

June 29, 2018

Commonwealth Bank of Australia

Recent Developments

The information set forth below is not complete and should be read in conjunction with the information contained on the “US Investors – Supplemental Information” page of the U.S. covered bonds investor website of the Commonwealth Bank of Australia (the “Group”) at <http://www.commbank.com.au/about-us/shareholders/us-investors/supplemental-information.html> (the “U.S. Investor Website”). This “Recent Developments” release supplements and, to the extent inconsistent with any information previously included on the U.S. Investor Website, including the 2018 U.S. Half-Year Disclosure Document (as defined below), amends and supersedes such information.

This “Recent Developments” release contains certain forward-looking statements which involve known and unknown risks and uncertainties. Such forward-looking statements, including economic forecasts and assumptions and business and financial projections, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. See “Special Note Regarding Forward-Looking Statements” in the Group’s U.S. Half-Year Disclosure Document for the half-year ended December 31, 2017 included on the U.S. Investor Website (the “2018 U.S. Half-Year Disclosure Document”).

This announcement is not an offer to sell or a solicitation of any offer to buy any securities. Any securities mentioned in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States absent registration under the Securities Act or an applicable exemption from the Securities Act’s registration requirements.

References to “\$” are to Australian Dollars.

Federal Court Approves AUSTRAC Settlement

On June 20, 2018, the Commonwealth Bank of Australia (“CBA” or the “Bank”) noted the approval by the Federal Court of Australia of the agreement (the “AUSTRAC Agreement”) between CBA and the Australian Transaction Reports and Analysis Centre (“AUSTRAC”), the Australian Government’s financial intelligence agency, to resolve the civil proceedings commenced by AUSTRAC in the Federal Court of Australia on August 3, 2017 (the “AUSTRAC Proceedings”). As part of the AUSTRAC Agreement, CBA will pay a civil penalty of \$700 million together with AUSTRAC’s legal costs of \$2.5 million and the AUSTRAC Proceedings are otherwise dismissed. CBA will recognize a \$700 million expense in its financial statements for its fiscal year ending June 30, 2018.

For more details on the AUSTRAC Proceedings, refer to the Commonwealth Bank of Australia Recent Developments, dated June 6, 2018, the Commonwealth Bank of Australia Recent Developments, dated May 29, 2018, the Commonwealth Bank of Australia Recent Developments, dated May 16, 2018, the Commonwealth Bank of Australia Recent Developments, dated April 3, 2018, the 2018 U.S. Half-Year Disclosure Document, the Commonwealth Bank of Australia Recent Developments, dated December 27, 2017, the

Commonwealth Bank of Australia Recent Developments, dated November 22, 2017, and the Group's U.S. Annual Disclosure Document for the year ended June 30, 2017, each of which is available on the U.S. Investor Website.

Federal Court Approves ASIC Settlement over BBSW

On June 21, 2018, CBA noted the approval by the Federal Court of Australia of the agreement (the "ASIC Agreement") between CBA and the Australian Securities and Investments Commission ("ASIC"), Australia's corporate regulatory agency, to settle the legal proceedings (the "ASIC Legal Proceedings") in relation to the trading of bank bills in connection with the Bank Bill Swap Rate ("BBSW").

As part of the ASIC Agreement, CBA will pay a \$5 million penalty to ASIC, \$15 million to a financial consumer protection fund and \$5 million towards ASIC's costs of the litigation and its investigation. CBA has also agreed to enter into an enforceable undertaking with ASIC, under which an independent expert will be appointed to review controls, policies, training and monitoring in relation to its BBSW business.

For more information on the ASIC Legal Proceedings, refer to the Commonwealth Bank of Australia Recent Developments, dated May 16, 2018, and the 2018 U.S. Half-Year Disclosure Document, each of which is available on the U.S. Investor Website.

CBA announces Intention to Demerge Wealth Management and Mortgage Broking Businesses

On June 25, 2018, CBA announced it will demerge its wealth management and mortgage broking businesses, and undertake a strategic review of its general insurance business, including a potential sale. CBA believes these initiatives will result in the creation of a leading independent wealth management business and enable CBA to enhance its focus on its core banking businesses in Australia and New Zealand and create a simpler, better bank.

The key points of the announcement are summarized below:

- demerger of CBA's wealth management and mortgage broking business will create a leading independent wealth management business;
- the demerged business, CFS Group, will include CBA's Colonial First State, Colonial First State Global Asset Management ("CFSGAM"), Count Financial, Financial Wisdom and Aussie Home Loans businesses;
- CFS Group will benefit from a separate listing and ability to pursue its own growth strategies;
- CBA will benefit from an enhanced focus on its core banking businesses in Australia and New Zealand;
- as an independent business, CFS Group can enable CFSGAM to realize its full potential for its customers and staff and, as a result, the previously announced initial public offering of CFSGAM will no longer proceed. For more details on the proposed initial public offering and strategic review of CFSGAM, refer to the 2018 U.S. Half-Year Disclosure Document, the Commonwealth Bank of Australia Recent Developments, dated October 4, 2017, and the Commonwealth Bank of Australia

Recent Developments, dated April 27, 2018, each of which is available on the U.S. Investor Website; and

- CBA will undertake a strategic review of CommInsure General Insurance, including a potential sale.

CFS Group – creation of a leading independent wealth management company

The demerger of CFS Group will create a leading independent wealth management company made up of a diversified and complementary set of businesses:

- *Colonial First State* – a leading superannuation, investment and retirement solutions platform with over \$135 billion of funds under administration;
- *CFSGAM* – a global investment management business managing over \$207 billion of assets for clients worldwide; and
- *CBA's third-party distribution businesses*, including:
 - the aligned, distinctly focused financial advice businesses - Count Financial and Financial Wisdom;
 - Aussie Home Loans - Australia's leading mortgage broking business; and
 - CBA's minority shareholdings in ASX-listed companies CountPlus and Mortgage Choice.

The demerger enables CFS Group to independently pursue growth and investment decisions appropriate for its business. The Chairman of CFS Group will be John Mulcahy. A search for the Chief Executive Officer of CFS Group is underway.

The demerger does not impact the 20-year strategic distribution partnership with AIA in relation to bank customers (the "AIA Partnership"). For more details on the AIA Partnership, refer to the 2018 U.S. Half-Year Disclosure Document and the Commonwealth Bank of Australia Recent Developments, dated October 4, 2017. The AIA Partnership will also extend to the CFS Group. As such, CFS Group's customers will be able to benefit from AIA's innovation in life insurance including a focus on digital engagement, together with the benefits and synergies of global scale and specialization.

CBA will provide further details on its strategy as part of its financial results for the year ended June 30, 2018.

Demerger process and approvals

As part of the demerger of CBA's wealth management and mortgage broking business, CBA shareholders will receive shares in CFS Group proportional to their existing CBA shareholding, while retaining their existing CBA shares. CBA does not intend to retain any shareholding in CFS Group following the demerger.

Implementation of the demerger is subject to final CBA Board, shareholder and regulatory approvals under a scheme of arrangement. If approved, the demerger is expected

to complete in the 2019 calendar year. Further details on the demerger will be provided to CBA shareholders in due course.

CommInsure General Insurance strategic review

CommInsure General Insurance is a provider of home and contents and motor vehicle insurance products to meet the protection needs of CBA customers. As part of the strategic review of CommInsure General Insurance, CBA intends to explore the opportunity to further enhance its product and service offering to customers through a potential sale and partnership with a specialist insurance provider.

CBA announces Executive Leadership Team Appointments

On June 25, 2018 Chief Executive Officer of CBA Matt Comyn announced six appointments and changes to the Executive Leadership Team (“ELT”), including simplifying the Bank’s structure. The changes to the ELT are as follows:

- **Nigel Williams** has been appointed Chief Risk Officer (“CRO”) and will join the Bank on November 5, 2018. Nigel has more than 30 years of experience in banking, including 15 years at Australia and New Zealand Banking Group as CRO and previously Head of Institutional Banking in Australia and in New Zealand. Nigel will play an important role in improving credit risk, operational risk and compliance at a critical time for the Bank;
- **David Cohen** has been appointed Deputy Chief Executive Officer, and will be moving from his current role as Chief Risk Officer, effective from November 5, 2018. In this new role, David will be responsible for: strengthening the Group Customer Relations and Customer Advocate functions; leading the demerger of the Colonial First State Group, and the M&A team; and assisting the Chief Executive Officer with Group-wide initiatives including engagement with industry groups, government, regulators and community groups. David has more than 20 years of banking and wealth management experience, previously serving as General Counsel for CBA and prior to that at AMP;
- **Pascal Boillat** has been appointed Group Executive Enterprise Services and Chief Information Officer, with responsibility for all technology and operations across the Bank, and will join on October 1, 2018. Pascal brings more than 30 years of experience, most recently from Deutsche Bank where he was Global Group Chief Information Officer. Prior to Deutsche Bank, Pascal was head of operations and technology for Fannie Mae, and before that worked at Citi. Pascal will be responsible for delivering CBA’s future technology and operations strategy, including data management, enabling innovation, strengthening risk controls and simplifying CBA’s business;
- **Sian Lewis** has been appointed Group Executive Human Resources and will commence in the role, effective from August 1, 2018. Sian joined CBA in 2014 and currently leads more than 2,500 people across CBA’s customer contact centers. Prior to joining CBA, Sian spent nine years at Westpac working across retail and business banking, including as head of New South Wales retail network. Originally from the

United Kingdom, the first 10 years of Sian's career were in Human Resources;

- **Andrew Hinchliff** has been appointed Group Executive Institutional Banking and Markets, effective from August 1, 2018. Andrew joined CBA in 2015 as Executive General Manager Global Markets after more than 15 years in global institutional banking and markets roles with Goldman Sachs, and earlier at Credit Suisse First Boston. Andrew will be responsible for leading the banking and global markets divisions servicing CBA's Institutional clients; and
- **Angus Sullivan** has been appointed Group Executive Retail Banking Services, effective from July 1, 2018. Angus is currently Acting Group Executive Retail Banking Services and joined CBA in 2012, where he has led the retail strategy, retail products division, payments innovation and most recently the retail branch network. Angus started his career at Unilever and Goodman Fielder and also worked as a research analyst at Fidelity. He was then a partner in McKinsey's North American Financial Services practice where he worked with a range of banks, wealth managers and financial regulators.

Biographies of each of the new members of the ELT are included in the Appendix hereto.

Reallocation of Business Segments

On June 25, 2018, Chief Executive Officer of CBA Matt Comyn announced the Retail Banking Services ("RBS") division will now include Bankwest. In addition, following the announced demerger of Colonial First State, RBS will also include Commonwealth Financial Planning, reflecting CBA's ambition to deliver better customer outcomes through a new safer, simpler, and more scalable model for financial advice. RBS will also have responsibility for General Insurance while the strategic review of that business is underway.

Appendix

Nigel Williams

Nigel Williams has more than 30 years of banking experience across Australia, New Zealand and Asia. He was appointed Chief Risk Officer of Australia and New Zealand Banking Group (“ANZ”) in December 2011 where he was responsible for all of ANZ Group’s risk management and compliance across 34 countries.

Prior to his appointment as Chief Risk Officer, he was appointed Managing Director of Institutional Australia at ANZ in 2008 and was previously Managing Director for Institutional and Commercial Banking in NZ. He has also held positions at National Bank of New Zealand and South Pacific Merchant Finance.

Nigel has a Bachelor of Commerce with majors in Marketing, Accounting and Finance from the University of Otago. He also has completed leadership and strategy courses at the University of Oxford, Duke University and a Digital Transformation Program at the Massachusetts Institute of Technology.

David Cohen

David Cohen joined CBA as a member of the Group’s Executive Committee in 2008 as Group General Counsel where he was responsible for advising the CEO and the Board on legal matters, and leading Group Corporate Affairs and Governance teams. David was appointed Group Chief Risk Officer in July 2016 to lead risk management and risk governance across the Group.

Prior to joining the Group, David had been General Counsel of AMP since 2003. David has extensive knowledge of the financial services industry and wide-ranging legal experience. Before joining AMP he had been a partner with Allens Arthur Robinson for 12 years.

David holds the degrees of BA LLB (Sydney).

Pascal Boillat

Pascal Boillat is currently Group Chief Information Officer at Deutsche Bank AG. He is an experienced technology and operations professional with more than 30 years’ experience in the financial services sector.

Pascal joined Deutsche Bank in February 2016 as Chief Information Officer and Head of Operations, Corporate & Investment Banking, before being appointed Group Chief Information Officer in March 2017. As Group CIO he oversaw the technology strategy and delivery of IT across all parts of the bank across 54 countries.

Prior to joining Deutsche Bank, Pascal served as Head of Operations and Technology at US mortgage market company Fannie Mae.

He has worked at Citi, where he was responsible for managing and delivering technology solutions for institutional, retail and prime brokerage operations. He has also served as

Managing Director of Capital Markets Practice for BearingPoint and Partner of Market Infrastructure at Capco, along with working at KPMG Consulting and Credit Suisse Group. Pascal has a Bachelor of Science in Electronic Engineering from Zurich University and studied Business, Finance and Economics at New York University.

Sian Lewis

Sian Lewis is currently the Executive General Manager of Direct Channels, responsible for all inbound and outbound call centers, online chat, social media and customer video conferencing services for CBA's retail bank.

Sian is an executive with extensive financial services, consulting and insurance experience across Australia and United Kingdom.

Prior to her appointment in July 2015 as Executive General Manager, Sian was general manager of the retail banking transformation team delivering transformation in customer experience, process automation and distribution in the branch network.

Sian joined Commonwealth Bank from Westpac Banking Corporation, when she had extensive experience leading retail banking, commercial banking, marketing, and call center teams.

Prior to Westpac, Sian has held senior roles at KPMG consulting in Human Resources and change management in Australia and United Kingdom, as well as HR roles at BUPA in the UK.

Sian has a Bachelor of Arts with Honours in Economic History and History from University of Durham and a Diploma in Personnel Management from University of Westminster.

Andrew Hinchliff

Andrew Hinchliff is currently Executive General Manager of Global Markets at Commonwealth Bank's institutional bank. He joined CBA in February 2015 and has been responsible for global fixed income, currency and commodity sales, trading and research, leading more than 400 employees across six countries.

Andrew has a proven track record in delivering strong business performance, with a particular focus on risk management strategies for corporates, financial institutions and the Australian superannuation sector.

Prior to CBA, Andrew ran Fixed Income Currency and Commodities (FICC) for Goldman Sachs Australia. In his 14 years at Goldman Sachs he held senior leadership positions both in Sydney and New York relating to the development of risk management solutions across a wide range of asset classes for institutional clients. He was also a Director on the Board of Goldman Sachs Financial Markets and a member of Goldman Sachs Australian Operating Committee. Andrew also worked for Credit Suisse in London and as an oil and gas engineer for JP Kenny Ltd.

Andrew has a Master of Business Administration from Stern School of Business at New York University and Bachelor of Engineering and Commerce from University of Western Australia.

Angus Sullivan

Angus Sullivan was appointed Executive General Manager, Retail Sales and Service, in June 2016, responsible for Commonwealth Bank's network of around 1,000 branches. He has been responsible for leading the focus on customer service and satisfaction in branch, along with development of in-branch mortgage lenders and growth in deposits and home lending, and has been acting Group Executive Retail Banking Services since April 2018.

Angus joined CBA in January 2012 as Executive General Manager of Group Strategy and in April 2013 was appointed Executive General Manager, Credit Cards and Payments and subsequently EGM Retail Products and Strategy. In this role he was accountable for product design, strategy, risk and portfolio management of all transaction and saving accounts, credit cards, personal loans, foreign exchange and wealth management products distributed via the retail bank.

Prior to joining CBA, Angus held various senior roles at McKinsey & Company in Australia and New York, leading the retail banking and financial services practices, and consulting on technology, financial services and strategy for leading banks across Canada, United States and Australia.

Angus has a Bachelor of Commerce in Accounting and Finance from University of New South Wales and a Master of Business Administration and Management from INSEAD.