applicant investor may not be issued any Notes or may be issued a number of Notes which is less than the amount for which such applicant investor applied. Any amounts segregated by a distributor as intended payments of the Offer Price by an investor will be released back to the relevant investor by the distributor with or without accrued interest, depending on the agreements between the investor and the relevant distributor or depending on the policies applied by the distributor in this regard. There may be a time lag in the release of any such amounts and, unless otherwise agreed with the relevant distributor, no amount will be payable as compensation and the applicant investor may be subject to reinvestment risk. Unless otherwise provided in the applicable Final Terms, the Issuer and/or the other entities specified in the applicable Final Terms may terminate the offer early by immediate suspension of the acceptance of further subscription requests and by giving notice to the public in accordance with the applicable Final Terms. Early termination of the offer may occur even where the maximum amount for subscription in relation to that offer (as specified in the applicable Final Terms) has not been reached and, in such circumstances, the early closing of the offer may have an impact on the aggregate number of the Notes issued and, therefore, may have an adverse effect on the liquidity of the Notes.

Further, investors should note that, in certain circumstances, Notes may not be issued on the originally designated issue date, for example because either the relevant Issuer and/or any other person specified in the applicable Final Terms has reserved the right to postpone such issue date or, following the publication of a supplement to its Programme Circular, the relevant Issuer has decided to postpone such issue date to allow investors who had made applications to subscribe for Notes before the date of publication of such supplement to exercise their right to withdraw their acceptances. In the event that the issue date is so delayed, no interest shall accrue (if applicable) until the issue date of the Notes and no compensation shall be payable, unless otherwise agreed between the investor and the relevant distributor as payable by the distributor or where the policies of the distributor otherwise provide for the distributor to make any such payments.

### *Exchange rate risks and exchange controls*

The relevant Issuer will pay principal and interest on the Notes and, where the relevant Issuer is ASB Finance, the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The above risks may be increased if any Specified Currency and/or an Investor's Currency is the currency of an emerging market jurisdiction.

### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In addition actual or anticipated changes in the credit ratings of the Notes will generally affect any trading for, or trading value of, the Notes.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

### *Changes in any applicable tax law or practice may have an adverse effect on a Noteholder*

Any relevant tax law or practice applicable as at the date of this Programme Circular and/or the date of purchase or subscription of any Notes may change at any time (including during any subscription period or the term of any Notes). Any such change may have an adverse effect on a Noteholder, including that Notes may be redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Noteholder may be less than otherwise expected by such Noteholder.

### *Potential conflicts of interest*

Where the Calculation Agent is an affiliate of the relevant Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes that may influence the amount receivable or specified assets deliverable on redemption of the Notes.

The Issuers, the Guarantor and/or any of their affiliates may from time to time engage in transactions involving securities comprised in indices to which payments under the Notes are linked for their proprietary accounts or for other accounts under their management, subject to requirements of the Securities Act. The Issuers, the Guarantor and/or their affiliates may also issue other derivative instruments in respect of any such securities. The Issuers, the Guarantor and/or their affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Notes or may act as financial adviser to certain companies or companies whose shares are included in a basket of shares or in a commercial banking capacity for such companies. These activities may have a positive or negative effect on the value of the relevant securities and consequently upon the value of the Notes.

The Issuers, the Guarantor and any Dealer may at the date hereof or at any time hereafter, be in possession of information in relation to an Index or any security comprised in an Index that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuers, the Guarantor or any Dealer to disclose to Noteholders any such information.

The Issuers, the Guarantor and/or any of their affiliates may have existing or future business relationships with the sponsors of an Index and/or the issuers of securities comprised in an Index (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

Where Notes are offered to the public, as the relevant Manager(s)/Dealer and any distributors act pursuant to a mandate granted by the relevant Issuer and they receive fees on the basis of the services performed and the outcome of the placement of such Notes, potential conflicts of interest could arise.

Potential conflicts of interest may arise where the Notes are offered to the public in Italy, as any distributors will act pursuant to a mandate granted by the Issuer and will receive commissions and/or fees on the basis of the services performed and the outcome of the placement of the Notes in Italy.

Any further risk factors relating to additional conflicts of interest with respect to a particular issue of the Notes will be specified in the applicable Final Terms.

### ***Risks relating to Notes denominated in Renminbi***

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in Renminbi:

*Renminbi is not freely convertible and this may adversely affect the liquidity of Notes denominated in Renminbi*

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover the whole nation and to make Renminbi trade and other current account item settlement available in all countries worldwide.

PRC regulation on the remittance of Renminbi into the PRC for settlement of capital account items is developing gradually. Generally, remittance of Renminbi by foreign investors into the PRC for capital account purposes such as shareholders' loans or capital contributions is only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system.

On 12 October 2011, the Ministry of Commerce People's Republic of China ("MOFCOM") promulgated the Circular on Issues concerning Foreign Investment Management (the "MOFCOM Circular"). Pursuant to the MOFCOM Circular, prior written consent from the appropriate office of MOFCOM and/or its local counterparts (depending on the size and the relevant industry of the investment) is required for Renminbi foreign direct investments ("RMB FDI"). The MOFCOM Circular also requires that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic listed companies through private placements or share transfers by agreement. On 13 October 2011, the People's Bank of China (the "PBOC") issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (the "PBOC RMB FDI Measures") as part of the implementation of the PBOC's detailed RMB FDI accounts administration system, which covers almost all aspects of RMB FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. Under the PBOC RMB FDI Measures, special approval for RMB FDI and shareholder loans from the PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBOC is still necessary.

As the MOFCOM Circular and the PBOC RMB FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant PRC authorities.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Notes denominated in Renminbi and the Issuer's ability to source Renminbi to service such Notes.*

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with



arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the “Settlement Agreement”) between the PBOC and Bank of China (Hong Kong) Limited as the Renminbi clearing bank (the “RMB Clearing Bank”) to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. As of 31 March 2012, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately RMB554,317 million according to data published by the Hong Kong Monetary Authority (the “HKMA”). In addition, authorised institutions are also required by the HKMA to maintain a total amount of Renminbi (in the form of cash, its settlement account balance and/or fiduciary account balance with the RMB Clearing Bank) of no less than 25 per cent. of their Renminbi deposits, which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The RMB Clearing Bank only has access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers of up to RMB20,000 per person per day and for designated business customers relating to Renminbi received in providing their services. The RMB Clearing Bank is not obliged to create a neutral position for participating banks holding open positions resulting as a result of other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to neutralise such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange.

There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of Notes denominated in Renminbi. There is no assurance that the relevant Issuer will be able to source Renminbi outside the PRC to service such Notes on satisfactory terms, if at all. If the relevant Issuer is unable to source such Renminbi, the relevant Issuer’s obligation to make a payment in Renminbi under the terms of the Notes may be replaced by an obligation to pay such amount in the Relevant Currency (as defined below) if ‘RMB Currency Event’ is selected as being applicable in the relevant Final Terms.

*An investment in Notes denominated in Renminbi is subject to exchange rate risks.*

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal with respect to Renminbi denominated Notes will be made in Renminbi. As a result, the value of these Renminbi payments in U.S. dollar or other foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of an investment in Notes denominated in Renminbi in U.S. dollar or other applicable foreign currency terms will decline.

*Payments for Notes denominated in Renminbi will only be made to investors in the manner specified for such Notes in the terms and conditions.*

Investors may be required to provide certificates and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. Except in the limited circumstances stipulated in Condition 7(m) (as set out in the RMB provisions below), all payments to investors in respect of Notes denominated in Renminbi will be made solely (i) whilst the Notes are represented by a Global Note held with the common depositary, for Euroclear and Clearstream, with a sub-custodian for CMU or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Euroclear and Clearstream rules and procedures or those of the CMU or such alternative clearing system, or (ii) for



so long as such Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuers cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

*Gains on the transfer of Notes denominated in Renminbi may become subject to income taxes under PRC tax laws*

Under the New Enterprise Income Tax Law and its implementation rules, any gains realised on the transfer of Notes denominated in Renminbi by holders who are deemed under the New Enterprise Income Tax Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the New Enterprise Income Tax Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes denominated in Renminbi minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between mainland China and Hong Kong for avoidance of double taxation, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of such Notes.

If a Noteholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of Notes denominated in Renminbi, the value of the relevant Noteholder’s investment in such Notes may be materially and adversely affected.

## Documents Incorporated by Reference

The following documents which have been previously published and have been filed with the Financial Services Authority shall be incorporated in and form part of this Programme Circular:

- (a) the auditors' reports and audited consolidated and non-consolidated annual financial statements for the financial years ended 30 June 2011 (set out on pages 96 to 229 (inclusive) and pages 231 and 232 of the Annual Report 2011) and 30 June 2010 (set out on pages 93 to 231 (inclusive) and pages 233 and 234 of the Annual Report 2010) of CBA;
- (b) the auditors' reports and audited consolidated and non-consolidated annual financial statements for the financial years ended 30 June 2011 and 30 June 2010 of ASB;
- (c) the auditors' reports and audited non-consolidated annual financial statements for the financial years ended 30 June 2011 and 30 June 2010 of ASB Finance;
- (d) the unaudited consolidated interim financial statements (including the auditor's review report thereon) as at and for the half year ended 31 December 2011 set out on pages 34 to 58 (inclusive) and the appendices set out on pages 59 to 97 (inclusive) of the Profit Announcement of CBA, dated 15 February 2012 (the "Profit Announcement");
- (e) the unaudited consolidated financial statements (including the Independent Accountant's Report thereon) as at and for the half year ended 31 December 2011 of ASB set out on pages 4 to 26 (inclusive) and pages 28 and 29 of the Disclosure Statement for the six months ended 31 December 2011 (the "December 2011 Disclosure Statement"); and
- (f) the terms and conditions of the notes contained in the previous Programme Circulars dated 26 September 2001, pages 17 to 36 (inclusive); 26 September 2002, pages 17 to 37 (inclusive); 26 September 2003, pages 17 to 37 (inclusive); 1 June 2004, pages 18 to 38 (inclusive); 21 October 2004, pages 20 to 43 (inclusive); 2 March 2005, pages 20 to 43 (inclusive); 14 October 2005, pages 31 to 54 (inclusive); 13 October 2006, pages 32 to 56 (inclusive); 15 October 2007, pages 47 to 71 (inclusive); 16 October 2008, pages 50 to 75 (inclusive); 16 October 2009, pages 62 to 87 (inclusive); 14 October 2010, pages 58 to 92 (inclusive) and 13 October 2011, pages 62 to 97 (inclusive).

Following the publication of this Programme Circular a supplement may be prepared by the relevant Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall to the extent applicable (whether expressly by implication or otherwise) be deemed to modify or supersede statements contained in this Programme Circular or in a document which is incorporated by reference in this Programme Circular by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive. Any statement so modified or superseded shall not except as so modified or superseded, constitute a part of this Programme Circular.

Copies of documents incorporated by reference in this Programme Circular will be available from the branch in London of Commonwealth Bank of Australia and from the London office of Deutsche Bank AG, London Branch specified at the end of this Programme Circular.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Programme Circular shall not form part of this Programme Circular.

Any non-incorporated parts of a document referred to herein are either (i) not considered by the Issuer to be relevant for prospective investors in the Notes to be issued under the Programme or (ii) is covered elsewhere in this Programme Circular.

Each Issuer and the Guarantor (where the relevant Issuer is ASB Finance) will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Programme Circular which is capable of affecting the assessment of any Notes issued by it, prepare a supplement to this Programme Circular or publish a new Programme Circular for use in connection with any subsequent issue of Notes. Each Issuer has undertaken to the Dealers in the Programme Agreement (as defined in "Subscription and Sale") that it will comply with section 87G of the FSMA.

## Form of the Notes

The Notes of each Series will be in either bearer form (“Bearer Notes”), with or without interest coupons attached, or registered form (“Registered Notes”), without interest coupons attached. Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”).

### Bearer Notes

Each Tranche of Bearer Notes will initially be represented by one or more temporary global Notes in bearer form (a “Temporary Bearer Global Note”) without Coupons, Receipts or Talons (each as defined in “Conditions of the Notes”) which will be deposited on the issue date with either (i) a common depositary on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) or (ii) a sub-custodian for the Hong Kong Monetary Authority (“HKMA”) as operator of the Central Moneymarkets Unit Service (the “CMU Service”).

If an interest payment date for any Bearer Notes occurs whilst such Notes are represented by a Temporary Bearer Global Note, the related interest payment will be made through Euroclear and/or Clearstream, Luxembourg or the CMU Service against presentation of the Temporary Bearer Global Note only to the extent that certification of non-U.S. beneficial ownership (in the form set out in the Temporary Bearer Global Note) has been received by Euroclear or Clearstream, Luxembourg or any entity appointed in relation to the relevant Notes as the CMU Lodging and Paying Agent as specified in the applicable Final Terms (the “CMU Lodging and Paying Agent”). On or after the date (the “Exchange Date”) which is 40 days after the date on which the Temporary Bearer Global Note is issued, provided that certification of non-U.S. beneficial ownership has been received, interests in the Temporary Bearer Global Note will be exchanged either for (i) interests in a permanent global Note in bearer form (a “Permanent Bearer Global Note” and, together with a Temporary Bearer Global Note, a “Bearer Global Note”) or (ii), at the option of the relevant Issuer, Notes in definitive bearer form. The CMU Service may require that any such exchange for a Permanent Bearer Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU Service (the “CMU Rules”)) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) have so certified. No payments of interest will be made on a Temporary Bearer Global Note after the Exchange Date. Payments of principal, premium (if any) or interest (if any) on a Permanent Bearer Global Note will be made through Euroclear or Clearstream, Luxembourg against presentation or surrender, as the case may be, of the permanent global Note without any requirement for certification of non-U.S. beneficial ownership. In respect of a Bearer Global Note held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) and save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose. The applicable Final Terms will specify whether a Permanent Bearer Global Note will be exchangeable in whole for security-printed definitive Bearer Notes (i) upon at least 45 days’ written notice expiring at least 30 days after the Exchange Date from the holders of interests in the Permanent Bearer Global Note or (ii) only upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that (i) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, in the case of Notes held through the CMU Service, the CMU Service have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note to be in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event (a) in the case of Notes held by a common depositary for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) and/or (b) in the case of Notes held through the CMU Service, the relevant accountholders therein, may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the relevant Issuer may also give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent. At present, neither Euroclear nor Clearstream, Luxembourg regard Notes in global form as fungible with Notes

in definitive form. Temporary Bearer Global Notes and Permanent Bearer Global Notes and definitive Bearer Notes will be issued by the Principal Paying Agent acting on behalf of the relevant Issuer.

The following legend will appear on all Bearer Notes and Coupons: “Any United States person (as defined in the United States Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in sections 165(j) and 1287(a) of such Code.”

### **Registered Notes**

Registered Notes will initially be represented by a global note in registered form (a “Registered Global Note” and, together with a Bearer Global Note, a “Global Note”). Registered Global Notes will be deposited with either (i) a common depositary for Euroclear and Clearstream, Luxembourg and will be registered in the name of its nominee or (ii) a sub-custodian for the HKMA as operator of the CMU Service. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Registered Notes.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7(b)) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantor (where the relevant Issuer is ASB Finance), any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the definitive Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7(b)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) and/or (b) in the case of Notes held through the CMU Service, the relevant account holders therein, may give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or, as the case may be, the CMU Lodging and Paying Agent.

### **Clearing Systems**

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code, ISIN and, where applicable, a CMU instrument number which are different from the common code, ISIN and CMU instrument number assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, each person (other than Euroclear or Clearstream, Luxembourg or the CMU Service) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg or the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, any Paying Agent and any Transfer Agent or, as the case may be, the CMU Lodging and Paying Agent as the holder of such nominal amount of Notes for all purposes other than with respect to payments on the Notes for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer and any Paying Agent or, as the case may be, the CMU Lodging and Paying Agent as the holder of such Notes in accordance with and subject to the

terms of the relevant Global Note and the terms “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly. Notes held in Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and which are represented by a Global Note will only be transferable, and payment in respect of them will only be made, in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg or the CMU Service, as the case may be. Notwithstanding the above, if a Note is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system agreed between the relevant Issuer, the Principal Paying Agent and the relevant Dealer.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the “Deed of Covenant”) dated 14 October 2010 and executed by each Issuer.



## **Applicable Final Terms**

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 100,000 (or its equivalent in another currency).*

[Date]

### **Commonwealth Bank of Australia<sup>1</sup>**

#### **Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the U.S.\$70,000,000,000 Euro Medium Term Note Programme**

[The Programme Circular referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>2</sup>

[The Programme Circular referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>3</sup>

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<sup>1</sup> Only Commonwealth Bank of Australia is permitted to issue Notes with a denomination of less than EUR 100,000 (or its equivalent in another currency).

<sup>2</sup> Consider including this legend where a non-exempt offer of Notes is anticipated.

<sup>3</sup> Consider including this legend where only an exempt offer of Notes is anticipated.

## Part A – Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Programme Circular dated 20 June 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Programme Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Programme Circular. The Programme Circular is available for viewing during normal business hours at the registered and head office of CBA at Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000 and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, England.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Programme Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Programme Circular dated [original date] and incorporated by reference into the Programme Circular dated 20 June 2012. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Programme Circular dated 20 June 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive. Copies of the Programme Circular are available for viewing during normal business hours at the registered and head office of CBA at Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000 and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, England.

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Programme Circular under Article 16 of the Prospectus Directive.]*

1. Issuer: Commonwealth Bank of Australia
2. (i) Series of which Notes are to be treated as forming part: [ ]  
(ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - (i) Series: [ ]
  - (ii) Tranche: [ ]
5. Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations: [ ]  
*(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)* [ ]  
*(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €1,000 minimum denomination is not required.)*

*(N.B. Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of €100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State)*

- (ii) Calculation Amount: [ ]
- (If only one Specified Denomination, insert the words "Specified Denomination". If more than one Specified Denomination, insert the amount of the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [ ]  
(ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Unadjusted Fixed Rate Notes – specify date / Floating Rate Notes / Adjusted Fixed Rate Notes – Interest Period End Date falling in or nearest to [specify month and year]]
9. Interest Basis:  
[Fixed Rate]  
[Floating Rate]  
[Zero Coupon]  
[Low Interest (discount)]  
[High Interest (premium)]  
[Index Linked Interest]  
[Dual Currency Interest]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis:  
[Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly-Paid]  
[Instalment]  
[specify other]  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII will apply.)*
11. Change of Interest Basis or Redemption/  
Payment Basis: [Not applicable]  
[Specify details of any provision for change of Notes into another Interest Basis or Redemption / Payment Basis]
12. Put/Call Options:  
[Not applicable]  
[Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Status of the Notes: [Unsubordinated/Subordinated]
14. Method of distribution: [Syndicated/Non-syndicated]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

### 15. Fixed Rate Note Provisions

- [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear]  
*(If payable other than annually, consider amending Condition 5)*
- (ii) (A) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date/[specify other]  
*(NB: This will need to be amended in the case of long or short coupons)*
- (B) Interest Periods: [Adjusted/Unadjusted]
- (iii) Fixed Coupon Amount(s): [[ ] per [ ] Calculation Amount/Not Applicable] *(NB: If Fixed Coupon Amount(s) is specified, Interest Periods should be specified as Unadjusted in item (ii)(B) above)*  
*(Applicable to Notes in definitive form)*
- (iv) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]/ Not Applicable]  
*(N.B. Only applicable in the case of Adjusted Fixed Rate Notes)*
- (v) Additional Business Centre(s): [specify/Not Applicable]  
*(N.B. Only applicable to the calculation of the Interest Payment Date(s) in the case of Adjusted Fixed Rate Notes and the application of the relevant Business Day Convention)*
- (vi) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]  
*(Applicable to Notes in definitive form)*
- (vii) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30E/360 or Eurobond Basis  
Actual/Actual (ICMA)  
30/360 (Fixed) or 30/360, unadjusted  
30E/360 (ISDA)  
specify other]  
*[(NB: Actual / Actual (ICMA) is normally appropriate for Unadjusted Fixed Rate Notes except for Unadjusted Fixed Rate Notes denominated in U.S. dollars for which 30 / 360 (Fixed) or 30 / 360, unadjusted is normally appropriate)]*
- (viii) Determination Date(s): [ ] in each year *[Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates. NB: Only relevant where Day Count Fraction is Actual / Actual (ICMA)]*
- (ix) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/give details]

## 16. Floating Rate Note Provisions

[Applicable/Not Applicable]  
(If not applicable, delete the remaining  
sub-paragraphs of this paragraph)

- (i) Specified Period(s)/Specified Interest Payment Date(s): [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable/[specify other]]
- (iii) Additional Business Centre(s): [ ]  
(N.B. Applicable to the calculation of the Interest Payment Date(s) in the application of the relevant Business Day Convention)
- (iv) Manner in which the Rate of Interest and Interest Amount are to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
  - Interest Determination Date(s): [ ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling LIBOR or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
  - Relevant Screen Page: [ ]  
(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Margin(s): [+/-][ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360 (Floating) or 360/360 or Bond Basis  
30E/360 or Eurobond Basis  
30E/360 (ISDA)  
Other]  
(See Condition 5)



- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(These provisions also apply to Low Interest (discount) and High Interest (premium) Notes)* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
- (iv) Day Count Fraction in relation to Zero Coupon Notes: [Conditions 5(d) and 6(f) apply/specify other]  
*(Consider applicable day count fraction if not U.S. dollar denominated)*
18. **Index Linked Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index Linked Redemption Notes: [Yes/No]  
*(If yes, specify the formula for calculating the Final Redemption Amount and any Early Redemption Amount)*  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (ii) Index Linked Interest Notes: [Yes/No]  
*(If yes, specify the formula for calculating Rate of Interest and/or Interest Amount)*  
*(If no, delete the remaining sub-paragraphs of this paragraph)*
- (a) Party responsible for calculating the Rate of Interest and Interest Amount: *[give name (and if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)] (the "Calculation Agent")*
- (b) Specified Period(s)/ Specified Interest Payment Date(s): [ ]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (d) Additional Business Centre: [ ]  
*(N.B. Applicable to the calculation of the Interest Payment Date(s) in the application of the relevant Business Day Convention)*
- (e) Minimum Rate of Interest: [ ] per cent. per annum
- (f) Maximum Rate of Interest: [ ] per cent. per annum

- (g) Day Count Fraction: [ ]
- (iii) Index/Indices: [Specify the following details for each index:  
Index Name: [ ]  
Multi-exchange Index: [Yes/No]]
- (iv) Exchange(s): [Specify for each applicable Index other than a Multi-exchange Index]
- (v) Related Exchange(s): [All Exchanges][Specify other][Not Applicable]
- (vi) Weighting for each Index comprised in a Basket of Indices: [Specify weighting for each Index] [Not Applicable]
- (vii) Averaging:
- [Applicable][Not Applicable]
- (if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Averaging Dates:
- |  |                 |
|--|-----------------|
| Reference Date                                 | Averaging Dates |
| <i>[insert relevant Interest Payment Date]</i> | [ ][ ][ ]       |
| [Maturity Date]                                | [ ][ ][ ]       |
- (b) Consequence of an Averaging Date being a Disrupted Day: [Omission][Postponement][Modified Postponement]
- (c) Specified methodology for determining Index Level if an Averaging Date is a Disrupted Day: [Condition 8(a)(4) applies][specify other]
- (viii) Valuation Date: [The [second] Scheduled Trading Date preceding the due date for redemption][Specify other]
- Specified methodology for determining Index Level if the Valuation Date is a Disrupted Day: [Condition 8(a)(4) applies][Specify other]
- (ix) Valuation Time: [Definition in Condition 8(d) applies] [Specify other]
- (x) Additional Disruption Events:
- (a) Change in Law: [Applicable][Not Applicable]
- (b) Hedging Disruption: [Applicable][Not Applicable]
- (c) Increased Cost of Hedging: [Applicable][Not Applicable]
- (d) Other: [Specify][Not Applicable]
- (xi) FX Disruption Event: [Applicable]
- [N/A]
- (if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Payment Currency: [ ]
- (b) Payment Jurisdiction: [ ]
- (xii) Early Settlement Amount: [Definition in Condition 8(d) applies][Specify other]
- (xiii) Other adjustments: [Specify][Not Applicable]
- 19. Dual Currency Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the*

*requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

- (i) Rate of Exchange/method of calculating Rate of Exchange: *[give details]*
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent): [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

20. Issuer Call: *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): *[[ ] per Calculation Amount/specify other / see Appendix] [If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ]
    - (b) Higher Redemption Amount: [ ]
  - (iv) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
21. Investor Put: *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): *[[ ] per Calculation Amount/specify other / see Appendix] [If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
  - (iii) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of*

*distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

22. Final Redemption Amount:

per Calculation Amount/specify other/see Appendix] *[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII will apply)*

23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(g):

per Calculation Amount/Early Settlement Amount/specify other/see Appendix] *[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Any applicable Taxing Jurisdiction:

*[specify]*

25. Form of Notes:

***Bearer Notes:***

Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 45 days' notice/only upon an Exchange Event]

*[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]*

*[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005<sup>4</sup>]*

***Registered Notes:***

[Registered Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]

[Registered Global Note held through the CMU Service]]

26. Payment Business Day Convention

[Following Business Day Convention/Modified Following Business Day Convention]

27. Additional Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/give details]

*(Note that this item relates to payment of any amount other than on Interest Payment Dates in the case of Adjusted Fixed Rate Notes, Floating Rate Notes and Index Linked Interest Notes, to which items 15(v), 16(iii), and 18(ii)(d) relate)*

<sup>4</sup> Include for Notes that are to be offered in Belgium

28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
29. Details relating to Partly-Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details. NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly-Paid issues*]
30. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
31. Other final terms: [Not Applicable/*give details*]  
*[Add any additional final terms – consideration should be given to whether such terms constitute “significant new factors” consequently triggering a supplement to the Programme Circular under Article 16 of the Prospectus Directive]*

## DISTRIBUTION

32. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)*  
 [ ]
- (ii) Date of Syndication Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
33. If non-syndicated, name and address of relevant Dealer: [Not Applicable/*give name and address*]
34. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
35. Whether TEFRA D rules applicable or TEFRA rules not applicable: TEFRA D/TEFRA not applicable]
36. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify names [and addresses]* of other financial intermediaries making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by the Managers”) or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the “Financial Intermediaries”) other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) – which must be jurisdictions where the Programme Circular and any supplements have been passported (in addition to the jurisdiction where approved and*



*published*)] (“Public Offer Jurisdictions”) during the period from [*specify date*] until [*specify date or a formula such as “the Issue Date” or “the date which falls [ ] Business Days thereafter”*] (“Offer Period”). See further Paragraph 10 of Part B below.

*(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the Programme Circular (and any supplement) has been notified / passported.)*

- 37. Additional selling restrictions: [Not Applicable/*give details*]
- 38. RMB Currency Event: [Applicable/Not Applicable]
- 39. Spot Rate (if different from that set out in Condition 7(m); [Specify/Not Applicable]
- 40. Party responsible for calculating the Spot Rate [Give name (the “Calculation Agent”)]
- 41. Relevant Currency (if different from that in Condition 7(m)); [Specify/Not Applicable]

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange’s regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] of the Notes described herein] pursuant to the U.S.\$70,000,000,000 Euro Medium Term Note Programme of Commonwealth Bank of Australia and ASB Finance Limited.

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of Commonwealth Bank of Australia:

By: .....  
*Duly authorised*

## Part B – Other Information

### 1. LISTING AND ADMISSION TO TRADING

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange’s regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]* with effect from [ ]]. [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange’s regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]* with effect from [ ]]. [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

### 2. RATINGS

Ratings:

The Notes to be issued [have been]/[are expected to be]/[have not been] rated:

[S & P: [ ]]

[Moody’s: [ ]]

[[Other]: [ ]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]*

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered under Regulation (EC) No. 1060/2009 (as amended). [Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]*

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, [insert the name of the relevant EU CRA affiliate], which is established in the European Union and registered under the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], has disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU credit rating agency entity].]*

*[[Insert legal name of relevant credit rating agency entity] is not established in the European Union, but it is certified in accordance with Regulation (EC) No. 1060/2009 (as amended).]*

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

*[Save for any fees payable to the [Managers/Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.] – Amend as appropriate if there are other interests*

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Programme Circular under Article 16 of the Prospectus Directive.)]*

### **4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer

[ ]

*(See “Use of Proceeds” wording in Programme Circular – if reasons for offer different from making profit and / or hedging certain risks will need to include those reasons here.)]*

[(ii) Estimated net proceeds:

[ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses:

[ ] *[Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”.]*

*(If the Notes are derivative securities to which Annex XII applies (i) above is required where the reasons for the offer are different from making profit and / or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) are also required.)*

### **5. YIELD (Fixed Rate Notes only)**

Indication of yield:

[ ]

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**6. HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].

**7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-Linked Notes only*)

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

In certain circumstances (including (without limitation) as a result of a change in law, certain events impacting the Issuer's hedging transactions or the imposition of a withholding tax) the Notes may be redeemed early. In such cases, the amount payable will be an amount in cash which shall be the market value of a Note adjusted to take into account any costs, losses or expenses which are incurred (or are expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption of the Notes (including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional)), all as determined by the Calculation Agent. In the case of an early termination, the Noteholder will not receive the full benefit of any increase in the Index that takes place after the early termination and before the Maturity Date.

[INSERT HERE ANY REQUIRED INDEX DISCLAIMER. If NONE, INSERT:

The *[specify]* Index is currently sponsored by *[specify]* (the "Sponsor"). This transaction is not in any way sponsored, endorsed or promoted by the Sponsor. The Sponsor has no obligation to take the needs of any party into consideration in composing, determining or calculating the Index (or causing the Index to be calculated). In addition, the Sponsor makes no representation or warranty whatsoever, express or implied, as to the results to be obtained from the use of the Index and/or the level at which the Index stands at any particular time on any particular day or otherwise. The Sponsor shall not be liable, whether in negligence or otherwise, to any party for any error in the Index and shall have no obligation to advise any party of any error therein]

*(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.][Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Programme Circular under Article 16 of the Prospectus Directive.]*

*The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information]*

**8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT** (*Dual Currency Notes only*)

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

(N.B. The above applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Programme Circular under Article 16 of the Prospectus Directive.)]

## 9. OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) CMU Instrument Number: [ ]
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of additional Paying Agent(s) (if any): [ ]

## 10. TERMS AND CONDITIONS OF THE OFFER

- Offer Price: [Issue Price][specify]
- [Conditions to which the offer is subject:] [Not applicable/give details]
- [Description of the application process:] [Not applicable/give details]
- [Details of the minimum and/or maximum amount of application:] [Not applicable/give details]
- [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not applicable/give details]
- [Details of the method and time limits for paying up and delivering the Notes:] [Not applicable/give details]
- [Manner in and date on which results of the offer are to be made public:] [Not applicable/give details]
- [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] [Not applicable/give details]
- [Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:] [Not applicable/give details]
- [Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] [Not applicable/give details]
- [Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not applicable/give details]
- [Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:] [None/give details]

For the purpose of calculating the U.S. dollar equivalent of the nominal amount of Notes outstanding under the Programme from time to time, (i) Zero Coupon Notes, Low Interest (discount) Notes and



*High Interest (premium) Notes will be included in such nominal amount by reference to the net proceeds received by the relevant Issuer for the relevant issue, (ii) Dual Currency Notes and Index Linked Notes shall be included in such nominal amount by reference to the original nominal amount of the relevant issue, (iii) the nominal amount of Partly-Paid Notes will be taken into account regardless of the amount of the subscription price paid and (iv) the U.S. dollar equivalent of Notes denominated in another Specified Currency shall be determined as of the date of agreement to issue such Notes (the "Agreement Date") on the basis of the Exchange Rate on such date. As used in this paragraph, the "Exchange Rate" against U.S. dollars for any currency means the spot rate for the sale of U.S. dollars against the purchase of such currency in the London foreign exchange market on the Agreement Date quoted by any leading bank selected by the relevant Issuer.*

## Applicable Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 100,000 (or its equivalent in another currency).

[Date]

**[Commonwealth Bank of Australia/ASB Finance Limited]**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
[Guaranteed by ASB Bank Limited] under the U.S.\$70,000,000,000  
Euro Medium Term Note Programme**

### Part A – Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Programme Circular dated 20 June 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Programme Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Programme Circular. The Programme Circular is available for viewing during normal business hours at the registered and head office of CBA at Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000 and the London Branch office of ASB Finance (currently Senator House, 85 Queen Victoria Street, London EC4V 4HA) and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, England.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Programme Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Programme Circular dated [original date] and incorporated by reference into the Programme Circular dated 20 June 2012. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Programme Circular dated 20 June 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive. Copies of the Programme Circular are available for viewing during normal business hours at the registered and head office of CBA at Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000 and the London Branch office of ASB Finance (currently Senator House, 85 Queen Victoria Street, London EC4V 4HA) and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, England.

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Programme Circular under Article 16 of the Prospectus Directive.]*

*[If the Notes issued by ASB Finance Limited have a maturity of less than one year, the minimum denomination and minimum transfer amounts may need to be £100,000 or its equivalent in any other currency.]*

1. (i) Issuer: Commonwealth Bank of Australia/ASB Finance Limited]
  - (ii) Guarantor: ASB Bank Limited]
  2. (i) Series of which Notes are to be treated as forming part: [ ]
  - (ii) Tranche Number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]

4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations: [ ]
- (in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*

*(Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*

*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”*)

*(N.B. Following the entry into force of the 2010 PD Amending Directive on 31 December 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1 July 2012) must have a minimum denomination of €100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of €100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*

*(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required.)*

- (ii) Calculation Amount: [ ]

*(If only one Specified Denomination, insert the words “Specified Denomination”. If more than one Specified Denomination, insert the amount of the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]

*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8. Maturity Date: *[Unadjusted Fixed Rate Notes – specify date / Floating Rate Notes / Adjusted Fixed Rate Notes – Interest Period End Date falling in or nearest to [specify month and year]]*
9. Interest Basis: *[Fixed Rate]  
[Floating Rate]  
[Zero Coupon]  
[Low Interest (discount)]  
[High Interest (premium)]  
[Index Linked Interest]  
[Dual Currency Interest]  
[specify other]  
(further particulars specified below)*
10. Redemption/Payment Basis: *[Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly-Paid]  
[Instalment]  
[specify other]  
  
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII will apply.)*
11. Change of Interest Basis or Redemption/Payment Basis: *[Not applicable]  
[Specify details of any provision for change of Notes into another Interest Basis or Redemption / Payment Basis]*
12. Put/Call Options: *[Not applicable]  
[Investor Put]  
[Issuer Call]  
(further particulars specified below)]*
13. (i) Status of the Notes: *[Unsubordinated/Subordinated – if Issuer of Subordinated Notes is ASB Finance, give details]*
- (ii) Status of the Guarantee: *[Unsubordinated/Subordinated – only applicable if Issuer of Notes is ASB Finance – if the Guarantee is Subordinated, give details]*
14. Method of distribution: *[Syndicated/Non-syndicated]*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** *[Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: *[ ] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear]  
(If payable other than annually, consider amending Condition 5)*
- (ii) (A) Interest Payment Date(s): *[ ] in each year up to and including the Maturity Date/[specify other]  
(NB: This will need to be amended in the case of long or short coupons)*

- (B) Interest Periods: [Adjusted/Unadjusted]
- (iii) Fixed Coupon Amount(s): [[ ] per [ ] Calculation Amount/Not Applicable] (NB: If Fixed Coupon Amount(s) is specified, Interest Periods should be specified as Unadjusted in item (ii)(B) above)  
(Applicable to Notes in definitive form)
- (iv) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]/ Not Applicable]  
(N.B. Only applicable in the case of Adjusted Fixed Rate Notes)
- (v) Additional Business Centre(s): [specify/Not Applicable]  
(N.B. Only applicable to the calculation of the Interest Payment Date(s) in the case of Adjusted Fixed Rate Notes and the application of the relevant Business Day Convention)
- (vi) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]  
(Applicable to Notes in definitive form)
- (vii) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30E/360 or Eurobond Basis  
Actual/Actual (ICMA)  
30/360 (Fixed) or 30/360, unadjusted  
30E/360 (ISDA)  
specify other]  
[(NB: Actual / Actual (ICMA) is normally appropriate for Unadjusted Fixed Rate Notes except for Unadjusted Fixed Rate Notes denominated in U.S. dollars for which 30 / 360 (Fixed) or 30 / 360, unadjusted is normally appropriate)]
- (viii) Determination Date(s): [ ] in each year [Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates. NB: Only relevant where Day Count Fraction is Actual / Actual (ICMA)]
- (ix) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/give details]
- 16. Floating Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Date(s): [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable/[specify other]]
- (iii) Additional Business Centre(s): [ ]  
(N.B. Applicable to the calculation of the Interest Payment Date(s) in the application of the relevant Business Day Convention)



- (iv) Manner in which the Rate of Interest and Interest Amount are to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
  - Interest Determination Date(s): [ ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling LIBOR or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
  - Relevant Screen Page: [ ]  
(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Margin(s): [+/-][ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360 (Floating) or 360/360 or Bond Basis  
30E/360 or Eurobond Basis  
30E/360 (ISDA)  
Other]  
(See Condition 5)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
- 17. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
(These provisions also apply to Low Interest (discount) and High Interest (premium) Notes) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]

- (iii) Any other formula/basis of determining amount payable: [ ]
- (iv) Day Count Fraction in relation to Zero Coupon Notes: [Conditions 5(d) and 6(f) apply/specify other] (Consider applicable day count fraction if not U.S. dollar denominated)

**18. Index Linked Note Provisions**

[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Index Linked Redemption Notes: [Yes/No]
- [If yes, specify the formula for calculating the Final Redemption Amount and any Early Redemption Amount]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (ii) Index Linked Interest Notes: [Yes/No]
- [If yes, specify the formula for calculating Rate of Interest and/or Interest Amount]
- (If no, delete the remaining sub-paragraphs of this paragraph)
- (a) Party responsible for calculating the Rate of Interest and Interest Amount: [give name (and if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)] (the "Calculation Agent")
- (b) Specified Period(s)/ Specified Interest Payment Date(s): [ ]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (d) Additional Business Centre: [ ]
- (N.B. Applicable to the calculation of the Interest Payment Date(s) in the application of the relevant Business Day Convention)
- (e) Minimum Rate of Interest: [ ] per cent. per annum
- (f) Maximum Rate of Interest: [ ] per cent. per annum
- (g) Day Count Fraction: [ ]
- (iii) Index/Indices: [Specify the following details for each index:  
Index Name: [ ]  
Multi-exchange Index: [Yes/No]]
- (iv) Exchange(s): [Specify for each applicable Index other than a Multi-exchange Index]
- (v) Related Exchange(s): [All Exchanges][Specify other][Not Applicable]
- (vi) Weighting for each Index comprised in a Basket of Indices: [Specify weighting for each Index]  
[Not Applicable]



- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

- 20. Issuer Call: *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): *[[ ] per Calculation Amount/specify other/ see Appendix] [If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ]
    - (b) Higher Redemption Amount: [ ]
  - (iv) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
- 21. Investor Put: *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): *[[ ] per Calculation Amount/specify other/ see Appendix] [If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
  - (iii) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

22. Final Redemption Amount:  per Calculation Amount/specify other/see Appendix] *[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII will apply)*
23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(g):  per Calculation Amount/Early Settlement Amount/specify other/see Appendix] *[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Any applicable Taxing Jurisdiction: *[specify]*
25. Form of Notes: ***Bearer Notes:***  
 Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 45 days' notice/only upon an Exchange Event]  
*(N.B. The exchange upon notice option should not be expressed to be applicable if the specified Denomination of the Notes in paragraph 7 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")*  
 [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]  
*[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005<sup>5</sup>]*  
*(N.B. This option should not be expressed to be applicable if the specified Denomination of the Notes in paragraph 7 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]". Furthermore, such specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*  
***Registered Notes:***  
 [Registered Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]  
 [Registered Global Note held through the CMU Service]]



26. Payment Business Day Convention [Following Business Day Convention/Modified Following Business Day Convention]
27. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]  
(Note that this item relates to payment of any amount other than on Interest Payment Dates in the case of Adjusted Fixed Rate Notes, Floating Rate Notes and Index Linked Interest Notes, to which items 15(v), 16(iii) and 18(ii)(d) relate)
28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
29. Details relating to Partly-Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly-Paid issues]
30. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
31. Other final terms: [Not Applicable/give details]  
*[Add any additional final terms – consideration should be given to whether such terms constitute “significant new factors” consequently triggering a supplement to the Programme Circular under Article 16 of the Prospectus Directive]*

## DISTRIBUTION

32. (i) If syndicated, names of Managers [Not Applicable/give names]  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)*
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name]
33. If non-syndicated, name of relevant Dealer: [Not Applicable/give name and address]
34. Whether TEFRA D rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA not applicable]
35. Additional selling restrictions: [Not Applicable/give details]
36. RMB Currency Event: [Applicable/Not Applicable]
37. Spot Rate (if different from that set out in Condition 7(m); [Specify/Not Applicable]

38. Party responsible for calculating the Spot Rate [Give name (the “Calculation Agent”)]
39. Relevant Currency (if different from that in Condition 7(m)); [Specify/Not Applicable]

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on [specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange’s regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] of the Notes described herein pursuant to the U.S.\$70,000,000,000 Euro Medium Term Note Programme of Commonwealth Bank of Australia and ASB Finance Limited.

**RESPONSIBILITY**

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components] has been extracted from [specify source]. The Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of [name of the Issuer]:

By: ..... By:.....  
*Duly authorised* *Duly authorised]*

[Signed on behalf of [name of the Guarantor]:

By: ..... By:.....  
*Duly authorised* *Duly authorised]*

## Part B – Other Information

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange’s regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]* with effect from [ ].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange’s regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]* with effect from [ ].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

- Ratings: The Notes to be issued [have been]/[are expected to be]/[have not been] rated:  
[S & P: [ ]]  
[Moody’s: [ ]]  
[[Other]: [ ]]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]*
- [[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered under Regulation (EC) No. 1060/2009 (as amended). [Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]*

*[[Insert the legal name of the relevant non-EU credit rating agency] is not established in the European Union and is not registered under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, [insert the legal name of the relevant EU CRA affiliate], which is established in the European Union and registered under the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], has disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU credit rating agency entity].]*

*[[Insert legal name of relevant credit rating agency entity] is not established in the European Union, but it is certified in accordance with Regulation (EC) No. 1060/2009 (as amended).]*

**3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.] – *Amend as appropriate if there are other interests*

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Programme Circular under Article 16 of the Prospectus Directive.)]*

**4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- [(i) Reasons for the offer [ ]  
[(ii) Estimated net proceeds: [ ]  
[(iii)] Estimated total expenses: [ ]

*(If the Notes are derivative securities to which Annex XII applies (i) above is required where the reasons for the offer are different from making profit and / or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) are also required.)*

**5. YIELD** *(Fixed Rate Notes only)*

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**6. HISTORIC INTEREST RATES** *(Floating Rate Notes only)*

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].

**7. PERFORMANCE OF INDEX/FORMULA AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** *(Index-Linked Notes only)*

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

In certain circumstances (including (without limitation) as a result of a change in law, certain events impacting the Issuer's hedging transactions or the imposition of a withholding tax) the Notes may be redeemed early. In such cases, the amount payable will be an amount in cash which shall be the market value of a Note adjusted to take into account any costs, losses or expenses which are incurred (or are expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption of the Notes (including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional)), all as determined by the Calculation Agent. In the case of an early termination, the Noteholder will not receive the full benefit of any increase in the Index that takes place after the early termination and before the Maturity Date.

[INSERT HERE ANY REQUIRED INDEX DISCLAIMER. If NONE, INSERT:

The [*specify*] Index is currently sponsored by [*specify*] (the "Sponsor"). This transaction is not in any way sponsored, endorsed or promoted by the Sponsor. The Sponsor has no obligation to take the needs of any party into consideration in composing, determining or calculating the Index (or causing the Index to be calculated). In addition, the Sponsor makes no representation or warranty whatsoever, express or implied, as to the results to be obtained from the use of the Index and/or the level at which the Index stands at any particular time on any particular day or otherwise, The Sponsor shall not be liable, whether in negligence or otherwise, to any party for any error in the Index and shall have no obligation to advise any party of any error therein]

*(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[Need to include details of where past and future performance and volatility of the index / formula can be obtained.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Programme Circular under Article 16 of the Prospectus Directive.]*

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

## **8. PERFORMANCE OF RATE[S] OF EXCHANGE** *(Dual Currency Notes only)*

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

*(N.B. The above applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Programme Circular under Article 16 of the Prospectus Directive.)]*

## **9. OPERATIONAL INFORMATION**

- |   |  |
|---|--|
| (i) ISIN Code:  | [ ]  |
| (ii) Common Code:   | [ ]  |
| (iii) CMU Instrument number:  | [ ]  |
| (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | [CMU Service/Not Applicable/ <i>give name(s) and number(s)</i> ] |
| (v) Delivery:   | Delivery [against/free of] payment                               |
| (vi) Names and addresses of additional Paying Agent(s) (if any):  | [ ]  |



*For the purpose of calculating the U.S. dollar equivalent of the nominal amount of Notes outstanding under the Programme from time to time, (i) Zero Coupon Notes, Low Interest (discount) Notes and High Interest (premium) Notes will be included in such nominal amount by reference to the net proceeds received by the relevant Issuer for the relevant issue, (ii) Dual Currency Notes and Index Linked Notes shall be included in such nominal amount by reference to the original nominal amount of the relevant issue, (iii) the nominal amount of Partly-Paid Notes will be taken into account regardless of the amount of the subscription price paid and (iv) the U.S. dollar equivalent of Notes denominated in another Specified Currency shall be determined as of the date of agreement to issue such Notes (the "Agreement Date") on the basis of the Exchange Rate on such date. As used in this paragraph, the "Exchange Rate" against U.S. dollars for any currency means the spot rate for the sale of U.S. dollars against the purchase of such currency in the London foreign exchange market on the Agreement Date quoted by any leading bank selected by the relevant Issuer.*

## Conditions of the Notes

*The following are the Conditions of the Notes which (subject to amendment and except for the paragraph in italics) will be incorporated by reference into each global Note and will be endorsed upon each definitive Note provided that the applicable Final Terms in relation to any Note may specify other conditions which shall, to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such Note. The applicable Final Terms will be endorsed upon, or attached to, each global Note and definitive Note.*

This Note is one of a Series of Euro Medium Term Notes (all of the Euro Medium Term Notes from time to time issued by whichever of Commonwealth Bank of Australia (“CBA”) or ASB Finance Limited, London Branch (“ASB Finance” and, together with CBA, the “Issuers”) is specified as the Issuer in the applicable Final Terms (as defined below) which are for the time being outstanding being hereinafter referred to as the “Notes”, which expression shall include (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency of the relevant Notes, (ii) definitive Notes issued in exchange (or part exchange) for a global Note and (iii) any global Note. The Notes, the Receipts (as defined below), the Coupons (as defined below) and the Talons (as defined below) have the benefit of an Amended and Restated Agency Agreement (as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) dated 14 October 2010 and made between the Issuers, ASB Bank Limited as guarantor of all amounts payable in respect of Notes issued by ASB Finance (the “Guarantor”), Deutsche Bank AG, London Branch as principal paying agent (the “Principal Paying Agent” which expression shall include any successor as principal paying agent), Deutsche Bank Luxembourg S.A. as registrar (the “Registrar” which expression shall include any successor as registrar) and the paying agents and transfer agents named therein (the “Paying Agents” and the “Transfer Agents”, which expressions shall include any additional or successor paying agents and transfer agents). The Noteholders, the Receiptholders, the Couponholders and the Talonholders are entitled to the benefit of the Deed of Covenant (the “Deed of Covenant”) dated 14 October 2010 and made by each Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below). Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing during normal business hours at the registered office of CBA at Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000 and the London Branch Office of ASB Finance (currently Senator House, 85 Queen Victoria Street, London EC4V 4HA) and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, England save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders, the Couponholders and the Talonholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

If the Issuer is ASB Finance, the payment of all amounts in respect of this Note have been guaranteed by the Guarantor pursuant to a deed of guarantee (the “Guarantee”) dated 14 October 2010 and executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders, the Receiptholders and the Couponholders at its specified office.

Any reference to “Noteholders” in relation to any Notes shall mean (in the case of definitive Notes in bearer form) the holders of the Notes and (in the case of definitive Notes in registered form) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to “Receiptholders” shall mean the holders of the Receipts, any reference herein to “Couponholders” shall mean the holders of the Coupons and any reference herein to “Talonholders” shall mean the holders of the Talons.

As used herein, “Series” means each original issue of Notes together with any further issues expressed to form a single series with the original issue and the terms of which (save for the Issue Date or Interest Commencement Date, as the case may be, the Issue Price and the amount of the first payment of interest (if any), all as indicated in the applicable Final Terms) are otherwise

identical (including whether or not they are listed) and shall be deemed to include the temporary and (where applicable) permanent global Notes and the definitive Notes of such issues and the expressions “Notes of this Series” and “holders of Notes of this Series” and related expressions shall be construed accordingly. As used herein, “Tranche” means all Notes of the same Series with the same Issue Date.

The applicable Final Terms (which term, as used herein, means, in relation to this Note, Part A of the Final Terms attached hereto or endorsed hereon) may specify other Conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace these Conditions for the purposes of this Note.

If this Note is issued by CBA, references in these Conditions to Guarantor and Guarantee, and related expressions, are not applicable.

The Noteholders, the Receiptholders, the Couponholders and the Talonholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions relating to the Notes contained in the applicable Final Terms, the Agency Agreement, the Guarantee and the Deed of Covenant which are applicable to them. Words and expressions defined in the Agency Agreement or defined or set out in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated. Copies of the applicable Final Terms are available for inspection by the holders of Notes of this Series at the office of the Principal Paying Agent set out at the end of these Conditions. The statements in these Conditions are summaries of the detailed provisions of the Agency Agreement which provisions shall have precedence over these Conditions if there is any inconsistency.

In the Conditions, “euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## **1 Form, Denomination and Title**

The Notes of this Series are Bearer Notes or Registered Notes as specified in the applicable Final Terms and are in the Specified Currency and in the Specified Denomination(s). Definitive Notes of this Series (if issued) will be serially numbered and Bearer Notes may not be exchanged for Registered Notes and *vice versa*. This Note is an Unsubordinated Note or a Subordinated Note as indicated in the applicable Final Terms. This Note is also a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Low Interest (discount) Note, a High Interest (premium) Note, an Index Linked Interest Note, a Dual Currency Interest Note or any appropriate combination thereof depending upon the Interest Basis specified in the applicable Final Terms and is a Dual Currency Redemption Note, an Index Linked Redemption Note, an Instalment Note or a Partly-Paid Note, or a combination of any of the foregoing, depending on the Redemption/Payment Basis specified in the applicable Final Terms. If this Note is a definitive Bearer Note, it is issued with Coupons for the payment of interest (“Coupons”) and, if applicable, Talons for further Coupons (“Talons”) attached, unless it is a Zero Coupon Note in which case references to interest (other than in relation to interest due after the Maturity Date) and Coupons or Talons in these Conditions are not applicable. If this Note is a definitive Bearer Note redeemable in instalments, it is issued with Receipts (“Receipts”) for the payment of instalments of principal prior to the final Maturity Date attached. Wherever Dual Currency Notes, Index Linked Notes, Low Interest (discount) Notes or High Interest (premium) Notes are issued to bear interest on a fixed or floating rate basis or on a non-interest-bearing basis, the provisions in these Conditions relating to Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes respectively shall, where the context so admits, apply to such Dual Currency Notes, Index Linked Notes, Low Interest (discount) Notes or High Interest (premium) Notes. In the case of Dual Currency Notes, references to the Specified Currency in relation to any payment or calculation of a payment are to the currency in which that payment is required to be made. This Note is also an Index Linked Note where payment in respect of principal (each an “Index Linked Redemption Note”) and/or interest (each an “Index Linked Interest Note”) is linked to an Index and/or a Formula, and the appropriate provisions of these Conditions will apply accordingly. References in these Conditions, except in this paragraph, Condition 7 and Condition 10, to Coupons or Couponholders shall be deemed to include references to Talons or Talonholders and Receipts or Receiptholders.

Subject as set out below, title to the definitive Bearer Notes and the Coupons will pass by delivery and title to the definitive Registered Notes will pass upon the registration of transfers in accordance with the provisions of the Agency Agreement. The holder of each Coupon, whether or not such Coupon is attached to a Bearer Note, in his capacity as such, shall be subject to, and bound by, all the provisions contained in the relevant Note. Subject as set out below, the Issuer, the

Guarantor (where the relevant Issuer is ASB Finance), any Paying Agent and any Transfer Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not such Note or Coupon shall be overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out below.

For so long as any Notes are represented by a global Note held on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and/or Clearstream Banking société anonyme (“Clearstream, Luxembourg”), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and any Paying Agent as the holder of such nominal amount of Notes for all purposes other than with respect to payments on the Notes for which purpose the bearer of the relevant global Bearer Note or the registered holder of the relevant global Registered Note shall be treated by the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note and the terms “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, except in the preceding paragraph and in Condition 16, wherever the context so permits, be deemed to include a reference to any additional or alternative clearance system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and the Principal Paying Agent.

Notes which are represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg will only be transferable in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

## **2 Transfer**

- (a) Transfers of beneficial interests in global Registered Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a global Registered Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for definitive Registered Notes or for a beneficial interest in another global Registered Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.
- (b) A definitive Registered Note may be transferred in whole or in part (in the nominal amount of the lowest Specified Denomination or any integral multiple thereof) by the deposit by the transferor of the definitive Registered Note for registration of the transfer at the specified office of a Transfer Agent with the form of transfer endorsed on the definitive Registered Note duly completed and executed by or on behalf of the transferor and upon the relevant Transfer Agent (after due and careful enquiry) being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Registrar may prescribe. Subject as provided above, the relevant Transfer Agent will, within fourteen days of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request a new definitive Registered Note of a like aggregate nominal amount to the definitive Registered Note (or the relevant part of the definitive Registered Note) transferred. In the case of the transfer of part only of a definitive Registered Note, a new definitive Registered Note in respect of the balance of the definitive Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.
- (c) In the event of a partial redemption of Notes under Condition 6(c), the Issuer shall not be required to:
- (i) register the transfer of any definitive Registered Note, or part of a definitive Registered Note, called for partial redemption; or
  - (ii) exchange any definitive Bearer Note called for partial redemption.



- (d) Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than at the specified office of a Transfer Agent or by regular mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.
- (e) The names of the initial Registrar and other initial Transfer Agents and their initial specified offices in respect of this Series of Notes are set out at the end of these Conditions. Each of the Issuer and the Guarantor (where the relevant Issuer is ASB Finance) reserves the right at any time to vary or terminate the appointment of the Registrar or any other Transfer Agent and to appoint another Registrar or additional or other Transfer Agents provided that it will at all times maintain a Registrar and another Transfer Agent each having a specified office which, in the case of the Registrar and so long as any Notes of this Series are admitted to the official list (the “Official List”) of the UK Listing Authority and to trading on the London Stock Exchange plc’s regulated market or on another stock exchange, shall be in London or such other place as may be required by that stock exchange. Notice of any termination or appointment and of any changes in specified offices will be given to the holders of the Notes of this Series promptly by the Issuer in accordance with Condition 16.

### **3 Status of the Notes and the Guarantee, Subordination and ASB Finance Covenant**

#### **(a) Status of the Unsubordinated Notes**

If the Notes of this Series are Unsubordinated Notes, the Notes of this Series and the relative Coupons (if any) are direct, unconditional and unsecured obligations of the Issuer and will rank senior to subordinated obligations. Except for certain debts that are required to be preferred by applicable laws, the Unsubordinated Notes rank equally among themselves and equally with the Issuer’s other unsecured and unsubordinated obligations.

Changes to applicable laws may extend the debts required to be preferred by law.

If the Issuer is CBA, the applicable laws include (but are not limited to) sections 13A and 16 of the Banking Act 1959 of the Commonwealth of Australia (the “Banking Act”) and section 86 of the Reserve Bank Act 1959 of the Commonwealth of Australia (the “Reserve Bank Act”). These provisions provide that in the event that CBA becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its liabilities to, among others, the Australian Prudential Regulation Authority, the Reserve Bank of Australia and holders of protected accounts held in Australia, in priority to all other liabilities, including the Unsubordinated Notes.

The Notes of this Series are not protected accounts or deposit liabilities of CBA for the purposes of the Banking Act.

#### **(b) Status and Subordination of the Subordinated Notes**

If the Notes of this Series are Subordinated Notes issued by CBA, the Notes of this Series and the relative Coupons (if any) will, in the event of the winding up of CBA, be unsecured and subordinated obligations of CBA.

Except for certain debts that are required to be preferred by applicable laws, the Notes of this Series shall rank equally among themselves and equally with all other unsecured subordinated indebtedness of CBA unless the terms of such other unsecured subordinated indebtedness of CBA expressly provide for it to rank ahead of or junior to the Notes of this Series. The Notes of this Series shall rank senior to all share capital of CBA (including without limitation preference shares, if any, of CBA).

The applicable laws referred to above include (but are not limited to) sections 13A and 16 of the Banking Act and section 86 of the Reserve Bank Act. These provisions provide that in the event that CBA becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its liabilities to, among others, the Australian Prudential Regulation Authority, 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.

The Notes of this Series are not protected accounts or deposit liabilities of CBA for the purposes of the Banking Act.

Nothing in the Conditions of the Notes of this Series shall be construed or deemed to limit the amount of senior debt, deposits and other obligations which rank senior to the Notes of this Series,



including other unsecured subordinated obligations of CBA ranking senior to the Notes of this Series, that may be hereafter incurred or assumed by CBA.

Subject to applicable law, no holder of the Notes of this Series may exercise or claim any right of set-off in respect of any amounts owed to it by CBA arising under or in connection with the Notes of this Series and each such holder shall, by virtue of his subscription, purchase or holding of any such Note of this Series, be deemed to have waived all such rights of set-off.

The exercise of any contractual rights of set-off between the holders of the Notes of this Series and any claims by CBA against those holders is precluded.

Notwithstanding anything else in these Conditions, the obligations of CBA to make payments of interest in respect of the Notes of this Series is conditional upon CBA being Solvent at the time of payment. No interest is payable at any time with respect to the Notes of this Series except to the extent that CBA may make the payment and still be Solvent immediately after doing so.

If CBA would not remain Solvent after payment of the whole of any interest amount referred to above, but would remain Solvent immediately after payment of a portion of those moneys, then that proportion of the amounts payable to holders of any Notes of this Series will be due to and paid to those holders rateably (as to their respective due proportion only).

For the purposes of this Condition, CBA is taken to be “Solvent” if: (a) it is able to pay its debts to Unsubordinated Creditors as they fall due; and (b) its Assets exceed its Liabilities.

A report as to whether CBA is Solvent signed by 2 Authorised Signatories of CBA or the auditors of CBA or, if CBA is being wound up, its liquidator, will, unless the contrary is proved, be evidence of the information set out in that report. No Paying Agent is obliged to obtain any such report prior to any due date for payment on the Notes or at any other time. In the absence of such a report the holder of any Note is entitled to assume (unless the contrary is proved) that CBA is and will after any payment be Solvent.

For the purpose of this Condition:

“Assets” means the unconsolidated gross assets of CBA as shown by the latest published audited accounts of CBA as adjusted for events subsequent to the date of such accounts in the manner and to the extent the directors, the auditor or, if relevant, the liquidator, of CBA determines to be appropriate; and

“Liabilities” means the unconsolidated gross liabilities of CBA as shown by the latest published audited accounts of CBA as adjusted for events subsequent to the date of such accounts in the manner and to the extent the directors, the auditor or, if relevant, the liquidator, of CBA determines to be appropriate.

If the Notes of this Series are Subordinated Notes issued by ASB Finance, the status and subordination of the Notes of this Series will be as set out in the applicable Final Terms.

(c) Status of the Guarantee

The obligations of the Guarantor under the Guarantee constitute:

- (i) in the case of Unsubordinated Notes issued by ASB Finance, direct, unconditional and unsecured obligations of the Guarantor and will rank without any preference or priority amongst themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations (other than statutorily preferred creditors) of the Guarantor;
- (ii) in the case of Subordinated Notes issued by ASB Finance, unconditional and unsecured obligations of the Guarantor and will rank as set out in the applicable Final Terms.

(d) Issuer Covenant

If the Issuer of the Notes is ASB Finance, it covenants that the proceeds of any issue will be lent to the Guarantor pursuant to a loan agreement in the same currency and on the same financial terms with the addition of such margin or amounts as the Issuer may determine.

**4** [This paragraph is no longer applicable]

**5 Interest**

(a) Interest on Fixed Rate Notes

- (1) Each Fixed Rate Note bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest specified in the applicable Final Terms.

Interest will accrue in respect of each Interest Period (which expression shall in these Conditions mean the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Interest Periods in respect of Fixed Rate Notes shall be adjusted (“Adjusted Fixed Rate Notes”) or unadjusted (“Unadjusted Fixed Rate Notes”) as specified in the applicable Final Terms. In the case of Adjusted Fixed Rate Notes, a Business Day Convention shall also be specified in the applicable Final Terms and (where applicable) Interest Payment Dates shall be postponed or brought forward, as the case may be, in accordance with Condition 5(c)(ii).

In the case of Unadjusted Fixed Rate Notes, if the Notes are in definitive form and if Fixed Coupon Amount is specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount or the Broken Amount (if any) so specified.

Interest will be paid subject to and in accordance with the provisions of Condition 7 (unless otherwise specified in the applicable Final Terms). Interest will cease to accrue on each Fixed Rate Note (or, in the case of the redemption of part only of a Fixed Rate Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgment) until, but excluding, whichever is the earlier of (A) the day on which all sums due in respect of such Fixed Rate Note up to that day are received by or on behalf of the holder of such Fixed Rate Note and (B) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 16 that it has received all sums due in respect thereof up to that date.

(2) Except in the case of Unadjusted Fixed Rate Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount, is specified in the applicable Final Terms, the Principal Paying Agent will calculate the amount of interest (the “Interest Amount”) payable in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

The calculation of each Interest Amount by the Principal Paying Agent shall (in the absence of manifest error) be final and binding upon all parties.

In this Condition 5(a), “Day Count Fraction” has the meaning given to it in Condition 5(c).

In these Conditions “sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(1) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest in respect of each Interest Period (which expression shall in these Conditions mean the period from (and including) a Specified Interest Payment Date (or if none the Interest Commencement Date to (but excluding) the next (or first) Specified Interest Payment Date). For the purposes of this Condition 5(b), “Interest Payment Date” shall mean either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

(2) *Interest Payments and Accrual*

Interest will be paid subject to and in accordance with the provisions of Condition 7 (unless otherwise specified in the applicable Final Terms). Interest will cease to accrue on each Floating Rate Note or Index Linked Interest Note (or, in the case of the redemption of part only of a Floating Rate Note or Index Linked Interest Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgement) until, but excluding, whichever is the earlier of (A) the day on which all sums due in respect of such Floating Rate Note or Index Linked Interest Note up to that day are received by or on behalf of the holder of such Floating Rate Note or Index Linked Interest Note and (B) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 16 that it has received all sums due in respect thereof up to that date.

(3) *Rate of Interest and Interest Amount*

The Rate of Interest payable from time to time in respect of each Floating Rate Note and the Rate of Interest and/or the Interest Amount (as defined below) payable from time to time in respect of each Index Linked Interest Note will be determined in the manner specified in the applicable Final Terms.

(4) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this Condition 5(b)(4), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Principal Paying Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, (the “ISDA Definitions”) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“LIBOR”) for a currency or on the Euro-zone inter-bank offered rate (“EURIBOR”) for calculations of payments in euro, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this Condition 5(b)(4), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

When this Condition 5(b)(4) applies, in respect of each relevant Interest Period:

- (i) the Rate of Interest for such Interest Period will be the rate of interest determined by the Principal Paying Agent or other person specified in the applicable Final Terms in accordance with this Condition 5(b)(4); and
- (ii) the Principal Paying Agent or other person specified in the applicable Final Terms will be deemed to have discharged its obligations under Condition 5(b)(8) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this Condition 5(b)(4).

(5) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or other person specified in the applicable Final Terms. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or that other person for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. Such provisions will apply to each Floating Rate Note where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(6) *Minimum and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is less than such minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such minimum Rate of Interest. If the applicable Final Terms specifies a maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is greater than such maximum Rate of Interest, the Rate of Interest for such Interest Period shall be the maximum Rate of Interest.

(7) *Business Day, Interest Determination Date and Relevant Screen Page*

- (i) In this Condition, “Business Day” has the meaning given to it in Condition 5(c).
- (ii) In this Condition, “Interest Determination Date” has the meaning set out in the applicable Final Terms.
- (iii) In this Condition, “Relevant Screen Page” has the meaning set out in the applicable Final Terms.

(8) *Determination of Rate of Interest and Calculation of Interest Amount*

The Principal Paying Agent, in the case of Floating Rate Notes, the Calculation Agent specified in the applicable Final Terms, in the case of Index Linked Interest Notes, or other person specified in the applicable Final Terms will, as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and/or calculate the Interest Amount payable on the Floating Rate Notes or Index Linked Notes for the relevant Interest Period as soon as practicable after calculating the same.

Unless otherwise specified in the applicable Final Terms, the Interest Amount payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period will be calculated by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form



is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

The determination of the Rate of Interest and calculation of each Interest Amount by the Principal Paying Agent or other person specified in the applicable Final Terms shall (in the absence of manifest error) be final and binding upon all parties.

(9) *Notification of Rate of Interest and Interest Amount*

The Principal Paying Agent will cause the Rate of Interest and the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and, in the case of Floating Rate Notes or Index Linked Interest Notes which are listed on a stock exchange, that stock exchange as soon as possible but in any event not later than the second Business Day after their determination and will cause notice of such information to be given to the holders of the Notes of this Series in accordance with Condition 16 not later than the fourth Business Day after their determination. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notification as aforesaid in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes affected thereby are for the time being listed.

(10) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Principal Paying Agent or the Calculation Agent will (in the absence of default, bad faith or manifest error by them or any of their directors, officers, employees or agents) be binding on the Issuer, the Guarantor (where the relevant Issuer is ASB Finance), the Principal Paying Agent, the Calculation Agent, the Paying Agents and all holders of the Notes of this Series and Coupons relating thereto and (in the absence of any default, bad faith or manifest error as referred to above) no liability to the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) or the holders of the Notes of this Series and Coupons relating thereto shall attach to the Principal Paying Agent or the Calculation Agent in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.

(c) *Day Count Fraction and Business Day Convention*

(i) *Day Count Fraction*

“Day Count Fraction” means, unless otherwise specified in the applicable Final Terms:

- (1) if “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the actual number of days in, for the purposes of Condition 5(a), the Interest Period or, if interest is required to be calculated for a period (the “Relevant Period”) other than a full Interest Period, the Relevant Period, as the case may be, and, for the purposes of Condition 5(b), the Interest Period, in each case divided by 365 (or, if any portion of the relevant period falls in a leap year, the sum of (A) the actual number of days in that portion of the relevant period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the relevant period falling in a non-leap year divided by 365);
- (2) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in, for the purposes of Condition 5(a), the Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(b), the Interest Period, in each case divided by 365;
- (3) *[This condition is no longer applicable]*
- (4) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in, for the purposes of Condition 5(a), the Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(b), the Interest Period, in each case divided by 360;
- (5) if “30/360 (Floating)”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

360

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls:



“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (6) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in, for the purposes of Condition 5(a), the Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(b), the Interest Period, in each case divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls:

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (7) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:

(A) in the case of Notes where the number of days in the Interest Period or the Relevant Period, as the case may be, from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year;

“Determination Period” means the period from (and including) a Determination Date (as specified in the applicable Final Terms) to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

- (8) if “30/360 (Fixed)” or “30/360, unadjusted” is specified in the applicable Final Terms, the number of days in the Interest Period or the Relevant Period, as the case may be, (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.
- (9) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in, for the purposes of Condition 5(a), the Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(b), the Interest Period, in each case divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D<sub>2</sub> will be 30.

(ii) *Business Day Convention*

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then if the Business Day Convention specified is:

- (1) in the case where a Specified Period is specified in accordance with Condition 5(b)(1)(B) above, the Floating Rate Convention, such Interest Payment Date (A) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b) below shall apply *mutatis mutandis* or (B) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (b) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition:

“Business Day” means (unless otherwise stated in the applicable Final Terms):

- (A) 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 London and, if any Additional Business Centre(s) is specified in the applicable Final Terms, in such Additional Business Centre(s); and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency or

(2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (“TARGET2”) is open.

- (d) **Zero Coupon Notes, Low Interest (discount) Notes and High Interest (premium) Notes**  
Where a Zero Coupon Note, Low Interest (discount) Note or High Interest (premium) Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 6(f). As from the Maturity Date any overdue principal of such Note shall bear interest at a rate per annum equal to the Amortisation Yield. Such interest shall continue to accrue (as well after as before any judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note and (B) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 16 that it has received all sums due in respect thereof up to that date. Unless otherwise specified in the applicable Final Terms, such interest will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.
- (e) **Dual Currency Interest Notes**  
In the case of Dual Currency Interest Notes where the rate of interest falls to be determined by reference to the Rate of Exchange, the provisions for determining the rate of interest, accrual of interest, calculation of interest amounts, determination of interest payment dates and other relevant provisions shall be specified in the applicable Final Terms and payment shall be made in accordance with Condition 7.
- (f) **Partly-Paid Notes**  
In the case of Partly-Paid Notes (other than Partly-Paid Notes which are Zero Coupon Notes) interest will accrue on the paid up nominal amount of such Notes and otherwise as indicated in the applicable Final Terms.

## **6 Redemption and Purchase**

- (a) **Final Redemption**  
Unless previously redeemed or purchased and cancelled as provided below, each Note of this Series will be redeemed at its Final Redemption Amount in the relevant Specified Currency on the Maturity Date (as specified in the applicable Final Terms).
- (b) **Redemption for Tax Reasons**  
The Notes of this Series may be redeemed, subject to the prior written consent of APRA if the Notes of this Series are Subordinated Notes issued by CBA, at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, Index Linked Interest Notes and Dual Currency Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, Index Linked Interest Notes and Dual Currency Interest Notes), on giving not less than 30 nor more than 60 days’ notice in accordance with Condition 16 (which notice shall be irrevocable), at the Early Redemption Amount provided in, or calculated in accordance with, paragraph (g) or (h) (as applicable) below, together with (if provided in such paragraphs) interest accrued up to, but excluding, the date fixed for redemption, if (i) the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) has or will become obliged to pay additional amounts as provided or referred to in Condition 9 or the Guarantor (in the case of Notes issued by ASB Finance) would be unable for reasons outside its control to procure payment by ASB Finance and in making payment itself would be required to pay such additional amounts or (ii) (if the Issuer is ASB Finance) in order to reduce the applicable level of any New Zealand non-resident withholding tax (under current law or change of law) to zero, the Issuer becomes obliged to pay approved issuer levy at a rate exceeding the rate of the levy being charged at the date of issue of the Notes under section 86J of the Stamp and Cheque Duties Act 1971 of New Zealand or incurs any other cost in excess of that applicable under New Zealand law at the date of issue of the Notes, in each case as a result of any change in, or amendment to, the laws or regulations of the Commonwealth of Australia (if the Issuer is CBA) or New Zealand or the United Kingdom (if the Issuer is ASB Finance) or (in either case) a Taxing Jurisdiction (as defined in Condition 9) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including the manner of exercising any official discretion thereunder), which change or amendment becomes known generally or to the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) on or after the Issue Date (or, in the case of a second or subsequent Tranche of Notes of this Series, the Issue Date for the original Tranche) provided that no such notice of redemption shall be given in respect of the Notes of this Series earlier than 90 days prior to the earliest date on which the

Issuer or the Guarantor (where the relevant Issuer is ASB Finance) would be obliged to pay such additional amounts and, for the purpose only of determining the earliest date on which such notice may be given, it shall be deemed that a payment, in respect of which the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) would be obliged to pay such additional amounts, is due in respect of the Notes of this Series on the day on which any such change or amendment becomes effective.

(c) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, subject to the prior written consent of APRA if the Notes of this Series are Subordinated Notes issued by CBA, on any Optional Redemption Date specified in the applicable Final Terms at its option, on giving not less than five Business Days' notice or such other notice period specified in the applicable Final Terms to the holders of the Notes of this Series (which notice shall be irrevocable) in accordance with Condition 16, redeem all or from time to time some only of the Notes of this Series then outstanding on the relevant Optional Redemption Date and at the Optional Redemption Amount indicated in the applicable Final Terms together with (in the case of Fixed Rate Notes) interest accrued up to, but excluding, the relevant Optional Redemption Date. In the event of a redemption of some only of such Notes, such redemption must be for an amount being equal to the Minimum Redemption Amount or a Higher Redemption Amount (if any) specified in the applicable Final Terms. In the case of a partial redemption of Notes, Notes to be redeemed will be selected individually by lot (without involving any part only of a Bearer Note) not less than 40 days prior to the date fixed for redemption. In the case of a partial redemption where some or all of the Notes are represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, such redemption with respect to those Notes will take place in accordance with the procedures of Euroclear and/or Clearstream, Luxembourg from time to time. Each notice of redemption will specify the date fixed for redemption and, in the case of a partial redemption, the aggregate nominal amount, and, where some or all of the Notes are in definitive form, the serial numbers, of the Notes to be redeemed and, in each case, the aggregate nominal amount of the Notes of this Series which will be outstanding after the partial redemption. In addition, in the case of a partial redemption of a Series of Notes which includes Registered Notes, the Issuer will publish an additional notice of redemption not less than 80 nor more than 95 days before the date fixed for redemption which notice will specify the period during which exchanges or transfers of Notes may not be made as provided in Condition 2.

(d) Redemption at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon any Noteholder giving to the Issuer in accordance with Condition 16 not less than 30 nor more than 60 days' notice (the "notice period"), the Issuer will, upon the expiry of such notice redeem in whole (but not in part) the Notes the subject of the notice on the Optional Redemption Date and at the Optional Redemption Amount indicated in the applicable Final Terms together with (in the case of Fixed Rate Notes) interest accrued up to, but excluding, the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form, and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) on any business day (as defined in Condition 7(h)) falling within the notice period a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or from the Registrar (a "Put Notice") and, in the case of a Put Notice in respect of Bearer Notes, in which the holder must specify a bank account outside Australia to which payment is to be made under this Condition. If this Note is in definitive form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.



A Put Notice or other notice given by a holder of any Note pursuant to this Condition 6(d), once delivered, shall be irrevocable and the Issuer shall redeem all Notes delivered therewith on the applicable redemption date.

(e) Final Terms

The applicable Final Terms indicates that either (1) this Note cannot be redeemed prior to its Maturity Date except as provided in paragraph (b) above or (2) that this Note will be redeemable at the option of the Issuer and/or the holder of this Note prior to such Maturity Date in accordance with the provisions of paragraphs (c) and/or (d) above an Optional Redemption Date and at an Optional Redemption Amount and in any Minimum Redemption Amount or Higher Redemption Amount indicated therein or (3) that this Note will be redeemable in instalments and the relevant Instalment Amounts and Instalment Dates.

(f) Zero Coupon Notes, Low Interest (discount) Notes and High Interest (premium) Notes

(1) The amount payable in respect of any Zero Coupon Note, Low Interest (discount) Note or High Interest (premium) Note upon redemption of such Note pursuant to paragraph (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note.

(2) Subject to the provisions of sub-paragraph (3) below, the Amortised Face Amount of any Zero Coupon Note, Low Interest (discount) Note or High Interest (premium) Note shall be the sum of (A) the sum of (i) the Reference Price and (ii) the aggregate amortisation of the difference between the Reference Price and the nominal amount of the Note from, and including, the Issue Date to, but excluding, the date on which the Note is redeemed or becomes due and repayable as provided in Condition 11 at a rate per annum (expressed as a percentage) equal to the Amortisation Yield compounded annually and (B) interest (if any) accrued but unpaid to, but excluding, the date on which the Note is redeemed or becomes due and repayable as provided in Condition 11. Unless otherwise specified in the applicable Final Terms, where such calculation is to be made for a period other than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

(3) If the amount payable in respect of any Zero Coupon Note, Low Interest (discount) Note or High Interest (premium) Note upon redemption of such Note pursuant to paragraph (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 11 is not paid when due, the amount due and repayable in respect of such Note shall be the Amortised Face Amount of such Note calculated pursuant to sub-paragraph (2) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and repayable was replaced by a reference to the date (the "Reference Date") which is the earlier of (A) the date on which all sums due in respect of the Note up to that day are received by or on behalf of the holder thereof and (B) the date on which the Principal Paying Agent has notified the holder in accordance with Condition 16 that it has received all sums due in respect thereof up to that date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the nominal amount of such Note together with any interest which may accrue in accordance with Condition 5(c).

(g) Early Redemption Amounts

For the purposes of paragraph (b) above and Condition 11, unless otherwise indicated in the applicable Final Terms, Notes (other than Index Linked Redemption Notes and Dual Currency Redemption Notes) will be redeemed at their Early Redemption Amount, being (1) in the case of Fixed Rate Notes or Floating Rate Notes (other than Low Interest (discount) Notes and High Interest (premium) Notes) the Final Redemption Amount (2) in the case of Zero Coupon Notes, Low Interest (discount) Notes or High Interest (premium) Notes at the Amortised Face Amount of such Notes determined in accordance with paragraph (f) above, in each case in the relevant Specified Currency together with, in the case of Fixed Rate Notes redeemed pursuant to paragraph (b) above, interest accrued to, but excluding, the date fixed for redemption.

(h) Index Linked Redemption Notes and Dual Currency Redemption Notes

In respect of an Index Linked Redemption Note or a Dual Currency Redemption Note where the amount payable in respect of principal upon redemption (the "Final Redemption Amount") falls to be determined by reference to one or more Indices and/or Formulae or, as the case may be, Rates of Exchange, the Final Redemption Amount shall be determined in accordance with such Indices and/or Formulae or, as the case may be, Rates of Exchange in the manner specified in the applicable Final Terms and each such Index Linked Redemption Note or Dual Currency Redemption Note shall,



unless previously redeemed or purchased and cancelled as provided below, be redeemed at the applicable Final Redemption Amount on the Maturity Date. In respect of an Index Linked Redemption Note or a Dual Currency Redemption Note where the amount payable on an early redemption (including an early redemption pursuant to Condition 11) in respect of principal only or principal and interest (the "Early Redemption Amount") falls to be determined in whole or in part by reference to one or more Indices and/or Formulae or, as the case may be, Rates of Exchange, the Early Redemption Amount shall be calculated in accordance with the applicable Final Terms and shall be paid together with, in the case of a Note where the Early Redemption Amount is calculated in respect of principal only, interest accrued to, but excluding, the date fixed for redemption.

(i) **Purchase and Cancellation**

The Issuer or the Guarantor (where the relevant Issuer is ASB Finance) may (subject as provided below and subject to the prior consent of APRA if the Notes of this Series are Subordinated Notes issued by CBA) at any time purchase Notes of this Series (provided that all unmatured Coupons appertaining to such Notes, if in definitive bearer form, are attached thereto or surrendered therewith) in any manner and at any price.

All Notes of this Series together, in the case of definitive Notes in bearer form, with all unmatured Coupons appertaining thereto, purchased by or on behalf of the Issuer (other than those purchased in the ordinary course of the business of dealing in securities) will be cancelled forthwith.

(j) **Partly-Paid Notes**

Partly-Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition as modified by the provisions of the applicable Final Terms.

(k) **Instalments**

Each Note which is redeemable in instalments will be redeemed in the Instalment Amounts and on the Instalment Dates, in the case of all instalments other than the final instalment by (in the case of Bearer Notes in definitive form) surrender of the relevant Receipt (which must be presented with the Note to which it appertains) or by (in the case of Notes represented by a global Note) presentation and endorsement of the global Note, and (in the case of the final instalment) by surrender of the relevant Note, all in accordance with Condition 7.

**7 Payments and Exchange of Talons**

(a) **Payments in respect of definitive Bearer Notes**

(1) Payments of principal and interest (if any) in respect of definitive Bearer Notes (if issued) will (subject as provided below) be made against surrender (or, in the case of part payment only, presentation and endorsement) of definitive Bearer Notes, Receipts or Coupons (which expression, in this Condition and Condition 10, shall not include Receipts or Talons), as the case may be, at any specified office of any Paying Agent outside Australia.

(2) In the case of Bearer Notes in definitive form, payments of principal in respect of instalments (if any), other than the final instalment, will (subject as provided below) be made against surrender (or, in the case of part payment only, presentation and endorsement) of the relevant Receipt. Payment of the final instalment will be made against surrender (or, in the case of part payment only, presentation and endorsement) of the relevant definitive Bearer Note. Each Receipt must be presented for payment of such instalment together with the relevant definitive Bearer Note against which the amount will be payable in respect of that instalment. If any definitive Bearer Notes are redeemed or become repayable prior to the Maturity Date in respect thereof, principal will be payable on surrender of each such Note together with all unmatured Receipts appertaining thereto. Unmatured Receipts and Receipts presented without the definitive Bearer Notes to which they appertain do not constitute obligations of the Issuer.

(3) All payments of principal and interest with respect to definitive Bearer Notes will be made outside Australia and (except as otherwise provided in paragraph (d) below) the United States. Payments in any currency other than euro in respect of definitive Bearer Notes will (subject as provided below) be made by transfer to an account (in the case of payment in Yen to a non-resident of Japan, a non-resident account) in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of the Specified Currency (or, if the Specified Currency is Australian dollars, in London or another place outside Australia) provided that if at any time such payments cannot be so made, then payments will be made outside Australia in such other manner as the Issuer may determine and notify in accordance with Condition 16. Payments in euro in respect of definitive Bearer Notes will be made by transfer to a euro account outside Australia (or any other account outside Australia to which euro may be transferred) specified by the payee.

(b) Payments in respect of Registered Notes

Payments of principal in respect of Registered Notes (whether or not in global form) will (subject as provided in this Condition) be made against presentation and surrender of such Registered Notes at the specified office outside Australia of the Registrar by a cheque in the Specified Currency drawn on a bank in the principal financial centre of the country of the Specified Currency. Payments of interest in respect of Registered Notes will (subject as provided in this Condition) be made by a cheque in the Specified Currency drawn on a bank in the principal financial centre of the country of the Specified Currency and posted on the business day in the city in which the Registrar has its specified office immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Registered Note appearing on the register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date") at his address shown on the register on the Record Date. Upon application of the holder to the specified office of the Registrar not less than three business days in the city in which the Registrar has its specified office before the due date for any payment in respect of a Registered Note, the payment of principal and/or interest may be made (in the case of payment of principal against presentation and surrender of the relevant Registered Note as provided above) by transfer on the due date to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of the Specified Currency subject to the provisions of the following two sentences. If the Specified Currency is Australian dollars, payment will be made (in the case of a transfer to a bank account) by transfer to an account in London or another place outside Australia and, if the Specified Currency is Yen, payment will be made (in the case of payment to a non-resident of Japan) by cheque drawn on, or by transfer to a non-resident account. If the Specified Currency is euro, payment will be made in euro to a euro account outside Australia (or any other account outside Australia to which euro may be transferred), as the case may be, specified by the payee.

(c) Payments in respect of global Bearer Notes

(1) Payments of principal and interest (if any) in respect of Notes represented by any global Bearer Note will (subject as provided below) be made in the manner specified in the relevant global Note against presentation and endorsement or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside Australia. A record of each payment made on such global Note, distinguishing between any payment of principal and interest, will be made on such global Note by the Paying Agent to which such global Note is presented for the purpose of making such payment, and such record shall (save in the case of manifest error) be conclusive evidence that the payment in question has been made.

(2) The holder of a global Bearer Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer or, as the case may be, the Guarantor (where the relevant Issuer is ASB Finance) will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor (where the relevant Issuer is ASB Finance) to, or to the order of, the holder of the relevant global Note. Subject to Condition 12, no person other than the holder of a global Bearer Note shall have any claim against the Issuer or, as the case may be, the Guarantor (where the relevant Issuer is ASB Finance) in respect of any payments due on that global Note.

(d) Payments of interest in U.S. dollars in respect of Bearer Notes

Notwithstanding the foregoing, payments of interest in U.S. dollars in respect of Bearer Notes will only be made at the specified office of any Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and District of Columbia and its possessions)) (1) if (A) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount of interest on the Bearer Notes in the manner provided above when due, (B) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (C) such payment is then permitted under United States law and (2) at the option of the relevant holder if such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) *[This paragraph is no longer applicable]*

(f) Payments subject to applicable laws

Payments in respect of the Notes will be subject in all cases to (i) any other fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach to it.

(g) Unmatured Receipts, Coupons and Talons

(1) Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined in subparagraph (2)) and Dual Currency Notes) should be presented for redemption together with all unmaturing Coupons (which expression shall include Coupons falling to be issued on exchange of Talons which will have matured on or before the relevant redemption date) appertaining thereto, failing which, the amounts of any missing unmaturing Coupons (or, in the case of payment of principal not being made in full, that proportion of the aggregate amount of such missing unmaturing Coupons that the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupons at any time in the period expiring 10 years after the Relevant Date (as defined in Condition 9) for the payment of such principal, whether or not such Coupon would otherwise have become void pursuant to Condition 10 or, if later, five years from the due date for payment of such Coupon. Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmaturing Receipts and Talons (if any) appertaining thereto will become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

(2) Upon the due date for redemption of any Floating Rate Note, Long Maturity Note, Dual Currency Note or Index Linked Interest Note in definitive bearer form, any unmaturing Receipts, Coupons or Talons relating to such Note (whether or not attached) shall become void and no payment or exchange, as the case may be, shall be made in respect of them. Where any such Note is presented for redemption without all unmaturing Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A Long Maturity Note is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Fixed Interest Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

(h) Payments due on non-business days

If any date for payment of principal, interest or any other payment in respect of any Bearer Note, Receipt or Coupon is not a business day, then the holder thereof shall not be entitled to payment at the place of presentation of the amount due until either (A) if the Payment Business Day Convention is specified as Following Business Day Convention in the applicable Final Terms, the next following business day or (b) if the Payment Business Day Convention is specified as Modified Following Business Day Convention in the applicable Final Terms, the next day which is a business day unless it would thereby fall into the next calendar month, in which event the holder shall be entitled to such payment at the place of presentation on the immediately preceding business day (in each case, unless otherwise specified in the applicable Final Terms) and shall not be entitled to any interest or other sum in respect of any such postponed payment.

If any date for payment of principal, interest or any other amount in respect of any Registered Note is not a business day, then the holder thereof shall not be entitled to payment, in the case of principal, at the place of presentation or, in the case of interest or any other amount, by transfer to an account specified by the holder until either (A) if Following Business Day Convention is specified in the applicable Final Terms, the next following business day or (b) if Modified Following Business Day Convention is specified in the applicable Final Terms, the next day which is a business day unless it would thereby fall into the next calendar month, in which event the holder shall be entitled to payment at the place of presentation or to such account as applicable on the immediately preceding business day (in each case, unless otherwise specified in the applicable Final Terms) and shall not be entitled to any interest or other sum in respect of any such postponed payment.

In this Condition "business day" means, subject as provided in the applicable Final Terms:

- (i) 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:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation; and
  - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(i) Payment of accrued interest

If the due date for redemption of any interest bearing Bearer Note in definitive form is not a due date for the payment of interest relating thereto, interest accrued in respect of such Note from, and including, the last preceding due date for the payment of interest (or, if none, from the Interest Commencement Date) will be paid only against surrender (or, in the case of part payment, presentation and endorsement) of such Note.

(j) Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Paying Agent in Luxembourg (or any other Paying Agent notified by the Issuer to the Noteholders in accordance with Condition 16 for the purposes of this paragraph) in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Bearer Note in definitive form to which it appertains) a further Talon, subject to the provisions of Condition 10. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the Coupon sheet in which that Talon was included on issue matures.

(k) Initial Paying Agents

The names of the initial Principal Paying Agent and the other initial Paying Agents and their initial specified offices in respect of this Series of Notes are set out below. The Issuer may at any time vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will, so long as any of the Notes of this Series is outstanding, maintain (i) a Principal Paying Agent, (ii) a Paying Agent (which may be the Principal Paying Agent) having a specified office in a leading financial centre in Europe, (iii) so long as any Notes of this Series are admitted to the Official List and to trading on the London Stock Exchange plc's market for listed securities or on another stock exchange, a Paying Agent (which may be the Principal Paying Agent) having a specified office in London or other place as may be required by that stock exchange and (iv) a Paying Agent in a 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. In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in paragraph (d) of this Condition. Any such variation, termination or change shall only take effect (other than in the case of insolvency or of a Paying Agent failing to become or ceasing to be a participating foreign financial institution for the purposes of the Code, when it shall be of immediate effect) after not less than 30 days' prior notice thereof shall have been given to the holders of the Notes of this Series in accordance with Condition 16 and provided further that neither the resignation nor the removal of the Principal Paying Agent shall take effect, except in the case of insolvency as aforesaid, until a new Principal Paying Agent has been appointed. Notice of any change in or addition to the Paying Agents or their specified offices will be given by the Issuer promptly in accordance with Condition 16.

- (l) All payments in respect of the Notes in RMB will be made solely by credit to a RMB account maintained by the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of RMB in Hong Kong).

(m) RMB Currency Event

If "RMB Currency Event" is specified in the applicable Final Terms and a RMB Currency Event, as determined by the Issuer acting in good faith, exists on a date for payment of any amount in respect of any Note, Receipt or Coupon, the Issuer's obligation to make a payment in RMB under the terms



of the Notes may be replaced by an obligation to pay such amount in the Relevant Currency converted using the Spot Rate for the relevant Rate Calculation Date.

Upon the occurrence of a RMB Currency Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition 7(1) and unless stated otherwise in the applicable Final Terms:

“Governmental Authority” means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

“Rate Calculation Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Sydney, Hong Kong, London and New York City;

“Rate Calculation Date” means the day which is two Rate Calculation Business Days before the due date of the relevant payment under the Notes;

“Relevant Currency” means U.S. dollars or such other currency as may be specified in the applicable Final Terms;

“RMB Currency Events” means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

“RMB Illiquidity” means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to make a payment under the Notes, as determined by the Issuer in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active on the RMB exchange market in Hong Kong;

“RMB Inconvertibility” means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB on any payment date at the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond the control of the Issuer, to comply with such law, rule or regulation);

“RMB Non-Transferability” means the occurrence of any event that makes it impossible for the Issuer to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer due to an event beyond its control, to comply with such law, rule or regulation);

“Spot Rate” means, unless specified otherwise in the applicable Final Terms, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter RMB exchange market in Hong Kong for settlement in two Rate Calculation Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the RMB non-deliverable exchange market in Hong Kong or elsewhere and the CNY/U.S. dollar exchange rate in the PRC domestic foreign exchange market.

## **8 Structured Note Fallback Provisions**

### **(a) Index Linked Notes**

#### **(1) Index Adjustment Events**

If:

- (A) on or prior to any date on which the level of a relevant Index is to be calculated, including without limitation any Averaging Date or Valuation Date (a “Determination Date”), in respect



of Index Linked Notes, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock and capitalisation and other routine events) (an “Index Modification”) or permanently cancels the Index and no successor Index exists (an “Index Cancellation”); or

- (B) on any Determination Date in respect of Index Linked Notes the Index Sponsor fails to calculate and announce a relevant Index (an “Index Disruption” and together with an Index Modification and an Index Cancellation, an “Index Adjustment Event”),

then the Calculation Agent shall determine if the Index Adjustment Event has a material effect on the Index Linked Notes and, if so, shall calculate the level of the affected Index for the relevant Determination Date by using, in lieu of a published level for the affected Index, the level for that Index as at the relevant time on that Determination Date as determined by the Calculation Agent in accordance with the formula for and method of calculating the affected Index last in effect prior to the Index Adjustment Event, but using only those securities that constituted the affected Index immediately prior to the Index Adjustment Event.

In the event that the Calculation Agent determines that it cannot or can no longer continue to calculate the affected Index, the Calculation Agent may determine that the Index Adjustment Event constitutes an Additional Disruption Event.

(2) *Successor Index Sponsor or Substitution of Index with Substantially Similar Calculation*

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (“Successor Index Sponsor”) acceptable to the Calculation Agent or (B) replaced by a successor index (“Successor Index”) using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the affected Index, then (i) the index as calculated and announced by the Successor Index Sponsor or (ii) the Successor Index, will be deemed to be the relevant Index.

(3) *Correction of an Index*

If the level of a relevant Index used or to be used by the Calculation Agent in making any determination is subsequently corrected and the correction is published by the Index Sponsor or a Successor Index Sponsor prior to the second Exchange Business Day preceding the due date for the relevant payment on the Notes in respect of which the determination was made (the “Cut-off Date”), the Calculation Agent shall recalculate the relevant amount payable using the corrected level of the relevant Index. The Calculation Agent shall notify the Issuer of (A) that correction and (B) the corrected amount of the relevant payment, as soon as possible after their determination and the Issuer will cause that information to be notified to Noteholders in accordance with Condition 16 as soon as possible thereafter. For the avoidance of doubt, corrections published on or after the relevant Cut-off Date shall be disregarded by the Calculation Agent.

(4) *Consequences of Disrupted Days following a Market Disruption Event affecting an Index or Basket of Indices*

If, in the opinion of the Calculation Agent, a Valuation Date is a Disrupted Day, then:

- (A) in the case of Index Linked Notes referencing an Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the Disrupted Days, would have been the Valuation Date (the “Scheduled Valuation Date”) is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of the Index (the “Index Level”) as of the Valuation Time on the eighth Scheduled Trading Day in the manner set out in the applicable Final Terms or, if not so set out or if not practicable, in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the relevant Exchange traded or quoted price (the “Traded Price”) as of the Valuation Time on that eighth Scheduled Trading Day of each security included in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of a relevant security included in the Index on that eighth Scheduled Trading Day, its determination of the Traded Price for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); or
- (B) in the case of Index Linked Notes referencing a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an “Affected Index”) shall be the first succeeding Scheduled Trading Day for the Affected Index that is not a Disrupted Day relating to the relevant Affected Index, unless each of the eight

Scheduled Trading Days for the Affected Index immediately following the Scheduled Valuation Date is a Disrupted Day relating to the relevant Affected Index. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of the relevant Affected Index as of the Valuation Time on that eighth Scheduled Trading Day in the manner set out in the applicable Final Terms or, if not so set out or if not practicable, in accordance with the formula for and method of calculating the relevant Affected Index last in effect prior to the occurrence of the first Disrupted Day relating to the relevant Affected Index using the relevant Traded Price as of the Valuation Time on that eighth Scheduled Trading Day of each security included in the relevant Affected Index (or if an event giving rise to a Disrupted Day has occurred in respect of a relevant security included in the relevant Affected Index on that eighth Scheduled Trading Day, its determination of the Traded Price for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

In connection with the postponement of any Determination Date the relevant date for payment of the amount to be calculated by reference to such Determination Date may also be postponed by the Issuer or the Calculation Agent to enable the relevant calculation to be made and the Issuer will cause notice of any such postponement to be notified to Noteholders in accordance with Condition 16 as soon as possible thereafter. No additional amounts shall be payable by the Issuer as a result of any postponement of payment in these circumstances.

(5) *Additional Disruption Event*

If an Additional Disruption Event occurs, the Issuer may:

- (A) (without limiting its ability to subsequently give an Additional Disruption Event Notice under paragraph (B) below in the event of any determination by the Calculation Agent that no appropriate adjustment can be made under this paragraph (A)) request that the Calculation Agent determines whether an appropriate adjustment can be made to the Conditions and/or any other provisions relating to the Notes to account for the economic effect of the Additional Disruption Event on the Notes and to preserve substantially the economic effect to the Noteholders of a holding of the Notes. If the Calculation Agent determines that an appropriate adjustment can be made, the Issuer shall determine the effective date of the adjustment and take the necessary steps to effect the adjustment. The Issuer shall notify the Noteholders of any adjustment in accordance with Condition 16 as soon as reasonably practicable after the nature and effective date of the adjustment is determined. If the Calculation Agent determines that no adjustment that could be made would produce a commercially reasonable result and preserve substantially the economic effect to the Noteholders of a holding of the Notes it shall notify the Issuer of such determination and no adjustment shall be made. None of the Calculation Agent, the Issuer or any other party shall be liable to any Noteholder or any other person for any determination and/or adjustment made by the Calculation Agent and/or the Issuer pursuant to this Condition; or
- (B) on giving not less than 5 Business Days' irrevocable notice to Noteholders in accordance with Condition 16 (such notice an "Additional Disruption Event Notice") redeem all of the Notes in whole at their Early Settlement Amount on the date specified in the Additional Disruption Event Notice (the "Early Settlement Date"). Any Additional Disruption Event Notice shall also specify details of the Additional Disruption Event concerned and the Early Settlement Amount.

(6) *FX Disruption Event*

If FX Disruption Event is specified as applying in the applicable Final Terms, upon the occurrence of an FX Disruption Event, the Issuer may take any one or more of the actions described below:

- (A) make payment of any amount payable by the Issuer pursuant to the Conditions in the Payment Currency instead of the Specified Currency, the amount payable in the Specified Currency being determined by the Calculation Agent; or
- (B) deduct an amount calculated by the Calculation Agent as representing any applicable charge or deduction arising in connection with the FX Disruption Event from any amount payable by the Issuer pursuant to the Conditions; or
- (C) postpone the relevant payment date until, in the determination of the Calculation Agent, the FX Disruption Event is no longer subsisting.

Upon the occurrence of an FX Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the FX Disruption Event and giving details thereof and the action proposed to be taken in relation thereto.

(b) Adjustments Generally

(1) *Adjustments not Made by a Futures or Options Exchange*

Notwithstanding that an adjustment is required to be made by this Condition in respect of any event affecting an Index or its Index Sponsor, the Issuer reserves the right not to make that adjustment if, at the time the adjustment is to be made, an option on the relevant Index is traded on any Futures or Options Exchange and no adjustment is made by that Futures or Options Exchange to the entitlement under that traded option in respect of that event.

(2) *Notice of Adjustments*

All determinations made by the Calculation Agent pursuant to this Condition shall be conclusive and binding on the Noteholders, the Agents and the Issuer, except in the case of manifest error. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 16, provided that failure to give, or non-receipt of, such notice will not affect the validity or binding nature of the relevant adjustment.

(c) Calculations and Determinations

(1) *Manner of making Calculations and Determinations*

All calculations and determinations by the Issuer and the Calculation Agent under this Condition shall be made in good faith and in a commercially reasonable manner.

(2) *Rounding Conventions*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified) (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundredth of a percentage point (with 0.005 per cent. being rounded up), (b) all figures shall be rounded to two decimal places (with 0.005 being rounded up) and (c) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with 0.005 being rounded up). For these purposes, "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(3) *Disclaimer of Liability*

The Calculation Agent shall have no responsibility or liability to any person for errors or omissions in any calculations or determinations made, or actions taken, pursuant to this Condition and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer, the Agents and the Noteholders.

(d) Definitions

"Averaging Date" means, in respect of a Reference Date each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day for all the Indices, the immediately following Scheduled Trading Day for all the Indices unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day for any of the Indices. If any such day is a Disrupted Day, then:

- (A) if "Omission" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level or amount provided that, if through the operation of this provision no Averaging Date would occur in respect of such Reference Date, then the provisions of paragraph (a)(4) above will apply for purposes of determining the level, of the relevant Index or Indices on the final Averaging Date with respect to that Reference Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day; or
- (B) if "Postponement" is specified as applying in the applicable Final Terms, then the provisions of paragraph (a)(4) above will apply for the purposes of determining the level of the relevant Index or Indices on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (C) if "Modified Postponement" is specified as applying in the applicable Final Terms then:
  - (i) where the Notes reference a single Index, that Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of

such Reference Date, then (A) that eighth Scheduled Trading Day shall be deemed to be that Averaging Date (irrespective of whether such day is a Disrupted Day or that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (A) of paragraph (a)(4) above; and

- (ii) where the Notes reference a Basket of Indices, that Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date and the Averaging Date for each Index affected by the occurrence of a Disrupted Day (each an “Affected Index”) shall be the first succeeding Valid Date in relation to the Affected Index. If the first succeeding Valid Date in relation to the Affected Index has not occurred as of the eighth Scheduled Trading Day for the Affected Index immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Reference Date, then (A) that eighth Scheduled Trading Day shall be deemed that Averaging Date for the Affected Index (irrespective of whether such day is a Disrupted Day or that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the level of the Affected Index as of the Valuation Time on that Averaging Date in accordance with sub-paragraph (B) of paragraph (a)(4) above.

For the purposes of this definition, “Valid Date” means in respect of an Index, a Scheduled Trading Day for such Index that is not a Disrupted Day for such Index and on which another Averaging Date in relation to the relevant Reference Date does not or is not deemed to occur.

“Additional Disruption Events” means any of “Change in Law”, “Hedging Disruption”, “Increased Cost of Hedging”, in each case, if specified as applicable in the applicable Final Terms and any other event specified as an Additional Disruption Event in the applicable Final Terms.

“Basket of Indices” means a basket composed of each Index specified in the applicable Final Terms in the relative weightings indicated in the applicable Final Terms.

“Change in Law” means that, on or after the date on which agreement is reached between the Issuer and any Dealer to issue the Notes (the “Trade Date”), (a) due to the adoption or announcement of or any change in any applicable law or regulation (including, without limitation, any tax law) or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (i) it has become illegal for the Issuer to hold, acquire, deal in or dispose of the Hedge Positions relating to the Notes or (ii) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

“Disrupted Day” means:

- (A) with respect to an Index other than a Multi-exchange Index, any Scheduled Trading Day for such Index on which a relevant Exchange or Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of such Index has occurred; and
- (B) with respect to a Multi-exchange Index, any Scheduled Trading Day for such Index on which (i) the relevant Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange for such Index fails to open for trading during its regular trading session; or (iii) a Market Disruption Event in respect of such Index has occurred.

“Early Closure” means:

- (A) with respect to an index other than a Multi-exchange Index, the closure on any Exchange Business Day for such Index of any relevant Exchange relating to securities underlying the Index that comprise 20 per cent. or more of the level of the Index or any Related Exchange for such Index prior to its Scheduled Closing Time unless such earlier closing time is announced by the relevant Exchange or Related Exchange at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on the relevant Exchange or Related Exchange on such Exchange Business Day and (b) the submission deadline of orders to be entered into the relevant Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; and
- (B) with respect to any Multi-exchange Index, the closure on any Exchange Business Day for such Index of the Exchange in respect of any securities underlying the Index or any Related Exchange for such Index prior to its Scheduled Closing Time unless such earlier closing is



announced by the relevant Exchange or Related Exchange at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on the relevant Exchange or Related Exchange on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

“Early Settlement Amount” means, unless otherwise specified in the applicable Final Terms, an amount per Specified Denomination determined by the Calculation Agent as the market value of the Notes following the event triggering the early redemption or cancellation, adjusted to take into account any costs, losses and expenses which are incurred (or expected to be incurred) by the Issuer in connection with the early redemption of the Notes, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional). In determining the Early Settlement Amount, the Calculation Agent may take into account prevailing market prices and/or proprietary pricing models, or where these pricing methods may not yield a commercially reasonable result, may estimate such Early Settlement Amount. The Early Settlement Amount will be determined by the Calculation Agent on or as soon as reasonably practicable following the event giving rise to the early redemption or cancellation of the Notes. For the purposes of calculating any Early Settlement Amount at any time for the purposes of Condition 11, the Calculation Agent will ignore the effect of the relevant Event of Default upon the market value of the Notes.

“Exchange” means:

- (A) with respect to an Index other than a Multi-exchange Index, each exchange or quotation system specified as such for the Index in the applicable Final Terms, any successor to that exchange or quotation system or any substitute exchange or quotation system to which trading in the securities underlying the Index has temporarily relocated provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities underlying the Index on such temporary substitute exchange or quotation system as on the original Exchange; and
- (B) with respect to any Multi-exchange Index and in respect of each security underlying the Index, the principal stock exchange on which the security is principally traded, as determined by the Calculation Agent.

“Exchange Business Day” means:

- (A) with respect to an Index other than a Multi-exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange for such Index is open for trading during its respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; and
- (B) with respect to a Multi-exchange Index, any Scheduled Trading Day for such Index on which (i) the Index Sponsor for such Index publishes the level of the Index and (ii) each Related Exchange for such Index is open for trading during its regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

“Exchange Disruption” means:

- (A) with respect to an Index other than a Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, securities that comprise 20 per cent. or more of the level of the relevant Index on any relevant Exchange, or (ii) to effect transactions in, or obtain market values for, futures and options contracts relating to the relevant Index on any relevant Related Exchange; and
- (B) with respect to any Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any security underlying the Index on the Exchange in respect of such security; or (ii) futures or options contracts relating to the Index on any relevant Related Exchange.

“Futures or Options Exchange” means, in respect of an Index, the relevant exchange in options or futures contracts on the Index, as determined by the Calculation Agent.

“FX Disruption Event” means:

- (A) the determination by the Calculation Agent of the occurrence of any event on or prior to the relevant date for payment that has or would have the effect of preventing or delaying the Issuer directly or indirectly from:



- (i) converting the Specified Currency into the Payment Currency (or *vice versa*) through customary legal channels;
  - (ii) converting the Specified Currency into the Payment Currency (or *vice versa*) at a rate at least as favourable as the rate for domestic institutions located in the Payment Jurisdiction;
  - (iii) delivering the Payment Currency from accounts inside the Payment Jurisdiction to accounts outside the Payment Jurisdiction; or
  - (iv) delivering the Specified Currency between accounts inside the Payment Jurisdiction or to a party that is a non-resident of the Payment Jurisdiction; or
- (B) the Calculation Agent determines that the government of the Payment Jurisdiction has given public notice of its intention to impose any capital or exchange controls which the Calculation Agent determines are likely to materially affect the Issuer's ability to hedge its obligations with respect to the Notes or to unwind such hedge.

“Hedge Positions” means any (a) positions or contracts in securities, options, futures, derivatives or foreign exchange, (b) stock loan transactions or (c) other instruments or arrangements (howsoever described) by the Issuer in order to hedge, individually or on a portfolio basis, its obligations in respect of the Notes.

“Hedging Disruption” means that the Issuer is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“Increased Cost of Hedging” means that the Issuer would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

“Index” means an index or indices (including, but not limited to, a proprietary index created by the Issuer or an associate of the Issuer) specified in the applicable Final Terms.

“Index Sponsor” means, in relation to an Index, the corporation or entity that (a) is responsible for setting and reviewing the rules and procedures, and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Scheduled Trading Day.

“Market Disruption Event” means:

- (A) with respect to an Index other than a Multi-exchange Index, the occurrence or existence of:
  - (i) a Trading Disruption which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time;
  - (ii) an Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time; or
  - (iii) an Early Closure; and
- (B) with respect to a Multi-exchange Index:
  - (1) the occurrence or existence, in respect of any security underlying the Index, of:
    - (i) a Trading Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such security; or
    - (ii) an Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such security; or
    - (iii) an Early Closure; and
 the aggregate of all securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or

- (2) the occurrence or existence, in respect of futures or options contracts relating to the Index, of (i) a Trading Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the relevant Related Exchange; (ii) an Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the relevant Related Exchange; or (iii) an Early Closure.

In addition:

- (1) for the purposes of determining whether a Market Disruption Event exists in respect of an Index which is not a Multi-exchange Index at any time, if a Market Disruption Event occurs in respect of a security underlying the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the Market Disruption Event occurred; and
- (2) for the purposes of determining whether a Market Disruption Event exists in respect of an Index which is a Multi-exchange Index at any time, if a Market Disruption Event occurs in respect of a security underlying the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market “opening data”.

“Multi-exchange Index” means any Index specified as such in the applicable Final Terms.

“Payment Currency” means the currency specified as such in the applicable Final Terms.

“Payment Jurisdiction” means the jurisdiction specified as such in the applicable Final Terms.

“Related Exchange” means, subject to the second proviso below, in respect of an Index, each exchange or quotation system specified as such for the Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however that where “All Exchanges” is specified as the Related Exchange in the applicable Final Terms for the Index, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index.

“Scheduled Closing Time” means, with respect to an Index and any Exchange or Related Exchange and a Scheduled Trading Day for the Index, the scheduled weekday closing time of the relevant Exchange or Related Exchange on that Scheduled Trading Day, without regard to after-hours or other trading outside regular trading session hours.

“Scheduled Trading Day” means:

- (A) with respect to an Index other than a Multi-exchange Index, any day on which each Exchange and each Related Exchange for the Index are scheduled to open for trading for their respective regular trading sessions; and
- (B) with respect to any Multi-exchange Index, any day on which (i) the relevant Index Sponsor is scheduled to publish the level of the Index and (ii) each Related Exchange for the Index is scheduled to be open for trading for its regular trading session.

“Specified Currency” means the currency specified as such in the applicable Final Terms.

“Trading Disruption” means:

- (A) with respect to an Index other than a Multi-exchange Index, any suspension of, impairment of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any security that comprises 20 per cent. or more of the level of the Index on any relevant Exchange, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange; and
- (B) with respect to a Multi-exchange Index, any suspension of, impairment of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason

of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any security underlying the Index on the Exchange in respect of that security; or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange.

“Valuation Date” means the second Business Day preceding the Maturity Date or any Optional Redemption Date, as the case may be, or such other date specified as such in the applicable Final Terms (or, if that date is not a Scheduled Trading Day for all the Indices, the next following Scheduled Trading Day for all the Indices) unless there is a Disrupted Day in respect of any of the Indices on that date in which event paragraph (a)(4) above will apply.

“Valuation Time” means:

- (A) with respect to an Index other than a Multi-exchange Index, the time specified as such in the applicable Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Scheduled Trading Day. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be the actual closing time; and
- (B) with respect to a Multi-exchange Index, (i) for the purposes of determining whether a Market Disruption Event in respect of such Index has occurred: (a) in respect of any security underlying the Index, the Scheduled Closing Time on the Exchange in respect of such security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the relevant Index Sponsor.

“Weighting” means, in respect of an Index, the weighting specified for such Index in the applicable Final Terms.

## **9 Taxation**

All payments of, or in respect of, principal and interest on the Notes of this Series will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“Taxes”) imposed or levied by or on behalf of the Commonwealth of Australia (if the Issuer is CBA) or New Zealand or the United Kingdom (if the Issuer is ASB Finance) and (in either case) any Taxing Jurisdiction or any political sub-division thereof or any authority thereof or therein having power to tax unless such Taxes are required by law to be withheld or deducted. In that event, the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) will pay such additional amounts of, or in respect of, principal and/or interest as will result (after deduction of the Taxes) in payment to the holders of the Notes of this Series and/or the Coupons relating thereto of the amounts which would otherwise have been payable in respect of the Notes of this Series or, as the case may be, Coupons relating thereto, except that no such additional amounts shall be payable with respect to any Note of this Series or Coupon relating thereto presented for payment:

- (a) by or on behalf of a holder who is subject to such Taxes in respect of such Note or Coupon by reason of his being connected with the Commonwealth of Australia (if the Issuer is CBA) or New Zealand or the United Kingdom (if the Issuer is ASB Finance) and (in either case) a Taxing Jurisdiction other than by reason only of the holding of the Note or Coupon or the receipt of payment thereon;
- (b) if the Issuer is CBA, by or on behalf of a holder who is an associate (as that term is defined in section 128F of the Income Tax Assessment Act 1936 of the Commonwealth of Australia (the “Australian Tax Act”)) of the Issuer and the payment being sought is not, or will not be, exempt from interest withholding tax because of section 128F(6) of the Australian Tax Act;
- (c) if the Issuer is ASB Finance, with respect to any withholding or deduction for or on account of New Zealand resident withholding tax;
- (d) if the Issuer is ASB Finance, by or on behalf of a holder if such withholding or deduction may be avoided (and has not been so avoided) by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in New Zealand, unless such holder proves that he is not entitled so to comply or to make such declaration or claim;
- (e) if the Issuer is ASB Finance, by or on behalf of a holder who is an associated person of ASB Finance for New Zealand income tax purposes;

- (f) more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such period of 30 days;
- (g) if the Issuer is CBA, by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements in force at the present time or in the future or by making a declaration of non-residence or other claim or filing for exemption;
- (h) where such withholding or deduction 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
- (i) by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a member state of the European Union which does not impose such withholding or deduction.

The “Relevant Date” in relation to any Note or Coupon of this Series means whichever is the later of:

- (i) the date on which payment in respect of such Note or Coupon first becomes due and payable; or
- (ii) if the full amount of the moneys payable in respect of such Note or Coupon has not been duly received by the Principal Paying Agent on or prior to such date, the date on which notice is duly given to the Noteholders of this Series in accordance with Condition 16 that such moneys have been so received.

The “Taxing Jurisdiction” in relation to any Note or Coupon of this Series means the jurisdiction, if any, named in the applicable Final Terms as being the jurisdiction wherein the Issuer’s borrowing office is located for this Series of Notes if such borrowing office is not located in the Commonwealth of Australia (if the Issuer is CBA) or the United Kingdom (if the Issuer is ASB Finance).

References in these Conditions to principal and interest shall be deemed also to refer (as appropriate) (i) to any additional amounts which may be payable under this Condition 9, (ii) in relation to Zero Coupon Notes, Low Interest (discount) Notes or High Interest (premium) Notes, to the Amortised Face Amount, (iii) in relation to Index Linked Redemption Notes, to the Final Redemption Amount or Early Redemption Amount, (iv) in relation to Dual Currency Notes, to the principal and interest in the relevant Specified Currency and (v) to any premium which may be payable in respect of the Notes.

If the Issuer is ASB Finance, where used in this Condition, “interest” means interest (as defined for New Zealand income tax purposes in relation to withholding taxes), which under current legislation includes the excess of the redemption amount over the issue price of any Note as well as coupon interest paid on such Note.

## **10 Prescription**

Claims for payment of principal under the Notes (whether in bearer or registered form) shall be prescribed upon the expiry of 10 years, and claims for payment of interest (if any) in respect of the Notes (whether in bearer or registered form) shall be prescribed upon the expiry of five years, in each case from the Relevant Date (as defined in Condition 9) therefor subject to the provisions of Condition 7. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.

## **11 Events of Default**

### **(a) Unsubordinated Notes**

This Condition 11(a) only applies to Unsubordinated Notes.

If any one or more of the following events (each an “Event of Default”) shall occur and be continuing:

- (i) the Issuer and (where the relevant Issuer is ASB Finance) the Guarantor fails to pay the principal of the Notes of this Series when due or fails to pay any interest due thereon within 14 days of the due date; or
- (ii) the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) defaults in performance or observance of or compliance with any of its other undertakings set out in the Notes of this Series or the Guarantee which default is incapable of remedy or which, if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Issuer and the Guarantor (if the relevant Issuer is ASB Finance) by a Noteholder; or



- (iii) *[This paragraph is no longer applicable];*
- (iv) the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) becomes insolvent or it is unable to pay its debts as they mature or the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) applies for or consents to or suffers the appointment of a liquidator or receiver of the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) or the whole or any part of the undertaking, property, assets or revenues of the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors; or
- (v) any law is passed the effect of which is to dissolve the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) or the Issuer (where the relevant Issuer is CBA) or the Guarantor (where the relevant Issuer is ASB Finance) ceases to carry on a general banking business in the Commonwealth of Australia (if the Issuer is CBA) or New Zealand (if the Issuer is ASB Finance) or the Issuer (where the relevant Issuer is CBA) or the Guarantor (where the relevant Issuer is ASB Finance) ceases to be authorised to carry on a general banking business within the Commonwealth of Australia (if the Issuer is CBA) or New Zealand (if the Issuer is ASB Finance); or
- (vi) (where the relevant Issuer is ASB Finance) the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect,

then any holder of a Note may, by written notice to the Issuer or the Guarantor (where the relevant Issuer is ASB Finance) at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at the amount provided in, or calculated in accordance with, Condition 6(g) or 6(h) (as applicable), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

- (b) Subordinated Notes issued by CBA

This Condition 11(b) only applies to Subordinated Notes issued by CBA.

- (i) If default is made in the payment of any principal or interest due in respect of the Notes of this Series and such default continues for a period of 15 days and is continuing, any Noteholder may institute proceedings for the winding up of CBA in Australia (but not elsewhere) or for specific performance or to recover amounts then currently outstanding but may take no further action in respect of such default, provided that Noteholders shall not have the right to institute such proceedings if CBA withholds or refuses any such payment (A) in order to comply with any fiscal or other law or regulation (including without limitation the regulations issued by APRA) or with the order of any court of competent jurisdiction, in each case applicable to such payment, or (B) 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 days, by independent legal advisers.
- (ii) If, otherwise than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by an Extraordinary Resolution of the holders of the Notes of this Series an order is made or an effective resolution is passed for the winding up of CBA in Australia (but not elsewhere), then any holder of a Note may, by written notice to CBA at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any such Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the amount provided in, or calculated in accordance with, Condition 6(g) or 6(h) (as applicable), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

- 12** *[This condition is no longer applicable].*

### **13 Meetings of Noteholders; Modifications of Conditions; Waiver**

The Agency Agreement contains provisions for convening meetings of holders of the Notes of this Series to consider any matters affecting their interests, including modifications of the terms and conditions of the Notes of this Series and the Agency Agreement. Any such modification must be authorised by an Extraordinary Resolution which is defined in the Agency Agreement to mean a resolution passed by a majority consisting of not less than three-quarters of the votes cast at a meeting of the holders of the Notes of this Series duly convened and held and, if the Notes of this Series are Subordinated Notes and issued by CBA, any such modification which affects the subordination or stated maturity of the Notes of this Series (being a modification of Condition 3, 6(b), 6(c), 6(d), 6(i) or 11) may only be made with the prior written consent of APRA. The quorum at any



such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in nominal amount of the Notes of this Series for the time being outstanding or, at any adjourned meeting, one or more persons being or representing the holders of the Notes of this Series whatever the nominal amount of Notes of this Series so held or represented; provided that at any meeting the business of which includes the modification of certain terms, including any reduction or cancellation of, or modification of the method of calculating, the amount payable in respect of the Notes of this Series, any modification of, or of the method of calculating, the date of payment of principal or interest in respect of the Notes of this Series or any modification of the currency of payment of the Notes of this Series or the Coupons relating thereto, the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting, not less than one-third, in nominal amount of Notes of this Series for the time being outstanding. A resolution duly passed at a meeting of holders of the Notes of this Series shall be binding on all the holders of the Notes of this Series (whether present at the meeting or not) and on all the holders of Coupons relating thereto.

The Principal Paying Agent and the Issuer may agree without the consent of the holders of the Notes of this Series or the holders of Coupons relating thereto to any modifications to the terms and conditions of the Notes of this Series or the Coupons relating thereto or to the provisions of the Agency Agreement which in its opinion are of a formal, minor or technical nature, are made to correct a manifest error or (not being such a modification as is mentioned in the proviso to the third sentence of the preceding paragraph) are not prejudicial to the interests of the holders of the Notes of this Series provided that, if the Notes of this Series are Subordinated Notes and issued by CBA, any such modification which affects the subordination or stated maturity of the Notes of this Series (being a modification of Condition 3, 6(b), 6(c), 6(d), 6(i) or 11) may only be agreed to if the prior consent of APRA has been obtained.

#### **14 Substitution**

##### **(a) Substitution of CBA as Issuer**

This Condition 14(a) only applies to Notes issued by CBA.

- (1) The Issuer may, without the consent or sanction of the Noteholders, the Couponholders, the Receiptholders or the Talonholders, agree to the substitution in place of the Issuer as the principal debtor under the Notes of any other corporation (hereinafter in this Condition referred to as the "Substituted Company") provided that:
  - (i) a deed poll and such other documents (if any) shall be executed by the Issuer and the Substituted Company as may be necessary to give full effect to the substitution (together, the "Documents") and (without limiting the generality of the foregoing) pursuant to which the Substituted Company shall undertake in favour of each Noteholder, Couponholder, Receiptholder and Talonholder to be bound by the Conditions and the provisions of the Agency Agreement and the Deed of Covenant as if the Substituted Company had been named in the Notes, the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute);
  - (ii) any applicable solicited credit rating of the Substituted Company is the same or higher than any such rating of the Issuer immediately prior to the substitution;
  - (iii) each stock exchange or market on which the Notes are listed shall have confirmed in writing that following the proposed substitution of the Substituted Company the Notes will continue to be listed on such stock exchange or market;
  - (iv) (without prejudice to the generality of paragraphs (a)(1)(i) and (ii) of this Condition) where the Substituted Company is incorporated, domiciled or resident in a territory other than the Commonwealth of Australia, an undertaking or covenant shall be given by the Substituted Company in terms corresponding to the provisions of Condition 9 with the addition to or substitution for the references to the Commonwealth of Australia or any political sub-division thereof or authority thereof or therein having power to tax of references to that other territory or any political sub-division thereof or any authority thereof or therein having power to tax in which the Substituted Company is incorporated, domiciled or resident and Condition 6(b) shall be modified so that references to such latter territory are added to or substituted for the Commonwealth of Australia;

- (v) the Documents shall contain a warranty and representation by the Substituted Company that (A) the Substituted Company has obtained all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Company of liability as principal debtor in respect of, and of its obligations under, the Documents and the Notes; (B) such approvals and consents are at the time of substitution in full force and effect; and (C) the obligations assumed by the Substituted Company under the Documents are legal, valid and binding in accordance with their respective terms;
  - (vi) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer and the Substituted Company from a leading firm of lawyers in the country of incorporation of the Substituted Company to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Company, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar;
  - (vii) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer and the Substituted Company from a leading firm of Australian lawyers to the effect that the Documents constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar;
  - (viii) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer and the Substituted Company from a leading firm of English lawyers to the effect that the Documents constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar; and
  - (ix) if the Substituted Company is incorporated in a jurisdiction other than England and Wales, the Substituted Company shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Documents.
- (2) Upon the execution of the Documents and compliance with the requirements referred to in paragraph (a)(1) of this Condition, the Substituted Company shall be deemed thenceforth to be named in the Notes as principal debtor in place of the Issuer (or of any previous substitute under these provisions), and the Notes shall thereupon be deemed to be amended in such manner as shall be necessary to give effect thereto. The execution of the Documents and compliance with such requirements shall operate to release the Issuer (or such previous substitute as aforesaid) from all of its obligations in respect of the Notes.
  - (3) The Documents shall be deposited with and held by the Principal Paying Agent and the Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Company by any Noteholder, Couponholder, Receiptholder or Talonholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Company shall acknowledge in the Documents the right of every Noteholder, Couponholder, Receiptholder and Talonholder to the production of the Documents for the enforcement of any of the Notes or the Documents.
  - (4) Not later than 14 days after the execution of the Documents and compliance with the requirements referred to in paragraph (a)(1) of this Condition, the Substituted Company shall give notice thereof to the Noteholders in accordance with Condition 16.
- (b) Substitution of ASB Finance as Issuer

This Condition 14(b) only applies to Notes issued by ASB Finance.

- (1) The Issuer may, without the consent or sanction of the Noteholders, the Couponholders, the Receiptholders or the Talonholders, agree to the substitution in place of the Issuer as the principal debtor under the Notes of the Guarantor or any other corporation (hereinafter in this Condition referred to as the “Substituted Company”) provided that:
- (i) a deed poll and such other documents (if any) shall be executed by the Issuer and the Substituted Company as may be necessary to give full effect to the substitution (together, the “Documents”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Company shall undertake in favour of each Noteholder, Couponholder, Receiptholder and Talonholder to be bound by the Conditions and the provisions of the Agency Agreement and the Deed of Covenant as if the Substituted Company had been named in the Notes, the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute);
  - (ii) if the Substituted Company is not the Guarantor, a deed poll and such other documents (if any) shall be executed pursuant to which the Guarantor shall unconditionally and irrevocably guarantee (the “New Guarantee”) in favour of each Noteholder, Couponholder and Receiptholder the payment of all sums payable by the Substituted Company as such principal debtor on the same terms *mutatis mutandis* as the Guarantee;
  - (iii) each stock exchange or market on which the Notes are listed shall have confirmed in writing that following the proposed substitution of the Substituted Company the Notes will continue to be listed on such stock exchange or market;
  - (iv) without prejudice to the generality of paragraphs (b)(1)(i) and (ii) of this Condition, where the Substituted Company is incorporated, domiciled or resident in a territory other than the United Kingdom or New Zealand an undertaking or covenant shall be given by the Substituted Company in terms corresponding to the provisions of Condition 9 with the addition to or substitution for the references to the United Kingdom or New Zealand or any political sub-division thereof or authority thereof or therein having power to tax of references to that other territory or any political sub-division thereof or any authority thereof or therein having power to tax in which the Substituted Company is incorporated, domiciled or resident and Condition 6(b) shall be modified so that references to such latter territory are added to or substituted for the United Kingdom or New Zealand;
  - (v) the Documents shall contain a warranty and representation by the Substituted Company and (if the Substituted Company is not the Guarantor) the Guarantor that (A) the Substituted Company and (if the Substituted Company is not the Guarantor) the Guarantor have obtained all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Company of liability as principal debtor in respect of, and of its obligations under, the Documents and the Notes and for the giving of the New Guarantee (if applicable); (B) such approvals and consents are at the time of substitution in full force and effect; and (C) the obligations assumed by the Substituted Company under the Documents (and by the Guarantor under the New Guarantee (if applicable)) are legal, valid and binding in accordance with their respective terms;
  - (vi) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Company and (if the Substituted Company is not the Guarantor) the Guarantor from a leading firm of lawyers in the country of incorporation of the Substituted Company to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Company, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar;
  - (vii) the Issuer or the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Company and (if the Substituted Company is not the Guarantor) the Guarantor from a leading firm of New Zealand lawyers to the effect that the Documents (including the New Guarantee (if applicable)) constitute legal,

valid and binding obligations of the Issuer and (if the Substituted Company is not the Guarantor) the Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar;

- (viii) the Issuer or the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Company and (if the Substituted Company is not the Guarantor) the Guarantor from a leading firm of English lawyers to the effect that the Documents (including the New Guarantee (if applicable)) constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar; and
- (ix) if the Substituted Company is incorporated in a jurisdiction other than England and Wales, it shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Documents.

- (2) Upon the execution of the Documents (including the New Guarantee (if applicable)) and compliance with the requirements referred to in paragraph (b)(1) of this Condition, the Substituted Company shall be deemed thenceforth to be named in the Notes as principal debtor in place of the Issuer (or of any previous substitute under these provisions), and the Notes shall thereupon be deemed to be amended in such manner as shall be necessary to give effect thereto. The execution of the Documents and compliance with such requirements shall operate to release the Issuer (or such previous substitute as aforesaid) from all of its obligations in respect of the Notes.
- (3) The Documents (including the New Guarantee (if applicable)) shall be deposited with and held by the Principal Paying Agent and the Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Company or the Guarantor by any Noteholder, Couponholder, Receiptholder or Talonholder in relation to the Notes or the Documents (including the New Guarantee (if applicable)) shall not have been finally adjudicated, settled or discharged. The Substituted Company and (if the Substituted Company is not the Guarantor) the Guarantor shall acknowledge in the Documents the right of every Noteholder, Couponholder, Receiptholder and Talonholder to the production of the Documents (including the New Guarantees (if applicable)) for the enforcement of any of the Notes or the Documents (including the New Guarantees (if applicable)).
- (4) Not later than 14 days after the execution of the Documents (including the New Guarantee (if applicable)) and compliance with the requirements referred to in paragraph (b)(1) of this Condition, the Substituted Company shall give notice thereof to the Noteholders in accordance with Condition 16.

(c) Substitution of ASB Bank Limited as Guarantor

This Condition 14(c) only applies to Notes issued by ASB Finance.

- (1) The Guarantor may, without the consent or sanction of the Noteholders, the Couponholders, the Receiptholders or the Talonholders, agree to the substitution in place of the Guarantor as guarantor in respect of the Notes of any other corporation (hereinafter in this Condition referred to as the “Substituted Guarantor”) provided that:
  - (i) a deed poll and such other documents (if any) shall be executed pursuant to which the Substituted Guarantor shall unconditionally and irrevocably guarantee (the “New Guarantee”) in favour of each Noteholder, Couponholder and Receiptholder the payment of all sums payable by the Issuer in respect of the Notes in each case on the same terms *mutatis mutandis* as the Guarantee;
  - (ii) any applicable solicited credit rating of the Substituted Guarantor is the same or higher than any such rating of the Guarantor immediately prior to the substitution;



- (iii) each stock exchange or market on which the Notes are listed shall have confirmed in writing that following the proposed substitution of the Substituted Guarantor the Notes will continue to be listed on such stock exchange or market;
  - (iv) the New Guarantee shall contain a warranty and representation by the Substituted Guarantor that (A) the Substituted Guarantor has obtained all necessary governmental and regulatory approvals and consents necessary for or in connection with the giving of the New Guarantee; (B) such approvals and consents are at the time of substitution in full force and effect; and (C) the obligations assumed by the Substituted Guarantor under the New Guarantee are legal, valid and binding in accordance with their respective terms;
  - (v) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Guarantor and the Substituted Guarantor from a leading firm of lawyers in the country of incorporation of the Substituted Guarantor to the effect that the New Guarantee constitutes legal, valid and binding obligations of the Substituted Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the Guarantor and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar;
  - (vi) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Guarantor and the Substituted Guarantor from a leading firm of English lawyers to the effect that the New Guarantee constitutes legal, valid and binding obligations of the Substituted Guarantor under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the Guarantor and to be available for inspection by Noteholders, Couponholders, Receiptholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar; and
  - (vii) if the Substituted Guarantor is incorporated in a jurisdiction other than England and Wales, it shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the New Guarantee.
- (2) Upon the execution of the New Guarantee and compliance with the requirements referred to in paragraph (c)(1) of this Condition, the Substituted Guarantor shall be deemed thenceforth to be named in the Notes as guarantor in place of the Guarantor (or of any previous substitute under these provisions), and the Notes shall thereupon be deemed to be amended in such manner as shall be necessary to give effect thereto. The execution of the New Guarantee and compliance with such requirements shall operate to release the Guarantor (or such previous substitute as aforesaid) from all of its obligations in respect of the Guarantee.
- (3) The New Guarantee shall be deposited with and held by the Principal Paying Agent and the Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Guarantor by any Noteholder, Couponholder, Receiptholder or Talonholder in relation to the Notes or the New Guarantee shall not have been finally adjudicated, settled or discharged. The Substituted Guarantor shall acknowledge in the New Guarantee the right of every Noteholder, Couponholder, Receiptholder and Talonholder to the production of the New Guarantees for the enforcement of any of the Notes or the New Guarantee.
- (4) Not later than 14 days after the execution of the New Guarantee and compliance with the requirements referred to in paragraph (c)(1) of this Condition, the Issuer shall give notice thereof to the Noteholders in accordance with Condition 16.

## **15 Replacement of Notes and Coupons**

If any Note (including a global Note) or Coupon is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Principal Paying Agent on payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacement Notes or Coupons will be issued.



## **16 Notices**

- (a) All notices regarding Registered Notes of this Series (if any) will be valid if mailed to the holders (or the first named of joint holders) at their respective addresses in the register of holders and will be deemed to have been given on the fourth weekday after the date of mailing.
- (b) All notices regarding the Bearer Notes of this Series (if any) will be valid if published in one leading London daily newspaper (which is expected to be the Financial Times) or, if this is not practicable, one other English language daily newspaper with general circulation in Europe and shall, if published more than once, be deemed to be given on the date of the first such publication. Holders of Coupons appertaining to Bearer Notes in definitive form of this Series will be deemed for all purposes to have notice of the contents of any notice given to the holders of the Bearer Notes of this Series in accordance with this paragraph (b).
- (c) Until such time as any definitive Notes are issued, there may, so long as all the global Notes for this Series are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted, in relation only to this Series, for such publication as aforesaid the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg, as appropriate, for communication by it or them to the holders of the Notes of this Series. Any such notice shall be deemed to have been given to the holders of the Notes of this Series the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as the case may be.
- (d) Notwithstanding paragraph (b) of this Condition 16, in any case where the identity and addresses of all the holders of Bearer Notes in definitive form is known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.
- (e) Notices to be given to the Issuer by any holder of Notes under Condition 6(d) shall be in writing and given by lodging the same, together with the relative definitive Note or Notes, with the Principal Paying Agent (in the case of definitive Bearer Notes) or the Registrar (in the case of definitive Registered Notes). Whilst any Notes are represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, such notices may be given by a holder of any Notes so represented to the Principal Paying Agent or the Registrar via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent or the Registrar, as the case may be, and Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

## **17 Further Issues**

The Issuer shall be at liberty from time to time without the consent of the holders of the Notes of this Series or the Coupons (if any) relating thereto to create and issue further Notes ranking *pari passu* in all respects (or in all respects save for the Issue Date or Interest Commencement Date, as the case may be, the Issue Price and the amount of the first payment of interest (if any) on such further Notes) and so that the same shall be consolidated and form a single series with the outstanding Notes of a particular Series (including the Notes of this Series).

## **18 Disapplication of Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of any Note but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **19 Governing Law**

The Notes of this Series, the Receipts, Coupons and Talons (if any) relating thereto, the Agency Agreement, the Deed of Covenant and the Guarantee and any non-contractual obligations arising out of or in connection with the Notes of this Series, the Receipts, Coupons and Talons (if any) relating thereto, the Agency Agreement, the Deed of Covenant and the Guarantee are governed by, and will be construed in accordance with, English law.

The courts of each of England and (in the case of any action involving CBA) the Commonwealth of Australia or (in the case of any action involving ASB Finance) New Zealand are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes of this Series and any Receipts, Coupons and Talons relating thereto and any non-contractual obligations arising out of or in connection with the Notes of this Series and any Receipts, Coupons and Talons relating thereto and accordingly any legal action or proceedings arising out of or in connection with the Notes of this Series and any Receipts, Coupons and Talons relating thereto and any non-contractual obligations arising out of or in connection with the Notes of this Series and any Receipts, Coupons and Talons relating thereto may be brought in such courts.

CBA has appointed the General Manager, Europe from time to time of CBA located at its London branch (currently at Senator House, 85 Queen Victoria Street, London EC4V 4HA) to receive service of process in any action which may be instituted in England based on any of such Notes, Receipts, Coupons or Talons (including any action relating to any non-contractual obligations arising out of or in connection with any of such Notes, Receipts, Coupons or Talons). Each of ASB Finance and the Guarantor agrees that the service of process in any action which may be instituted in England based on any of such Notes, Receipts, Coupons or Talons (including any action relating to any non-contractual obligations arising out of or in connection with any of such Notes, Receipts, Coupons or the Talons) may be served on it by being delivered to ASB Finance Limited, London Branch (currently at Senator House, 85 Queen Victoria Street, London EC4V 4HA).

## **20 CMU Notes**

Where the Notes are CMU Notes, the Conditions shall be modified as specified in this Condition 20 and to the extent any provision of the Conditions is otherwise inconsistent with the terms of this Condition 20 it shall be deemed to have been modified accordingly.

References in the Conditions to the Principal Paying Agent, the Registrar, a Paying Agent and a Transfer Agent shall, unless the context otherwise requires, be construed as a reference to the CMU lodging and paying agent appointed in relation to the CMU Notes as specified in the applicable Final Terms (the “CMU Lodging and Paying Agent”).

References in the Conditions to Euroclear and Clearstream, Luxembourg shall, unless the context otherwise requires, be construed as a reference to the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “CMU Service”).

In this Condition “CMU Notes” means Notes denominated in any currency which the CMU Service accepts for settlement from time to time that are, or are intended to be, initially cleared through the CMU Service.

### *Payments*

If a Note is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the rules of the CMU Service (the “CMU Rules”) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the CMU Rules) or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) (the “CMU Accountholders”).

The CMU Accountholders at the direction of the bearer or the registered holder of a Note held through the CMU Service shall be the only persons entitled to receive payments in respect of such Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, such CMU Accountholder, in respect of each amount so paid. Each of the persons shown in the records of the CMU Service as the beneficial holder of a particular nominal amount of CMU Notes must look solely to the CMU Service for its share of each payment so made by the Issuer or, as the case may be, the Guarantor to the order of the bearer or the registered holder of such Note.

## **Use of Proceeds**

The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes (where the relevant Issuer is CBA) or on-lent to the Guarantor, to be applied by the Guarantor for its general corporate purposes (where the relevant Issuer is ASB Finance), which include making a profit. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

# Commonwealth Bank of Australia

## Summary Information

Commonwealth Bank of Australia is a public company with an ordinary share capital of A\$24,651 million at 31 December 2011. The Bank is governed by, and operates in accordance with the objects set out within, its Constitution, the Corporations Act 2001 of the Commonwealth of Australia (the “Corporations Act”) and the Listing Rules of the Australian Securities Exchange (which constitute the corporate governance regime of Australia), and certain provisions of the Commonwealth Banks Act 1959 of the Commonwealth of Australia (the “1959 Act”). The objectives of the Issuer include providing integrated financial services including retail, business and institutional banking, superannuation, life insurance, general insurance, funds management, broking services and finance company activities. The Bank was incorporated on 17 April 1991 in the Australian Capital Territory and has Australian Business Number 48 123 123 124. Its registered office is Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000, telephone number +61 2 9118 1339. The Bank and its subsidiaries together provide a wide range of banking, financial and related services in Australia.

At 31 December 2011, the Bank and its consolidated subsidiaries had total assets of A\$701,986 million, deposits and other public borrowings of A\$431,827 million and total regulatory capital of A\$33,061 million. Net profit after income tax (statutory basis), for the half year ended 31 December 2011 was A\$3,624 million.

As at the date of this Programme Circular, the Bank has been rated AA- by S&P, Aa2 by Moody’s and AA- by Fitch.

## History and Recent Developments

The origins of the Bank lie in the former Commonwealth Bank of Australia which was established in 1911 by a Commonwealth Act of Parliament to conduct commercial and savings banking business. Its functions were later expanded to encompass those of a central bank. Subsequent legislative amendment in 1959 created a separate Reserve Bank of Australia to take over the central bank functions.

In December 1990, the Commonwealth Banks Restructuring Act 1990 was passed, which provided for:

- the conversion of the Bank into a public company with a share capital, governed by its then Memorandum and Articles of Association but subject to certain overriding provisions of the 1959 Act – this conversion occurred on 17 April 1991;
- Commonwealth Bank of Australia to become the successor in law of the State Bank of Victoria – this occurred on 1 January 1991; and
- the issue of shares in the Bank to the Australian public.

An offer of just under 30 per cent of the issued shares in the Bank was made to members of the Australian public and staff of the Bank in July/August 1991, to strengthen the Bank’s capital base following its acquisition of State Bank of Victoria and to provide a sound foundation for further development of the Bank’s business. The offer closed on 14 August 1991 and was fully subscribed.

In October 1993, the Australian Government sold a portion of the Commonwealth of Australia’s shareholding in the Bank, reducing its shareholding to 50.4 per cent of the total number of issued voting shares.

In June/July 1996, the Australian Government made a public offer of its remaining 50.4 per cent shareholding in the Bank. The offer was fully subscribed. In conjunction with this offer, the Bank, pursuant to a Buy-back Agreement between the Bank and the Commonwealth of Australia, agreed to buy back 100 million shares in the Bank from the Commonwealth of Australia. The public offer and buy-back were effected on 22 July 1996.

On 10 March 2000, the Bank and Colonial Limited (“Colonial”) announced their intention to merge, with seven Bank shares being offered for 20 Colonial shares. The merger received final approval from the Supreme Court of Victoria on 31 May 2000 and was completed on 13 June 2000.

On 22 August 2000, the Bank purchased the 25 per cent non-controlling interest in ASB Holdings Limited (formerly known as ASB Group Limited) in New Zealand for NZD560 million (A\$430 million). This gives the Bank a 100 per cent interest in ASB Bank Limited and its subsidiaries (the “ASB Group”).

The Bank became the successor in law to the State Bank of New South Wales (known as Colonial State Bank) and to all the assets and liabilities of State Bank of New South Wales effective on 4 June 2001 pursuant to legislation.

On 19 December 2008, the Bank acquired 100 per cent of Bank of Western Australia Ltd (“Bankwest”) from HBOS plc. The acquisition provides the opportunity to expand CBA’s business in the Western Australian market.

In relation to the Commonwealth of Australia’s statutory guarantee of the Bank’s liabilities, transitional arrangements for the phasing out of that guarantee commenced on 19 July 1996.

Under these arrangements, section 117(1) of the 1959 Act provided for the Commonwealth of Australia to guarantee the due payment of the following amounts:

- (a) any amount that was payable by the Bank before the end of the day on 19 July 1999 in respect of a demand deposit made with the Bank;
- (b) any amount that is payable by the Bank at any time in respect of a term deposit made with the Bank before the end of the day on 19 July 1999; and
- (c) any amount that:
  - (i) is not in respect of a demand deposit or a term deposit; and
  - (ii) is payable by the Bank under a contract that was entered into, or any other instrument that was executed, issued, endorsed or accepted before 7.00 a.m. (Sydney time) on 19 July 1996 by the Bank.

Accordingly, Notes issued from the date of this Programme Circular are not guaranteed on a statutory basis by the Commonwealth of Australia.

### **Business Overview**

The Bank and its subsidiaries, with a full-time equivalent staff of 45,810 at 31 December 2011, provides a comprehensive range of banking, financial, life and risk business insurance and funds management services in Australia, New Zealand, throughout Asia and in the United Kingdom. As at 31 May 2012, the Bank (together with its subsidiary Bankwest) was Australia’s largest bank in terms of housing loans and retail deposits (source: Australian Prudential Regulatory Authority monthly Banking Statistics May 2012 (issued 31 May 2012) (Tables 2 and 4)).

The Bank provides a wide range of banking, financial and related services, primarily in Australia and New Zealand. These services include personal, business and corporate banking, life insurance and funds management. On 13 June 2000 the Bank acquired 100 per cent of Colonial, significantly increasing its wealth management capabilities.

The Bank conducts its operations primarily through the following business units:

#### *Retail Banking Services*

Retail Banking Services’ provides retail banking services within Australia including housing loans, credit cards, personal loans, savings and cheque accounts, and demand and term deposits.

#### *Institutional Banking and Markets*

Institutional Banking and Markets services CBA’s major corporate, institutional and government clients using a relationship management model based on industry expertise and local insights. CBA’s Total Capital Solutions offering includes debt and equity capital raising, financial and commodity price risk management and transaction banking capabilities. Institutional Banking and Markets has international offices in London, New York, New Zealand, Singapore, Hong Kong, Japan and Shanghai.

#### *Business and Private Banking*

Business and Private Banking services the financial needs of a range of business customers, from small business to medium sized corporate and agribusiness sectors, through a range of product offerings including business loans, deposits, global markets products and asset finance facilities. In addition, private banking services are provided to high net worth individuals. The Equities and Margin Lending business offers a range of investment and cash products, including online broking services to retail and wholesale customers.

#### *Wealth Management*

The Wealth Management business comprises wholesale and retail investment, superannuation and retirement funds. Wealth Management operates its business through its Colonial First State,



Colonial First State Global Asset Management and CommInsure divisions. Investments are across all major asset classes including Australian and international shares, property, fixed interest and cash. Wealth Management also has Funds Management businesses in the United Kingdom and Asia.

The Wealth Management segment also provides Australian term insurance, disability insurance, annuities, master trusts, investment products and general insurance.

#### *International Financial Services Asia*

International Financial Services Asia operates retail and small medium enterprise banking operations in India, China, Indonesia and Vietnam; investments in Chinese and Vietnamese retail banks, the joint venture Chinese life insurance business and the life insurance operations in Indonesia. The International Financial Services Asia business does not include the Business and Private Banking, Institutional Banking and Markets or Wealth Management businesses in Asia.

#### *New Zealand*

The Bank's New Zealand segment conducts banking operations through ASB and the New Zealand branch of the Bank. The segment also comprises personal and business life insurance, health insurance and home loan protection as well as annuities and other investment products through Sovereign, New Zealand's leading life insurer as at 31 December 2011.

#### *Bankwest*

Bankwest operates in the Australian market, predominantly in Western Australia and is focused on providing a comprehensive range of products to the business banking and retail segments.

In addition, the Bank operates support divisions, including the following:

#### *Financial Services*

Financial Services provides specialist advice, strategies, information and policies on financial and capital management matters as well as comprehensive investor relations and Treasury functions.

#### *Risk Management*

Risk Management ("RM") is responsible for developing the risk frameworks to allow the Bank to take conscious exposures to credit, market, liquidity and funding risk, operational, compliance, strategic business, reputational and insurance risks within a Board-approved appetite. RM ensures the Bank has appropriate strategies and frameworks in place to assess, manage and report on these risks.

#### *Enterprise Services*

Enterprise Services ("ES") provides Information Technology and Telecommunications ("IT&T") leadership across the Bank. The division facilitates the delivery of best practice IT&T services and strategic planning practices. ES also helps each business unit with the implementation of new project initiatives, while maintaining the optimisation of existing operations.

#### *Human Resources*

Human Resources supports each business unit through recruitment, employee relations, HR administration, remuneration and benefits, occupational health and safety, project work and leadership development training.

#### *Marketing and Communications*

Marketing and Communications brings together marketing, sponsorship, employee communication, media and public relations, brand and customer insights teams to provide strategic support and advice to management.

## Financial Condition and Operating Results

The following tables set out certain consolidated summary financial data relating to the Bank (and its subsidiaries). This data has been extracted without material adjustment from the published consolidated financial statements of the Bank and its subsidiaries for the year ended 30 June 2011 and the half year ended 31 December 2011.

	<i>As at 30 June</i>	
	<i>2011</i>	<i>2010</i>
	<i>(in millions A\$)</i>	
<b>Balance Sheet</b>		
Lending assets <sup>(1)</sup>	510,791	505,028
Total assets	667,899	646,330
Deposits and other public borrowings	401,147	374,663
Shareholders' equity attributable to Equity holders of the Bank	36,759	35,047
<b>Income Statement</b>		
Net interest income	12,607	11,922
Other operating income <sup>(2)</sup>	6,790	7,366
Loan impairment expense	(1,280)	(2,379)
Operating expenses	(9,060)	(8,716)
Net profit before income tax	9,057	8,193
Income tax	(2,647)	(2,513)
Net profit after income tax	6,410	5,680
Non-controlling interests	(16)	(16)
Net profit attributable to Equity holders of the Bank	6,394	5,664
<i>As at half year ended 31 December</i>		
	<i>2011</i>	<i>2010</i>
	<i>(in millions A\$)</i>	
<b>Balance Sheet</b>		
Lending assets <sup>(1)</sup>	523,840	502,028
Total assets	701,986	649,642
Deposits and other public borrowings	431,827	395,345
Shareholders' equity attributable to Equity holders of the Bank	38,347	34,825
<b>Income Statement</b>		
Net interest income	6,537	6,129
Other operating income <sup>(2)</sup>	3,751	3,377
Loan impairment expense	(545)	(722)
Operating expenses	(4,682)	(4,462)
Net profit before income tax	5,061	4,322
Income tax	(1,428)	(1,261)
Net profit after income tax	3,633	3,061
Non-controlling interests	(9)	(9)
Net profit attributable to Equity holders of the Bank	3,624	3,052

Notes:

(1) Includes loans, bills discounted, other receivables and bank acceptances of customers.

(2) Includes other banking income, net funds management and net insurance operating income.

## **Audit Committee**

The Audit Committee of the Bank consists of Fergus D Ryan (Chairman), Brian J Long, Harrison H Young, S Carolyn H Kay and Colin R Galbraith, AM.

The charter of the Audit Committee incorporates a number of policies and practices to ensure that the Committee is independent and effective, including the following:

- (a) the Audit Committee comprises at least three members. All members must be non-executive, independent directors and financially literate. At least one member should have relevant qualifications and experience as referred to in the ASX Corporate Governance Principles and Recommendations;
- (b) the chairman of the Audit Committee may not be the Chairman of the Board. The Risk Committee chairman will be a member of the Audit Committee and vice-versa to ensure the flow of relevant information between the two committees;
- (c) meetings will be at least quarterly, and as required. The external auditor will be invited to all meetings;
- (d) meetings with the Bank Auditor and the external auditor without management or others being present;
- (e) the Audit Committee has the power to call attendees as required, including open access to management, auditors (external and internal) and the right to seek explanations and additional information;
- (f) senior management and the internal and external auditor have free and unfettered access to the Audit Committee, with the Bank Auditor having a direct reporting line, whilst maintaining a management reporting line to the Chief Financial Officer; and
- (g) the Audit Committee has the option, with the concurrence of the Chairman of the Board, to retain independent legal, accounting or other advisors to the extent the Committee considers necessary at the Bank's expense.

The duties and responsibilities of the Audit Committee are as follows:

- to provide an independent review of the Bank's financial reporting and the financial information prepared by management including overseeing accounting policies and associated requirements;
- to provide assurance on the governance and control for the Bank covering key business processes including risk frameworks;
- to review the processes that are used to reach the opinions provided in the regulatory certifications of the Chief Executive Officer and Chief Financial Officer, and management's report on internal control over financial reporting, and the disclosures made;
- to oversee APRA statutory reporting requirements and provide independent review of the Bank's reporting under these requirements;
- to oversee, where required, the nomination of the external auditor to the Board for approval of the appointment by the shareholders, and review and approve the external auditor's fee;
- to oversee and appraise at least annually the independence, adequacy and effectiveness of the external and internal auditors (including the rotation of the external audit partner), and the scope and progress of their audit plans;
- to review and advise, for the purposes of the directors' report to be included in the annual financial report, the provision of all non-audit services by or on behalf of the external auditor during the year to the Bank, whether those services comply with the statutory auditor independence requirements and the reasons why;
- to confirm the appointment or dismissal of the Bank Auditor;
- to oversee and monitor the resolution of significant internal control deficiencies from Bank Audit and the external auditor;
- to oversee policies and procedures for the receipt, retention and treatment of complaints and disclosures, on a confidential basis if necessary, regarding accounting, internal control, compliance, audit and other matters about which an employee has concerns, and the communication of these policies and procedures;

- to consider significant issues raised at other Audit Committees in the Bank and respond as appropriate; and
- to review and discuss any reports concerning material violations of laws and regulatory requirements.

## **Directors of Commonwealth Bank of Australia**

The Board of the Bank consists of eleven directors including the Chairman, one executive director and nine other members with wide financial and commercial knowledge and experience. The Board of the Bank has in place procedures whereby any conflicts between Directors interests and their private interests are declared and managed. These procedures provide that a Director with a potential conflict will not receive papers which may involve a potential conflict of interests and will not be present during the discussion or decision on any matter involving that conflict. Accordingly, there are no potential conflicts of interest between the private interests or other duties of the Directors and their duties to the Bank. The business address of the directors of CBA is: Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000.

The members of the Board are:

### **David J Turner, Chairman**

Mr Turner was appointed to the Board in August 2006 and has been Chairman since 10 February 2010. He is Chairman of the Board Performance and Renewal Committee and a member of the Risk Committee and the People & Remuneration Committee.

From May 2008 until May 2010, Mr Turner was Chairman of Cobham plc. Until his retirement on 30 June 2007, Mr Turner was CEO of Brambles Limited, occupying the role since October 2003. He joined Brambles as Chief Financial Officer in 2001, having previously been Finance Director of GKN plc., Finance Director of Booker plc and he also spent six years with Mobil Oil. Mr Turner has also served as a member of the Board of Whitbread plc and as Chairman of its Audit Committee from 2000 until 2006. He is a Fellow of The Institute of Chartered Accountants in England and Wales and has extensive experience in finance, international business and governance.

Director: Great Barrier Reef Foundation and O'Connell Street Associates.

Mr Turner is a resident of New South Wales. Age 67.

### **Ian M Narev BA, LLB (Hons) (Auck); LLM (Cantab); LLM (NYU), Managing Director and Chief Executive Officer**

Mr Narev assumed the role of Managing Director and Chief Executive Officer on 1 December 2011, taking over from Mr Ralph Norris following his retirement. Previously he was the Group Executive, Business and Private Banking for CBA and a director of the Board of ASB from March 2008 until 30 November 2011. Mr Narev joined CBA in 2007 as Group Head of Strategy from McKinsey & Company, where he was a global partner and head of the New Zealand office. His career at McKinsey began in New York in 1998. Prior to joining McKinsey he was a lawyer specialising in mergers and acquisitions.

Mr Narev is a resident of New South Wales. Age 45.

### **Sir John A Anderson, KBE**

Sir John joined the Board on 12 March 2007. He is a member of the Risk Committee and Board Performance and Renewal Committee. Sir John is a highly respected business and community leader, having held many senior positions in the New Zealand finance industry including Chief Executive Officer and Director of ANZ National Bank Limited from 2003 to 2005 and the National Bank of New Zealand Limited from 1989 to 2003.

In 1994, Sir John was awarded Knight Commander of the Civil Division of the Order of the British Empire, and in 2005 received the inaugural Blake Medal for "Outstanding Leadership Contributions to New Zealand".

Chairman: Television New Zealand Limited, New Zealand Venture Investment Fund, National Property Trust Limited and PGG Wrightson Limited.

Other Interests: Institute of Financial Professionals New Zealand (Fellow), Institute of Directors (Fellow), New Zealand Institute of Chartered Accountants (Fellow), Australian Institute of Banking and Finance (Life Member).

Sir John is a resident of Wellington, New Zealand. Age 66.

### **Colin R Galbraith, AM**

Mr Galbraith has been a member of the Board since 2000 and is a member of the Risk Committee, Audit Committee and Board Performance & Renewal Committee. He is a special advisor for Gresham Partners Limited.

Chairman: BHP Billiton Community Trust.



Director: OneSteel Limited and Australian Institute of Company Directors.

Other Interests: CARE Australia (Director) and Royal Melbourne Hospital Neuroscience Foundation (Trustee).

Mr Galbraith is a resident of Victoria. Age 64.

### **Jane S Hemstritch**

Ms Hemstritch was appointed to the Board effective 9 October 2006. She is Chairman of the People & Remuneration Committee and a member of the Risk Committee. Ms Hemstritch was Managing Director – Asia Pacific for Accenture Limited from 2004 until her retirement in February 2007. In this role, she was a member of Accenture’s global executive leadership team and oversaw the management of Accenture’s business portfolio in Asia Pacific. She holds a Bachelor of Science Degree in Biochemistry and Physiology and has professional expertise in technology, communications, change management and accounting. She also has experience across the financial services, telecommunications, government, energy and manufacturing sectors and in business expansion in Asia.

Director: The Global Foundation, Victorian Opera Company Limited, Tabcorp Ltd and Santos Ltd.

Other Interests: Institute of Chartered Accountants in Australia (Fellow), Institute of Chartered Accountants in England and Wales (Fellow), Chief Executive Women Inc. (Member), Walter and Eliza Hall Institute Financial Sustainability Council (Member), Council of Governing Members of The Smith Family and CEDA’s Policy and Research Committee (Member) and Council of the National Library of Australia (Member).

Ms Hemstritch is a resident of Victoria. Age 58.

### **Carolyn H Kay**

Ms Kay has been a member of the Board since 2003 and is also a member of the Audit, People & Remuneration and Risk Committees. She holds Bachelor Degrees in Law and Arts and a Graduate Diploma in Management. She has extensive experience in Finance, particularly in International Finance having worked as both a banker and a lawyer at Morgan Stanley, JP Morgan and Linklaters & Paines in London, New York and Australia.

Director: Allens, Brambles Industries Limited and Sydney Institute.

Other Interests: Australian Institute of Company Directors (Fellow) and Chief Executive Women’s Inc (Member).

Ms Kay is a resident of New South Wales. Age 50.

### **Brian Long**

Mr Long was appointed to the Board effective 1 September 2010. He became an audit partner of Ernst & Young in 1981 where he retired as a partner on 30 June 2010. Until that time he was the Chairman of both the Ernst & Young Global Advisory Council and of the Oceania Area Advisory Council. He is a Fellow of the Institute of Chartered Accountants in Australia.

Chairman: Ten Network Holdings Limited, United Way Sydney and United Way Australia Organisation.

Director: Cantarella Bros, Pty Ltd.

Other Interests: Institute of Chartered Accountants in Australia (Fellow), Chairman of United Way Australia, Member of Council and Chairman of Audit Committee for each of the National Library of Australia and the University of NSW.

Mr Long is a resident of New South Wales. Age 66.

### **Andrew M Mohl**

Mr Mohl was appointed to the Board effective 1 July 2008 and is a member of the Risk and People & Remuneration Committees. He has over 30 years of financial services experience. Mr Mohl was Managing Director and Chief Executive Officer of AMP Limited from October 2002, until December 2007.

Mr Mohl’s previous roles at AMP included Managing Director of AMP Financial Services and Managing Director and Chief Investment Officer, AMP Asset Management.

Mr Mohl was a former Group Chief Economist, Chief Manager, Retail Banking and Managing Director of ANZ Funds Management at ANZ Banking Group. He began his career at the Reserve Bank of Australia where his roles included Senior Economist and Deputy Head of Research.

Chairman: Federal Government Export Finance and Insurance Corporation.

Director: AMP Foundation.

Other Interests: Coaching services to Chief executives, Member of the Board of Governors for the Committee of Economic Development of Australia, the Advisory Council of the Australian School of Business at the University of New South Wales and the Corporate Council of the European Australian Business Council.

Mr Mohl is a resident of New South Wales. Age 56.

### **Fergus D Ryan**

Mr Ryan has been a member of the Board since 2000 and is Chairman of the Audit Committee and a member of the Risk Committee. He has extensive experience in accounting, audit, finance and risk management. He was a senior partner of Arthur Andersen until his retirement in 1999 after 33 years with that firm including five years as Managing Partner Australasia. Until 2002, he was Strategic Investment Co-ordinator and Major Projects Facilitator for the Commonwealth Government.

Director: Australian Foundation Investment Company Limited and Centre for Social Impact.

Other Interests: Chairman of the Advisory Council of the Global Foundation, Committee for Melbourne (Counsellor) and Pacific Institute (Patron).

Mr Ryan is a resident of Victoria. Age 69.

### **Harrison H Young**

Mr Young has been a member of the Board since 2007. He is Chairman of the Risk Committee and a member of the Audit Committee. On appointment to the Board, Mr Young retired as Chairman of Morgan Stanley Australia, a position he had held since 2003. From 1997 to 2003 he was a Managing Director and Vice Chairman of Morgan Stanley Asia. Prior to that he spent two years in Beijing as Chief Executive Officer of China International Capital Corporation.

From 1991 to 1994 he was a senior officer of the Federal Deposit Insurance Corporation in Washington.

Chairman: NBN Co Limited and Better Place (Australia) Pty Limited.

Director: Bank of England and Financial Services Volunteer Corps.

Mr Young is a resident of Victoria. Age 67.

### **Launa K Inman**

Ms Inman was appointed to the Board effective 16 March 2011. She is a member of the Risk Committee.

Ms Inman was Managing Director of Target Australia Pty Limited between 2005 and 2011. Prior to that appointment, Ms Inman was Managing Director of Officeworks.

Ms Inman won the 2003 Telstra Australian Business Woman of the Year and was winner of the Commonwealth Government Private and Corporate Sector Award.

Other Interests: Australian Institute of Company Directors (Member), Chief Executive Women Inc. (Member), Australian Institute of Management (Member) and World Retail Congress Advisory Board (Member).

Ms Inman is a resident of Victoria. Age 55.

## **ASB Finance Limited**

ASB Finance Limited is a wholly owned subsidiary of ASB, incorporated for the purpose of raising funds from offshore institutional debt markets to fund operations of ASB.

ASB Finance Limited was incorporated in New Zealand with limited liability on 18 October 1994 pursuant to the Companies Act 1993 with the company number 652448. ASB Finance Limited is governed by, and operates within the ambit of and as required by, its constitution, the Companies Act 1993 and the Financial Reporting Act 1993 (which constitute the corporate governance regime of New Zealand applicable to ASB Finance Limited).

During the period January 2000 to August 2004, ASB Finance Limited operated a branch in Sydney, Australia. The Sydney branch has now ceased operations. ASB Finance Limited did not trade in the period following the closing of the Sydney based branch until the establishment of the London branch of ASB Finance Limited in July 2006. The primary activities of ASB Finance Limited are to raise funds from offshore institutional debt markets under approved debt issuance programmes and on-lend those funds to ASB.

As at 30 June 2011, ASB Finance Limited had total assets of NZ\$8,070 million. Net profit after tax for the year ended 30 June 2011 was NZ\$2.4 million.

ASB Finance Limited does not have an audit committee.

As at the date of this Programme Circular, ASB Finance Limited has been rated AA- by S&P and Aa3 by Moody's.

## **Directors of ASB Finance Limited**

The directors of ASB Finance Limited, the business address of each of whom should be regarded for the purposes of this Programme Circular as being Level 28, ASB Bank Centre, 135 Albert Street, Auckland, New Zealand and their principal outside activities, where significant, are set out below. The directors of ASB Finance Limited may change from time to time.

### **K D (Kerry) Francis**

Mr Francis is the Executive General Manager, Institutional Banking and Markets of ASB, responsible for the Corporate and Institutional client business in New Zealand, of ASB and its subsidiaries, including Global Markets, Transaction Banking and Economics.

Mr Francis has over 30 years experience in Banking and Financial Markets. He joined ASB in 1986 and has held a range of treasury and financial markets roles prior to being appointed to his current position in April 2010.

### **K C (Kevin) McDonald**

Mr McDonald is the Chief Risk Officer of ASB, responsible for credit, market, operational, and regulatory risk. Mr McDonald joined the ASB Group in January 2010 after 5 years as Chief Risk Officer of RBS International, Jersey.

Mr McDonald has over 30 years experience in the banking industry, including positions with the UK Financial Services Authority and the Barclays Bank Group.

### **J E (Jon) Raby**

Mr Raby is the Chief Financial Officer of ASB. He joined ASB in March 2012 after 2 years as Chief Financial Officer for CBA's Retail Banking and Enterprise Services Divisions. Prior to that he was Acting Chief Executive Officer and Chief Financial Officer at Sovereign Assurance Company Limited.

Mr Raby has an extensive background in the financial services industry across New Zealand, Australia, the United Kingdom and South Africa.

ASB Finance Limited has in place procedures whereby any conflicts between the directors' duties to the company and their private interests are declared and managed. As at the date of this Programme Circular, there are no actual or potential conflicts of interest between the directors' duties to ASB Finance Limited and their private interests and/or other duties.

## **ASB Bank Limited**

### **Summary Information**

ASB Bank Limited (“ASB”) is the parent company of the ASB Group.

ASB was re-registered pursuant to the Companies Re-registration Act 1993 on 30 June 1995 with the company number 398445. ASB is governed by, and operates within the ambit of and as required by, its constitution, the Companies Act 1993, the Reserve Bank of New Zealand Act 1989 and the Financial Reporting Act 1993 (which constitute the corporate governance regime of New Zealand applicable to ASB).

ASB’s registered office is at Level 28, ASB Bank Centre, 135 Albert Street, Auckland, New Zealand, telephone number +64 9377 8930.

ASB is a full service, nationally operating bank. ASB is a wholly owned subsidiary of ASB Holdings Limited which in turn is 100 per cent. owned by CBA.

ASB’s Board of Directors and management operate autonomously from the Board of Directors and management of CBA.

As at 31 December 2011, ASB had total assets of NZ\$65,451 million (including total advances of NZ\$52,641 million) and total deposits of NZ\$57,200 million. Net profit after tax for the six months to 31 December 2011 was NZ\$372 million.

The RBNZ has set minimum regulatory capital requirements for banks that are consistent with the internationally agreed framework developed by the Basel Committee on Banking Supervision. These requirements define what is acceptable as capital and provide for methods of measuring the risks incurred by the ASB Group. ASB must comply with RBNZ minimum capital adequacy ratios under its conditions of registration to be registered as a registered bank under the Reserve Bank of New Zealand Act 1989. The ASB Group has been accredited by the RBNZ to calculate regulatory capital requirements under Basel II from the first quarter of 2008.

As at 31 December 2011, ASB’s Tier One capital ratio was 11.2 per cent. and its total capital ratio was 12.9 per cent. against RBNZ requirements of 4 per cent. and 8 per cent. respectively.

Unless otherwise stated, the financial information contained in this section has been extracted without material adjustment from the unaudited consolidated financial statements of ASB for the half year ended 31 December 2011.

As at the date of this Programme Circular, ASB has been rated AA- by S&P, Aa3 by Moody’s and AA- by Fitch.

### **History and Recent Developments**

The Auckland Savings Bank was founded in June 1847.

Following deregulation of the banking industry in late 1986, it became a full-service bank offering personal, corporate and business banking services and treasury operations, and changed its name to ASB Bank in August 1987. As a result of the Trustee Banks Restructuring Act 1988, ASB was incorporated on 16 August 1988 in New Zealand.

CBA acquired a 75 per cent. shareholding in February 1989, with the ASB Bank Community Trust retaining a 25 per cent. shareholding.

In 1992 ASB commenced its national expansion programme by moving outside its traditional Auckland and Northland areas of operation.

On 30 March 1999, the direct shareholding of ASB changed from Commonwealth Investments New Zealand Limited (75 per cent.) and ASB Bank Community Trust (25 per cent.) to being a wholly owned subsidiary of ASB Group Limited; ASB Group Limited then being owned by CBA (75 per cent.) and the ASB Bank Community Trust (25 per cent.).

On 3 October 2000, CBA purchased the remaining 25 per cent. of ASB Group Limited from the ASB Bank Community Trust.

Effective 1 July 2001, CBA restructured their New Zealand operations and moved the ultimate New Zealand ownership of ASB to ASB Holdings Limited. Commonwealth Bank of Australia owns 100 per cent. of ASB Holdings Limited, which in turn owns 100 per cent. of ASB.



## **Business Overview**

ASB is a full service, nationally operating bank and financial services company. It provides a seamless, total service that covers a comprehensive range of financial options that can be tailored to the needs of over 1.1 million international, corporate, business, rural and personal customers.

## **Personal Banking**

Central to ASB's personal banking strategy is providing customer service through the practical application of technology and community support. ASB was the first bank in New Zealand to offer real time banking, and since then ASB has continued to invest in, and take advantage of, technological advances that make it easier for customers to conduct business with ASB.

Long recognised for its strength in the home loan market, ASB's residential mortgage lending as at 31 December 2011 totalled NZ\$37.4 billion.

## **Business and Rural Banking**

ASB is a credible supplier of financial services to businesses and farmers. Its strong capabilities make it the preferred financial partner for many leading businesses, offering innovative, flexible solutions and delivering its services through the use of advanced, online technology.

## **Institutional Banking**

ASB Institutional is an undertaking of ASB and CBA in respect of their corporate and institutional banking products and services offered in the New Zealand market. This area of ASB provides corporate finance, specialist international trade and financial services, interest rate and financing solutions and transactional banking.

## **Investment Services**

Through ASB Group Investments Limited, customers can invest in a range of international and domestic managed funds and retirement savings options.

## **Insurance Services**

Customers' insurance needs are met through a range of life, borrowers' protection and health insurance offerings on behalf of Sovereign Assurance Company Limited, fire and general insurance on behalf of IAG New Zealand Limited and travel insurance on behalf of Tower Insurance Limited. Insurance products are available through ASB's branch network and specialised insurance managers.

## **Share Trading**

ASB Securities Limited, a wholly owned subsidiary of ASB, is a share broking operation and a member of the New Zealand Exchange.

## **Audit & Risk Committee**

ASB has an Audit & Risk Committee comprising all non-Executive Directors: JP Hartley (Chair), J P Ling, G L Mackrell, R M McEwan, G R Walker, R D Jesudason, J L Freeman and M B Coomer.

The Audit & Risk Committee assists the Board in fulfilling its statutory and fiduciary responsibilities relating to the external reporting of financial information, the internal control and the independence and effectiveness of audit.

The responsibilities of the Audit & Risk Committee include the following:

### *Financial Reporting and Internal Control*

- review and, if deemed appropriate, recommend that the Board adopt external financial reporting prepared by management;
- review accounting policies to ensure compliance with applicable laws and standards;
- review the adequacy of internal controls; and
- review assurances by management on the effectiveness of internal controls, compliance with risk management frameworks and disclosures in connection with financial reporting.

## Audit

- advise the Board in connection with any recommendation to the shareholder on the appointment and removal of the external auditor; and
- oversee and appraise the independence, effectiveness and scope of work of the internal and external audit services.

## Regulatory Developments

Open Bank Resolution (“OBR”) is a long-standing policy option of the RBNZ aimed at resolving a bank failure quickly, in such a way, including by applying a haircut to deposits, that the bank can be opened for business on the next business day following an insolvency or statutory management event, thus minimising stresses on the overall banking and payments system. The RBNZ’s requirement is that all locally incorporated banks with retail funding in excess of NZ\$1 billion must participate in a pre-positioning process. In February 2012, ASB provided draft detailed OBR implementation plans to the RBNZ for consultation. The RBNZ plans to impose a new condition of registration by the end of 2012 requiring relevant banks to fully implement OBR by the end of June 2013.

In May 2012, the RBNZ announced that it intends to increase the Core Funding Ratio under its liquidity policy from 70% to 75% from 1 January 2013.

The RBNZ has completed two consultations in relation to the implementation of Basel III in New Zealand. On 8 May 2012, the RBNZ released a letter to the chief executives of locally incorporated New Zealand banks advising that (among other things) the RBNZ intends to consult on proposed changes to the RBNZ’s banking supervision handbook to incorporate the RBNZ’s Basel III policy in July 2012. Until the RBNZ’s final prudential standards are issued and the RBNZ advises banks of their prudential capital requirements, the full extent of the impact of the changes are unknown.

## Summary of Accounts

The following table sets out certain consolidated summary financial data relating to the ASB Group. This data has been extracted from the published consolidated financial statements of ASB for the year ended 30 June 2011.

*(Unless otherwise specified, amounts are in NZ\$ millions)*

	<i>As at year ended 30 June</i>	
	<i>2011</i>	<i>2010</i>
	<i>(NZ\$ millions)</i>	
	<i>Consolidated</i>	
<b>Balance Sheet</b>		
Total assets	63,050	63,557
Advances <sup>(1)</sup>	52,513	53,678
Deposits <sup>(2)</sup>	50,930	51,281
<b>Shareholders’ funds</b>		
Shareholders’ Equity at end of year	3,947	3,548
<b>Income statement</b>		
Net interest income	1,265	1,033
Other income	342	392
Other expenses and charge for bad and doubtful debts	793	784
Net profit before taxation	814	641
Taxation	246	405
Net profit after taxation attributable to members of the ASB Group	568	236

### Notes:

- (1) Includes advances to customers (after deducting individually assessed provisions for bad and doubtful debts but excluding collective provisions), but excludes amounts due from financial institutions.
- (2) Includes due to financial institutions, debt issues and deposits from customers.

The following table sets out certain consolidated summary financial data relating to the ASB Group. This data has been extracted from the published consolidated financial statements of ASB for the half year ended 31 December 2011.

	<i>As at half year ended 31 December</i>	
	<i>2011</i>	<i>2010</i>
	<i>(NZ\$ millions)</i>	
	<i>Consolidated</i>	
<b>Balance Sheet</b>		
Total assets	65,451	63,496
Advances <sup>(1)</sup>	52,641	53,168
Deposits <sup>(2)</sup>	57,200	51,969
<b>Shareholders' funds</b>		
Shareholders' Equity at end of year	4,021	3,810
<b>Income statement</b>		
Net interest income	672	622
Other income	202	167
Other expenses and charge for bad and doubtful debts	364	385
Net profit before taxation	510	404
Taxation	138	121
Net profit after taxation attributable to members of the ASB Group	<u>372</u>	<u>283</u>

*Notes:*

- (1) Includes advances to customers (after deducting individually assessed provisions for bad and doubtful debts but excluding collective provisions), but excludes amounts due from financial institutions.
- (2) Includes due to financial institutions, debt issues and deposits from customers.

## **Directors of ASB Bank Limited**

The Board of ASB consists of nine directors – the Chairman, one executive director and seven other members. The directors of ASB, the business address of each of whom should be regarded for the purposes of this Programme Circular as being Level 28, ASB Bank Centre, 135 Albert Street, Auckland, New Zealand and their principal outside activities, where significant, are set out below. The directors of ASB may change from time to time.

### **G. R. (Gavin) Walker BCA Chairman**

Mr Walker was appointed as chairman of the ASB Board on 3 August 2011.

Mr Walker is a highly regarded and experienced independent director, who also currently serves on the boards of BT Investment Management and Lion Nathan National Foods Limited.

He is a former director of Goodman Fielder Limited and the AMP New Zealand Advisory Board. His previous executive experience includes being Chief Executive of Bankers Trust Investment Bank Australia and Chief Executive of Bankers Trust New Zealand Limited. He is a member of the New Zealand Institute of Directors, the Centre for Independent Studies, the Institute of Finance Professionals and an alumnus member of the New Zealand Business Roundtable.

### **B. J. (Barbara) Chapman Managing Director & Chief Executive Officer**

Ms Chapman commenced as Chief Executive Officer and Managing Director of ASB in April 2011. Over the past 17 years she has held a number of diverse senior executive roles with the CBA group of companies, having started her career with the CBA group of companies in 1994 as Chief Manager Marketing at ASB. Ms Chapman joined ASB's executive team in 2000 as General Manager Marketing and Human Resources before assuming the role of Head of Retail Banking and Marketing in 2001. In 2004, Ms Chapman moved into the role of Managing Director and Chief Executive Officer of Sovereign Assurance Company Limited.

Ms Chapman then joined the CBA group executive team on secondment in 2006 as head of the Marketing and Communications teams and her most recent executive role at CBA prior to rejoining ASB was as Group Executive, Human Resources and Group Services.

Ms Chapman is a former Chair of Oxfam New Zealand and a former director of Oxfam International. She was also an inaugural Trustee of the New Zealand Equal Opportunities Trust and was its Chair for several years.

### **G. L. (Garry) Mackrell B.Sc., B.Econ. (Hons), M.Com.**

Mr Mackrell was appointed to the ASB Board in December 2001. In a career spanning more than 36 years at CBA, he held several senior executive positions including 13 years as a member of the CBA group Executive Committee. Roles included General Manager, Institutional Banking, Group Executive, Group Planning and Development, and Group Executive, International Financial Services. Mr Mackrell retired in June 2009 but remains on several of the boards of CBA's banking subsidiaries or strategic banking investments. These include Bankwest Ltd, Bank of Hangzhou (China) and Vietnam International Bank.

### **J. P. (Jon) Hartley BA (Hons), FCA, ACA, FAICD Deputy Chairman**

Mr Hartley joined the ASB Board in June 2004. He is a qualified accountant with extensive business experience across a wide range of industries in several countries. Mr Hartley has been Chair, Chief Executive Officer or Chief Financial Officer of a number of companies including senior roles with Brierley Investments Limited in New Zealand and the Lend Lease Group in Australia. He is currently a Director of VisionFund International Limited, World Vision's global micro finance organisation and an advisory board member for several organisations.

### **R. M. (Ross) McEwan B.Bus (Massey)**

Mr McEwan was appointed to the ASB Board in October 2008. He is currently Group Executive Retail Banking Services for CBA with responsibility for Retail Banking Services – Australia's largest retail banking operation. Prior to CBA, he was with the ASB Group in New Zealand for 4 years. Mr McEwan has also worked in the insurance and investment industries both in Australia and New Zealand for more than 25 years.

### **J. P. (Jonathan) Ling BEng, MBA, Fellow Australian Institute of Company Directors (FAICD)**

Mr Ling has been Chief Executive and Managing Director of Fletcher Building Limited since 2006. Prior to that he was Chief Executive of Fletcher Building's Laminex Division based in Melbourne. Previous industry roles include Executive General Manager of Nylex Division, Chief Executive

Officer of Visy Recycling and prior to that Manager Corporate Development with Pacifica Limited, where he led Pacifica's extensive business build up in Asia.

**R. D. (Rob) Jesudason B.Sc. (Aston)**

Mr Jesudason was appointed to the ASB Board in January 2012. He is currently the Group Head of Strategy for CBA with responsibility for Group Strategic Development, Mergers and Acquisitions ("M&A") and also Process Excellence. Mr Jesudason joined CBA in December 2011.

Prior to joining CBA, Mr Jesudason was a Managing Director of Credit Suisse and Head of Global Emerging Markets team within the Financial Institutions Group, based in Hong Kong. Previous roles include Head of the APAC Financial Institutions Group at Credit Suisse, a Managing Director in the Asian special situations group responsible for investments in financial services at JP Morgan, Global Head of Corporate Development at Barclays PLC and roles within GE Capital's European and Japanese M&A teams and McKinsey's Corporate Finance and Strategy practice.

**J. L. (Jane) Freeman B. Com. (Auck)**

Ms Freeman was appointed to the ASB Board in March 2012. She is the current Chair of Pumpkin Patch Limited and is a board member of Delegats Group Limited. Over the course of her career, she has held the positions of General Manager of esolutions Limited, General Manager of BankDirect and General Manager, Residential Markets for Clear Communications Limited. Early in her career Ms Freeman also headed ASB's Marketing division. Her previous board appointments include Air New Zealand Limited, St George Bank New Zealand Limited and Skycity Entertainment Group Limited.

**M. B. (Michael) Coomer, B.Eng.; Grad.Dip. Digital Comm- (Monash); AMP (Harvard)**

Mr Coomer was appointed to the ASB Board in May 2012. He has held a number of senior global roles in the IT and Financial Services Industry during his more than 40-year career. His experience includes two years as Executive Vice-President, Asia Pacific for Electronic Data Systems and Group Executive, Business and Technology Services for Westpac Australia, a role he held for five years between 2002 and 2007. His other previous experience includes six years as Chief Information Officer of National Australia Bank in Melbourne from 1994 to 2000.

ASB has in place procedures whereby any conflicts between the directors' duties to the company and their private interests are declared and managed. As at the date of this Programme Circular, there are no actual or potential conflicts of interest between the directors' duties to ASB and their private interests and/or other duties.



## **Subscription and Sale**

The Dealers have in an Amended and Restated Programme Agreement dated 14 October 2010 (the “Programme Agreement”) agreed with the Issuers a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement for any particular purchase will extend to those matters stated under “Form of the Notes” and “Conditions of the Notes” above. In the Programme Agreement the Issuers have agreed to reimburse the Dealers for certain of their expenses. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase Notes under the Programme Agreement in certain circumstances prior to payment to the relevant Issuer.

The selling restrictions agreed between the Issuers and the Dealers are set out in a Schedule of Selling Restrictions dated 13 October 2011 and are summarised below. The restrictions may be amended from time to time by agreement between the Issuers and the Dealers. In addition, the applicable Final Terms may specify further selling restrictions agreed between the relevant Issuer and the relevant Dealer in relation to any Tranche of Notes. The selling restrictions are as follows:

### **United States of America**

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933 (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bearer Notes are subject to U.S. federal tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes will be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealers may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Programme Circular as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (A) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the issuer has consented in writing to its use for the purpose of that Non-exempt offer;
- (B) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (C) at any time to fewer than 100, or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (D) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (B) to (D) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

#### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes issued by ASB Finance having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by ASB Finance;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not or, in the case of CBA, would not, if it was not an authorised person, apply to the relevant Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **The Grand Duchy of Luxembourg**

In addition to the cases described in the Public Offer Selling Restriction under the Prospectus Directive selling restrictions in which the Dealers can make an offer of Notes to the public in an EEA Member State (including the Grand Duchy of Luxembourg), the Dealers can also make an offer of Notes to the public in the Grand Duchy of Luxembourg:

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment

- funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10th July, 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the *Commission de surveillance du secteur financier* as competent authority in Luxembourg in accordance with the Prospectus Directive.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **Australia**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that in connection with the distribution of each Tranche of Notes it:

- (a) will not make any offer or invitation in Australia or any offer or invitation which is received in Australia in relation to the issue, sale or purchase of any Notes unless the offeree is required to pay at least A\$500,000 for the Notes or its foreign currency equivalent (in either case disregarding moneys, if any, lent by the Issuer or other person offering the Notes or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act)), or it is otherwise an offer or invitation for which by virtue of section 708 of the Corporations Act no disclosure is required to be made under Part 6D.2 of the Corporations Act and is not made to a retail client (as defined in section 761G or 761GA of the Corporations Act); and
- (b) has not circulated or issued and will not circulate or issue a disclosure document relating to the Notes in Australia or received in Australia which requires lodging under Division 5 of Part 6D.2 or under Part 7 of the Corporations Act.

Each Dealer has agreed to offer Notes to be issued by CBA for sale in a manner which will allow payments of interest or amounts in the nature of interest on those Notes to be exempt from Australian withholding tax under section 128F of the Australian Tax Act, as amended. In particular, each Dealer has agreed that it will not sell Notes to any person if, at the time of sale the Dealer knew or had reasonable grounds to suspect that as a result of such sale, any Notes or an interest in any Notes was being, or would later be, acquired (directly or indirectly) by an *Offshore Associate* of CBA (other than one acting in the capacity of a dealer, manager or underwriter in relation to the placement of the Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act).

An “Offshore Associate” of CBA means an associate (as defined in section 128F of the Australian Tax Act) of CBA that either is a non-resident of the Commonwealth of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia or, alternatively, is a resident of Australia that acquires the Notes in carrying on business at or through a permanent establishment outside of Australia.

For the avoidance of doubt, the selling restrictions immediately above concerning section 128F of the Australian Tax Act apply irrespective of the jurisdiction in which the Notes are being offered or sold.

### **New Zealand**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Note; and
- (b) it will not distribute any offering memorandum or advertisement in relation to any offer of Notes, in New Zealand other than:

- (i) to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- (ii) to persons who are each required to pay a minimum subscription price of at least NZ\$500,000 for the Notes (disregarding any amount lent by the offeror, the relevant Issuer, or any associated person of the offeror or relevant Issuer) before the allotment of those Notes; or
- (iii) to persons who have each previously paid a minimum subscription price of at least NZ\$500,000 for securities previously issued by the relevant Issuer (“Initial Securities”) in a single transaction before allotment of the Initial Securities (disregarding any amount lent by the offeror, the relevant Issuer or any associated person of the offeror or the relevant Issuer), provided that the date of first allotment of the Initial Securities occurred not more than 18 months before the date of offer of the Notes; or
- (iv) to persons who are “eligible persons” within the meaning given to that term in section 5(2CC) of the Securities Act 1978 of New Zealand; or
- (v) to persons who in all the circumstances can properly be regarded as having been selected other than as members of the public; or
- (vi) in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand.

Each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes to persons whom it believes to be persons who are resident in New Zealand for New Zealand income tax purposes or who carry on business in New Zealand through a fixed establishment (as defined for New Zealand income tax purposes) in New Zealand, unless such persons certify that they hold a valid certificate of exemption for New Zealand resident withholding tax purposes and provide a New Zealand tax file number to such Dealer (in which event the Dealer shall provide details thereof to the relevant Issuer or to a Paying Agent).

### **Republic of Italy**

Unless it is specified within the relevant Final Terms that a non exempt offer may be made in Italy, the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Programme Circular (including the relevant Final Terms) or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “Financial Services Act”) and Article 34-ter, first paragraph, letter b) of Commissione Nazionale per le Società e la Borsa (“CONSOB”) Regulation No. 11971 of 14 May 1999, as amended from time to time (“Regulation No. 11971”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Programme Circular (including the relevant Final Terms) or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “Banking Act”); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.



## **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## **Singapore**

This Programme Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (“SFA”). Accordingly the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase, nor may this Programme Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the SFA, (b) to a relevant person under Section 275(1A) of the SFA or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor;
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,  
securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the SFA except:
  - (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) of the SFA or Section 276(4)(i)(B) of the SFA;
  - (ii) where no consideration is or will be given for the transfer; or
  - (iii) where the transfer is by operation of law; or
  - (iv) pursuant to Section 276(7) of the SFA.

## **People’s Republic of China**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.

## **Taiwan**

The Notes may not be sold, offered or issued to Republic of China (“Taiwan”) resident investors or in Taiwan unless they are made available, (i) outside Taiwan for purchase outside Taiwan by such investors and/or (ii) in Taiwan, (A) in the case of Structured Notes (as defined below) through bank trust departments, licensed securities brokers and/or insurance company investment linked



insurance policies pursuant to the Taiwan Rules Governing Offshore Structured Products or (B) in the case of Notes which are not Structured Notes, through properly licensed Taiwan intermediaries (including the specified trust of money services of licensed banks in Taiwan acting as trustees) in such manner as complies with Taiwan law and regulation and/or (iii) in such other manner as may be permitted or exempted in accordance with Taiwan laws and regulations.

For the purpose of the preceding paragraph, “Structured Notes” means combination products issued outside of Taiwan by means of securities that link fixed income products and underlying financial derivative products that derive from equities, interest rates, foreign exchange rates, indexes, commodities, credit events or other interests.

### **General**

No action (other than the approval of the Programme Circular as an approved prospectus for the purposes of Section 85 of the FSMA by the UK Listing Authority) has been taken by the Issuers or any of the Dealers that would, or is intended to, permit an offer of any Notes in any country or jurisdiction where any such action for that purpose is required.

Accordingly, each Dealer has undertaken and each further Dealer appointed under the Programme will be required to undertake that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

Without prejudice to the generality of the preceding paragraph each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as provided in the Programme Agreement, it will obtain any consent, approval or permission which is required for the offer, purchase or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will comply with all such laws and regulations.

## **General Information**

### **1 Admission of the Notes to the Official List**

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading by the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a global Note or Notes representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of such Notes is expected to be granted on or around 22 June 2012.

### **2 Authorisation**

The establishment of the Programme was authorised by the Managing Director of CBA. ASB Finance's accession to the Programme was authorised by its Board of Directors and its shareholder. The increase of the size of the Programme to its present limit of U.S.\$70,000,000,000 was authorised by the Chief Financial Officer of CBA, the ASB Finance Board of Directors and the shareholder of ASB Finance.

ASB's guarantee of ASB Finance's payment obligations under Notes issued by ASB Finance was authorised by the ASB Board of Directors.

The update of the Programme has been duly authorised by the ASB Finance Board of Directors, the shareholder of ASB Finance and the Executive Leadership Team of ASB.

### **3 Consents**

No authorisations, consents or approvals are required by the Issuers from government agencies or other official bodies in Australia or New Zealand in connection with the creation of the Programme, the issue of any Notes thereunder or the execution and delivery (where applicable) of the Programme Agreement, the Guarantee, the Agency Agreement and the Deed of Covenant or the performance by the Issuers of their obligations thereunder save for the obtaining by CBA, where necessary, of approval from the Reserve Bank of Australia or other regulatory body in respect of payments on any of the Notes if such payments are made outside the Commonwealth of Australia.

### **4 Litigation**

None of CBA nor any of its subsidiaries (including ASB and ASB Finance) are or have been involved in any governmental, legal or arbitration proceedings in the twelve months immediately preceding the date hereof which may have or have had in the recent past a significant effect on the financial position or profitability of CBA and its subsidiaries (or as the case may be, ASB and its subsidiaries, including ASB Finance), taken as a whole, and, save as mentioned above, so far as each of CBA, ASB and ASB Finance is aware, there are no such governmental, legal or arbitration proceedings pending or threatened involving it or any of its subsidiaries.

### **5 Significant or Material Change**

There has been no significant change in the financial or trading position of CBA and its subsidiaries, taken as a whole, since the date of its unaudited financial statements prepared to 31 December 2011 and there has been no material adverse change in the prospects of CBA and its subsidiaries, taken as a whole, since the date of its audited financial statements prepared to 30 June 2011.

There has been no significant change in the financial or trading position of ASB Finance Limited since the date of its audited financial statements prepared to 30 June 2011 and there has been no material adverse change in the prospects of ASB Finance Limited since the date of its audited financial statements prepared to 30 June 2011.

There has been no significant change in the financial or trading position of ASB and its subsidiaries, taken as a whole, since the date of its unaudited financial statements prepared to 31 December 2011 and there has been no material adverse change in the prospects of ASB and its subsidiaries, taken as a whole, since the date of its audited financial statements prepared to 30 June 2011.

### **6 Legal Opinions**

Legal opinions relating to the Programme have been delivered to the Dealers by Allen & Overy LLP, in their capacity as English legal advisers to the Issuers, by Allens Linklaters, in their capacity as Australian legal advisers to CBA, and by Chapman Tripp, in their capacity as New Zealand legal advisers to ASB Finance and ASB.

## **7 Audited Financial Statements**

CBA's consolidated financial statements for the years ended 30 June 2010 and 30 June 2011 were audited, without qualification, by PricewaterhouseCoopers, Chartered Accountants, of Darling Park Tower 2, 201 Sussex Street, Sydney NSW 1171, Australia. The auditors of CBA have no material interest in either of the Issuers or the Guarantor.

ASB Finance Limited's consolidated financial statements for the years ended 30 June 2010 and 30 June 2011 were audited, without qualification, by PricewaterhouseCoopers, Chartered Accountants, of 188 Quay Street, Auckland, New Zealand. The auditors of ASB Finance Limited have no material interest in either of the Issuers or the Guarantor.

ASB's consolidated financial statements for the years ended 30 June 2010 and 30 June 2011 were audited, without qualification, by PricewaterhouseCoopers, Chartered Accountants, of 188 Quay Street, Auckland, New Zealand. The auditors of ASB have no material interest in either of the Issuers or the Guarantor.

## **8 Euroclear and Clearstream, Luxembourg**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be contained in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg, is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

## **9 Documents Available for Inspection**

Copies of the following documents may be inspected during usual business hours on any business day at the offices of Commonwealth Bank of Australia and the London Branch office of ASB Finance Limited (currently Senator House, 85 Queen Victoria Street, London EC4V 4HA) and at the offices of any Paying Agent in the United Kingdom for so long as the Programme remains in existence:

- (i) the Constitutions of each of the Issuers and of the Guarantor;
- (ii) the Commonwealth Banks Act 1959, as amended, the Commonwealth Banks Amendment Act 1984, the Commonwealth Banks Amendment Act 1985, the Commonwealth Banks Amendment Act 1987, the Commonwealth Banks Restructuring Act 1990, the State Bank (Succession of Commonwealth Bank) Act 1990, the Commonwealth Banks Amendment Act 1993, the Commonwealth Bank Sale Act 1995;
- (iii) the Programme Agreement, the Guarantee, the Agency Agreement, the Deed of Covenant and the forms of the Notes, Coupons, Receipts and Talons;
- (iv) this Programme Circular, any supplementary listing particulars published and each Pricing Supplement relating to Notes admitted to the Official List;
- (v) the terms and conditions of the notes contained in the previous Programme Circulars dated 26 September 2001, pages 17 to 36 (inclusive); 26 September 2002, pages 17 to 37 (inclusive); 26 September 2003, pages 17 to 37 (inclusive); 1 June 2004, pages 18 to 38 (inclusive); 21 October 2004, pages 20 to 43 (inclusive); 2 March 2005, pages 20 to 43 (inclusive); 14 October 2005, pages 30 to 54 (inclusive); 13 October 2006, pages 32 to 56 (inclusive); 15 October 2007, pages 47 to 71 (inclusive); 16 October 2008, pages 50 to 75 (inclusive); and 16 October 2009, pages 62 to 87 (inclusive); 14 October 2010, pages 58 to 92 (inclusive) and 13 October 2011, pages 62 to 97 (inclusive);
- (vi) the auditors' reports and audited consolidated and non-consolidated annual financial statements for the financial years ended 30 June 2011 (contained in the Annual Report 2011) and 30 June 2010 (contained in the Annual Report 2010) of CBA;
- (vii) the auditors' reports and audited consolidated and non-consolidated annual financial statements for the financial years ended 30 June 2011 and 30 June 2010 of ASB;
- (viii) the auditors' reports and audited non-consolidated annual financial statements for the financial years ended 30 June 2011 and 30 June 2010 of ASB Finance;
- (ix) the Profit Announcement; and
- (x) the December 2011 Disclosure Statement.

## 10 Australian Taxation

The following is a summary of the Australian taxation treatment, at the date of this Programme Circular, of payments of interest on Notes and certain other matters where the Issuer is CBA. It is not exhaustive and does not deal with the position of certain classes of holders of a Note (such as dealers in securities). Prospective holders of Notes should be aware that the particular terms of issue of any series of Notes may affect the tax treatment of that and other series of Notes. The following is a general guide and should be treated with appropriate caution. In particular, the Australian taxation treatment of Indexed Linked Redemption Notes or Dual Currency Redemption Notes may be different to that described below. Holders of Notes who are in any doubt as to their tax position should consult their professional advisers.

References to 'interest' include amounts in the nature of or in substitution for interest.

The requirements for obtaining an exemption from Australian interest withholding tax set out in section 128F of the Australian Tax Act include:

- (i) the issuer must be a resident of Australia when it issues the Notes and when interest is paid;
- (ii) the issue of the Notes must satisfy a public offer test containing five basic alternatives designed to ensure that lenders in capital markets are aware that the issuer is offering Notes for issue.

Where practicable, CBA intends to issue Notes in a manner which will satisfy these requirements.

### *The public offer test*

In summary, the alternatives to satisfy the public offer test are:

- (i) offers to 10 or more professional market financiers, investors or dealers who are not associates of each other;
- (ii) offers to 100 or more potential investors;
- (iii) offers of listed Notes;
- (iv) offers as a result of negotiations being initiated via electronic or other market sources; or
- (v) offers to dealers, managers or underwriters who by agreement with the issuer offer the Notes for sale within 30 days by one of the preceding methods.

The issue of a global note by one of these methods will satisfy the public offer test.

### *Associates of issuer*

The public offer test will not be satisfied if, at the time of issue, the issuer knew or had reasonable grounds to suspect that the Notes, or an interest in the Notes, was being, or would later be, acquired either directly or indirectly by an Offshore Associate of the issuer (other than one acting in the capacity of a dealer, manager or underwriter in relation to the placement of the Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme (within the meaning of the Corporations Act)).

Moreover, the section 128F exemption will not be available if, at the time of payment, the issuer knows or has reasonable grounds to suspect that interest in respect of a Note is to be paid to an Offshore Associate of the issuer other than one receiving the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme. The Conditions of the Notes provide that in these circumstances CBA will not be required to gross up interest payments.

## **ACCORDINGLY, NOTES MUST NOT BE PURCHASED BY OFFSHORE ASSOCIATES OF CBA OTHER THAN THOSE ACTING IN THE PERMITTED CAPACITIES DESCRIBED ABOVE**

As a result of the issue of global Notes, rights conferred by Euroclear or Clearstream, Luxembourg in relation to the Notes will be created in favour of the Noteholders.

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on bearer notes (other than certain zero coupon promissory notes) if the issuer fails to disclose the names and addresses of the holders to the Australian Taxation Office. Section 126 does not apply to the payment of interest on notes held by non-residents who do not carry on business at or through a permanent establishment in Australia where the issue of those notes satisfied the requirements of section 128F of the Australian Tax Act or interest withholding tax is payable. However, the operation of section 126 in relation to notes held in some circumstances is unclear.

Section 126 will not apply in any circumstances if the name and address of the holder of the relevant notes is disclosed to the Australian Taxation Office.

The Commissioner of Taxation of the Commonwealth of Australia may give a direction under section 255 of the Australian Tax Act or section 260-5 of the Taxation Administration Act 1953 or any similar provision requiring the issuer to deduct from any payment to any other party (including any holder of Notes) any amount in respect of tax payable by that other party.

The Australian Tax Act contains provisions governing the taxation of financial arrangements (referred to as “the TOFA regime”) which may apply to the Notes. However, the law that governed the taxation of financial arrangements before the introduction of the TOFA regime will continue to apply to Notes held by taxpayers that are not subject to the TOFA regime because they do not meet certain threshold requirements. In any case, the TOFA regime does not contain any measures that override the exemption from Australian interest withholding tax available under section 128F of the Australian Tax Act in respect of interest payable on the Notes.

## **11 New Zealand Taxation**

*The following is a general description of certain New Zealand tax considerations as at the date hereof relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in that country or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries’ tax laws could be relevant to acquiring holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, and the consequences of such actions under the tax laws of those countries.*

### *New Zealand Resident Withholding Tax*

To the extent New Zealand law requires, a deduction on account of New Zealand resident withholding tax will be made from the payment of interest (as defined for New Zealand income tax purposes in relation to withholding taxes) made by ASB Finance under the Notes (and, in the case of ASB, under the guarantee of Notes issued by ASB Finance) where:

- (a) the recipient is a resident of New Zealand for income tax purposes or such recipient carries on business in New Zealand through a fixed establishment (as defined for New Zealand income tax purposes) in New Zealand (a “New Zealand Holder”); and
- (b) at the time of such payment the New Zealand Holder does not hold a valid certificate of exemption for New Zealand resident withholding tax purposes.

Prior to any interest payment date or the maturity date of any of the Notes, any New Zealand Holder:

- (i) must notify ASB Finance or the Paying Agent (i) that the New Zealand Holder is the holder of a Note and (ii) whether it derives beneficially interest under a Note jointly with any other person; and
- (ii) must notify ASB Finance or the Paying Agent of any circumstances, and provide ASB Finance or the Paying Agent with its New Zealand tax file number and any information (including a copy of a valid certificate of exemption), that may enable ASB Finance (or ASB, as the case may be) to make the payment of interest to the New Zealand Holder without deduction on account of New Zealand resident withholding tax.

The New Zealand Holder must notify ASB Finance (or ASB, as the case may be), prior to any interest payment date or the maturity date of Notes of any change in the New Zealand Holder’s circumstances from those previously notified that could affect ASB Finance’s (or ASB’s, as the case may be) payment obligations in respect of such Note.

### *New Zealand Non-Resident Withholding Tax*

To the extent that New Zealand law requires ASB Finance under the Notes or ASB under the guarantee of Notes issued by ASB Finance to deduct New Zealand non-resident withholding tax from the payment of interest in respect of a Note, ASB Finance and ASB may, and intend (for so long as the relevant party does not incur any increased cost or detriment from doing so) to reduce the applicable rate of non-resident withholding tax to zero per cent. by registering the Notes or the Programme under which the Notes are issued with the New Zealand Inland Revenue Department whereby the Notes will be a “registered security” (as defined for New Zealand tax purposes), and paying, on the relevant party’s own account, an approved issuer levy (which is currently equal to two per cent. of the relevant interest payment). The approved issuer levy regime will not apply to



payments to a “person associated” (as defined for New Zealand income tax purposes) with ASB Finance or ASB.

Where interest is paid in respect of a Note and the recipient:

- (a) is not a New Zealand Holder; and
- (b) derives such interest jointly with one or more persons, and one or more of those persons is a New Zealand resident for New Zealand income tax purposes,

the approved issuer levy regime will not apply to the non-New Zealand Holder and (subject to any applicable double tax treaty) the New Zealand non-resident withholding tax imposed will equate to the applicable rate of New Zealand resident withholding tax.

#### *Indemnity and Other Taxation Matters*

By accepting payment of the full face amount of any Note on its maturity:

- (a) a New Zealand Holder agrees to indemnify ASB Finance and ASB for all purposes in respect of any liability that ASB Finance or, as the case may be, ASB may incur for not deducting any amount from such payment on account of New Zealand resident withholding tax; and
- (b) in the case of a Note under which a person, who is not a New Zealand Holder, derives a beneficial interest jointly with one or more persons, and one or more of those persons is tax resident in New Zealand, such non-New Zealand Holder agrees to indemnify ASB Finance and ASB for all purposes in respect of any liability that ASB Finance or, as the case may be, ASB may incur for not deducting any amount from such payment on account of New Zealand non-resident withholding tax applicable to such non-New Zealand Holder.

A Note holder will not become resident, or deemed to be resident, or domiciled, in New Zealand for New Zealand income tax purposes by reason only of the holding of a Note or the execution, performance, delivery and/or enforcement of the Notes.

New Zealand has no wealth, estate or inheritance taxes. In addition, New Zealand abolished gift duty with effect from 1 October 2011. There is no New Zealand goods and services tax (which is a type of value added tax) payable in respect of payments in consideration for the issue of Notes or the transfer of a Note.

No stamp, registration, documentary or other similar tax is payable in New Zealand in respect of the issue of Notes or in relation to any enforcement proceedings in respect of the Notes brought in the Courts of New Zealand, other than the nominal cheque duty that may be required to be paid on any Note were such Note to be enforced in the courts of New Zealand.

Neither ASB Finance nor ASB makes any statement about the treatment for taxation purposes of payments or receipts in respect of Notes. Persons contemplating acquiring Notes should consult their tax advisers as to the consequences (including the withholding tax consequences) relating to the acquisition, retention and disposition of Notes.

## **12 United Kingdom Taxation**

*The following applies only to persons who are the beneficial owners of Notes issued by ASB Finance and is a summary of the Issuer’s understanding of current law and HM Revenue & Customs (“HMRC”) published practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes issued by ASB Finance. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes issued by ASB Finance. Some aspects may not apply to certain classes of person (such as dealers and persons connected with ASB Finance) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders (or beneficial owners) of Notes issued by ASB Finance who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.*

### **Interest on the Notes issued by ASB Finance**

Payments of interest on the Notes issued by ASB Finance Limited (“ASB Finance”) may be made without deduction of or withholding for or on account of United Kingdom income tax provided that the Notes issued by ASB Finance are and continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the Income Tax Act 2007 (the “Act”). The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in

accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes issued by ASB Finance are and remain so listed, interest on the Notes issued by ASB Finance will be payable without withholding or deduction for or on account of United Kingdom tax.

Interest on the Notes issued by ASB Finance may also be paid without withholding or deduction on account of United Kingdom tax in certain limited circumstances including where interest on the Notes issued by ASB Finance is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes issued by ASB Finance is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Notes issued by ASB Finance may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes issued by ASB Finance is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes issued by ASB Finance on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Noteholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the payee or the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest on behalf of a Noteholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes issued by ASB Finance which are deeply discounted securities for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts on behalf of another person who is an individual, although HMRC's published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid or received on or before 5 April 2013. Such information may include the name and address of the payee or the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities in other countries.

## **13 Luxembourg Taxation**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

### **Withholding Tax**

#### **(i) Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the "Laws") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "Territories"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant

payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

#### **(ii) Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the “Law”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

### **14 EU savings directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required, unless during that period they elect otherwise, to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

### **15 Republic of Italy Taxation**

*The following is a summary of current Italian law and practice relating to the taxation of the Notes. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Programme Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in Securities or commodities) may be subject to special rules.*

*Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.*

*Any changes to the tax regime in force described below are set out in the Final Terms relating to each offer and/or listing of Notes.*

#### **Tax treatment of the Notes**

Pursuant to the Italian tax law, the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes which are capital protected may be different to that applicable to Notes that are not capital protected. For this purposes a Note is considered as capital protected when the issuer assumes the contractual obligation vis-à-vis the holders to pay-back at maturity or redemption an amount which can not be lower than the nominal value of the Note.

#### **Capital protected Notes**

Where the Notes have an original maturity of at least 18 months and an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime – see “Capital Gains Tax” below), (ii) a non-commercial partnership pursuant to Article 5 of the Italian Income Consolidated

Code (TUIR) (with the exception of general partnership, limited partnership and similar entities), (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as “imposta sostitutiva”, levied at the rate of 12.50 per cent. (the rate shall be amended to 20 per cent. for interest, premium and other income accrued as of, or following, 1 January 2012). In the event that the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is not included in the above (i) to (iv) and is a company or similar commercial entity pursuant to article 73 of TUIR or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder’s income tax return and are therefore subject to general Italian corporate taxation (“IRES”, levied at the rate of 27.5 per cent.) and, in certain circumstances, depending on the “status” of the Noteholder, also to regional tax on productive activities (“IRAP”, generally levied at the rate of 3.9 per cent, even though regional surcharges may apply).

If an investor is resident in Italy and is an open-ended or closed-ended investment fund to which the tax regime according to No. 77 of 23 March 1977 applies (the “Fund”) or a SICAV, and the Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund or SICAV. The Fund or SICAV will not be subject to taxation on the basis of such results, but a substitutive or withholding tax of 12.5 per cent. (20 per cent. on payments made from 1 January 2012) will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the “**Collective Investment Fund Substitutive Tax**”).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* (“SIMs”), fiduciary companies, *Società di gestione del risparmio* (SGRs), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an “Intermediary”).

For the Intermediary to be entitled to apply the *imposta sostitutiva*, it must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder. If interest and other proceeds on the Notes are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners listed above under (i) to (iv) will be required to include interest and other proceeds in their yearly income tax return and subject them to a final substitute tax at a rate of 12.5 per cent. (the rate shall be amended to 20 per cent. for interest, premium and other income accrued as of, or following, 1 January 2012).

If the Notes have an original maturity of less than 18 months, the *imposta sostitutiva* applies at a rate equal to 27 per cent. (the rate shall be amended to 20 per cent. for interest, premium and other income accrued as of, or following, 1 January 2012). In this case, the 27 per cent. *imposta sostitutiva* also applies where the Italian Noteholder is a fund, a SICAV or a pension fund (subject to the regime set out by Article 17 of the Legislative Decree No. 252 of 5 December 2005). In relation to Notes issued for an original maturity of less than 18 months held by (i) Italian pension funds; (ii) Italian Funds; and (iii) SICAVs, the interest and other income accrued as of, or following, 1 January 2012 will no longer be subject to *imposta sostitutiva*.



### **Early Redemption**

Without prejudice to the above provisions, in the event that Notes having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from their issue date, or, on certain conditions, if repurchased by the Issuer within this period (as set out in Resolution No.11 of 31 January 2011 of Italian Revenue Agency (*Agenzia delle Entrate*)), Italian resident Noteholders will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or the redemption of the Notes, an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption.

As of 1 January 2021, the 20 per cent. surcharge applicable in the case previously described will no longer apply.

### **Non-Italian Resident Noteholders**

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to the Notes provided that, if the Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

### **Non-capital protected Notes**

If the Notes does not contain the contractual obligation of the issuer vis-à-vis the holders to pay-back at maturity or redemption an amount which can not be lower than the nominal value, it is possible that the Notes would be considered as ‘atypical’ Notes pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to the Notes may be subject to an Italian withholding tax, levied at the rate of 27 per cent. (the rate shall be amended to 20 per cent. for payments payable as of, or following, 1 January 2012).

The 27 per cent. (or 20 per cent. for payments payable as of, or following, 1 January 2012) withholding tax mentioned above does not apply to payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

### **Payments made by a non-resident Guarantor**

With respect to payments made to Italian resident Noteholders by a non-Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payment made by the Italian non-resident guarantor could be treated, in certain circumstances, as a payment made by the relevant Issuer and would thus be subject to the tax regime described in the previous paragraphs of this section.

### **Capital Gains Tax**

In both the cases above described (e.g. capital protected and non-capital protected Notes), any gain obtained from the sale, early redemption or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are effectively connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not holding the Notes in connection with an entrepreneurial activity, any capital gain realised by such Noteholder from the sale, early redemption or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 12.50 per cent. (which shall be amended to 20 per cent. for capital gains realised as of, or following, 1 January 2012). Under some conditions and limitations, Noteholders may set off losses with gains. This rule applies also to certain other entities holding the Notes.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

- 1) Under the “tax declaration” regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales, early redemption or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta*



*sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains of the same nature up to an overall amount of 62.5 per cent. of the relevant capital losses.

- 2) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale, early redemption or redemption of the Notes (the “*risparmio amministrato*” regime provided for by Article 6 of the Legislative Decree No. 461 of 21 November 1997, as a subsequently amended, the “Decree No. 461”). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express *valis* election for the *risparmio amministrato* regime being punctually made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale, early redemption or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale, early redemption or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same Notes management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains of the same nature up to an overall amount of 62.5 per cent. of the relevant capital losses.
- 3) Any capital gains realised or accrued by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have validly opted for the so-called “*risparmio gestito*” regime (regime provided by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.50 per cent. (or 20 per cent. for increase in value accrued as of, or following, 1 January 2012) substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return. Depreciation of the management assets accrued at 1 January 2012 may be carried forward to be offset against any subsequent increase in value up to an overall amount of 62.5 per cent. of the relevant depreciation.

Any capital gains realised by a Noteholder which is a Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period. Such result will not be taxed with the Fund or SICAV, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Substitute Tax of 12.5 per cent. (20 per cent. on payments made from 1 January 2012).

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

### ***Non-Italian Resident Noteholders***

Capital gains realised by non-Italian resident Noteholders from the sale, early redemption or redemption of the Notes are not subject to Italian taxation, provided that the Notes (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other Notes) as a result of death or donation are taxed as follows:

- 1) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- 2) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and
- 3) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

### **Transfer Tax**

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December, 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of Notes are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of EUR 168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### ***Implementation in Italy of the EU Savings Directive***

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (“Decree No. 84”). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

### **16 Post-issuance information**

Save as set out in the Final Terms, the Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

### **17 Dealers transacting with the Issuers**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuers and of the Guarantor and their respective affiliates in the ordinary course of business.

**Registered and  
Head Offices  
of the Issuers**

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

**ASB Finance Limited**  
Level 28  
ASB Bank Centre  
135 Albert Street  
Auckland  
New Zealand

**Registered and  
Head Offices  
of the  
Guarantor**

**ASB Bank Limited**  
Level 28  
ASB Bank Centre  
135 Albert Street  
Auckland  
New Zealand

**Principal  
Paying Agent**

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
England

**Registrar**

**Deutsche Bank Luxembourg S.A.**  
2 Boulevard Konrad Adenauer  
L-1115 Luxembourg  
Luxembourg

**Paying and  
Transfer  
Agents**

**Deutsche Bank AG, London  
Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
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