

Notice of 2017 Annual General Meeting



How to get there

The 2017 Annual General Meeting of the Commonwealth Bank of Australia will be held on Thursday, 16 November 2017 commencing at 9.30am (Sydney time) in the Pymont Theatre at the International Convention Centre Sydney, 14 Darling Drive, Sydney, New South Wales. A map and directions are set out below. Timetables and further transport information are available at transportnsw.info and iccsydney.com.au/visit-icc-sydney.

Shareholders are encouraged to arrive early and will be given priority access to the meeting.



T By train

The closest train stations are Town Hall and Central stations, both a 10 minute walk from ICC Sydney.

B By bus

The closest bus stops are located in Harris Street, either near Allen Street or Quarry Street.

L By light rail

The closest light rail stops are Convention Centre and Exhibition Centre.

F By ferry

Direct ferry services operate to Darling Harbour from Circular Quay, King Street Wharf and Pyrmont Bay Wharf.

C By car

The ICC Sydney Exhibition Centre (Car Park 1) provides casual rate parking. Entry is via Darling Drive. Parking is also available at the Harbourside Car Park, 100 Murray Street, Pyrmont.

Taxi

Taxi drop off and pick up locations include Iron Wharf Place next to the Harbourside Shopping Centre and Zollner Circuit at the southern end of ICC Sydney Theatre. Both are accessible via Darling Drive.

Walking

The Pymont Theatre is located on Level 2 and is accessible from the Ground Level by lift, escalator and stairs.

Chairman's letter

18 September 2017

Dear Shareholder

I am pleased to invite you to attend the 2017 Annual General Meeting (AGM) of our company, Commonwealth Bank of Australia (Bank or Company). The AGM will be held at the International Convention Centre in Sydney on 16 November 2017 at 9.30am.

Our Vision to secure and enhance the financial wellbeing of people, businesses and communities remains the centre of our business strategy. The highlights of the year, in both the strong financial performance of the business as well as progress against important social indicators are set out on the following pages.

Board renewal

The Board is currently undergoing significant renewal. As previously announced, Robert Whitfield joined the Board in September and will stand for election at the AGM. Sir David Higgins, Andrew Mohl and Wendy Stops will also stand for re-election. The Board has asked Andrew to stand for re-election and serve one more year as a director because his extensive insurance-related experience is valuable to the Board as we undertake the strategic review of our life insurance business.

Launa Inman and Harrison Young will retire at the AGM's conclusion. I thank both Launa and Harrison for their valuable contribution to the Board over many years.

Further, as previously announced, our Managing Director and Chief Executive Officer, Ian Narev, will retire by the end of the 2018 financial year. The Board has commenced an extensive search both internally and externally for Ian's replacement and will keep shareholders informed as appropriate. The Board has also determined that as a result of his retirement, Ian Narev will not be eligible for a long-term incentive award this financial year.

How we determine executive remuneration

Following concerns raised at the 2016 AGM relating to the Bank's remuneration framework and measures, the Board consulted widely with stakeholders throughout the year, and undertook a comprehensive review of the executive remuneration strategy, governance and framework.

As a result of the Board's consultation and review, changes have been made to our executive remuneration framework. Those changes are fully disclosed in the FY17 Remuneration Report, and summarised on pages 6 and 7 of this document for your ease of reference. We have sought to provide greater transparency in our remuneration framework, reporting, measures and progress against targets. The changes also support our business strategy and ensure shareholder alignment.

Key changes applicable from FY18 are summarised on pages 8 and 9 of this document. Further, given the Board wishes to be transparent about the new performance measures forming part of those changes, additional detail is provided on the company's AGM microsite, which is available online⁽¹⁾.

Reflecting the collective accountability of senior executives for the Bank's overall reputation and risk matters, the Board exercised its discretion to reduce to zero the short-term variable remuneration outcomes for the CEO and the Group Executives in respect of the 2017 financial year. In addition, reductions of 100% of deferred short-term variable remuneration and of between approximately 40% and 70% of deferred long-term variable remuneration were made in respect of former Group Executives.

The Board retains the discretion to make further reductions to the deferred short-term and long-term variable remuneration of both current and former executives, including to zero, where the Board determines those reductions to be appropriate.

AUSTRAC Civil Proceedings

AUSTRAC, which regulates anti-money laundering controls in Australia, launched civil proceedings against the Bank for alleged past and ongoing contraventions of four provisions of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth). While these proceedings are now before the courts, I will, to the extent possible, provide shareholders with an update on our response to these matters at the AGM.

Business items for our AGM for shareholder voting

The Notice of Meeting for the AGM commences on page 12 of this document, and outlines the items of business we will consider. Background information on these items is contained in the Explanatory Memorandum on pages 14 to 17, which forms part of the Notice of Meeting.

The Notice of Meeting contains resolutions for the re-election of Sir David Higgins, Andrew Mohl and Wendy Stops, and the election of Robert Whitfield.

The Notice of Meeting includes a conditional spill resolution as a result of last year's vote against the FY16 Remuneration Report. This resolution will only be put to the AGM if 25% or more votes cast are against the adoption of the FY17 Remuneration Report (resulting in a "second strike"). If this occurs and the conditional spill resolution passes, most Non-Executive Directors will be required to stand for re-election at a special meeting of shareholders. The Board recommends that shareholders vote against the conditional spill resolution if put to the AGM as it believes that this is not in shareholders' best interests.

The Notice of Meeting also includes a resolution to amend the Bank's constitution as requisitioned by a small group of shareholders holding approximately 0.0077% of the company's shares. The Board respects the rights of shareholders to seek to amend the constitution. The Board does not, however, consider the requisitioned resolution to be in the Bank's best interests and recommends that shareholders vote against it for the reasons set out on page 17.

A Voting/Proxy Form (Form) accompanies this document. You can use the Form to register your attendance at the AGM, lodge your vote directly or to appoint a proxy to vote on your behalf.

A question form also accompanies this document if you would like to submit questions in advance on any shareholder matters that may be relevant to the AGM. While time may not permit me to address all the questions submitted, I will endeavour, during the course of the AGM, to address the more frequently raised shareholder matters.

If you are unable to join the AGM in Sydney, you can watch a live webcast online⁽²⁾.

The Board and senior executives warmly invite you to join them for refreshments at the AGM's conclusion.

Yours sincerely



Catherine Livingstone AO
Chairman

(1) <https://www.commbank.com.au/investors/shareholders.html>

(2) <https://www.commbank.com.au/investors/shareholders.html>

Who we are

Commonwealth Bank is a leading provider of integrated financial services. We provide retail, business and institutional banking and wealth management products and services.

1 in 3 Australians call us their main financial institution.

CBA Group

Banking	
Insurance	
Securities	
Investment	

Our vision

Our vision is to excel at securing and enhancing the financial wellbeing of people, businesses and communities.

Our values

We are guided by our values in every interaction with our customers, colleagues and the broader community.

- **Integrity**
- **Accountability**
- **Collaboration**
- **Excellence**
- **Service**

Our strategy

Customer focus is the overarching priority of our strategy.

To support our customers we invest in four capabilities:

- People** Vibrant customer-focused culture and people
- Technology** Application of world-leading technology to financial services
- Productivity** Productivity and efficiency for better customer service
- Financial strength** Strength and flexibility of our balance sheet

This strategy enables us to create long-term value for customers, shareholders, our people and the broader community.

2017 highlights

Customers, shareholders, our people and the community all benefit from our performance⁽¹⁾.

Our customers



16.6m

customers

6.2m customers using digital channels



#1

customer satisfaction

Retail, internet

Equal #1 in **business**



330,000

new home loans

30,000 loans for Australian first home buyers

Our shareholders



800,000+

shareholders

plus millions more hold CBA shares through their superannuation funds



\$9,881m

net profit

after tax (cash), **up 5%**

10.1% Common Equity Tier 1 capital ratio (APRA basis)



\$4.29

dividend

per share, fully franked

16.0% return on equity

Our people



51,800

employees

across **11** countries



44%

management roles held by women



69%

staff working flexibly

39.1 hours of training per employee

Our community



\$3.9bn

in taxes

Australia's largest taxpayer



\$272m

total community investment

574,246 students enrolled in Start Smart

326,146 School Banking students

Launched **Teaching Awards**



2,768

employees have been trained on responsible lending, investing and procurement

(1) All figures on this page are as at 30 June 2017.

Key issues

Remuneration

Board response to concerns raised in relation to the FY16 Remuneration Report

In direct response to the concerns raised in relation to the FY16 Remuneration Report, the Board has undertaken a comprehensive review of the executive remuneration strategy, framework and governance of the Company and has made changes to support its business strategy and ensure shareholder alignment. The FY17 Remuneration Report was also substantially revised to enhance transparency and clarity regarding Key Management Personnel (KMP) remuneration outcomes.

Issue	Changes we have made	When it is effective
<p>Short-Term Variable Remuneration (STVR)</p> <p><i>Opaque Application of Board Discretion</i></p> <p><i>Excessive Use of Non-Financial Measures</i></p>	<p>FY17 STVR outcomes demonstrate clear remuneration and performance linkage</p> <ul style="list-style-type: none"> FY17 STVR outcomes clearly demonstrate accountability for risk and reputation matters, with Chief Executive Officer (CEO) and Group Executive performance assessments also reflecting improved rigour in the process. The FY17 STVR outcomes for the CEO and the Group Executives (together "Executives") were adjusted downwards to zero, reflecting collective accountability of Executives for the overall reputation of the Group and risk matters. 	<p>FY17</p>
	<p>Increased weighting of financial and quantitative measures in STVR</p> <ul style="list-style-type: none"> Financial measures in Executive STVR performance scorecards will remain unchanged, however there will be an increased weighting on these measures. The weighting of the CEO financial measures will increase from 40% to 60%. The Group Chief Risk Officer STVR performance scorecard will have a stronger weighting towards risk management related measures and less emphasis on financial measures compared to other Executives. <p>Improved rigour of non-financial measures</p> <ul style="list-style-type: none"> Increased quantitative measurement of non-financial measures and the introduction of Net Promoter Score (NPS) customer targets. <p>Improved depth of disclosure for STVR measures and basis for outcomes</p> <ul style="list-style-type: none"> Disclosure of the CEO's FY18 STVR performance scorecard (including weightings and performance outcomes) will be included in the FY18 Remuneration Report. <p>STVR deferred into equity together with a longer deferral period</p> <ul style="list-style-type: none"> The deferred component of the STVR will be delivered in equity, rather than cash, and the vesting period will be increased from one year to two years, with 50% vesting after one year and the remaining 50% vesting after two years. This change further strengthens the link between STVR outcomes and performance over the medium term. This also provides the Board with greater opportunity to adjust deferred STVR outcomes, if required, by taking into consideration any relevant matters that occur over the vesting period. 	<p>FY18</p>

Issue	Changes we have made	When it is effective
Long-Term Variable Remuneration (LTVR) <i>Excessive Use of Non-Financial Measures</i>	Withdrawal of proposed People and Community measure for FY17 LTVR <ul style="list-style-type: none"> The FY17 LTVR measures proposed in the FY16 Remuneration Report were withdrawn prior to the 2016 AGM. The Board made the decision to grant the FY17 LTVR award under the measures that were previously approved at the 2015 AGM (75% Relative Total Shareholder Return (TSR) and 25% Relative Customer Satisfaction). 	FY17
	Comprehensive review of LTVR measures <ul style="list-style-type: none"> A comprehensive review of LTVR performance measures was undertaken during the year. The performance measures for the FY18 LTVR grant are: 75% Relative TSR, 12.5% Trust and Reputation and 12.5% Employee Engagement. Both Trust and Reputation and Employee Engagement will be quantitatively measured over four years. A positive TSR gateway will be applied to the 25% non-financial LTVR components to ensure that no vesting of these measures occurs unless the change in shareholder value over the period is positive. 	FY18
LTVR <i>Use of Fair Value Allocation Approach</i>	Change from fair value to face value allocation methodology for LTVR <ul style="list-style-type: none"> Face value rather than fair value will be used to determine the number of rights granted under the FY18 LTVR. The maximum face value of FY18 LTVR awards is set at the notional equivalent of 180% of Fixed Remuneration (FR) with no dividend equivalent payment. The overall maximum value has decreased as previously the total face value of LTVR awards was approximately 200% of FR, inclusive of dividend equivalent payments (three-year average). A face value approach provides greater simplicity and transparency for shareholders. 	FY18
STVR and LTVR <i>Excessive Use of Non-Financial Measures</i>	No duplication of performance measures between STVR and LTVR <ul style="list-style-type: none"> The customer measure will no longer be duplicated in the STVR and LTVR plans. Customer measures will only be included in the STVR with Customer NPS being adopted. Customer NPS is a more holistic measure of customer experience. 	FY18
Remuneration Governance <i>Opaque Application of Board Discretion</i>	Enhanced risk and remuneration governance <ul style="list-style-type: none"> The Board has reviewed and strengthened its remuneration governance procedures, including developing an enhanced framework for the consideration of risk and reputation matters in the determination of Executive variable remuneration outcomes. The framework will provide the Board with increased transparency, rigour and consistency when applying its discretion in assessing Executive outcomes. 	FY17

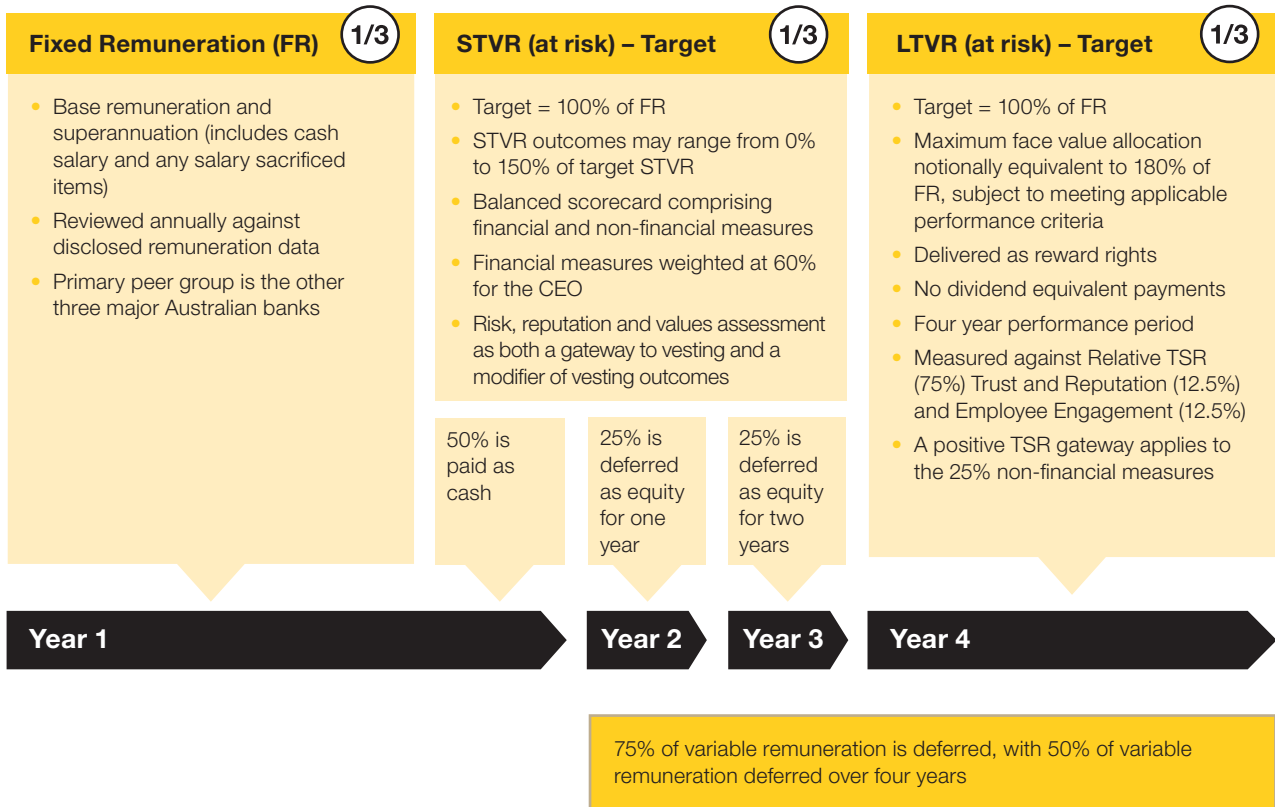
Remuneration (continued)

FY18 Executive Remuneration Framework

The Executive remuneration framework is designed to attract and retain high-calibre executives by rewarding them for achieving goals that are aligned to the Company's strategy and shareholder interests.

Remuneration Principles

- Aligned with shareholder value creation
- Market competitive to attract and retain high-calibre talent
- Rewards sustainable outperformance and discourages poor performance
- Recognises the role of non-financial drivers in longer-term value creation
- Simple and transparent remuneration approach that is fit for purpose, reflecting the Company's strategy and values

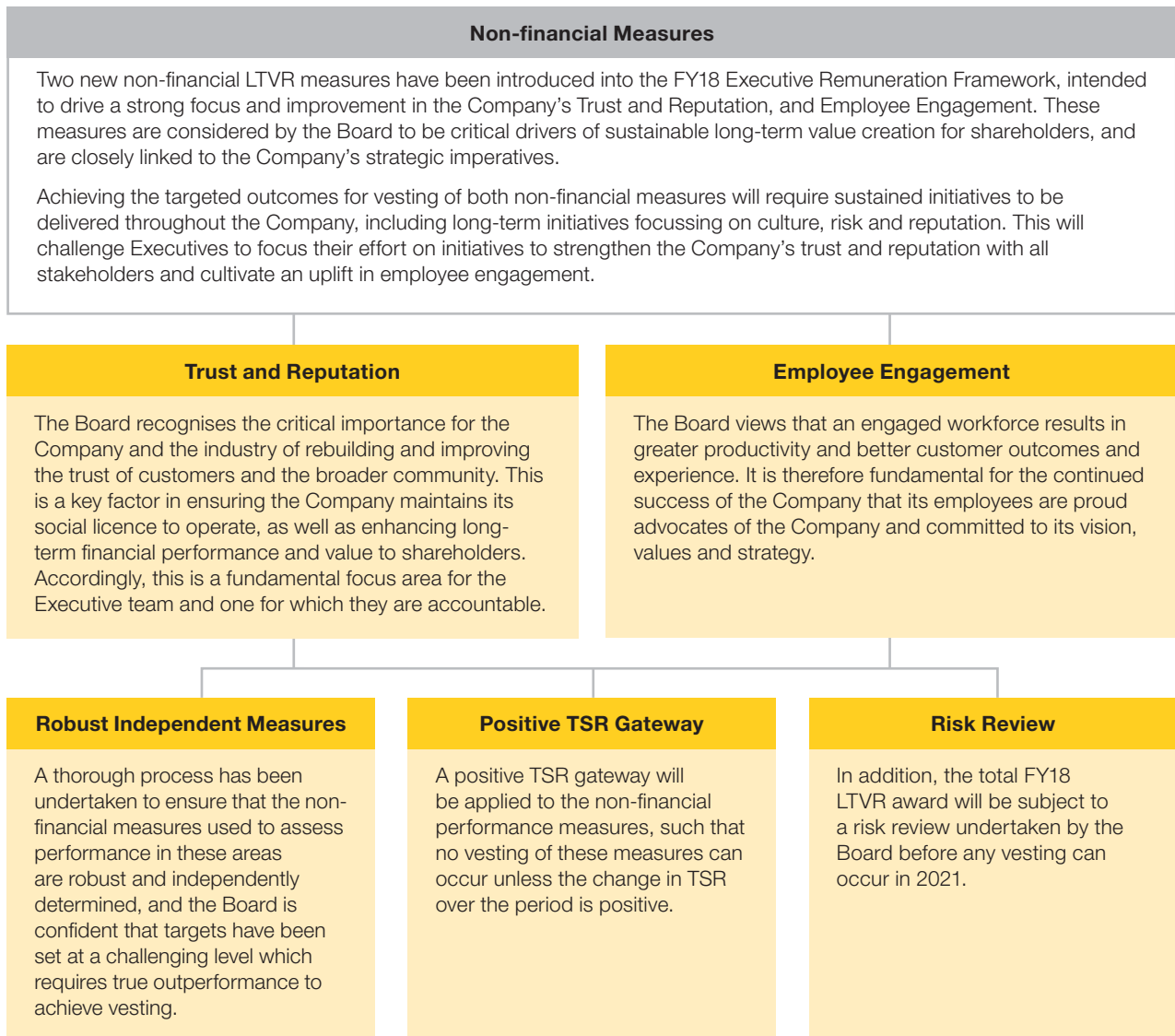


Risk Review

- All variable remuneration is subject to Board risk and reputation review prior to payment or vesting
- Board discretion to adjust STVR and LTVR outcomes down to zero where appropriate
- Unvested STVR and LTVR lapse if Executives resign or are dismissed before the end of the vesting/deferral period, unless the Board determines otherwise

Non-financial Measures for Long Term Variable Remuneration

The long term variable remuneration for FY18 comprises 75% financial measures and 25% non-financial measures. The following table provides additional information regarding the non-financial measures. It also outlines the Board's design considerations and rationale for adopting the non-financial measures.



Further Information

Stakeholders who would like further information regarding the FY18 LTVR award, including details of the manner in which the non-financial performance measures will be calculated and may vest, can access that information on the Company's microsite, which is available online⁽¹⁾.

(1) <https://www.commbank.com.au/investors/shareholders.html>

Climate change

Climate change is a significant issue for our environment, our economy and our society. The Bank is committed to playing our part in limiting climate change to well below two degrees in line with the Paris Agreement and supporting the responsible global transition to net zero emissions by 2050.

Our climate commitment

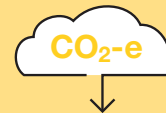
Playing our part in limiting climate change to well below two degrees



We have committed to:



decreasing the emissions intensity of our business lending



reducing our own emissions continuously

Our Lending

What we've done⁽¹⁾



79% ↓
Decreased direct lending to coal mining since 2012



\$2.8bn ↑
Increased lending exposure to renewable energy projects. This is a 170% increase since 2012



\$1.02bn
of climate bonds arranged in FY17, including our own \$650m climate bond, the largest A\$ issuance by an Australian bank



\$200m
pledged for Clean Energy Finance Corporation partnership to help Australian small businesses transition

What we're doing



\$15bn
financing of low carbon projects by 2025



Disclosure
Increased disclosure around the emissions intensity of our business lending portfolio



Lending
Continue to apply high ESG standards across all business lending decisions



Analysis
Undertaking a scenario analysis to inform our climate strategy up to 2050

Our Operations

What we've done⁽²⁾ What we're doing



49% ↓
Reduction in our own emissions since 2009



25%
of our business powered by renewable energy by 2020



Solar
First Australian bank to roll out solar panels on branches



20%
Further reduce our own emissions by 20% by 2020

(1) Figures are stated as at 30 June 2017.

(2) Figures are stated as at 30 June 2017.

Achievements and Commitments

The Board has oversight of climate change-related risks as part of the Company's Risk Management Framework. The Board is also committed to addressing climate change in the context of the business strategy and this year released the Company's Climate Policy Position Statement which outlines how we are responding to the challenge of climate change.

Below are examples of what we have done so far, and what we are committed to doing:

	What we have done so far	What we are committed to
Reducing our own emissions	We have already reduced our own emissions by 49 per cent since 2009 to 2.6tCO ₂ -e per full time employee by improving the environmental efficiency of our operations.	We will target a further 20 per cent reduction in our own emissions to 2.0tCO ₂ -e per full time employee by 2020, and seek to ensure absolute reductions year-on-year.
Increasing our support for low carbon projects	We currently lend \$2.8 billion to renewable energy projects. This year, we have arranged \$1.02 billion of climate bonds demonstrating active leadership and best practice in the climate and green bond market.	We will continue to make funding available to support low carbon projects such as renewable energy projects, low carbon transport and development of energy efficient buildings with a 2025 target of \$15 billion.
Ensuring our lending policies support a responsible transition to a net zero emissions economy by 2050	We are committed to our nine Environmental, Social and Governance (ESG) Lending Commitments which embed ESG considerations into our business lending decisions. Those ESG Lending Commitments are available online. ⁽¹⁾	We will target an average emissions intensity decrease of our business lending portfolio consistent with our commitment to a net zero emissions economy by 2050.
Our strategic response	This year we have published our Climate Policy Position Statement which formalises our response to climate change, and incorporates our ESG Lending Commitments as referred to above.	Through a scenario analysis which is expected to be completed by the end of 2018, we will consider the risks and opportunities that climate change presents for our business under a number of potential scenarios, for example early climate change action, orderly transition, or late action. The outcome of the analysis will inform our long-term strategic response.
Improving our disclosures	We have been measuring, reducing and reporting our environmental footprint since 2001. We provide regular and transparent disclosure of our progress and performance in our Annual Report and Corporate Responsibility Report.	We are committed to tracking and publicly reporting our progress and our climate change performance more broadly, including by adopting the Taskforce on Climate-related Financial Disclosures' recommendations.

Stakeholder Engagement

The Board values engagement with all Company stakeholders and looks forward to continued engagement on our Climate Policy Position Statement. Clear and transparent reporting will enable shareholders and other stakeholders to hold us accountable for delivering on our commitments.

The Climate Policy Position Statement can be accessed online⁽²⁾ and more information is available in the Company's latest Corporate Responsibility Report⁽³⁾.

(1) Available at <https://www.commbank.com.au/content/dam/commbank/assets/about/who-we-are/sustainability/environmental-social-governance-lending-commitments.pdf>

(2) Available at <https://www.commbank.com.au/content/dam/commbank/assets/about/opportunity-initiatives/CBA-Climate-Policy-Position-Statement.pdf>

(3) Available at <https://www.commbank.com.au/content/dam/commbank/about-us/shareholders/pdfs/corporate-responsibility/2017/2017-corporate-responsibility-report.pdf>

Notice of meeting

The 2017 Annual General Meeting (AGM) of the Commonwealth Bank of Australia (Bank or Company) will be held on Thursday, 16 November 2017 commencing at 9.30am in the Pyrmont Theatre at the International Convention Centre Sydney, 14 Darling Drive, Sydney, New South Wales.

Items of business

1. Discussion of financial statements and reports

To discuss the Company's Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2017.

2. Re-election and election of Directors

- (a) To re-elect Sir David Higgins who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
- (b) To re-elect Mr Andrew Mohl who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
- (c) To re-elect Ms Wendy Stops who retires in accordance with the Company's Constitution and, being eligible, offers herself for re-election.
- (d) To elect Mr Robert Whitfield who retires in accordance with the Company's Constitution and, being eligible, offers himself for election.

Information about the Directors seeking re-election and election under Item 2 appears in the Explanatory Memorandum.

3. Adoption of FY17 Remuneration Report

To adopt the Company's Remuneration Report for the financial year ended 30 June 2017 (FY17 Remuneration Report).

Note: The vote on this Item is advisory only and doesn't bind the Company or the Directors. However, if 25% or more of the votes cast on the Item are against the resolution, the following conditional spill resolution will be put to shareholders for their consideration and vote.

4. Contingent resolution – conditional spill resolution

Subject to and conditional on at least 25% of the votes cast on Item 3, being cast against the Company's Remuneration Report for the financial year ended 30 June 2017, to hold an extraordinary general meeting of the Company (Spill Meeting) within 90 days of this resolution passing at which:

- (a) all the Non-Executive Directors in office when the resolution to approve the Directors' Report for the financial year ended 30 June 2017 was passed and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and
- (b) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting are put to the vote at the Spill Meeting.

5. Resolution requisitioned by members to amend the Company's Constitution

To amend the Company's Constitution by inserting, at the end of clause 12 'Powers and Duties of Directors' the following new subclause 12.4:

"In the exercise of their powers and duties pursuant to clause 12.1(a) the Directors shall ensure the business of the company is managed in a manner consistent with the objective of holding global warming to below two degrees Celsius above preindustrial levels."

Note: This resolution was proposed by a group of shareholders holding approximately 0.0077% of the Company's shares on issue. As Item 5 is a special resolution, it will only be passed if at least 75% of the votes cast on the Item are in favour of the resolution.

Voting exclusion statement for items 3 and 4

The Company will disregard any votes cast on Items 3 and 4:

- by or on behalf of a member of the Company's Key Management Personnel (KMP) named in the Company's FY17 Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a member of the Company's KMP at the date of the AGM or a closely related party of such a member.

However, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on Items 3 and 4:

- in accordance with a direction as to how to vote on the Voting/Proxy Form; or
- by the Chairman of the AGM under an express authorisation to exercise the proxy even though Items 3 and 4 are connected with the remuneration of the Company's KMP.

Direct voting

If you are a shareholder and unable to attend and vote at the AGM, you are entitled to vote your shares directly by marking "X" in Method A on the Voting/Proxy Form which accompanies this document. You will then not need to appoint a proxy to act on your behalf. You should then mark "For", "Against" or "Abstain" for each Item on the Voting/Proxy Form.

If you vote on at least one Item but leave other Item(s) blank, the vote on the Item(s) marked will be valid, but no vote will be counted for the Item(s) left blank.

If you leave the voting boxes blank for all Items, the Chairman of the AGM will be deemed to be your appointed proxy for all Items. The Chairman of the AGM's voting intentions are set out below in the section entitled "Chairman's voting intentions".

Appointment of proxy

If you are a shareholder and unable to attend and vote at the AGM, and do not choose to use direct voting, you are entitled to appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder and may be an individual or a body corporate. To do so, you should mark "X" in Method B to appoint the Chairman of the AGM as your proxy or insert the name of your proxy in the space provided in Method B on the Voting/Proxy Form. Subject to what is set out below in relation to the Company's KMP, if no voting directions are given, the proxy may vote as they see fit.

If a shareholder appoints a member of the KMP (which includes each Director) as a proxy, the KMP is not permitted to cast the shareholder's votes on Items 3 or 4, unless the shareholder directs the KMP how to vote or the Chairman of the AGM is the shareholder's proxy. If a shareholder appoints the Chairman of the AGM as their proxy or the Chairman of the AGM is appointed as the shareholder's proxy by default, and the shareholder does not mark a voting box for Item 3 or 4, then by signing and returning the Voting/Proxy Form the shareholder will be expressly authorising the Chairman of the AGM to exercise the proxy in respect of the relevant Item, even though the Item is connected with the remuneration of the Company's KMP.

If you are a shareholder entitled to cast two or more votes, you may appoint up to two proxies to attend the AGM and vote on a poll and may specify the proportion of voting rights or the number of votes each proxy is appointed to exercise. If you appoint two proxies and both attend the AGM, neither proxy may vote on a show of hands.

Chairman's voting intentions

The Chairman of the AGM intends to vote all available proxies:

- in favour of Item 2 and Item 3; and
- against Item 4 (if required) and Item 5.

Sending us your direct vote or proxy form

The completed Voting/Proxy Form must be received by the Company's Share Registry, Link Market Services Limited, at Locked Bag A14 Sydney South NSW 1235 or by facsimile to (02) 9287 0309 in Australia or (+61) 2 9287 0309 if you are overseas, by 9:30am (Sydney time) on Tuesday, 14 November 2017. A return envelope is provided.

If you wish to submit your direct vote or your proxy appointment and voting directions electronically, visit the share registry website, www.vote.linkmarketservices.com/CBA and follow the prompts and instructions. You will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) which is shown on the top right hand side of the Voting/Proxy Form.

If your direct vote or proxy appointment is signed by an attorney, or in the case of a direct vote or proxy submitted electronically, authenticated by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by the Company's Share Registry, Link Market Services Limited, at Locked Bag A14 Sydney South NSW 1235 or by facsimile to (02) 9287 0309 in Australia or (+61) 2 9287 0309 if you are overseas, by 9.30am (Sydney time) on Tuesday, 14 November 2017. A return envelope is provided.

Determination of a shareholder's right to vote

The Board has determined that a person's voting entitlement at the AGM will be the entitlement of that person set out in the register of shareholders at 7.00pm (Sydney time) on Tuesday, 14 November 2017. Share transfers registered after that time will be disregarded in determining voting entitlements at the AGM.

By order of the Board



Taryn Morton
Company Secretary
29 September 2017

Explanatory memorandum

ITEM 1

Discussion of financial statements and reports

The Financial Report, the Directors' Report and Auditor's Report of the Company for the financial year ended 30 June 2017 (Reports) will be put before the AGM. The Reports are contained in the Company's Annual Report for the financial year ended 30 June 2017 (FY17 Annual Report), which is available online⁽¹⁾.

This Item does not require a formal resolution to be put to the AGM. Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Reports, management and the Company generally.

As part of questions submitted to the Company before the AGM, shareholders may submit written questions to PricewaterhouseCoopers, the Company's external auditor, about the Auditor's Report and the conduct of the audit. The questions must be received by the Company's Share Registry, Link Market Services, by 5.00pm (Sydney time) on Thursday, 9 November 2017. In addition, PricewaterhouseCoopers will attend the AGM and the Chairman of the AGM will provide a reasonable opportunity for shareholders to ask questions relevant to the audit.

No shareholder vote is required.

ITEM 2

Re-election and election of Directors

In accordance with Rules 11.1 and 11.2(a) of the Company's Constitution, Sir David Higgins, Mr Andrew Mohl and Ms Wendy Stops will retire at the AGM and offer themselves for re-election. Sir David Higgins was last re-elected in 2016, Mr Mohl was last re-elected in 2014 and Ms Stops was last elected in 2015. In accordance with Rules 11.4(b) and 11.2(b) of the Company's Constitution, Mr Robert Whitfield will retire at the AGM and offer himself for election.

The Board:

- has in place Director appointment criteria, which incorporates the Company's Board skills matrix, to ensure that the Board has the necessary skills and experience to discharge its responsibilities to shareholders; and
- assesses the skills and experience of any prospective Non-Executive Director against those criteria as part of the ongoing Board renewal process.

The Board undertakes an annual review of its performance and practices. This review includes an assessment of each Director's individual performance. The Board considers the review's results in determining whether to endorse the Directors standing for election or re-election at the upcoming AGM.

The Board considers that each of Sir David Higgins, Mr Mohl, Ms Stops and Mr Whitfield is an independent Non-Executive Director.

The Board recommends as set out on the following page that shareholders vote in favour of the re-election and election of the Directors.

(1) <https://www.commbank.com.au/investors/annual-report.html>

Those Directors' details are as follows:

Item 2(a) Sir David Higgins

Sir Higgins is a resident of London, United Kingdom. Age 62.



Sir David has been a Director since September 2014. He is Chairman of the Remuneration Committee and a member of the Risk Committee. Sir David is Chairman of Gatwick Airport Ltd, which operates Gatwick Airport in the UK and Chairman of High Speed Two (HS2) Ltd, the company responsible for developing and promoting the UK's new high speed rail network. Sir David is a senior advisor to Global Infrastructure Partners in the US and to Lone Star Funds. Previously he was Chief Executive Officer of Network Rail Infrastructure Ltd, Chief Executive Officer of the Olympic Delivery Authority for the London 2012 Olympic Games, Chief Executive Officer of English Partnerships and Managing Director and Chief Executive Officer of Lend Lease.

Other Directorships and Interests: Gatwick Airport Ltd (Chairman) and High Speed Two (HS2) Ltd (Chairman).

Qualifications: BE (Civil) (USyd), Diploma (Securities Institute of Australia).

The Board considers that Sir David Higgins' high level business, infrastructure and major project leadership, together with his investment and funds advisory experience, brings a knowledgeable and balanced viewpoint to Boardroom debate and to his role as the Remuneration Committee Chairman.

After considering the results of the 2017 director performance assessment, the Board (except Sir David Higgins) recommends that shareholders vote in favour of Sir David Higgins' re-election.

Item 2(b) Mr Andrew Mohl

Mr Mohl is a resident of New South Wales. Age 61.



Andrew has been a Director since July 2008. He is a member of the Risk Committee and the Remuneration Committee. Andrew has over 40 years' financial services experience. He was Managing Director and Chief Executive Officer of AMP Limited from October 2002 until December 2007. Andrew's previous roles at AMP included Managing Director, AMP Financial Services and Managing Director and Chief Investment Officer, AMP Asset Management. Previously, he was the Group Chief Economist, Chief Manager, Retail Banking and Managing Director, ANZ Funds Management at ANZ Banking Group. Andrew commenced his career at the Reserve Bank of Australia where his roles included Senior Economist and Deputy Head of Research.

Other Directorships and Interests: ASIC External Advisory Panel (Member) and CEDA Board of Governors (Member).

Qualifications: BEc (Hons) (Monash).

The Board considers that Mr Mohl's significant experience in the management of large and complex financial services organisations brings relevant knowledge and insights to the Company and its strategic objectives. In particular, Mr Mohl's extensive insurance-related experience is providing valuable strategic insight to the Board as the Company undertakes a review of its life insurance business. It is intended that, if re-elected, Mr Mohl will serve one more year on the Board.

After considering the results of the 2017 director performance assessment, the Board (except Mr Mohl) recommends that shareholders vote in favour of Mr Mohl's re-election.

Item 2(c) Ms Wendy Stops

Ms Stops is a resident of Victoria. Age 56.



Wendy has been a Director since March 2015. She is a member of the Remuneration Committee. Wendy was Senior Managing Director, Technology – Asia Pacific for Accenture Limited from 2012 until June 2014. Her career at Accenture spanned some 32 years in which she held various senior positions, including Global Managing Director, Technology Quality & Risk Management, Global Managing Director, Outsourcing Quality & Risk Management and Director of Operations, Asia Pacific. She also served on Accenture's Global Leadership Council from 2008 until her retirement.

Other Directorships and Interests: Fitted For Work Ltd, University of Melbourne (Council Member) and Chief Executive Women (Member), serving on the Scholarships and Marketing & Communications Committees.

Qualifications: BAppSc (Information Technology), GAICD.

The Board considers that Ms Stops provides important contribution to the strategic debate, particularly in the key areas of technology and risk management.

After considering the results of the 2017 director performance assessment, the Board (except Ms Stops) recommends that shareholders vote in favour of Ms Stops' re-election.

Item 2(d) Mr Robert Whitfield

Mr Whitfield is a resident of New South Wales. Age 52.



Robert has been a Director since September 2017. He has significant banking and finance and senior management experience in the private and public sectors. He is a Director of New South Wales Treasury Corporation and was previously its Chairman. He is a former Secretary of NSW Treasury and NSW Industrial Relations. Prior to NSW Treasury, Robert had a 30 year career with Westpac Banking Corporation and held various senior management positions, including Chief Executive Officer of the Institutional Bank, Chief Risk Officer, Group Treasurer and Chairman of the Asia Advisory Board. At Westpac, Robert developed a deep knowledge of equity and capital markets and was instrumental in developing Westpac's risk management function and strategies. Robert is a former Deputy Chair of the Australian Financial Markets Association.

Other Directorships and Interests: New South Wales Treasury Corporation.

Qualifications: BCom (UNSW), Grad Dip Banking, Grad Dip Fin, AMP (Harvard), SF Fin, FAICD.

The Board considers that Mr Whitfield's broad risk management and public sector experience, as well as his extensive banking experience, will deepen the Board's existing skills and expertise.

After considering the director recruitment process in respect of Mr Whitfield, the Board (except Mr Whitfield) recommends that shareholders vote in favour of Mr Whitfield's election.

ITEM 3

Adoption of FY17 Remuneration Report

Section 250R of the Corporations Act 2001 (Act) requires a listed company to put a resolution to shareholders to adopt its Remuneration Report for the relevant financial year.

The Company's FY17 Remuneration Report can be found at pages 64 to 81 of the FY17 Annual Report. It sets out the remuneration arrangements for the Company's KMP (who comprise the Company's Non-Executive Directors, Chief Executive Officer and Group Executives).

At last year's AGM, 50.91% of the votes cast on the resolution to adopt the Remuneration Report for the financial year ended 30 June 2016 were cast against the resolution. As this was higher than 25%, the Company received what is known as a "first strike". Under the Act, if 25% or more of the votes cast on the resolution to adopt the FY17 Remuneration Report at the AGM are against its adoption, the Company will receive a "second strike" and shareholders will be required to vote on the resolution in Item 4.

Since last year's AGM, the Company has consulted broadly to seek to understand the concerns that led to the "first strike" and has undertaken a comprehensive review of its executive remuneration strategy, governance and framework.

Please refer to pages 6 to 9 of this document for further information on changes made to address those concerns, support the Group's business strategy and ensure greater shareholder alignment, including a summary of the key changes that will apply to Group Executives for the 2018 financial year. Greater detail on those changes, including in relation to performance measures, may be accessed on the Company's AGM microsite, which is available online⁽¹⁾.

The Directors take shareholders' concerns regarding executive remuneration very seriously and believe the changes made address the concerns that led to the "first strike".

The Board recommends that shareholders vote in favour of this Item.

ITEM 4

Contingent resolution – conditional spill resolution

This Item will only be put to the AGM if at least 25% of the votes cast on the previous resolution to adopt the FY17 Remuneration Report are cast against its adoption. If fewer than 25% of the votes are against its adoption, then there will be no "second strike" and this Item will not be put to the AGM.

If the Item is put, the spill resolution will be considered as an ordinary resolution.

If the spill resolution is put to the AGM and passed, a special meeting of shareholders known as a "Spill Meeting" must be held within 90 days. The following Non-Executive Directors will cease to hold office at the end of the Spill Meeting, unless they are re-elected at the Spill Meeting:

- Catherine Livingstone AO;
- Shirish Apte;
- Sir David Higgins;
- Brian Long;
- Andrew Mohl;
- Mary Padbury; and
- Wendy Stops.

Even if Sir David Higgins, Mr Mohl and Ms Stops are re-elected at the AGM, they will still need to be re-elected at the Spill Meeting to remain in office.

Robert Whitfield will not cease to hold office and, as a result, will not need to stand for re-election, given he was appointed to the Board after it approved the FY17 Remuneration Report.

The Board considers the following factors to be relevant to a shareholder's decision on how to vote on this Item:

- the Board's action to address the concerns expressed by shareholders in relation to remuneration issues, as demonstrated by the important changes to the remuneration strategy, governance and framework as set out in the FY17 Remuneration Report, pages 6 and 9 of this document and the Company's AGM microsite, which is available online⁽²⁾;
- each of the relevant Non-Executive Directors has previously been elected as a Director and received strong support from shareholders; and
- the disruption and significant cost involved in convening a Spill Meeting.

The Board recommends that shareholders vote against this Item.

(1) <https://www.commbank.com.au/investors/shareholders.html>

(2) <https://www.commbank.com.au/investors/shareholders.html>

ITEM 5

Resolution requisitioned by members to amend the Company's Constitution

A group of shareholders holding approximately 0.0077% of the Company's shares on issue have proposed a resolution under section 249N of the Corporations Act to amend the Company's Constitution, and also requested that a statement provided under section 249P of the Corporations Act about this proposed resolution be distributed to shareholders with this Notice of Meeting. The statement:

- has been posted along with this document to shareholders who receive hardcopy notices; and
- is accessible, along with this document, from a link included in an email sent to shareholders who receive electronic notices.

The Board's response

The Board respects the rights of shareholders to seek to amend the Company's Constitution. The Board does not, however, consider the requisitioned resolution to be in shareholders' best interests and recommends that shareholders vote against it for the reasons set out below.

The resolution proposes inserting a new provision in the Company's Constitution which would require that, in the exercise of their powers and duties, the Directors will "ensure the business of the company is managed in a manner consistent with the objective of holding global warming to below two degrees Celsius above preindustrial levels". The Board is of the view that such an amendment is unnecessary and unhelpful on the basis that:

- it lacks sufficient clarity to enable practical application, inviting disagreement as to compliance. This would add uncertainty and detract from the Board's decision-making process in a manner that would be contrary to shareholders' best interests;
- the Board takes climate change seriously and has already put in place a policy committing the Company to playing its part in limiting climate change to well below two degrees Celsius in line with the Paris Agreement; and
- the Directors are already obliged to make decisions and manage risks in the Company's best interests, which requires them to consider a range of issues. The Board believes that it would not be appropriate for one specific issue (in this case climate change) to be elevated over any other issue it is required to consider when fulfilling its duties.

Commonwealth Bank's Climate Policy Position Statement

Please refer to pages 10 and 11 of this document for information on the Company's Climate Policy Position Statement, including the Company's climate commitment, activities undertaken to date and continuing or planned activities.

Potential governance implications

The Board is responsible for making decisions that are in the Company's best interests. While climate change is, and will continue to be, a priority for the Company, it is just one of a range of considerations the Board takes into account when making decisions. The Board considers it inappropriate and unwise to single out one issue as requiring specific and special consideration by the Board above others.

Further, as set out above, the proposed amendment would introduce uncertainty and detract from Board decision-making, which is not in shareholders' best interests.

Having regard to these reasons, the Board considers the proposed amendment to the Company's Constitution is not in shareholders' best interests.

The Board recommends that shareholders vote against this Item.

This page has been intentionally left blank.

This page has been intentionally left blank.

Head Office**Commonwealth Bank of Australia**

Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000
T +61 2 9378 2000
F +61 2 9118 7192

Share Registry**Link Market Services Limited**

Level 12
680 George Street
Sydney NSW 2000
T +61 1800 022 440
F +61 2 9287 0303
W www.linkmarketservices.com.au
E cba@linkmarketservices.com.au

Telephone Numbers For Overseas Shareholders

New Zealand 0800 442 845
United Kingdom 0845 640 6130
Fiji 008 002 054

Shareholder Information

www.commbank.com.au/shareholder

Annual Report

To request a copy of the FY17 Annual Report, please contact Link Market Services Limited on +61 1800 022 440 or by email at cba@linkmarketservices.com.au

An electronic version of the Commonwealth Bank's FY17 Annual Report is available at <https://www.commbank.com.au/investors/annual-report.html>

Australian Securities Exchange Listing
CBA



CBA1433 290917

