

ASX Announcement

Commonwealth Bank responds to media reports regarding transaction monitoring in offshore jurisdictions

Friday, 1 September 2017 (Sydney): Commonwealth Bank notes recent media reports concerning compliance and transaction monitoring in offshore jurisdictions by the Institutional Banking & Markets division.

The document referred to in those media reports was a working document, proposing technology enhancements as part of our ongoing Program of Action, including the automation of tasks currently undertaken manually. A combination of automated and manual monitoring is common practice across the industry.

A statement on 9 August 2017, by Commonwealth Bank Chairman Catherine Livingstone AO, noted the progress which has been made under the Program, including an investment to date of more than \$230 million to strengthen policies and processes related to financial crimes compliance.

The Program includes investment in systems to enhance transaction monitoring currently performed in Australia and offshore jurisdictions.

The Commonwealth Bank maintains proactive relationships with all relevant global regulators on these and other matters.

A Committee of the Board of the Bank was established on 8 August 2017 to oversee the Bank's response to AUSTRAC's statement of claim. This Program is working to strengthen the Group's anti-money laundering frameworks.

The Committee, which meets weekly, is requesting and considering information and reports from management relating to the progress of the Program, as well as making recommendations to the Board on matters of accountability. The Committee comprises four independent directors: Mary Padbury, who chairs the committee, Catherine Livingstone, Brian Long and Shirish Apte.

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