

**Commonwealth**Bank



# SHAREHOLDER REVIEW 2016

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**WHEN  
WE BELIEVE,  
WE CAN.**

# Chairman and CEO's Review



David Turner, *Chairman*

Ian Narev, *Chief Executive Officer*

## 2016 highlights

**\$9,227m**

Statutory NPAT  
up 2%

**\$9,450m**

Cash NPAT  
up 3%

**\$14,177m**

Operating  
performance  
up 6%

Operating income  
up 5%,  
operating expenses  
up 4%

**42.4%**

Cost to  
income ratio  
down 40 bpts

Due to cost  
management  
and productivity

Continued focus on our long term strategy has ensured that your company performed well in 2016. The Group's achievements are reflected in a solid operating performance, our best ever customer satisfaction results, and in our stronger capital position.

For the year ended 30 June 2016, statutory net profit after tax (NPAT) increased 2% to \$9,227 million and cash NPAT was \$9,450 million, up 3% on the prior year. The Board determined a final dividend of \$2.22 per share, bringing the total dividend to \$4.20 per share. This represents a full year dividend payout ratio (cash basis) of 76.5%.

Our customers are our overarching priority, and we use customer satisfaction to measure how successful we are in delivering on our strategy. We have ranked first for retail customer satisfaction for the entire financial year, and first or equal first in all key segments of business customer satisfaction at year end. This has translated through to growth in home and business lending, transaction banking and deposits, and funds under management.

**\$4.20**

**Total dividend per share, fully franked**

**\$5.55**

**Cash earnings per share**

**16.5%**

**Return on equity, peer leading**

**10.6%**  
**Capital ratio (CET1) up 150 bpts**

**Strengthened capital, liquidity and funding positions**

**\$518bn**  
**Customer deposits up 8%**

**Now 66% of total funding**

**#1**  
**retail customer satisfaction**

**#1**  
**or equal first in all key business segments**

## In customer satisfaction

<b>Retail</b>	<b>#1</b>	13 consecutive months to June 2016 <sup>1</sup>
<b>Business</b>	<b>=#1</b>	First or equal first in all key business segments <sup>2</sup>
<b>Wealth</b>	<b>#1</b>	For adviser satisfaction <sup>3</sup>
<b>Internet</b>	<b>#1</b>	First or equal first since May 2013 <sup>1</sup>

1 Roy Morgan Research  
 2 DBM Business Financial Services Monitor  
 3 Wealth Insights Platform Service Level Survey

## Stronger capital, funding and liquidity

Our ability to support our customers is directly related to the strength of our balance sheet. Last August, we responded to increased regulatory capital requirements by raising \$5.1 billion through an entitlement offer for all shareholders.

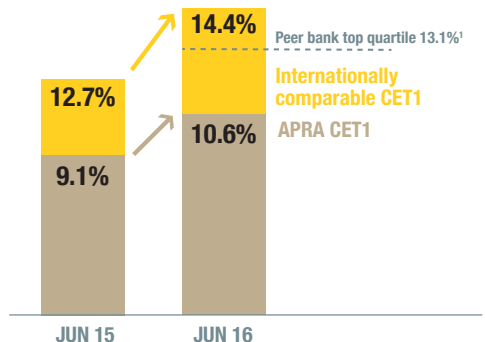
As a result of the capital raising and strong organic capital growth during the year, we further boosted our capital position.

As at 30 June 2016, the Group had a Common Equity Tier 1 (CET1) ratio of 14.4% on an internationally comparable basis, cementing our position in the top quartile of international peer bank capital rankings. Return on equity was impacted by the larger capital base, down 170 basis points to 16.5%.

We also grew customer deposits by 8% during the year. Customer deposits now represent 66% of Group funding. At year end, we had a liquidity coverage ratio of 120% and our net stable funding ratio exceeded 100% on current calculations.

## Strengthened capital position

BASEL III COMMON EQUITY TIER 1



1 APRA Insight Issue Two 2016, "International capital comparison update" (July 2016)



### Investing in innovation

As Australia's leading technology bank we have an important competitive advantage at a time when the digital economy is evolving rapidly. In 2016 we invested \$1.4 billion to ensure we continue to deliver innovative products and services for our customers, to generate productivity and cost-efficiencies, and to protect the Group from cyber threats and other risks.

In addition to pursuing innovation within the Group, we are partnering with fintech companies, government bodies and research institutions, so that we can contribute to and benefit from innovation networks.



### The strengths of our people and culture

Your company's performance reflects the commitment and dedication of our people to our customers and to our values.

For several years we have been embedding a way of working across the Group that is based on the values of integrity, accountability, collaboration, excellence and service. This past year we have focused on making sure that every one of our people understands how these values apply in her or his everyday role, and we are now incorporating into everyone's performance review an assessment of how we have demonstrated our values and improved our risk culture.

We have taken the discovery earlier this year of poor experiences for a number of our CommInsure life insurance customers extremely seriously, as the allegations made are completely inconsistent with our culture and values. All five customer cases aired by the ABC's *Four Corners* program have been resolved, with three resolved before the program went to air. We have also launched investigations into the root causes of the concerns raised.

Through the substantial work we have done to date, we have not found evidence to substantiate any of the claims of widespread problems and wilful misconduct. If we do, we will put things right. We will provide an update on the findings of the investigations at our AGM.

🔍 For updates on CommInsure – [commbank.com.au/comminsure-update](http://commbank.com.au/comminsure-update)



*Solar panels on our branches reduce our environmental impact and our costs*

At Commonwealth Bank we are committed to managing the environmental, social and economic impacts of our activities.

### **Operating sustainably**

We are very aware of the environmental, social and economic impacts of our activities. We continue to reduce our direct environmental footprint, and have reduced our greenhouse gas emissions by more than 40% in the past five years.

This year we strengthened our commitment to tackling our indirect impacts by updating our Environment Policy and introducing new Environmental, Social and Governance lending and investing requirements across the Group. To increase accountability, we now disclose the carbon emissions arising from our business lending, a first for any Australian bank.

Our new Human Rights Position Statement formalises our commitment to respect human rights across all of our operations, with a focus on our lending, investing, people and supply chain practices.

Commonwealth Bank is now the largest corporate taxpayer in Australia. We are committed to being a responsible corporate taxpayer and have become a signatory to the Voluntary Tax Transparency Code. As part of our compliance with this code, we will continue to provide transparency on our approach to tax risk, governance and tax paid in Australia.

 To read our 2016 Corporate Responsibility Report visit [commbank.com.au/cr-report2016](http://commbank.com.au/cr-report2016)

## Outlook

The Australian economy is well positioned. We have key strategic advantages, including our proximity to populous growth markets, our rich natural reserves, and our dynamic and multicultural workforce.

The economic transition that is underway – with the services sector taking up the slack from mining, our exports becoming more diversified, and SMEs playing a greater role – is providing the foundations we need for prosperity and success.



*Helping children develop financial literacy skills from an early age*

We will continue to execute our long term strategy, focused on customer satisfaction, innovation and strength.

Recently however, we have seen political, economic and security uncertainty around the world take a toll on confidence; and the policy responses to date, such as quantitative easing, will inevitably present challenges. We now face the prospect that low or negative interest rates, low inflation and low growth will be with us for some time.

Against this backdrop, we remain steadfast in our vision, to excel at securing and enhancing the financial wellbeing of people, businesses and communities.

We will continue to execute our long term strategy, focused on customer satisfaction, innovation and strength, to support the economic activities that are critical to our common future. In doing so, we aim to remain a resilient, strong and successful bank for our customers, shareholders, people and communities.

In closing, we would like to thank our customers and shareholders for their continuing support, and every one of our people, on whom we depend for our success.

**David Turner**  
*Chairman*

**Ian Narev**  
*Chief Executive Officer*

# Contributing to Australia's financial wellbeing

In making every decision we work hard to effectively balance the interests of our many stakeholders.

## Depositors

**11.3 million**  
deposit customers



**75%** of our term deposit customers are over 55 years of age.

The interest that deposit holders earn impacts their financial wellbeing.

## Shareholders

Over **800,000** Australian households are direct shareholders and millions more individuals are investors through their superannuation funds



**76%** of our profits are paid to shareholders as dividends.

The dividends that shareholders receive contribute to their financial wellbeing.

## Borrowers

**1.9 million**  
home loan customers



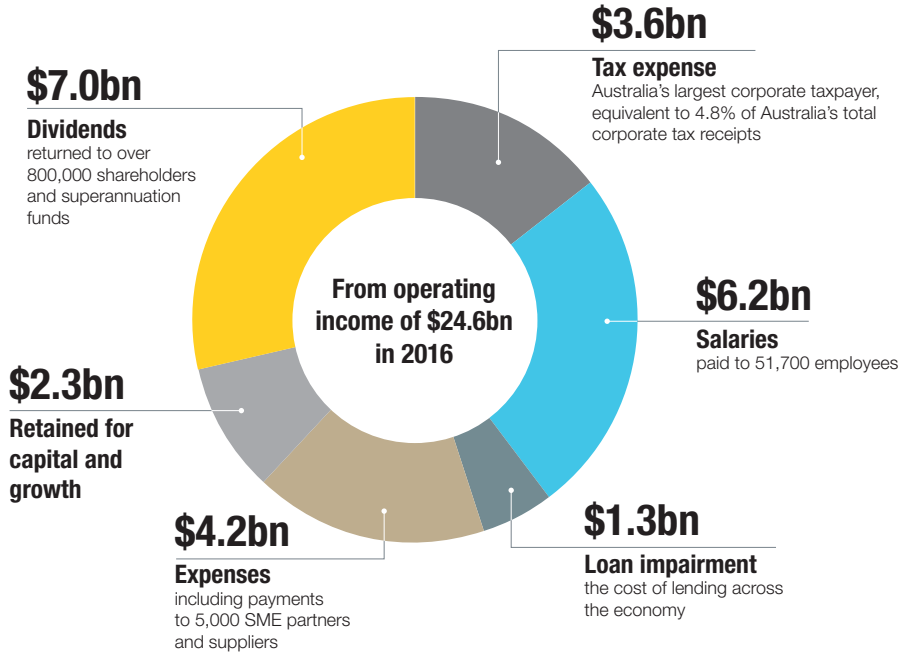
We helped **162,000** customers buy a property this year.

The interest rate that home buyers pay is important to their financial wellbeing.





*In 2016, we provided 15.9 million customers with the products and services they need to transact, do business and plan for the future*



*Through \$192 billion in new lending we helped more Australians buy their own home than any other bank, and helped businesses grow and employ more people*



# Our long term strategy

## Our vision

To excel at securing and enhancing the financial wellbeing of people, businesses and communities

To achieve our vision we focus on:

## Our strategy

Customer focus continues to be the overarching priority of the Group's strategy

It is supported by:

### Our capabilities



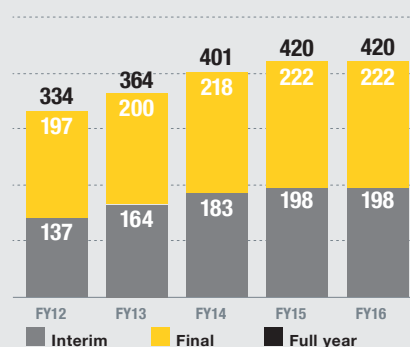
### Our values



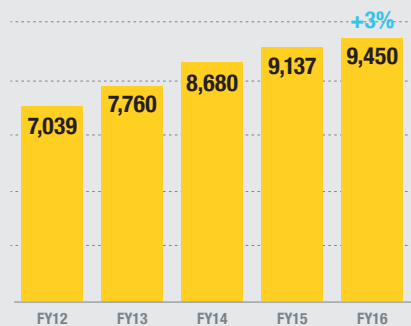
## Financial highlights

	June 16	June 16 vs June 15
Operating income (\$m)	24,606	+5%
Operating expenses (\$m)	10,429	+4%
Cash NPAT (\$m)	9,450	+3%
Statutory NPAT (\$m)	9,227	+2%
Cash return on equity (%)	16.5	(170)bpts
Cash EPS (\$)	5.55	–
Dividend per share (\$) – fully franked	4.20	–

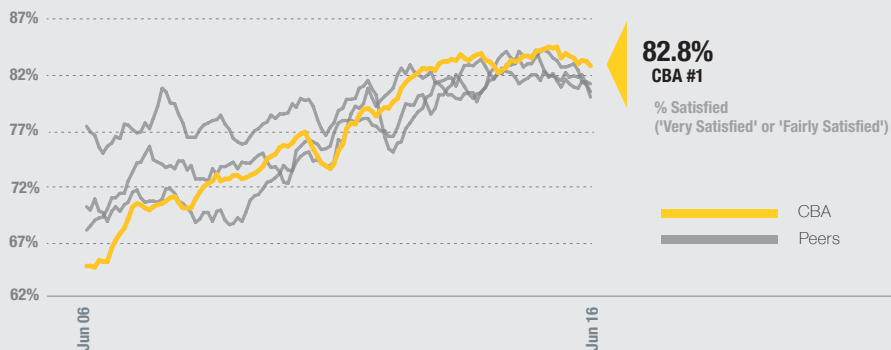
### Fully franked dividends (cents)



### Cash NPAT (\$m)



### Number 1 in Retail Customer Satisfaction



# Achieving sustainable returns through diversification

Our diversified business mix ensures the Group is well positioned to support our customers' needs, to benefit from growth opportunities, to manage risk, and to deliver superior performance and sustainable returns.

**\$4,436m** ↑ **11%**

## RETAIL BANKING SERVICES (RBS)

RBS provides home loan, consumer finance and retail deposit products and services to all retail bank customers and non-relationship managed small business customers. RBS' result was driven by growth in home lending and deposits and continued improvement in cost-to-income ratio.

**\$1,567m** ↑ **5%**

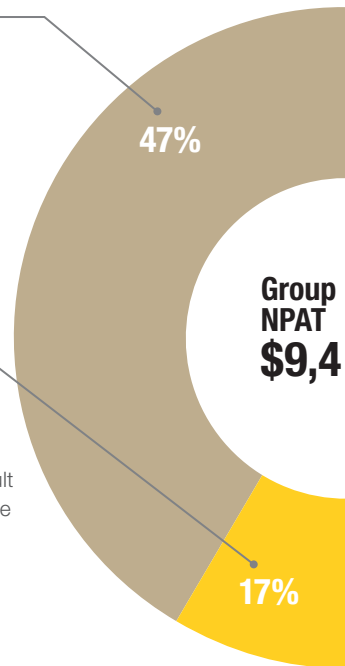
## BUSINESS & PRIVATE BANKING (BPB)

BPB provides specialised banking services to relationship managed business and Agribusiness customers, private banking to high net worth individuals, and margin lending and trading through CommSec. BPB's result was driven by income growth in the Private Bank, CommSec and Corporate Financial Services, partly offset by increased loan impairment expense.

**\$1,164m** ↓ **9%**

## INSTITUTIONAL BANKING & MARKETS (IB&M)

IB&M is responsible for global relationships with corporate, government and institutional clients, and provides financial services solutions across financial and capital markets, transaction banking, working capital and risk management. IB&M's result was driven by lending balance growth, and positive sales revenue in Markets, offset by lower lending margins, unfavourable derivative valuation adjustments, higher operating expenses and increased loan impairment expense.



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**\$617m** ↓ **6%**

### WEALTH MANAGEMENT (WM)

WM comprises the Group's funds management manufacturing and distribution capability, as well as its domestic superannuation, insurance and financial advice business divisions, including Colonial First State Global Asset Management, Colonial First State and CommInsure. WM's result was driven by growth in funds management income and lower operating expenses, offset by lower investment experience. Insurance income was flat, reflecting growth in general insurance income offset by a lower life insurance result.

**\$763m** ↓ **4%**

### BANKWEST (BW)

BW is active in Western Australia and beyond, with lending diversified between the business, rural, housing and personal markets and including a full range of deposit and transaction products. BW's result was driven by a reduction in loan impairment benefit and lower total banking income, partly offset by lower operating expenses.

**\$877m** ↓ **1%**

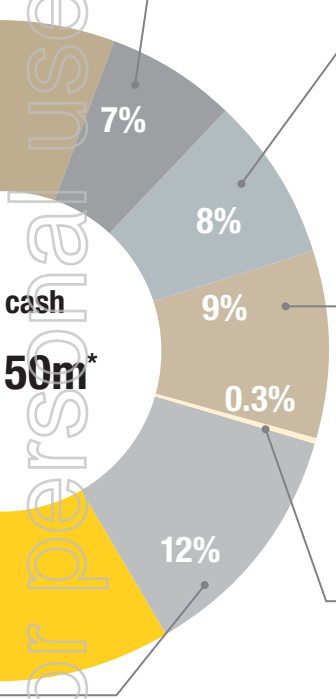
### NEW ZEALAND (NZ)

NZ includes the banking, funds management and insurance businesses (ASB Bank and Sovereign) operating in New Zealand. NZ's result was driven by lending and deposit growth, partly offset by margin compression across key products, higher operating expenses and increased loan impairment expense in ASB; and by lower net profit in Sovereign.

**\$26m** ↓ **21%**

### INTERNATIONAL FINANCIAL SERVICES (IFS) & OTHER

IFS incorporates the Group's Asian retail and SME banking operations (Indonesia, China, Vietnam and India), investments in Chinese and Vietnamese banks, the joint venture Chinese life insurance business, the life insurance operations in Indonesia and investment in TYME, a South Africa based financial services technology company. The economic slowdown in China, Indonesia and other emerging markets continued to adversely impact business volume growth, and resulted in higher loan impairment expense. The reduction in IFS profits was partially offset by higher Treasury income.



\* CASH NET PROFIT AFTER TAX FOR THE YEAR ENDED 30 JUNE 2016

# Investing in innovation

Enables us to deliver compelling products and services for our customers, to increase our productivity, and to seize new market opportunities.



40,000+ Albert EFTPOS terminals in market, 60% to new merchant customers

## Leading in digital banking services

Our online banking channels have 5.6 million active users and we offer a range of market-leading and popular features such as Tap & Pay, Cardless Cash, loyalty card storage, and Lock, Block & Limit.

Momentum on new functionality was maintained in 2016. For retail customers the emphasis was on enabling fast and simple digital transactions, including easy online loan applications, click-to-pay with 'Photo a Bill', and Instant Banking which allows new-to-bank customers to open an account and transact immediately.

For business customers, the focus has been on delivering business intelligence and integrated technology solutions. This includes our Albert EFTPOS terminals that provide a mobile payment solution paired with a growing suite of open-source applications that integrate capabilities such as inventory and order management.



## Making saving fun with Clever Kash

ASB in New Zealand has launched Clever Kash, a cashless moneybox, aimed at helping teach children the value of money. Clever Kash enables parents to swipe virtual notes and coins from the ASB mobile banking app, to display on the tummy of their child's Clever Kash.

# #1 Australia's leading technology bank:

- #1 online banking, 7 years in a row<sup>1</sup>
- #1 mobile banking<sup>1</sup>
- #1 internet business bank – CommBiz<sup>2</sup>
- #1 innovative card and payment product<sup>2</sup>
- #1 innovative business product – Daily IQ<sup>2</sup>
- #1 customer satisfaction – Internet banking<sup>3</sup>

<sup>1</sup> CANSTAR, <sup>2</sup> AB&F, <sup>3</sup> Roy Morgan



## Building innovation networks

We have extended our Innovation Lab network beyond Sydney to include London and Hong Kong. The Labs provide a space for collaboration with customers, fintech partners and researchers, to rapidly explore ideas, test concepts, solve problems and develop innovative products and services.



## Serving new customers through TYME

Our financial services technology company, TYME (Take Your Money Everywhere), has launched a MoneyTransfer remittance service with South Africa's second largest retailer. Kiosks equipped with biometric and optical character recognition technology allow supermarket customers to self-register for an account and to send money between stores at the cash register in a low cost, easy and secure way.



## Investing in leading-edge technologies and skills

During 2016 we invested in quantum computing, blockchain and cyber security, with a view to seizing opportunities in the future:

- provided an additional \$10 million to help Australian researchers develop the world's first silicon-based quantum computer
- working on 25+ use cases for blockchain technology with our partners
- partnering with the University of New South Wales to deliver cyber security training to more than 16,000 people, boosting Australia's reserve of security engineering professionals

# Creating long term value

We aim to deliver long term value to customers, shareholders, our people, and the broader community, through our role in society and the way we do business.

We are in a unique position to use our capabilities and resources to make a positive contribution beyond our core business.

## Supporting education

Last year we made a 25 year pledge to invest in education, with an initial commitment of \$50 million over three years. This has funded the launch of Evidence for Learning, in partnership with Social Ventures Australia. The goal is to evaluate evidence-based education practices in schools and learning centres nationally and across all sectors of the education system.

This year we extended our Start Smart financial literacy workshops to more than 550,000 students. This builds on 35 years of financial education through our School Banking Program, with 330,874 students from nearly 4,000 schools participating in 2016.



*Equipping students with the confidence and competence to make smart decisions about money*



### Commonwealth Bank Teaching Awards

Recognising and rewarding inspiring teachers who are improving students' financial literacy



## Securing a sustainable future

We are committed to managing the economic, social and environmental impacts of our activities:

- we have updated our Group Environment Policy to acknowledge international efforts to limit global warming to two degrees Celsius, and to set out the role we play in supporting the transition to a low carbon economy and in tackling climate change;
- we have entrenched our Environmental, Social and Governance (ESG) Lending Commitments through training and a new ESG lending tool that is central to the credit decision process;
- we now disclose the assessed carbon emissions of our entire business lending portfolio, a first for any Australian bank;
- our new Responsible Investing Framework integrates ESG factors across our Wealth Management investment processes; and
- our new Human Rights Position Statement states our responsibility and commitment to respect human rights across all of our operations.



The Group's committed exposure to the renewable energy sector was \$2.2 billion as at 30 June 2016



## Measuring our progress

We are included in leading global sustainability indices and surveys:

- Global 100 (G100) Most Sustainable Corporations Index - ranked #1 bank in the world and #1 Australian company in 2016
- Dow Jones Sustainability Index World Index
- CDP ASX 200 Climate Disclosure Leadership Index
- FTSE4Good Index



FTSE4Good

# Advancing diversity and inclusion

## Workplace diversity and inclusion

Women make up 58% of our workforce, and having reached our 35% target for women in executive manager and above roles, we have set a new target of 40% by 2020. We are also committed to improving diversity in the areas of culture, sexual orientation, life stage and disability.

We have rolled out an iCAN Flex program to meet our people's need for greater flexibility in their working schedules.

This financial year we were named an Employer of Choice by the Workplace Gender Equality Agency, and ranked second-highest in the Australian Workplace Equality Index Awards which recognises workplace inclusion for lesbian, gay, bisexual, transgender and intersex (LGBTI) people.



*Indigenous students participating in our CareerTracker internship program*

## Providing Indigenous opportunities

In June 2016 we launched our fifth Reconciliation Action Plan (RAP) which received "Elevate" status in recognition of the fact that we have embedded reconciliation in our business practices.

As part of our new RAP we announced that we will increase the number of Indigenous Australians we employ, with the goal of achieving employment parity within ten years. This builds on our existing Indigenous career opportunities which include: school-based traineeships; university student internships; and partnerships with the Australian Indigenous Education Foundation and the Australian Indigenous Mentoring Experience.



*Employee Simone Cottom with her assistance dog Gidget at Commonwealth Bank Place*

## Helping communities in time of need

In 2016 we provided emergency assistance packages to Australian communities affected by fires, flooding and storms.

The packages are tailored to specific needs and can include emergency accommodation, fee waivers, mortgage repayment holidays and donations, to help people and businesses get back on their feet. Recognising that banking is a critical community service we set up mobile branches in Cannonvale and Picton when these branches were lost to fire and floods.

To support our agribusiness customers we have announced a range of measures to help dairy producers struggling with the fall in milk prices.



*Delivering a pop-up branch to Cannonvale, QLD*



*Helping Indonesian women build their money management skills*

## Promoting financial inclusion

We work to help those excluded from the financial system access appropriate and affordable financial services.

We have committed to developing a Financial Inclusion Action Plan (FIAP) to support Australia's international obligations under the G20 FIAP. This builds on our existing financial inclusion programs directed at women's economic security, Indigenous communities and people with a disability.

Overseas, our Women Investment Series (WISE) helps Indonesian women build financial management capabilities and our TYME business is developing digital banking ecosystems to better serve customers in emerging markets.

# Board of Directors



David Turner

Ian Narev

Sir John Anderson

Shirish Apte

Sir David Higgins

Launa Inman

## David Turner

Chairman

David has been a Director since August 2006 and Chairman since February 2010. David is Chairman of the Board Performance & Renewal Committee and a member of the Risk and Remuneration Committees. He was previously Chairman of Cobham plc, CEO of Brambles Limited, a Director of Whitbread plc and the Iron Trades Insurance Group, and a member of the Quotations Committee of the London Stock Exchange. He is currently a Director of Ashurst, O'Connell Street Associates Pty Ltd and the Great Barrier Reef Foundation. Age 71.

## Ian Narev

Managing Director & Chief Executive Officer

Ian has been a Director since December 2011 and was appointed MD and CEO in December 2011. He joined the Group in May 2007 and was Group Head of Strategy and Group Executive, Business and Private Banking. Prior to CBA, Ian was a partner of McKinsey's New York, Sydney and Auckland offices. Ian is Chairman of Sydney Theatre Company. He is a Director of the Business Council of Australia, the Institute

of International Finance and the Financial Markets Foundation for Children. Age 49.

## Sir John Anderson KBE

Sir John has been a Director since March 2007 and is a member of the Audit, Risk and Board Performance & Renewal Committees. He was CEO & Director of ANZ National Bank Ltd and National Bank of New Zealand Ltd. Sir John is Chairman of NPT Ltd and Steel & Tube Holdings Ltd, Deputy Chairman of T&G Global Limited, and Director of APN News & Media Limited. Age 71.

## Shirish Apte

Shirish has been a Director since June 2014. He is a member of the Audit Committee. He is also a member of the Risk Committee and from the end of September 2016 assumed the role of Chairman of the Risk Committee. He was Co-Chairman of Citi Asia Pacific Banking and CEO of Citi Asia Pacific. Shirish is Chairman of Pierfront Capital Mezzanine Fund Pte Ltd and Vice Chairman of the Supervisory Board, Citibank Handlowy, Poland. He is a Director of IHH Healthcare Bhd, Crompton Greaves Ltd, Citibank Japan, AIG Asia Pacific Pte Ltd and Clifford Capital Pte Ltd. Age 63.

## Sir David Higgins

Sir David has been a Director since September 2014. He is Chairman of the Remuneration Committee and a member of the Risk Committee. He was previously Chief Executive of the Network Rail Infrastructure Ltd, CEO of the Olympic Delivery Authority, CEO of English Partnerships, and MD and CEO of Lendlease. Sir David is the Chairman of High Speed Two (HS2) Ltd. Age 61.

## Launa Inman

Launa has been a Director since March 2011, and is a member of the Audit and Remuneration Committees. She was MD and CEO of Billabong International Limited, MD of Target Australia Pty Ltd, and MD of Officeworks. Launa is a Director of Bellamy's Australia Limited, Super Retail Group Limited, Precinct Properties New Zealand Limited, Virgin Australia Melbourne Fashion Festival and The Alannah and Madeline Foundation. Age 60.



Catherine Livingstone

Brian Long

Andrew Mohl

Mary Padbury

Wendy Stops

Harrison Young

### **Catherine Livingstone AO**

Catherine has been a Director since March 2016 and is a member of the Audit Committee. She was previously Chairman of Telstra and the CSIRO, and was MD and CEO of Cochlear Limited. She has served on the Boards of Macquarie Group Limited, Goodman Fielder Limited and Rural Press Limited. She is currently President of the Business Council of Australia and the Australian Museum Trust. She is a Director of WorleyParsons Limited, The George Institute for Global Health and Saluda Medical Pty Ltd. Age 60.

### **Brian Long**

Brian has been a Director since September 2010. He is Chairman of the Audit Committee and a member of the Risk and Board Performance & Renewal Committees. He retired as a partner of Ernst & Young in 2010. Until that time he was Chairman of both the Ernst & Young Global Advisory Council and the Oceania Area Advisory Council. Brian is a Director of Brambles Ltd and Cantarella Bros Pty Ltd, and is a Member of the Council of the University of NSW. Age 70.

### **Andrew Mohl**

Andrew has been a Director since July 2008 and is a member of the Risk and Remuneration Committees. He was MD and CEO of AMP Ltd, MD of AMP Financial Services and MD and Chief Investment Officer of AMP Asset Management. Andrew was also Group Chief Economist, Chief Manager, Retail Banking and MD, ANZ Funds Management at ANZ Banking Group. Age 60.

### **Mary Padbury**

Mary has been a Director since June 2016 and is a member of the Remuneration Committee. She is a partner and Vice Chairman of Ashurst, and was previously Chairman of Ashurst Australia. Mary is also Director of The Macfarlane Burnet Institute for Medical Research and Public Health Limited and of the Australasian Gastro-Intestinal Trials Group. Age 57.

### **Wendy Stops**

Wendy has been a Director since March 2015 and is a member of the Remuneration Committee. She was Senior Managing Director, Technology - Asia Pacific for Accenture Limited. At Accenture Limited she was also Global MD, Technology Quality & Risk Management, Global MD, Outsourcing Quality & Risk Management, Director of Operations, Asia Pacific, and served on Accenture's Global Leadership Council. Wendy is a Board Member of Fitted for Work Limited and a Council Member of the University of Melbourne. Age 55.

### **Harrison Young**

Harrison has been a Director since February 2007. He is a member of the Risk, Audit and Board Performance and Renewal Committees. Harrison was Chairman of the Risk Committee until the end of September 2016. He was Chairman of NBN Co Ltd, Director and Member of the Financial Stability Committee of the Bank of England, Chairman of Morgan Stanley Australia, and Vice Chairman of Morgan Stanley Asia. Age 71.

For more information see pages 38 to 41 of our 2016 Annual Report:  
[commbank.com.au/shareholder/annualreports](http://commbank.com.au/shareholder/annualreports)



# Group Executive team



Kelly Bayer Rosmarin

Adam Bennett

Barbara Chapman

David Cohen

Matt Comyn

David Craig

## Kelly Bayer Rosmarin

Kelly was appointed Group Executive, Institutional Banking and Markets in December 2013. Her division provides financial services solutions across financial and capital markets, transaction banking, working capital and risk management. Previously Kelly held a variety of senior roles across the Group, was a management consultant with the Boston Consulting Group and held various roles in the high tech industry in Silicon Valley. Kelly is Deputy Chair of the Australian Financial Markets Association and a board member of the Football Federation of Australia. She also serves on the advisory committees of the UNSW Engineering Faculty, the NSW Government Digital Advisory Group and the Australian Government's FinTech Panel.

## Adam Bennett

Adam was appointed Group Executive, Business and Private Banking in January 2015. He is responsible for the Group's Business Banking divisions (Corporate Financial Services, Business Banking SME and Regional and Agribusiness Banking), Private Banking and CommSec. Adam joined the Group in 2004 as the Chief Information Officer for the Retail

Banking and Business Banking divisions during the Core Banking Modernisation project. Previously Adam was Principal at strategic consulting practice A.T. Kearney, working across industries in Australia, New Zealand, Asia, and Europe.

## Barbara Chapman

Barbara was appointed Chief Executive and Managing Director of the Group's New Zealand subsidiary ASB in April 2011. Since 1994 she has held a number of senior executive roles across the Group. She started her career with the Group as Chief Manager Marketing at ASB. She was also appointed non-executive Director of the Group's New Zealand life insurance business, ASB Life Ltd (Sovereign). Her previous role was Group Executive, Human Resources and Group Services.

## Matt Comyn

Matt was appointed Group Executive, Retail Banking Services in August 2012. He is responsible for the Group's retail banking operations. Matt joined the Commonwealth Bank in 1999 and has previously held a variety of senior leadership roles in business and institutional banking including Managing Director of CommSec. Matt is a

non-executive Director and the shareholder representative of Aussie Home Loans. He is also a Director of Unicef Australia and a member of MasterCard's Global Advisory Board.

## David Cohen

David commenced as Group Chief Risk Officer in July 2016. In this role he provides leadership to ensure effective risk management and risk governance across the Group. David joined the Group as Group General Counsel in June 2008 and took on the role of leading Group Corporate Affairs in early 2012 with responsibility for advising the CEO and the Board on legal matters, for leading the Group's legal team, and for the Group's external and internal affairs, communications, sustainability and corporate governance. Previously he was General Counsel of AMP and was a partner with Allens Arthur Robinson for 12 years.

## David Craig

David commenced as Chief Financial Officer of the Group in September 2006. He is responsible for the overall financial functions of the Group. David has over 30 years' experience in finance, accounting, audit, risk management, strategy and



Rob Jesudason

Melanie Laing

Vittoria Shortt

Annabel Spring

David Whiteing

mergers and acquisitions. Prior to joining the Group he was CFO for Australand, Global CFO of PwC Consulting, COO for PricewaterhouseCoopers Australasia and a Director of the Australian Gas Light Company. David currently serves as a Director of Lendlease Corporation Ltd and the Victor Chang Cardiac Research Institute, and as President of the Financial Executives Institute.

**Rob Jesudason**

Rob was appointed Group Executive, International Financial Services in November 2014. He is responsible for managing the Group's offshore growth in retail and commercial banking, digital banking and life insurance in China, India, Indonesia, Vietnam and South Africa. Rob joined the Group in December 2011. Previously Rob held senior positions at Credit Suisse, JP Morgan, Barclays PLC and McKinsey. He has worked globally, including in Australia, Hong Kong, Japan and Europe.

**Melanie Laing**

Melanie commenced as Group Executive, Human Resources in February 2012 and is responsible for all of the Group's HR functions. Melanie has extensive experience and a diverse background leading HR

divisions for large companies, including global and regional HR functions for several multinational and ASX listed organisations having worked in the US, Europe and Asia. She is a Fellow of the Australian HR Institute and a member of Chief Executive Women.

**Vittoria Shortt**

Vittoria was appointed Group Executive, Marketing and Strategy in March 2015. Vittoria is responsible for Corporate Strategy, Mergers and Acquisitions, Customer Advisory and Remediation, cross-business strategic initiatives and Marketing. Vittoria joined the Group in 2002 and has held a number of customer-facing, operations and strategy leadership roles including: Commonwealth Bank Chief Marketing Officer and Chief Executive, Retail Bankwest. Previously Vittoria worked in Corporate Finance and Mergers and Acquisitions with Deloitte and Carter Holt Harvey. She is a Director of ASB Bank Limited in New Zealand and a member of Chief Executive Women.

**Annabel Spring**

Annabel was appointed Group Executive, Wealth Management in October 2011. She is responsible for Colonial First

State, Colonial First State Global Asset Management, Wealth Management Advice and Commlnsure. Annabel joined CBA in 2009 as Group Head of Strategy. Previously Annabel was Managing Director and Global Head of Firm Strategy and Execution at Morgan Stanley. She is a member of the Advisory Board for the Salvation Army Australian Eastern Territories, Co-Deputy Chair of the Financial Services Council (FSC), Co-Deputy Chair of the FSC's Administration and Risk Board Committee and a member of Chief Executive Women.

**David Whiteing**

David was appointed Group Executive, Enterprise Services and Chief Information Officer in July 2014. David is responsible for leading the technology and operations teams and delivering the Group's strategic pillar of the 'world-leading application of operations and technology.' David is a highly experienced business and IT executive with a track record of delivering technology transformation in many industries both in Australia and overseas. Prior to joining the Group he was Vice President of Enterprise Systems at BP in the UK. He is a former Accenture partner with extensive SAP experience.

# Remuneration

## Non-Executive Directors

The Group has a strong composition of skilled, knowledgeable and experienced Non-Executive Directors on the Board.

Non-Executive Directors' fees reflect the scope of their roles and responsibilities. They receive fees for services on the Board and Committees. Fee levels are fixed and the total amount of all fees for Non-Executive Directors on the Board is capped by a shareholder-approved pool (currently \$4.75 million per year).

### Non-Executive Directors Remuneration in relation to the 2016 financial year

	Fees <sup>(1)</sup> (\$000)	Superannuation <sup>(2)</sup> (\$000)	Total Payments (\$000)
<b>Chairman</b>			
David Turner	855	19	874
<b>Non-Executive Directors</b>			
John Anderson	301	19	320
Shirish Apte	299	8	307
David Higgins	294	19	313
Launa Inman	286	19	305
Catherine Livingstone <sup>(3)</sup>	85	6	91
Brian Long	332	19	351
Andrew Mohl	287	19	306
Mary Padbury <sup>(3)</sup>	12	1	13
Wendy Stops	254	19	273
Harrison Young	333	19	352
<b>Former Non-Executive Director</b>			
Jane Hemstritch <sup>(4)</sup>	238	15	253

(1) Fees include Board and Committee fees received as cash including the portion of fees used to purchase CBA shares.

(2) Superannuation contributions are capped at the superannuation maximum contributions base as prescribed under the Superannuation Guarantee legislation. For Shirish Apte, superannuation is paid on the Australian portion of his fees.

(3) Catherine Livingstone was appointed as a Non-Executive Director on 1 March 2016 and Mary Padbury was appointed as a Non-Executive Director on 14 June 2016. Their remuneration has been prorated accordingly.

(4) Jane Hemstritch retired from the Group on 31 March 2016 and her remuneration has been prorated accordingly.

Further information about remuneration is available on pages 60, 62 and 63 of the 2016 Annual Report and on our website [www.commbank.com.au/shareholder](http://www.commbank.com.au/shareholder)



## The CEO and Group Executives

The CEO and Group Executives receive a mix of fixed and performance-based remuneration that is market competitive.

Performance-based remuneration includes short-term incentives (STI) and long-term incentives (LTI). These awards are aligned to the Group's short-term and long-term business strategies and reflect the Group's strategic priorities.

### CEO and Group Executives Remuneration in relation to the 2016 financial year

	Fixed Remuneration <sup>(1)</sup> (\$000)	Cash STI <sup>(2)</sup> (\$000)	Total Cash in relation to 2016 (\$000)	Previous Years' Awards that Vested during 2016		
				Deferred Cash Awards <sup>(3)</sup> (\$000)	Deferred Equity Awards <sup>(4)</sup> (\$000)	Previous Years' Awards Forfeited/Lapsed during 2016 <sup>(5)</sup>
Ian Narev (CEO)	2,650	1,431	4,081	1,626	6,597	(926)
Kelly Bayer Rosmarin	1,051	586	1,637	627	467	-
Adam Bennett	980	554	1,534	259	393	-
David Cohen	900	530	1,430	596	2,178	(306)
Matthew Comyn	1,056	653	1,709	633	549	-
David Craig	1,380	812	2,192	871	3,340	(469)
Robert Jesudason	1,193	712	1,905	630	385	-
Melanie Laing	845	483	1,328	507	1,936	(272)
Vittoria Shortt	845	501	1,346	170	264	-
Annabel Spring	1,056	501	1,557	677	2,372	(333)
Alden Toeves	1,430	752	2,182	865	3,461	(486)
David Whiteing	980	511	1,491	563	-	-

(1) Fixed remuneration includes base remuneration and superannuation.

(2) This is the 50% of the 2016 STI for performance during the 12 months to 30 June 2016 (payable September 2016). The remaining 50% is deferred until 1 July 2017. Deferred STI awards are subject to Board review at the time of payment.

(3) The value of all deferred cash awards that vested during the 2016 financial year plus any interest accrued during the vesting period. For Rob Jesudason, a portion of his 2015 deferred STI award that vested during the 2016 financial year was paid in Australian dollars and a portion was paid in Hong Kong dollars. For the purpose of disclosure, the portion paid in Hong Kong dollars has been converted to Australian dollars using the average year-to-date exchange rate as at 30 June 2016.

(4) The value of deferred equity awards that vested during the 2016 financial year plus any dividends accrued during the vesting period. For Ian Narev, David Cohen, David Craig, Melanie Laing, Annabel Spring and Alden Toeves this reflects the portion of the 2011 GLRP award that vested during the 2016 financial year. For Kelly Bayer Rosmarin, Adam Bennett, Matthew Comyn, Robert Jesudason and Vittoria Shortt this amount reflects the 2012 deferred STI awarded prior to their appointment as Group Executive under Executive General Manager arrangements that vested during the 2016 financial year. A portion of Ian Narev's deferred equity award was delivered in the form of cash, which was paid to registered charities pursuant to an option that the Board made available in the current year.

(5) The value of any deferred cash and/or equity awards that were forfeited/lapsed during the 2016 financial year.

# Five year summary

	2016	2015 <sup>1</sup>	2014 <sup>1</sup>	2013	2012
	\$m	\$m	\$m	\$m	\$m
<b>INCOME STATEMENT</b>					
Net interest income	16,935	15,827	15,131	13,944	13,157
Other operating income <sup>2</sup>	7,812	7,751	7,270	6,877	6,319
Operating expenses	(10,429)	(9,993)	(9,499)	(9,010)	(8,627)
Impairment expense	(1,256)	(988)	(953)	(1,082)	(1,089)
<b>Net profit before tax</b>	<b>13,062</b>	<b>12,597</b>	<b>11,949</b>	<b>10,729</b>	<b>9,760</b>
Corporate tax expense	(3,592)	(3,439)	(3,250)	(2,953)	(2,705)
Non-controlling interests	(20)	(21)	(19)	(16)	(16)
<b>Net profit after tax (cash basis)</b>	<b>9,450</b>	<b>9,137</b>	<b>8,680</b>	<b>7,760</b>	<b>7,039</b>
Hedging and IFRS volatility	(200)	6	6	27	124
Bankwest non-cash items	(27)	(52)	(56)	(71)	(89)
Other non-cash items	4	(28)	1	(98)	(58)
<b>Net profit after income tax attributable to equity holders (statutory basis)</b>	<b>9,227</b>	<b>9,063</b>	<b>8,631</b>	<b>7,618</b>	<b>7,016</b>
<b>CONTRIBUTIONS TO PROFIT (AFTER TAX)</b>					
Retail Banking Services	4,436	3,994	3,678	3,089	2,703
Business and Private Banking	1,567	1,495	1,321	1,474	1,513
Institutional Banking and Markets	1,164	1,285	1,252	1,195	1,098
Wealth Management	617	653	789	679	629
New Zealand	877	882	742	621	541
Bankwest	763	795	675	561	527
IFS and Other	26	33	223	141	28
<b>Net profit after tax (cash basis)</b>	<b>9,450</b>	<b>9,137</b>	<b>8,680</b>	<b>7,760</b>	<b>7,039</b>
Investment experience after tax	(100)	(150)	(197)	(105)	(89)
<b>Net profit after tax (underlying basis)</b>	<b>9,350</b>	<b>8,987</b>	<b>8,483</b>	<b>7,655</b>	<b>6,950</b>
<b>BALANCE SHEET</b>					
Loans, bills discounted and other receivables	695,398	639,262	597,781	556,648	525,682
Total assets	933,078	873,446	791,451	753,857	718,839
Deposits and other public borrowings	588,045	543,231	498,352	459,429	437,655
Total liabilities	872,322	820,453	742,103	708,320	677,219
Shareholders' Equity	60,756	52,993	49,348	45,537	41,620

<sup>1</sup> Comparative information has been restated to conform with presentation in the current period.

<sup>2</sup> Includes investment experience.

## Financial calendar

<b>9 Nov 2016</b>	Annual General Meeting
<b>15 Feb 2017</b>	Interim results
<b>22 Feb 2017</b>	Ex-dividend date for interim dividend
<b>23 Feb 2017</b>	Record Date for interim dividend
<b>4 April 2017</b>	Interim dividend payment date
<b>10 Aug 2017</b>	Full year results
<b>16 Aug 2017</b>	Ex-dividend date for final dividend
<b>17 Aug 2017</b>	Record Date for final dividend
<b>29 Sep 2017</b>	Final dividend payment date
<b>16 Nov 2017</b>	Annual General Meeting

Dates may be altered by the Commonwealth Bank should circumstances require. Any changes will be advised to the Australian Securities Exchange.

## Your dividends

Commonwealth Bank pays cash dividends by direct credit to shareholders with registered addresses in Australia, New Zealand and the United Kingdom.

Eligible shareholders can elect to participate in the Dividend Reinvestment Plan. To find out more about the DRP visit: [commbank.com.au/drp](http://commbank.com.au/drp)

## Managing your shares

Shareholders can use the online Link Investor Centre [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to:

- update contact details
- update dividend payment preferences and DRP election
- view holdings online and print dividend statements
- provide TFN and/or ABN
- elect to receive communications electronically to receive information faster and to reduce paper waste and postage costs

If you have questions about your shareholding, visit the Link Investor Centre or contact our share registrar at:



[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



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# For more information

## CBA Shareholder Centre

For financial information on the Group including company announcements, current and historical share prices, dividend information and key financial dates visit:

[commbank.com.au/shareholder](http://commbank.com.au/shareholder)



## Investor Relations App for iPad

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## Annual Report

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[commbank.com.au/shareholder/annualreports](http://commbank.com.au/shareholder/annualreports)

To request a printed copy of the 2016 Annual Report, please call Link Market Services on +61 1800 022 440 or email [cba@linkmarketservices.com.au](mailto:cba@linkmarketservices.com.au)



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