

Commonwealth Bank Australia

Commonwealth Bank of Australia, A.B.N. 48 123 123 124



Incorporated in Australia with limited liability

**U.S.\$30,000,000,000 CBA Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments of interest and
principal by**

Perpetual Corporate Trust Limited

*(incorporated with limited liability in the Commonwealth of Australia
and having Australian Business Number 99 000 341 533)*

as trustee of the CBA Covered Bond Trust

This supplement (the “**Supplement**”) comprises a supplement to the prospectus of Commonwealth Bank of Australia (the “**Issuer**”) dated 3 December 2018 as supplemented on 6 February 2019, 21 March 2019, 8 April 2019 and on 22 May 2019 (as so supplemented, the “**Prospectus**”). The Prospectus is a base prospectus prepared in connection with the CBA Covered Bond Programme (the “**Programme**”) established by the Issuer and unconditionally and irrevocably guaranteed as to payments of interest and principal by Perpetual Corporate Trust Limited ABN 99 000 341 533 in its capacity as trustee of the CBA Covered Bond Trust (the “**Trust**” and, in such capacity, the “**Covered Bond Guarantor**”). This Supplement constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000, as amended.

Terms defined in the Prospectus have the same meaning when used in this Supplement. This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuer. A copy of this Supplement will be made available for inspection at the offices of the Issuer and at the offices of the Principal Paying Agent for so long as the Programme remains in existence. This Supplement and the Annual Report (as defined below) will be published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The purpose of this Supplement is to (i) incorporate by reference specified pages of the Annual Report into the Prospectus; (ii) update the Prospectus to reflect the announcement made on 2 August 2019 with respect to the completion of the Issuer’s divestment of Colonial First State Global Asset Management to Mitsubishi UFJ Trust and Banking Corporation; (iii) update the Prospectus with respect to APRA’s decision on loss-absorbing capacity of ADIs; (iv) update the Prospectus to reflect the announcement made on 7 August 2019 with respect to the Remedial Action Plan; (v) update the Prospectus to reflect the announcement made on 7 August 2019 with respect to the Bank’s Wealth Management business; (vi) update certain references to the rating agencies to reflect the communication from the European Commission on 29 July 2019 regarding its equivalence decision adopted with respect to the CRA Regulation; and (vii) confirm that, since 30 June

2019, there has been no significant change in the financial position of the Issuer and its subsidiaries taken as a whole and that, since 30 June 2019, there has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive (Directive 2003/71/EC) except where such information or other documents are specifically incorporated by reference. Copies of all documents incorporated by reference in the Prospectus are available on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and can also be obtained from the registered offices of the Issuer and/or from the specified offices of the Principal Paying Agent, as described on page 3 of the Prospectus.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement and any supplement to the Prospectus previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since the publication of the Prospectus.

Updates to the Prospectus

Annual Report

On 7 August 2019, the Issuer published its Annual Report (the “**Annual Report**”) for the financial year ended 30 June 2019, which includes its audited consolidated and non-consolidated annual financial statements (including the auditor's report thereon) for the financial year ended 30 June 2019. A copy of the Annual Report has been filed with the United Kingdom Financial Conduct Authority.

Accordingly, the audited consolidated and non-consolidated annual financial statements for the financial year ended 30 June 2019 and the auditor's report (set out on pages 112 to 271 (inclusive) and on pages 273 to 284 (inclusive) of the Annual Report) of the Issuer shall be deemed to be incorporated in, and form part of, the Prospectus. The non-incorporated parts of the Annual Report are either not relevant for the investor or covered elsewhere in the Prospectus.

Since 30 June 2019, there has been no significant change in the financial position of the Issuer and its subsidiaries taken as a whole. Since 30 June 2019, there has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole.

CRA Regulation

On the front cover of the Prospectus, the paragraph starting with “Neither of the Rating Agencies nor S&P is established in the European Union and neither of the Rating Agencies nor S&P is registered in accordance with Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)” shall be deleted and replaced with the following paragraph:

“Neither of the Rating Agencies nor S&P is established in the European Union and neither of the Rating Agencies nor S&P has applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by S&P Global Ratings Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Limited in accordance with the CRA Regulation. Each of S&P Global Ratings Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Limited is established in the European Union and registered under the CRA Regulation. As such they are included in the list of credit

rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. There can be no assurance that such endorsement of the credit ratings of S&P, Moody's and Fitch will continue. ESMA has indicated that ratings issued in Australia which have been endorsed in accordance with the CRA Regulation may be used in the EU by the relevant market participants.”.

Recent Developments

The section of the Prospectus entitled ‘Recent Developments’ on pages 154 to 158 of the Prospectus, as updated by the supplements to the Prospectus dated 21 March 2019 and 22 May 2019 shall be further updated to insert the following paragraph at the end of this section:

“APRA’s decision on loss-absorbing capacity of ADIs

On 9 July 2019, the Bank noted the response by APRA to the submissions for the APRA Paper.

APRA confirmed that the Australian regime governing the loss-absorbing capacity (**LAC**) of ADIs will be established under the existing capital framework. Having considered the feedback, APRA will require D-SIBs, including the Bank, to lift their respective Total Capital requirement by three percentage points of RWAs by 1 January 2024. APRA expects that this requirement is likely to result in D-SIBs increasing the issuance of existing forms of capital.

APRA further noted that, as previously proposed in the APRA Paper, its long term target of an additional four to five percentage points of LAC remains unchanged. Over the next four years, APRA will consider feasible alternative methods for the requirement to raise the additional one to two percentage points of LAC, in consultation with industry and other stakeholders.

Based on the Bank’s RWAs of A\$447 billion as at 31 March 2019, the additional three percentage points represent an incremental increase of approximately A\$13 billion of its Total Capital. The Bank expects that this would result in a decrease in the senior funding requirement. The ultimate cost is not yet known, given the pricing of instruments will be impacted by the change in market supply of new issuances by the Australian banks.

Completion of divestment of CFSGAM

On 2 August 2019, the Group announced the completion of the CFSGAM Divestment.

The final sale proceeds are A\$4.2 billion, subject to any completion adjustments. The total consideration represents 19.4 times CFSGAM’s unaudited net profit after tax of A\$218 million for the financial year ended 2019 and a post-tax gain of approximately A\$1.5 billion.

The transaction is expected to deliver an increase of approximately A\$3.1 billion of CET1 capital, resulting in an uplift to the Group’s CET1 ratio of 68 basis points on an APRA basis, based on the Group’s RWAs as at 31 March 2019.

Update on the Remedial Action Plan

On 7 August 2019, the Bank published a report which provided an update on the actions that the Bank has taken to deliver against the Remedial Action Plan from 1 December 2018 to 30 June 2019.

As of 30 June 2019, the Bank has submitted on time to APRA all of the 75 milestones that were due. 65 milestones have been assessed as ‘complete and effective’ and the assessment of the remaining 10 by APRA is in progress. The report highlights that the program of work underway has matured and adapted well to

changing external circumstances with the Bank taking action to address the challenges and risks identified by APRA.

Changes made include establishing a Non-Financial Risk Committees (**NFRCs**) in each business and support unit, mirroring the approach taken in setting up the NFRC at the Executive Leadership Team level, and the creation of a new role of Chief Controls Officers, in each business and support unit to assist leaders in fulfilling both their risk accountabilities and to drive implementation of the plan.

Update on Wealth Management

The Bank confirmed that it will commence the assisted closure of Financial Wisdom Limited (**Financial Wisdom**). This decision follows the sale of Count Financial Limited (**Count Financial**) to CountPlus Limited (**CountPlus**), which received approval from its shareholders this week, and the recent decision to allow Commonwealth Financial Planning Limited-Pathways (**CFP-Pathways**) advisers to transition to a self-licensing arrangement or move to another licensee.

The Bank's decision to exit its remaining aligned advice businesses is as a response to the significant changes to the regulatory environment for financial advice following the Royal Commission and structural changes in the advice sector.

Ceasing to provide licensee services through Financial Wisdom

The Bank intends to cease providing licensee services through Financial Wisdom by June 2020 and will proceed with an assisted closure. The Bank will support advisers through an orderly transition to alternative arrangements, including self-licensing or joining another licensee. The Bank will also continue to manage customer remediation arising from past issues at Financial Wisdom. Customer remediation for Financial Wisdom was included in the additional provisions announced in the trading update for the March 2019 quarter.

CFP-Pathways advisers to transition to new licensee arrangements

The Group will now allow CFP-Pathways advisers to transition to self-licensing arrangements or move to another licensee. The estimated pre-tax costs of supporting the Financial Wisdom and CFP-Pathways businesses, their advisers and their customers through this transition, as well as other internal project costs, is approximately A\$26 million.

From a financial perspective, the exit of Financial Wisdom and CFP-Pathways will result in the Bank exiting businesses that, in the financial year ended June 2019, excluding remediation provisions, incurred a post-tax loss of approximately A\$11 million.

Update on Count Financial sale

The Bank today reconfirms that it expects to successfully complete the sale of Count Financial to CountPlus in October 2019 as originally advised in its announcement on 13 June 2019. Following completion of the transaction, the Bank intends to sell its 35.9% shareholding in CountPlus in an orderly manner subject to market conditions.

Consistent with the announcement in March 2019, the Bank remains committed to the orderly exit of its remaining wealth management and mortgage broking businesses, comprising Colonial First State, Aussie Home Loans and the Bank's 16% stake in Mortgage Choice. The Bank is committed to the continued delivery of safe and affordable financial advice to its customers through Commonwealth Financial Planning."