

Notice of Meeting

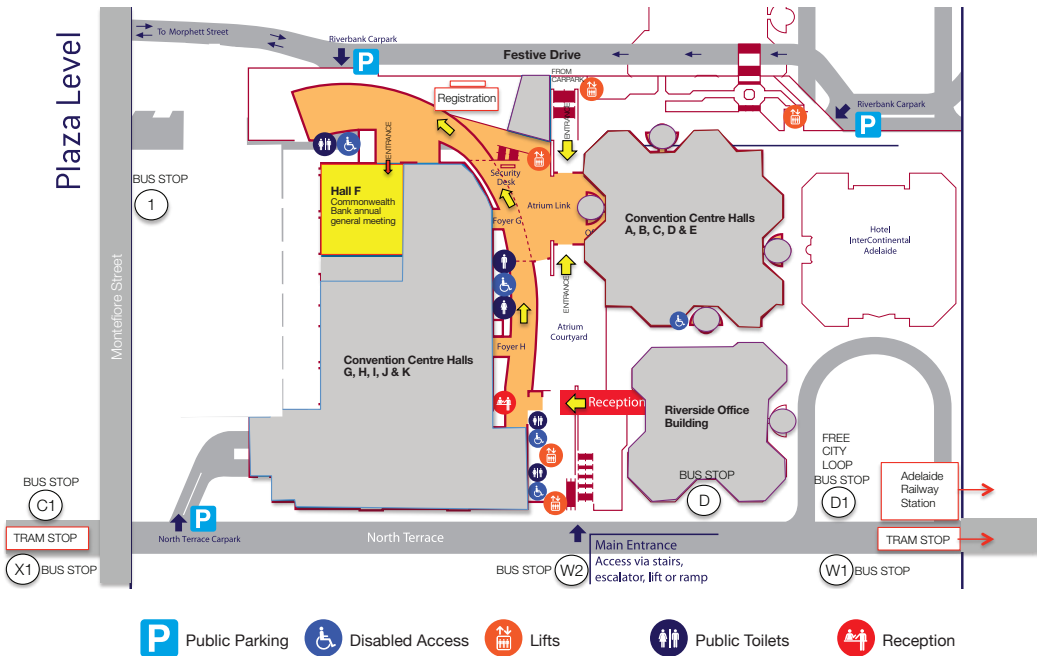
2013

CommonwealthBank



HOW TO GET THERE

The Annual General Meeting will be held on Friday, 8 November 2013, commencing at 11.00am (Adelaide time) at the Adelaide Convention Centre, North Terrace, Adelaide, South Australia.



Chairman's Letter

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2013 AGM – Notice of Meeting

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2013 Annual Report

A copy of the Commonwealth Bank 2013 Annual Report for the year ended 30 June 2013 is available on the Group's website www.commbank.com.au/shareholder/annualreports

CHAIRMAN'S LETTER

6 September 2013

Dear Shareholder

I am writing to invite you, as a shareholder in the Commonwealth Bank of Australia, to attend the Annual General Meeting on Friday, 8 November 2013.

The Meeting will be held at the Adelaide Convention Centre, North Terrace, Adelaide. A map on the opposite page shows the location of the Convention Centre.

The Meeting will begin at 11.00am, with registration available from 9.30am.

A Voting / Proxy Form is included in this information pack. The Form contains a barcode to assist with the registration process at the Meeting. If you attend the Meeting, please bring this barcoded Form with you. If you are not attending the Meeting, the Form allows shareholders to either lodge their vote directly or appoint a proxy to vote on their behalf. Please refer to the Notice of Meeting and the Voting / Proxy Form for more information.

I have enclosed a form for those who cannot attend the Meeting but would like to submit questions on any shareholder matters that may be relevant to the Meeting. I invite you to submit any questions on this enclosed form and return it with the Voting / Proxy Form. While time will undoubtedly not permit me to address all the questions submitted, I will try, during the course

of the Meeting, to address the more frequently raised shareholder matters.

A live webcast of the Meeting will be broadcast on the Bank's website through the Shareholder Centre at www.commbank.com.au/shareholder/annualgeneralmeeting. An archive of the webcast will be available at the same web address within a day of the Meeting. This will enable you to hear or read the responses to the questions raised on the returned forms and during the Meeting.

Any body corporate holder of Commonwealth Bank shares, or any body corporate appointed as a proxy, wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with a letter, executed in accordance with the body corporate's constitution, authorising him or her as the body corporate's representative.

The Notice of Meeting commences on page 3, listing the items to be considered at the Meeting. Background information on Items 2 to 5 is contained in the Explanatory Memorandum on pages 8 to 17.

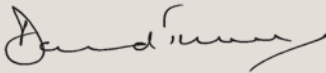
Agenda Item 3 is a non-binding resolution that shareholders adopt the Remuneration Report which can be found at pages 47 to 64 in the 2013 Annual Report. I would encourage

you to review the detailed account of the Bank's remuneration policy as set out in the Remuneration Report.

In Agenda Item 5, shareholders are asked to approve Selective Buy-Back Agreements and a Selective Capital Reduction relating to the Preference Shares which form part of PERLS V securities. These transactions are consistent with the Bank's conservative and pro-active approach to capital management. Information about these transactions is set out in the Explanatory Memorandum.

Commonwealth Bank Directors and Senior Executives would also like to extend an invitation to shareholders to join them for light refreshments after the Meeting.

Yours sincerely



David J Turner
CHAIRMAN

NOTICE OF MEETING

Commonwealth Bank of Australia ACN 123 123 124

The Annual General Meeting will be held on Friday, 8 November 2013, commencing at 11.00am (Adelaide time) at the Adelaide Convention Centre, North Terrace, Adelaide, South Australia.

ITEMS OF BUSINESS

1. Discussion of Financial Statements

To discuss the financial report, the Directors' report and the auditor's report for the year ended 30 June 2013.

2. Election of Directors

In accordance with Articles 11.1 and 11.2 of the Constitution of the Commonwealth Bank of Australia:

- (a) Sir John Anderson retires and, being eligible, offers himself for re-election;
- (b) Mr Brian Long retires and, being eligible, offers himself for re-election; and
- (c) Ms Jane Hemstritch retires and, being eligible, offers herself for re-election.

Information about the candidates seeking re-election appears in the Explanatory Memorandum.

3. Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2013.

Voting Exclusion Statement for Item 3

The Bank will disregard any votes cast (in any capacity) on Item 3 by or on behalf of:

- a member of the key management personnel of the Bank (KMP)

as disclosed in the 2013 Remuneration Report; and

- a closely related party of those persons (such as close family members and any companies the person controls),

unless the vote is cast as proxy for a person who is entitled to vote, and:

- the vote is cast in accordance with a direction on the Voting / Proxy Form; or
- in the absence of a direction on the Voting / Proxy Form, the vote is cast by the Chairman of the Meeting.

4. Grant of Securities to Ian Mark Narev under the Group Leadership Reward Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval be given in accordance with ASX Listing Rule 10.14 for the participation of Ian Narev in the Group Leadership Reward Plan (GLRP) of the Commonwealth Bank of Australia, and for the grant of reward rights to Mr Narev within one year of the date of this Annual General Meeting pursuant to the GLRP and on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.”

NOTICE OF MEETING

Voting Exclusion Statement for Item 4

The Bank will disregard any votes cast on Item 4:

- by any Directors of the Bank or their associates; and
- as a proxy by a member of the KMP or a closely related party (such as close family members and any companies the person controls) of a member of the KMP,

unless the vote is cast as proxy for a person who is entitled to vote, and:

- the vote is cast in accordance with a direction on the Voting / Proxy Form; or
- in the absence of a direction on the Voting / Proxy Form, the vote is cast by the Chairman of the Meeting and the Chairman has received express authority to vote undirected proxies as the Chairman decides.

5. Approval of Selective Buy-Back Agreements and Selective Capital Reduction relating to the preference shares which form part of PERLS V securities

(a) To consider and, if thought fit, to pass the following resolution as a special resolution:

“That the terms and conditions of selective buy-back agreements relating to the preference shares which form part of the Perpetual Exchangeable Resaleable Listed Securities issued on 14 October 2009 (PERLS V) as described in the Explanatory Memorandum accompanying this Notice of Meeting be approved.”

(b) To consider and, if thought fit, to pass the following resolution as a special resolution:

“That a selective capital reduction relating to the preference shares which form part of PERLS V as described in the Explanatory Memorandum accompanying this Notice of Meeting be approved.”

Voting Exclusion Statement for Item 5

Holders of ordinary shares

If you hold ordinary shares only and are not an associate (as defined in the *Corporations Act 2001* (Cw) (Corporations Act)) of a holder of PERLS V, you are not subject to any voting restrictions in relation to Item 5(a) and Item 5(b). Your vote will also count if cast by a PERLS V holder or their associate as proxy for a person who is entitled to vote, in accordance with a direction on the Voting / Proxy Form.

The Corporations Act requires Commonwealth Bank of Australia to disregard any votes cast in favour of Item 5(a) and Item 5(b) by a person who holds PERLS V or their associates in accordance with sections 257D(1)(a) and 256C(2)(a) of the Corporations Act, respectively. This voting restriction applies not only to votes cast in relation to that person's holding of PERLS V but also to votes cast in relation to any ordinary shares in Commonwealth Bank of Australia held by that person.

For Item 5(a), Commonwealth Bank of Australia has obtained an exemption

from the Australian Securities and Investments Commission (ASIC) which is relevant for nominees and custodians who hold ordinary shares on behalf of another person. This exemption may enable such a nominee or custodian to vote those ordinary shares in favour of Item 5(a) despite the nominee or custodian also holding PERLS V or ordinary shares for other persons. This exemption applies where:

- the person on whose behalf the nominee or custodian (Nominee) is to cast votes in favour of Item 5(a) (Beneficial Holder) is not a holder, or an associate of a holder, of PERLS V, and before the votes are cast in favour of Item 5(a), this has been confirmed to the Nominee and, in turn, to Commonwealth Bank of Australia; and
- Commonwealth Bank of Australia believes, on reasonable grounds, that the Beneficial Holder has directed the Nominee to vote in favour of Item 5(a) and that the Nominee has not exercised discretion in casting a vote on behalf of the Beneficial Holder.

No similar exemption was obtained for Item 5(b) as ASIC does not have power to provide an exemption for selective capital reduction voting restrictions.

Holders of PERLS V

As noted above, under the Corporations Act any votes cast in favour of Item 5(a) and Item 5(b) by a person who holds PERLS V or their

associates must be disregarded. In addition, under the PERLS V Terms, the holders of PERLS V have agreed to abstain from voting on these Items in respect of their PERLS V. The holders of PERLS V are not entitled to vote, in respect of their PERLS V, on any of the other Items included in the Notice of Meeting.

The holders of PERLS V are entitled to attend and be heard at the Meeting, and may appoint a proxy to exercise those rights on their behalf. A proxy need not be a shareholder. Any holder of PERLS V who wishes to appoint a proxy should contact the Share Registrar, Link Market Services Limited, by calling +61 1800 022 440 or by email at cba@linkmarketservices.com.au.

Direct Voting

If you are a shareholder and are unable to attend and vote at the Meeting on 8 November 2013, you are entitled to vote your shares directly by marking "X" in Method A on the enclosed Voting / Proxy Form. You will then not need to appoint a proxy to act on your behalf. You should then mark "For" or "Against" for each Agenda Item on the 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 blank the voting direction for all resolutions, the Chairman will be deemed to be your appointed proxy for all resolutions.

NOTICE OF MEETING

Appointment of Proxy

If you are a shareholder and are unable to attend and vote at the Meeting on 8 November 2013, 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. To do this you should mark "X" in Method B on the Voting / Proxy Form. A proxy may be an individual or a body corporate. Subject to what is set out below in relation to the key management personnel of the Bank (KMP), if no voting directions are given, the proxy may vote as they see fit.

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

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

If you are a shareholder entitled to

cast two or more votes, you may appoint up to two proxies and may specify the proportion of voting rights or the number of votes each proxy is appointed to exercise.

Sending us your Direct Vote or Proxy

The completed Voting / Proxy Form must be received by the Share Registrar, 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 11.00am Adelaide time (11.30am Sydney time) Wednesday, 6 November 2013. A return envelope is provided.

If you wish to submit your direct vote or your appointment of proxy and voting instructions 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 in the top right hand side of the Voting / Proxy Form.)

If your direct vote or appointment of a proxy 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 Share Registrar, 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 11.00am
Adelaide time (11.30am Sydney time)
Wednesday, 6 November 2013.

**Determination of Shareholders'
Right to Vote**

The Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00pm (Sydney time) on Wednesday, 6 November 2013. Share transfers registered after that time will be disregarded in determining entitlements to vote at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink that reads "M. K. Taylor". The signature is written in a cursive, flowing style.

Margaret Taylor

COMPANY SECRETARY

6 SEPTEMBER 2013

EXPLANATORY MEMORANDUM

AGENDA ITEM 2

Election of Directors

In accordance with Articles 11.1 and 11.2 of the Commonwealth Bank of Australia Constitution, Sir John Anderson, Mr Brian Long and Ms Jane Hemstritch will retire at the Meeting and offer themselves for re-election. Sir John Anderson and Mr Brian Long were last re-elected in 2010. Ms Jane Hemstritch was last re-elected in 2011.

The Board has in place policies and procedures designed to:

- identify and update criteria for current and potential Directors to reflect the changing environment in which the Bank operates and the strategies being developed for the future growth of the Bank; and
- monitor the skills and experience of existing Directors to ensure that the Board is capable of operating as an exceptional team in undertaking the role and responsibilities of the Board.

The Board undertakes an annual review of its performance, policies and practices. This review includes an assessment of the performance of each Director individually and the results are considered by the Board in determining its endorsement of the Directors to stand for re-election at the Meeting. After considering the results of the 2013 review, the Board (with the exception of each Director in relation to his or her own re-election) recommends that shareholders support the re-election of Sir John Anderson, Mr Brian Long and Ms Jane Hemstritch.

Details of the candidates are as follows:

SIR JOHN ANDERSON



Sir John has been a member of the Board since 12 March 2007. He is a member of the Risk Committee and the Board Performance and Renewal Committee.

Sir John is a highly respected business and community leader, having held many senior positions in the New Zealand finance industry including Chief Executive Officer and Director of ANZ National Bank Limited from 2003 to 2005 and the National Bank of New Zealand Limited from 1989 to 2003.

In 1994, Sir John was awarded Knight Commander of the Civil Division of the Order of the British Empire, and in 2005 received the inaugural Blake Medal for "Outstanding Leadership Contributions to New Zealand". In 2012 he was awarded an Honorary Doctorate of Commerce by Victoria University, Wellington.

Sir John's other current offices include Chairmanship of PGG Wrightson Ltd, Steel & Tube Holdings Ltd and

NPT Ltd, and Deputy Chairmanship of Turners & Growers Limited.

Sir John's professional qualifications include Fellow of the New Zealand Institute of Chartered Accountants, Fellow of the Institute of Financial Professionals New Zealand, Fellow of the Institute of Directors and Life Member of the Australian Institute of Banking and Finance.

Sir John brings to the Board a wealth of experience in banking and business and has demonstrated outstanding leadership over a long career.

Sir John is a resident of Wellington, New Zealand. Age 68.

MR BRIAN LONG



Brian Long has been a member of the Board since 1 September 2010. He is the Chairman of the Audit Committee and a member of the Risk Committee.

He retired as a partner of Ernst & Young on 30 June 2010. Until that time he was the Chairman of both the Ernst & Young Global Advisory Council and the Oceania Area Advisory Council. He was

one of the firm's most experienced audit partners with over 30 years' experience in serving as audit signing partner on major Australian public companies including those in the financial services, property, insurance and media sectors.

Mr Long's other current offices include Deputy Chairman of Ten Network Holdings Limited and Director of Cantarella Bros. Pty Ltd.

He is a Fellow of the Institute of Chartered Accountants in Australia.

Mr Long is a resident of New South Wales. Age 67.

MS JANE HEMSTRITCH



Jane Hemstritch has been a member of the Board since 9 October 2006. She is the Chairman of the Remuneration Committee and a member of the Risk Committee.

She was Managing Director Asia Pacific for Accenture Limited from 2004 until her retirement in February 2007. In this role, she was a member of Accenture's global executive leadership team

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and oversaw the management of Accenture's business portfolio in Asia Pacific. She had a 24 year career with Accenture, preceded by seven years in the accounting profession.

She holds a Bachelor of Science Degree in Biochemistry and Physiology and has professional expertise in technology, communications, change management and accounting.

She has professional experience across the financial services, telecommunications, government, energy and manufacturing sectors and in business expansion in Asia.

Ms Hemstritch is a Director of Lend Lease Corporation Limited, Santos Ltd and Tabcorp Holdings Ltd, and Chairman of Victorian Opera Company Ltd.

She is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

Ms Hemstritch is a resident of Victoria. Age 60.

AGENDA ITEM 3

Remuneration Report

Section 250R of the Corporations Act requires a listed company to put a resolution to shareholders to adopt the company's Remuneration Report.

The Remuneration Report can be found at pages 47 to 64 of the Bank's 2013 Annual Report. It sets

out the remuneration arrangements for the Key Management Personnel (who comprise the Bank's Directors, the Chief Executive Officer and Group Executives).

The Bank's remuneration structure is designed to align executive and shareholder interests, retain talent and support long term value creation by providing employees with competitive remuneration and valuable rewards for outstanding performance. The Board obtains independent input to confirm the appropriateness of these arrangements.

The vote on this resolution is advisory only and does not bind the Directors or the Bank.

AGENDA ITEM 4

Grant of Securities to Ian Mark Narev under the Group Leadership Reward Plan

ASX Listing Rule 10.14 requires shareholder approval for the issue of securities to a Director under an employee incentive scheme. While it is not currently intended that securities will be issued (as opposed to securities being acquired on market) to satisfy any reward under this scheme, shareholder approval is nonetheless being sought.

The approval sought is to grant Mr Narev (the Chief Executive Officer and Managing Director) reward rights under the Group Leadership Reward Plan (GLRP) in relation to his long term incentive (LTI) arrangements.

Reward rights entitle Mr Narev to receive shares or a cash equivalent, as determined by the Board, subject to vesting criteria including the satisfaction of performance hurdles.

The GLRP aims to focus the efforts of participants to support superior shareholder returns and customer satisfaction in order to achieve the Bank's vision through long term value creation. Participants in the 2013 GLRP award include Mr Narev and the Bank's Group Executives. No other current Directors are entitled to participate in the GLRP.

If shareholder approval is obtained, reward rights will be granted to Mr Narev following the 2013 Annual General Meeting, and in any event no later than 12 months after the date of this Meeting. The reward rights will be granted at no cost to Mr Narev. Participants in the GLRP are not provided with any loans in relation to their participation in the Plan.

Mr Narev's award will be split into two portions:

- 75% of the award will be subject to a performance hurdle which ranks the Group's Total Shareholder Return (TSR) relative to a peer group comprising the 20 largest companies by market capitalisation listed on the Australian Securities Exchange at the beginning of the performance period, excluding resources companies and the Bank.
- 25% of the award will be subject to a performance hurdle which ranks the Group's Customer Satisfaction performance relative

to a peer group of Australia & New Zealand Banking Group Limited, National Australia Bank Limited, Westpac Banking Corporation and other key competitors for the Bank's wealth business.

The total number of reward rights (if any) that vest will not be known until after the end of the performance period (which is 30 June 2017). The vesting of the reward rights will be tested against the Bank's TSR and Customer Satisfaction performance, as set out below:

- For the TSR performance component, full vesting will occur where the Bank's TSR ranking at the end of the performance period on 30 June 2017 is in the top quarter of the peer group (ie 75th percentile or higher). Half of this component will vest if the Bank's TSR is ranked at the median of the peer group. Vesting of between 50% and 100% will occur on a pro-rata straight-line basis if the Bank is ranked between the median and below the 75th percentile.
- For each business area, the ranking for each customer satisfaction survey over the four year performance period is straight-line averaged. These average rankings are then weighted by each business area's contribution to Net Profit After Tax. This gives the weighted average ranking for the Group. Full vesting for this component will occur where the weighted average ranking for the Group is 1st (ie 1.00).

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Half of this component will vest if the Group's weighted average ranking is 2nd (ie 2.00). Vesting of between 50% and 100% will occur on a pro-rata straight-line basis if the Group's weighted average ranking is between 2nd and 1st (ie between 2.00 and 1.00).

Any vesting under the GLRP is subject to Board discretion. If circumstances warrant it, the Board may adjust vesting outcomes if they are not considered reflective of actual performance. The Board may also adjust the performance hurdles where unforeseen developments occur, if it considers the adjustment is appropriate in light of the intent and purpose of the GLRP. Any such adjustment would be explained in the Bank's Annual Report.

While the current policy of the Bank is to acquire ordinary shares on market for vested LTI awards, the Bank has flexibility under the rules of the GLRP to issue shares instead.

Dividends (or their cash equivalent) are paid only if reward rights vest.

Number of reward rights to be granted to Mr Narev

If shareholder approval is obtained, a maximum of 62,966 reward rights will be granted to Mr Narev. The maximum value of these rights is \$4,276,650 based on the volume weighted average price (VWAP) of the Bank's ordinary shares over the five trading days up to and including 1 July 2013 (reflecting

the beginning of the performance period). The VWAP for the 2013 grant is \$67.92. The present value of the award of 62,966 reward rights is \$2,575,000, using a present value factor of 60%. This is the value of the rights calculated by an independent actuary allowing for expected share price and dividend performance, and performance against the performance hurdles over the four year period, using a Monte-Carlo simulation valuation methodology.

Of the 62,966 reward rights to be granted, 49,029 reward rights may vest depending on CBA performance against the TSR performance hurdle, and 13,937 reward rights may vest depending on CBA performance against the customer satisfaction hurdle.

Treatment of reward rights if Mr Narev leaves the Group

In general, if Mr Narev ceases employment before the grant of reward rights vests, he will forfeit any entitlement under the GLRP. In certain circumstances (including ill-health retirement or other reasons approved by the Board), Mr Narev may continue to be entitled to unvested entitlements under the GLRP, unless the Board determines that the grant vests or lapses on cessation of employment. If the entitlements do not vest or lapse, the GLRP performance hurdles will continue to apply until the outcome is determined at the end of the performance period.

Participants under previous approvals

At the 2012 Annual General Meeting, shareholders approved the granting to Mr Narev of reward rights under the GLRP. Mr Narev was subsequently granted 78,681 reward rights which are subject to the terms of the GLRP. No price is or was payable for the acquisition of those reward rights. No other reward rights have been granted to Directors under the GLRP since the 2012 Annual General Meeting.

The Board recommends that shareholders support the resolution.

AGENDA ITEM 5

Approval of Selective Buy-Back Agreements and Selective Capital Reduction relating to the preference shares which form part of PERLS V securities

Background

On 14 October 2009, the Bank issued 10,000,000 Perpetual Exchangeable Resaleable Listed Securities (PERLS V) with a face value of A\$200 each to raise A\$2,000 million. PERLS V qualify as capital of the Bank and are listed on the ASX.

PERLS V are stapled securities comprising:

- an unsecured subordinated note issued by the Bank's New Zealand branch (Note); and
- a preference share issued by the Bank (Preference Share).

The Notes and Preference Shares cannot generally be traded separately.

The full terms of the Preference Shares and Notes are set out in Appendix A and B, respectively, of the PERLS V Prospectus dated 7 September 2009. The Prospectus may be viewed and downloaded from the Shareholder Centre at www.commbank.com.au/shareholder. Unless otherwise defined, capitalised terms used in this section of the Explanatory Memorandum have the same meaning as in the Preference Share Terms and Note Terms, which collectively comprise the PERLS V Terms.

The PERLS V Terms require that the Bank Convert PERLS V into ordinary shares of the Bank (subject to the Conversion Conditions being satisfied) on the Initial Conversion Date (31 October 2014) unless, under the PERLS V Terms, the Bank elects either:

- to arrange the Resale of PERLS V to a third party; or
- if permitted, to Repurchase PERLS V.

The resolutions allow the Bank to:

- for Item 5(a), Repurchase (buy back) PERLS V in accordance with the selective buy-back agreement contained in Schedule 1 to the Preference Share Terms (or, subject to obtaining the necessary agreements and approvals, some or all PERLS V on a different completion date agreed between the Bank and the relevant holder(s)); or

EXPLANATORY MEMORANDUM

- for Item 5(b), cancel PERLS V under a selective capital reduction following a Resale of PERLS V to a Purchaser. If the Bank adopts this course, the Purchaser will also need to separately pass a resolution approving the capital reduction.

Under the PERLS V Terms, the Bank would be allowed to Repurchase PERLS V on the Initial Conversion Date or to effect a Resale. Subject to obtaining the necessary agreements and approvals, including of relevant PERLS V holders and, if required, APRA, the Bank could effect a buy-back of some or all PERLS V on dates before or after the Initial Conversion Date.

The Note component of PERLS V will be dealt with under the Note Terms and will not be directly affected by a buy-back or capital reduction.

Why are we seeking shareholder approval?

The buy-back and capital reduction are treated as a selective buy-back and a selective capital reduction, respectively, under the Corporations Act because the Preference Share component of PERLS V is being affected by those potential transactions.

For the buy-back, the Corporations Act requires that the terms of the buy-back agreement be approved by a special resolution passed at a general meeting of the Bank.

For the capital reduction, the Corporations Act requires that the capital reduction be approved by a

special resolution passed at a general meeting of the Bank. The capital reduction must also be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled.

The Bank has not yet made a decision in relation to the management of PERLS V (that is, whether the Bank will allow PERLS V to Convert into ordinary shares of the Bank or whether the Bank will Resell or Repurchase PERLS V) nor in relation to when any management action may be taken.

The Bank will only undertake a buy-back or capital reduction of PERLS V if it considers it is in the best interests of the Bank. This may depend, among other things, on the capital position of the Bank and its consolidated group, conditions in domestic and international capital markets, and changes in the prudential regulation of the Bank.

However, to enable the Bank to have maximum flexibility to undertake a selective buy-back or capital reduction at a future date without the need to convene a further general meeting of shareholders, it is considered that it is in the best interests of the Bank to seek approval at the Annual General Meeting. This will provide the Bank with maximum flexibility to efficiently manage its capital position.

The special resolutions in relation to the buy-back and capital reduction each operate as alternatives to the Bank's other rights. No shareholder approval is required to effect any other form of Exchange, including

a redemption of the Preference Shares or their Conversion into ordinary shares of the Bank.

What do you need to know to decide how to vote on the special resolutions?

Summary of the terms of the buy-back

If the Bank decides to effect a Repurchase (buy back) of PERLS V by way of a buy-back, it must do so in accordance with the Selective Buy-Back Agreement contained in Schedule 1 to the Preference Share Terms (or otherwise with the agreement of the relevant holders). Under that buy-back agreement which is a conditional offer for holders to sell their PERLS V to the Bank:

- each holder of PERLS V (including a Purchaser who holds PERLS V following their Resale) will sell and the Bank will buy back Preference Shares for A\$200 each (plus the amount of any unpaid Dividends); and
- completion of the buy-back will take place on the Exchange Date.

The Bank may elect to effect a Repurchase by way of buy-back either before or after a Resale has been conducted.

Subject to obtaining any necessary agreements and approvals (including to any amendments to the Preference Share Terms), the Bank could effect a buy-back of some or all PERLS V on one or more dates before or after the Initial Conversion Date.

Summary of the capital reduction

If the Bank decides to arrange the Resale of PERLS V to a third party Purchaser under the PERLS V Terms, the Bank may then decide to effect a Repurchase to cancel PERLS V via a capital reduction. If the Bank cancels PERLS V by way of a capital reduction, the Purchaser may receive consideration from the Bank for the cancellation of the PERLS V held by them. The amount would depend, among other things, on the value of PERLS V at the time and the payment would be agreed between the Bank and the Purchaser at that time. The Bank is seeking approval for a capital reduction that requires the payment of an amount per PERLS V up to their Face Value, being A\$200 each.

Financial effect of the buy-back or capital reduction

The main financial effect of the buy-back will be the cost of buying back PERLS V. The terms of the buy-back agreement require the Bank to pay A\$200 (plus any unpaid Dividends) for each PERLS V that it buys back. The cost of buying back all the PERLS V on issue would be A\$2,000 million (assuming that all Dividends have been paid at the relevant time).

If the Bank decides to arrange the Resale of PERLS V to a third party Purchaser and then cancels them by way of a capital reduction, the Purchaser may receive consideration from the Bank of a similar amount for the PERLS V cancelled.

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The Bank will not conduct a buy-back or capital reduction unless it is satisfied that it will not have a material adverse impact on the Bank's financial or regulatory capital position, or materially prejudice the Bank's ability to pay its creditors.

Source of funds for the buy-back or capital reduction

The Bank maintains significant cash reserves and has other funding alternatives that could be used to fund a buy-back or capital reduction of PERLS V. The Bank would, at the relevant time, consider the best alternative or combination of alternatives for funding a buy-back or capital reduction.

The impact of a buy-back or capital reduction of PERLS V on the Bank's franking credit position is expected to be minimal.

Effect of buy-back or capital reduction on the control of the Bank

Holders of PERLS V are entitled to vote (together with the holders of ordinary shares of the Bank) on a limited range of matters, including any proposal to wind-up the Bank or any proposal to vary the rights attaching to PERLS V. In those limited circumstances, the total number of votes capable of being exercised by the holders of PERLS V would be up to 10,000,000, equivalent to approximately 0.6% of the total votes able to be cast by all holders of shares in the Bank (as at 30 August 2013).

The buy-back or capital reduction will result in the Preference Shares that entitle the holder to vote in the limited circumstances set out in the PERLS V Terms being cancelled. Therefore, the buy-back or cancellation of PERLS V will not materially affect control of the Bank.

Fairness and reasonableness

Under the Corporations Act, the Bank may only proceed with a capital reduction if it is fair and reasonable to the Bank's shareholders as a whole. The Bank considers that any capital reduction will be fair and reasonable to shareholders as a whole given that it will only be undertaken if it is in the best interests of the Bank.

In addition, the ability to conduct a capital reduction applying to PERLS V is only one of the options available to the Bank.

What are the advantages of approving the buy-back and capital reduction?

The main advantage of approving the buy-back and capital reduction is no or reduced dilution for existing ordinary shareholders as a result of PERLS V Converting to ordinary shares.

What are the disadvantages of approving the buy-back and capital reduction?

A potential disadvantage of the buy-back or capital reduction is that, upon completion, the Bank would reduce its capital base. However, the Bank

will not conduct a buy-back or capital reduction unless it is satisfied that it will not have a material adverse impact on the Bank's financial or regulatory capital position, or materially prejudice the Bank's ability to pay its creditors.

Directors' interests

As at 30 August 2013, the following Directors hold the number of PERLS V set out below:

Jane Hemstritch (indirectly)	500
Brian Long	400

Market price

As at the close of trade on 30 August 2013, the price of PERLS V on the ASX was \$202.95.

Voting on Item 5

The voting exclusion statement in the Notice of Meeting contains important information for shareholders (in particular for custodians and nominees) and for holders of PERLS V concerning voting on Item 5.

Board recommendation and other information

There is no other information known to the Board which may be material to the decision on how to vote in relation to Items 5(a) and 5(b) which the Bank has not previously disclosed to its shareholders.

The Board recommends that shareholders support the resolutions.

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Annual Report

To request a copy of the Annual Report, please call Link Market Services Limited on +61 1800 022 440 or by email at cba@linkmarketservices.com.au. Electronic versions of Commonwealth Bank's past and current Annual Reports are available on www.commbank.com.au/shareholder/annualreports

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