

CBA Climate Bond

Investor Presentation

22 March 2017



Corporate Responsibility

Our vision is to excel at securing and enhancing the financial wellbeing of people, businesses and communities. **Our corporate responsibility efforts** help us deliver on our vision with a focus on education, innovation and good business practice.



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



The most sustainable organisation in Australia

The Group has been recognised as the most sustainable bank in Australia, two years in a row, and ranked sixth most sustainable company in the world.¹

A leading sustainability-driven company

In 2016/17, the Group was once again included in the Dow Jones Sustainability World Index (DJSI)².

Strong environmental, social and governance practices

The Group continues to be listed on the FTSE4Good Index - comprising companies demonstrating strong Environmental, Social and Governance (ESG) practices.

Leader in climate disclosure

Our efforts to mitigate the risks of Climate Change have once again been recognised by CDP with a score of 'A-'.

- WGEA³ citation retained
- Named 2nd most inclusive employer in the 2016 Australian Workplace Equality Index Awards, recognising workplace support for LGBTI people
- Employee network Unity named the 2016 LGBTI Employee Network of the Year in the AWEI awards

A great place to work

1. World Economic Forum, G100 - the global index of the world's most sustainable corporations. 2. The DJSI World is the first global index to track the financial performance of the leading sustainability-driven companies worldwide. 3. Workplace Gender Equality Agency



Climate Bond Overview

Key terms and conditions

Issuer	Commonwealth Bank of Australia (“CBA”) ABN 48 123 123 124
Sole Lead Manager	Commonwealth Bank of Australia
Climate Bond Certification	The Climate Bond Initiative has issued a Climate Bond Certificate under the Climate Bonds International Standards and Certification Scheme. Please refer to the Pricing Supplement for this series of MTNs for information concerning the Climate Bond Certification. A copy of the Climate Bond Standard is available on the Climate Bond Initiative’s website – www.climatebonds.net .
Issuer Rating	Standard & Poor’s: AA– (neg) Moody’s : Aa2 (neg) Fitch: AA– (stable)
Currency and Size	A\$650m (FXD A\$450m & FRN A\$200m)
Ranking	Senior, unsubordinated obligation of Commonwealth Bank of Australia
Maturity	31 March 2022
Interest Basis	Fixed and Floating
Specified Denomination	A\$10,000, subject to Aggregate Minimum Amount
Aggregate Minimum Amount	The minimum aggregate consideration payable (disregarding monies lent by the Issuer or its associates) will be: <ul style="list-style-type: none"> i. A\$500,000 within Australia unless the MTNs are otherwise issued in a manner that does not require disclosure to investors in accordance with Part 6D.2 and Part 7 of the Australian Corporations Act; and ii. A\$200,000 outside of Australia, subject to the Selling Restrictions set out in the Information Memorandum



CBA Climate Bond

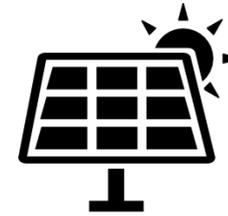
Our objective is to ensure that we meet our responsibility to safeguard the environment and support economic growth and development

- ◆ The issuance of a CBA Climate Bond represents a key opportunity for CBA to play a role in the transition to a low carbon economy, through supporting low carbon and climate resilient projects and assets
- ◆ The CBA Climate Bond will involve the issuance of a senior unsecured medium term note denominated in Australian dollars with a 5 year tenor paying a fixed and/or floating rate semi-annual/quarterly coupon
- ◆ Issuance proceeds will fund eligible projects in renewable generation, energy efficient buildings and low carbon transport. Eligible projects which comply with the Climate Bond Standards and eligible for certification have been nominated for this climate bond (“**Nominated Projects**”)
- ◆ The Climate Bond Initiative (“**CBI**”) is a not-for-profit organisation. Its stated aim is to promote large-scale investments that will deliver a global low-carbon economy. The Climate Bond Initiative has developed standards for certification of eligible bonds
- ◆ CBA Climate Bond rank pari passu with all other CBA senior unsecured debt. The payment obligations on the CBA Climate Bond is not dependent on the performance of the Nominated Projects



Nominated Projects

- ◆ The Nominated Projects associated with the CBA Climate Bonds have been certified by the CBI
- ◆ Compliance with the Climate Bond Standards has been independently verified by Ernst & Young
- ◆ To comply with the Climate Bond Standards, it is the intention the aggregate interests in Nominated Projects will exceed the amount of the CBA Climate Bond
- ◆ Eligible projects that meet the eligibility criteria of the Climate Bond Standards could be Nominated Projects including (but not limited to):
 - ◆ Solar
 - ◆ Wind
 - ◆ Hydro Power
 - ◆ Transport
 - ◆ Energy efficient buildings
- ◆ Introduction of any new Climate Bond Standards will also be adopted



Solar



Wind



Transport



Hydro



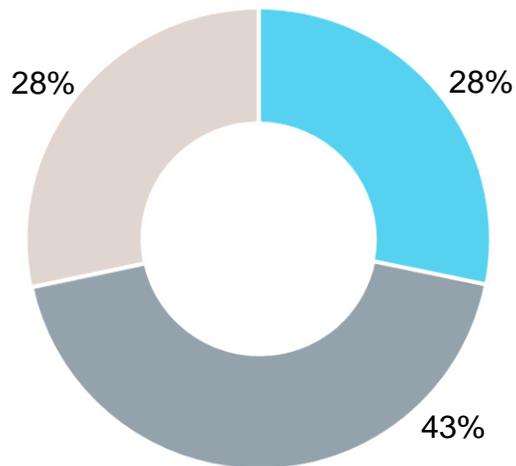
**Energy efficient
buildings**



Nominated Projects

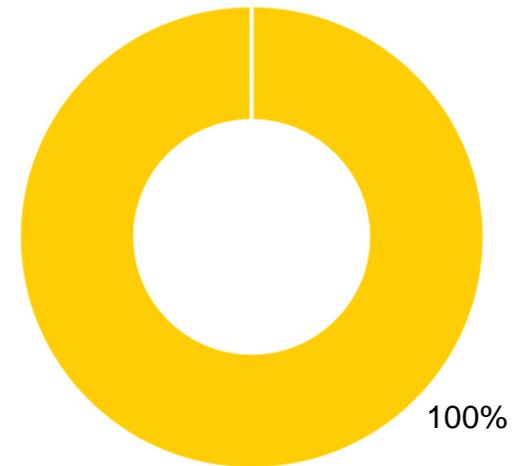
Nominated Projects Exposure (A\$)	Nominated Projects (#)	CBA Climate Bond	Surplus Funds
A\$1,054m	12	A\$650m	0%

Sector Exposures



- Energy - Wind
- Low Carbon - Transport
- Low Carbon - Buildings

Geographical Exposures



- Australia



Other Conditions

- ◆ Nominated Projects are not linked to the CBA Climate Bond for the term of the bond. CBA will add or substitute eligible assets from time to time, provided such projects are eligible for the purposes of the CBI Standard
- ◆ Information on the Nominated Projects will be monitored regularly and holders will receive periodic updates on the use of proceeds and Nominated Projects (on a sector basis only) on commbank.com.au in addition to any assurance statements from Ernst & Young or the CBI in respect of the CBA Climate Bond
- ◆ CBA expects to retain an interest in Nominated Projects that will exceed the amount of the CBA Climate Bond. However, no assurances can be made that the interest in Nominated Projects will be sufficient to allocate to the principal amount of the bond. We are confident that we have a strong pipeline of potential projects or assets, and systems in place to monitor as well as contingencies in the event the Nominated Projects fall below the Bond amount
- ◆ The CBA Climate Bonds are certified as Climate Bonds under the CBI Standard of the version at the time of issue. If the CBI Standard is amended, updated, replaced or re-issued as a new version, the bond may no longer comply with the new CBI Standard
- ◆ Under no circumstances will any failure to comply with the CBI Standard or any withdrawal of certification of the bond for any reason, or any failure by CBA or any Nominated Project to comply, constitute an event of default or any other breach of the conditions. Neither the Issuer nor Holders will be able to require the MTNs to be redeemed



Ernst & Young Assurance Statement



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Independent Reasonable Assurance Report in relation to pre-issuance of Commonwealth Bank of Australia's 2017 Climate Bond

Assurance conclusion

Based on our reasonable assurance procedures, as described in this statement as of 15 December 2016, in our opinion Commonwealth Bank of Australia's bond pre-issuance processes in relation to its 2017 Climate Bond meets the selection of nominated projects and assets, internal processes and controls, and reporting prior to issuance requirements of the Climate Bond Standard, in all material respects.

Scope

We have performed a reasonable assurance engagement for the Management and Directors of the Commonwealth Bank of Australia (CBA) in relation to the proposed use of funds to be raised through the issuance of a Climate Bond (The Bond) in order to provide an opinion as to whether the subject matter detailed below meets, in all material respects, the criteria of the Climate Bond Standard ("CBS") as of 15 December 2016.

Subject Matter

The subject matter for our assurance is CBA's Climate Bond Issuance process, being:

- The process for evaluation and selection of Nominated projects and assets to be funded via the Climate Bond
- Minimum criteria for eligible low carbon buildings (commercial), low carbon transport and wind farms
- Policies and procedures for the management of proceeds raised from the Climate Bond
- Policies and procedures for reporting on the use of proceeds and eligible investment associated with the Climate Bond

Criteria

The criteria for our procedures (the criteria) has been established by the Climate Bonds Initiative, being the:

- Climate Bond Standard v2.0, including eligibility criteria for wind energy generation
- Climate Bond Standard v2.0 Low Carbon Buildings criteria and guidance
- Climate Bond Standard v2.0 Low Carbon Land Transport criteria and guidance

Assurance Approach

Our assurance approach was conducted in accordance with the Australian Standards on Assurance Engagements ASAE 3000: Assurance Engagements Other Than Audit or Review of Historical Financial Information; and ASAE 3100: Compliance Engagements.

Management Responsibility

Management of CBA (Management) is responsible for the collection, preparation, and presentation of the subject matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support the Climate Bond issuance process.

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance conclusion as to whether the subject matter is presented in accordance with the criteria, in all material aspects. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements 3000 (revised) Assurance Engagements Other Than Audit or Review of Historical Financial Information (ASAE 3000) and ASAE 3100: Compliance Engagements (ASAE 3100).

Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing and other evidence-gathering procedures that are sufficient for us to obtain a meaningful level of assurance as the basis for a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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Our Approach

Our assurance procedures performed included, but were not limited to:

- Reviewing CBA's statement on the environmental objective to consider whether the bond met the CBS requirements
- Reviewing CBA's Climate Bond Framework to understand how it has met the eligibility criteria of the CBS
- Interviewing selected business unit and group level personnel to understand relevant CBA policies and procedures
- Reviewing systems, policies, and processes outlining the management of bond funds and investments in CBA's Climate Bond Framework
- Checking the accuracy of calculations performed
- Obtaining and reviewing evidence to support key assumptions and other data
- Confirming CBA's reporting process to bond holders

A summary of our assurance procedures is shown in the following Table.

Item	Requirement	Assurance Procedures
1.1.1	Environmental Objective	Reviewed the statement on the environmental objective set out in CBA's Climate Bond Framework to understand whether the objective met the CBS requirements.
1.1.2	Process to select Nominated Projects and Assets	Reviewed the CBA Climate Bond framework to determine if there was a process to assess that Nominated Projects and Assets met the eligibility criteria of the CBS.
1.2	Assessment of Nominated Projects and Assets	Reviewed the Nominated Projects and Assets to determine if they met the relevant eligibility criteria of the CBS and the Environmental Objectives of the CBA Climate Bond Framework.
1.3	Nominated Projects and Assets list	Reviewed CBA's Nominated Project and Asset list. Reviewed the CBA Climate Bond framework to determine if there were processes in place to maintain the list.
1.4	Nomination of Assets/Projects to other Climate Bonds	Reviewed the CBA Climate Bond framework to determine if there was a process to identify if projects had been nominated to other Climate Bonds.
1.5	Net Proceeds	Reviewed the loan documentation and debt obligation for each Nominated Project or Asset to determine whether the collective value of the Nominated Projects and Assets exceeded the net proceeds of the Bond.
2.1.1	Tracking of proceeds	Reviewed the CBA Climate Bond framework to determine how the net proceeds of the bond will be tracked
2.1.2	Managing unallocated proceeds	Reviewed the CBA Climate Bond framework to determine if there is a process for managing unallocated proceeds that met the requirements of the CBS
2.1.3	Earmarking funds to Nominated Projects and Assets	Reviewed the CBA Climate Bond framework to determine if there was a process for earmarking funds to Nominated Projects and Assets
3	Reporting prior to issuance	Reviewed the CBA Climate Bond framework to confirm that CBA will report the following information to bond holders and the CBS: <ul style="list-style-type: none"> • The investment areas for the Nominated Projects and Assets • The intended temporary investment instruments for unallocated proceeds • The approach the assurance provider has taken to pre-issuance procedures • The frequency of post-issuance assurance

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Limitations

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000, ASAE 3100, and the Climate Bond Standard is subjective and will be interpreted differently by different stakeholder groups.

Our assurance was limited to the CBA's 2017 Climate Bond pre-issuance, and did not include statutory financial statements.

Use of Report

Our responsibility in performing our assurance activities is to the Directors of CBA only and in accordance with the terms of reference for our engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the 2017 Climate Bond pre-issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.

Our Independence and Assurance Team

In accordance with APES 110, the firm and all professional personnel involved in this engagement have met the independence requirements of Australian or international professional ethical requirements. Our team has the required competencies and experience for this assurance engagement.

Ernst & Young

Dr Matthew Bell

Partner
Brisbane, Australia
15 December 2016

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CBI Certification

Climate Bonds INITIATIVE

20 December 2016

Andrew Gundy
Executive Director
Capital Optimisation Funding & Risk Management
Commonwealth Bank of Australia
201 Sussex Street, NSW 2000 Australia

Dear Andrew,

Re: Confirmation of approval for request for Climate Bond Standards certification

I'm very pleased to inform you that on 20 December 2016, the Climate Bond Standards Board approved the certification of the proposed Commonwealth Bank of Australia Climate Bond (the bond), as per the application documents and verification report provided by Commonwealth Bank of Australia. That certification comes into force once the bond is placed on offer.

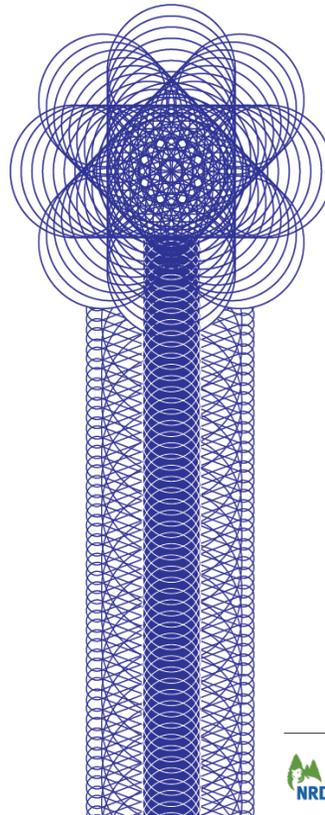
Members of the Climate Bond Standards Board are:

- California State Teachers Retirement Service (CalSTRS) represented by Paul Shantic, Co-Director of Fixed Income.
- California State Treasurer John Chiang, represented by California State Deputy Treasurer Alan Gordon.
- CDP (formerly the Carbon Disclosure Project), represented by Pedro Faria.
- Institutional Investors Group on Climate Change (IIGCC), represented by Eric Borremans.
- The International Cooperative and Mutual Insurance Federation represented by Shaun Tarbuck.
- Investor Group on Climate Change represented by Andrew Major of HESTA.
- Investor Network on Climate Risk, represented by Peter Ellsworth.
- The Natural Resources Defense Council, represented by Douglas Sims.

I also confirm that the text of the Certification Agreement between the Climate Bond Standards Board and Commonwealth Bank of Australia has been agreed.

Accordingly I confirm that Commonwealth Bank of Australia may use the "Climate Bond Certified" logo in its information materials about the proposed bond, and we will ensure the bond is identified as a Climate Bond in all listings we manage. Attached for your reference is a guide to usage of the "Certified Climate Bond" logo.

Congratulations and best wishes,



Certification



This is to certify that the

Commonwealth Bank of Australia Climate Bond

Issued by

Commonwealth Bank of Australia

Has met the criteria for certification by the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative



20.12.2016

SEAN KIDNEY

Chair of the Climate Bonds Standard Board



CALSTRS IIGCC



Climate Bonds



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