

# ASX ANNOUNCEMENT

CommonwealthBank



## Commonwealth Bank Estimated Impact of Bank Levy

**Monday, 22 May 2017:** Commonwealth Bank is today sending an email communication to shareholders outlining the estimated impact of the Federal Government's recently announced bank levy on the Group.

We have limited information on which to base our calculations, however we estimate that the levy will amount to approximately \$315 million per annum, \$220 million after tax. This is based on the Group's current financial position and subject to any further amendments made through the parliamentary process.

The liability base on which the levy is calculated will exclude approximately \$240 billion of deposits which are covered by the Financial Claims Scheme, as at 31 March 2017.

### Shareholder communication:

Dear shareholder,

The recently announced Federal Budget included a new levy on the five largest financial institutions in the country.

We have expressed serious concerns that the new levy is a poorly designed policy, done without consultation, which impacts not just on the banks but also on our shareholders and customers.

The Commonwealth Bank paid \$3.6 billion in tax in the 2016 financial year, making us Australia's largest taxpayer.

We have limited information on which to base our calculations, but from 1 July 2017, we estimate that the new levy for the Commonwealth Bank will be approximately \$315 million per annum (\$220 million after tax). This is based on the Group's current financials and subject to any further amendments made through the parliamentary process.

The budget announcement also included a number of other measures which potentially intrude into the operations of the banks and have significant implications for good corporate governance. For example, the fact that regulators will be empowered to override your Board calls into question the established fundamental governance framework which governs publicly listed companies.

Commonwealth Bank has consistently returned on average 75% of profits as dividends to more than 800,000 shareholders each year. In addition, millions of Australians have also benefitted through their superannuation funds. The remainder of your company's profits are reinvested for

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future growth, so that we can serve our customers better, while continuing to deliver for shareholders and the broader Australian economy.

We are deeply concerned the new levy undermines our ability to achieve these goals.

Last Monday, Commonwealth Bank lodged an official submission to Federal Treasury outlining our concerns about the tax. You can read our full submission by [clicking here](#).

Many questions and concerns have been raised regarding this new tax. We will endeavour to respond to as many questions as we can. To stay up to date with our comments, please check our [CBA Newsroom](#) site.

Your CEO, Ian Narev, and I would like to hear your views and respond to any questions you may have on the new tax. We therefore intend to hold an interactive telephone “Town Hall” discussion for shareholders in the lead up to our Annual General Meeting in November. Details and invitations will be issued with our full year results in August.

In the meantime, I thank you for taking the time to read about our views on the tax.

Regards,

Catherine Livingstone AO  
Chairman  
Commonwealth Bank of Australia

**ENDS**

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