

**IN THE FEDERAL COURT
OF AUSTRALIA**

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

v

COMMONWEALTH BANK OF AUSTRALIA

(ACN 123 123 124)

STATEMENT OF FACTS

OVERVIEW OF THE OFFENDING

1. Pursuant to a charge negotiation, the Commonwealth Bank of Australia (ACN 123 123 124) (**the offender** or **CBA**) pleads guilty to 30 charges pursuant to section 12DB(1)(e) of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**), for having, in trade or commerce, in connection with the supply of financial services¹, made false or misleading representations that those services had uses or benefits.
2. Between 2011 and 2018, CBA promoted and sold Consumer Credit Insurance (**CCI**) policies known as Credit Card Plus insurance (**CCP**) and Loan Protection insurance (**LP**) (together, (**CCI policies**)) to its retail customers under its Australian Financial Services Licence (**AFSL**). CCI policies are attachments to three CBA credit products: credit card finance, home loans and personal loans. CBA promoted and sold these “add-on” CCI policies via three different methods:
 - a. in person at CBA branches, pursuant to approved sales scripts;
 - b. over the telephone to the customer through CBA call centres, also pursuant to approved sales scripts; and
 - c. online, on CBA’s website and its internet banking facility (Netbank).
3. The offending arises as a result of CBA making false or misleading representations to a total of 165 customers during the period from 2 September 2011 to 16 November 2015 (**the Overall Offence Period**). Whilst the representations varied slightly over time and as between products, by making certain statements (as outlined in paragraphs 44 and 45 below

¹ Pursuant to s 12BA, the “supply” of a financial service includes to “provide” the financial service. A person provides a “financial service”, if they provide a service that is supplied in relation to a financial product” being a service that is not otherwise provided as set out in s 12BAB(1)(a)-(e) [s 12BAB(1)(g)].

a. Definition of “service”: Pursuant to s 12BA, a “service” includes any benefits that are to be provided, granted or conferred in trade or commerce.

b. Definition of “financial product”: Pursuant to s 12BAA(7)(k), a financial product includes a credit facility (within the meaning of the regulations), which includes a credit card [reg 2B(1)(a) and reg 2B(3)(b)(v)] and a financial benefit arising from or as a result of a loan [reg 2B(1)(a) and reg 2B(3)(b)(ix)].

and in Annexures B and C) and by failing to adequately disclose the employment eligibility criteria at the time the policies were sold, CBA impliedly represented to:

- a. 63 customers in connection with the supply of financial services, being services otherwise supplied in relation to financial products, namely credit cards, in the period from 1 November 2011 and 1 May 2015 (**the CCP Offence Period**); and
- b. 102 customers in connection with the supply of financial services, being services otherwise supplied in relation to financial products, namely personal loans, in the period from 2 September 2011 and 16 November 2015 (**the LP Offence Period**),

that they could obtain a use or benefit, namely that they could make a successful claim on the policy to help meet monthly repayments (in the case of CCP) or loan repayments (in the case of LP), when they were ineligible to make such a claim. The services which were “otherwise supplied” were the benefits which were available to the customer under CCP or LP which were provided to the customer in trade and commerce.

4. Although the offending concerns 165 such CBA customers, as set out in the table below at paragraph 6, CBA is only charged with 30 charges against this offence provision, representing one such customer, per financial product (CCP or LP), per method of sale, per calendar year of the overall offence period (2011 to 2015 inclusive).
5. Pursuant to s 16BA of the *Crimes Act 1914*, CBA admits its guilt and wishes to have taken into account by the court on sentence an additional 135 offences against s 12DB(1)(e) of the *ASIC Act* (the “**scheduled offences**”).
6. As outlined in the table below, the scheduled offences are to be taken into account when sentencing for charges 5, 10, 15, 20, 25 and 30 (“**the principal offences**”).²

| Method of sale | Charge No. | | | | | Total | No. of scheduled offences attached to the principal offence ³ |
|----------------|------------|------|------|------|------|-----------|--|
| | 2011 | 2012 | 2013 | 2014 | 2015 | | |
| CCP | | | | | | | |
| Telephone | 1 | 2 | 3 | 4 | 5 | 5 | 37 |
| In branch | 6 | 7 | 8 | 9 | 10 | 5 | 6 |
| Online | 11 | 12 | 13 | 14 | 15 | 5 | 5 |
| | | | | | | 15 | 48 |
| LP | | | | | | | |
| Telephone | 16 | 17 | 18 | 19 | 20 | 5 | 74 |
| In branch | 21 | 22 | 23 | 24 | 25 | 5 | 7 |
| Online | 26 | 27 | 28 | 29 | 30 | 5 | 6 |
| | | | | | | 15 | 87 |

² This Statement of Facts has been prepared for use at these sentence proceedings pursuant to charge negotiations and therefore refers to the evidence relevant to the scheduled offences. The admissions herein made by the offender under and for the purposes of s 16BA Crimes Act 1914, are not admissible in evidence in any proceedings commenced in respect of those offences. (s 16BA(9) *Crimes Act 1914*).

³ The principal offences are charges 5, 10, 15, 20, 25 and 30.

7. Further details regarding these offences are contained at paragraphs 8 to 70 below.

BACKGROUND

8. Commonwealth Bank of Australia Limited (ACN 123 123 124) (**CBA**) is the “*largest bank and best known financial services brand in Australia*”. CBA is “*Australia’s leading provider of integrated financial services, including retail, premium, business and institutional banking*” and has more than 10 million retail customers and “*the largest share of youth and new migrant customers*” helping “*more Australians to manage their finances than any other bank*”.
9. For the financial year ending 30 June 2020 CBA:
 - a. had 41,778 full-time equivalent staff;
 - b. served 17,000,000 customers;
 - c. had 888,214 shareholders; and
 - d. had a market capitalisation of ~\$123 billion.
10. As at 30 June 2017, the CBA Group consisted of about seven main divisions including the Retail Banking Services (**RBS**) division and the Wealth Management division. CBA’s RBS division provided home loans, consumer finance and retail deposit products and servicing to all retail bank customers and non-relationship managed small business customers. The Wealth Management division encompassed CBA’s funds management, superannuation, insurance and financial planning businesses. CBA’s insurance business operated under the CommInsure brand.
11. CommInsure is a registered business name of The Colonial Mutual Life Assurance Society Limited (ACN 004 021 809) (**CMLA**), which was, at all relevant times, a wholly owned subsidiary (non-guaranteed) of CBA. At all relevant times, all employees of CMLA were employed by CBA or other wholly owned entities within the CBA Group and acted within the scope of their actual or apparent authority.
12. Between 2011 and 2018, CBA sold Consumer Credit Insurance (**CCI**) policies, known as CreditCard Plus (**CCP**) and Loan Protection (**LP**), to its retail customers. The policies were attached to three credit products: credit card finance, home loans and personal loans. CreditCard Plus was sold during the period that included 1 November 2011 to 1 May 2015 (**CCP Offence Period**); and Loan Protection was sold during the period that included 2 September 2011 to 16 November 2015 (**LP Offence Period**).
13. CBA sold its CCI policies over the telephone (through CBA call centres), in CBA branches and online under its Australian Financial Services Licence (**AFSL**). The CCI products were manufactured and issued by CMLA and sold by CBA’s RBS division.
14. During the CCP and LP Offence Periods, customers who acquired CCP and LP were, after the sale, provided a welcome pack of materials (a **Welcome Pack**) including a cover letter which:

- a. attached a copy of the applicable policy schedule and Product Disclosure Statement (PDS); and
- b. asked customers to read the PDS; and
- c. generally advised customers that if the cover did not meet their needs they could cancel the relevant CCP or LP policy within a certain period of time (i.e. a cooling off period) without incurring any charges (e.g. 30 days for CCP and 14 days for LP). However, none of the customers which are the subject of a charge and only one customer listed in the Schedule (See: Annexure F: 20.20) took advantage of the cooling off period and none of those customers made a claim on their policies.

CCI PRODUCTS OFFERED BY CBA

CreditCard Plus

15. CreditCard Plus was an optional CCI product sold with CBA credit card finance. During the CCP Offence Period, CCP was described by CMLA in the PDS as *“insurance for your credit card that can help pay your credit card bill when you can’t work.”*
16. During the CCP Offence Period, various changes to the CCP product were made, however, at all relevant times the product provided coverage in respect of the following defined events:
 - a. involuntary unemployment;
 - b. temporary disablement;
 - c. permanent disablement; and
 - d. terminal illness or death.
17. The premium for the CCP product was fixed by reference to the outstanding credit card balance of a customer as shown on their monthly statement. The premium was calculated each month and deducted from the customer’s credit card account monthly until the policy ended. CCP policy owners were unable to vary the insured events to which the policy would respond, or the amount of the indemnity that would accrue on the happening of the insured events.
18. During the CCP Offence Period, CMLA published two separate PDSs which defined the features, premiums and benefits available to a CCP policy owner in circumstances, including the defined events referred to above at paragraph 16. Three of the four defined events, namely, involuntary unemployment, temporary disablement, and permanent disablement, were contingent upon a policy owner’s employment status. The criteria that the policy owner would need to satisfy in order to receive a benefit and the actual benefit the policy owner would receive varied slightly between the two PDSs as set out in **Annexure A**.

Loan Protection

19. Loan Protection was the title given to a bundle of two optional CCI products sold during the LP Offence Period, to CBA customers that had either a personal loan or home loan with

CBA. The two products were Loan Repayment Cover (**LRC**) and Loan Cover (**LC**) and were described in a single PDS. At all relevant times and up until 27 November 2015, customers were able to choose between two different LP products (i.e. LRC and LC) or bundle both products together although CBA's CCI sale scripts did not advise customers of the option to opt for only one of the products.

Loan Repayment Cover

20. During the LP Offence Period, LRC:

- a. was variously described in the PDSs as “*insurance for your minimum monthly loan repayments which can help if you become involuntarily unemployed or if you are unable to work due to injury or illness*” and “*which can help cover your minimum monthly repayments if you become disabled or unemployed*”;
- b. provided coverage in respect of:
 - disablement; and
 - involuntary unemployment; and
- c. had criteria that the policy owner would need to satisfy in order to receive a benefit which varied slightly between the three PDSs, however they generally included the matters referred to below in paragraphs 21 to 24, as set out in the relevant PDS.

21. A disablement benefit was only paid, if, amongst other things, the policy owner was “*employed for at least 180 consecutive days immediately before*” they became disabled and were “*disabled for longer than 30 consecutive days*”.

22. An involuntary unemployment benefit was only paid, if, amongst other things, the policy owner:

- a. had been employed for at least 180 days; and
- b. became unemployed immediately thereafter; and
- c. did not resign, accept voluntary redundancy, take an early retirement or abandon their employment; and
- d. remained “*continuously unemployed for more than 30 consecutive days*”; and
- e. while unemployed actively seeking employment in Australia.

23. There were slight variations to the definition of “*employed*” throughout the LP Offence Period. Generally, in order for the policy owner to be considered “*employed*”, the policy owner must have:

- a. “*been working for at least 20 hours per week*” in employment that was permanent, casual or temporary, self-employed or working under a fixed term contract; and
- b. performing or capable of performing relevant identifiable duties; and
- c. in the opinion of CMLA, not restricted by illness or injury from performing those duties for at least 35 hours per week.

24. Between 20 August 2011 to 30 May 2014, the LRC policy ended on the day the policy owner permanently retired. From 31 May 2014 until the end of the LP Offence Period, the policy owner would not be entitled to any benefit if they permanently retired.

Loan Cover

25. During the LP Offence Period, LC was variously described as “*insurance for your outstanding loan balance which can help pay down your loan if you suffer from a medical trauma, become terminally ill or die*” and “*which can pay off your loan if you die or become terminally ill, and also pay a benefit if you suffer a medical trauma ... such as a heart attack*”. A trauma benefit was to be paid if the policy owner suffered a defined trauma condition, subject to a number of exclusions (none of which related to the policy owner’s employment status). Similarly, a terminal illness and death benefit was to be paid if the policy owner died or became terminally ill, subject to a number of exclusions (none of which related to the policy owner’s employment status).

SALE OF CCI PRODUCTS BY CBA

26. CCI products were most commonly sold by CBA at the time that the credit card finance, home loans and/or personal loans were applied for by the customer. However, on some occasions the CCI products were also sold to customers at a time after the credit product had been obtained (e.g. when a customer contacted CBA to request a change in their credit limit or a change in PIN number). The vast majority of CCI sales occurred by telephone, in CBA branches or online.

27. During the CCP and LP Offence Periods:

- a. CBA sales staff were not required to access employment status information when selling CCI;
- b. CBA did not have procedures to collect or confirm information regarding the employment status of its customers when selling CCI; and
- c. when CCI was sold in connection with an underlying credit product, CBA usually collected employment information in connection with the sale of the underlying credit product however, it did not always do so (e.g. in respect of certain low balance credit products), and where it did so it did not have any procedures to consider or confirm whether the customers met the employment eligibility criteria for CCI.

CCI Sales Scripts

28. During the CCP and LP Offence Periods, CBA employees were required to use and follow approved mandatory scripts when selling any LP or CCP policies to consumers over the telephone or in a branch. The CCP and LP sales scripts that were released and used by CBA employees throughout the CCP and LP Offence Periods were approved by CMLA and CBA representatives in accordance with CMLA’s established process.
29. These scripts were reviewed and approved by relevant responsible parties at CBA and CMLA (acting within the scope of their actual or apparent authority) before being released. During the CCP and LP Offence Periods, the CBA employees, acting within the scope of their actual authority for CBA, followed the approved mandatory scripts.

30. **Annexures B and C** contain extracts of the approved sales scripts that were used by CBA employees when selling CCI to customers in branch and by telephone during the CCP and LP Offence Periods.
31. During the CCP and LP Offence Periods, the approved sales scripts that were used by CBA employees when selling CCI to customers in branch and by telephone generally required CBA employees to explain that:
- a. terms and conditions applied to the CCP and LP products (as applicable), including exclusions and waiting periods; and
 - b. customers should refer to the PDS for full details around the CCP and LP products (as applicable).
32. During the CCP and LP Offence Periods, CBA's online application forms:
- a. explained that terms and conditions applied to the CCP and LP products (as applicable), including exclusions and waiting periods; and
 - b. directed customers before proceeding with a purchase, to read the downloadable Financial Services Guide (**FSG**) and PDS for full details around the CCP and LP products (as applicable) and acknowledge they had read the FSG and PDS prior to completing their application.
33. Further, from around May 2012, it became a requirement within CBA that a copy of the PDS be sent to all customers prior to the purchase of CCP or LP.
34. The approved sales scripts that were used by CBA employees when selling CCI to customers in branch and by telephone further required CBA employees to warn customers that any advice given was general and not specific to the customer.

LP Sales Scripts

35. Prior to 20 August 2011, when selling LP, CBA employees were required to ask, and did ask, customers a series of questions (known as "*qualifying questions*") to identify if the customer was eligible for LP. A purpose of the qualifying questions was to ensure that LP was not sold to customers who were not eligible to claim certain of the benefits.
36. There were six qualifying questions, two of which related to a customer's employment status and only applied when LRC was being sold to the customer. The two (2) qualifying questions that related to a customer's employment status when being sold LRC were:
- 5 *Have you been unable to work because of sickness or injury for more than 2 consecutive weeks in the last 3 years*
 - 6 *At any time in the last 6 months have you been:*
 - *Unemployed or*
 - *Casually, temporarily or seasonally employed (unless self employed or employed under a fixed term contract set out in the PDS)?*

37. If the customer answered “Yes” to either of the above two questions, the customer did not meet the LRC eligibility requirements and would not be permitted to purchase the LRC policy.
38. On 20 August 2011, the LP sales script was amended to remove “*all qualifying questions*” and include the following statement:
- “I would also like to discuss loan protection insurance, which is designed to help meet your loan repayments if you become involuntarily unemployed or are unable to work due to an accident or illness...”*
39. During the LP Offence Period, the LP sales script was amended on various occasions, however, at all relevant times a representation that was not materially different to the extract referred to in paragraph 38 was included and made to customers.
40. **Annexure B** provides extracts from each of the relevant scripts followed by CBA employees and/or sales agents when selling LRC to customers during the LP Offence Period.

CCP Sales Scripts

41. The CCP sales scripts used during the CCP Offence Period contained a statement that did not materially differ from the following extract, which was introduced on or around 10 June 2012:
- “<Customers name>, Did you know that if you were unable to work due to involuntary unemployment, sickness or injury, we offer optional credit card insurance from CommInsure that protects you by helping you pay your monthly credit card bill, if something unfortunate were to happen to you?...”*
42. **Annexure C** contains extracts from each of the relevant scripts followed by CBA employees and sales agents when selling CCP to customers during the CCP Offence Period.

Online CCI sales

43. During both the CCP and LP Offence Periods, CBA customers were able to purchase CCP or LP using the CBA website or its internet banking facility (NetBank). While information about exclusions, including employment related exclusions, were contained on some of the web pages a customer could browse, during both the CCP and LP Offence Periods, a customer was not presented with a knockout question or information disclosing the requirement to be employed working on average at least 20 hours per week during the application process.
44. In respect of online CCP applications during the CCP Offence Period, the CBA application webpage contained a statement that did not materially differ from the following extract:
- CreditCard Plus can: Help pay your credit card’s minimum monthly repayments each month if you become involuntarily unemployed or temporarily disabled.*
45. In respect of online LP applications during the LP Offence Period, the CBA application webpage contained a statement that did not materially differ from the following extract:

We've got you covered with optional loan repayment insurance if the unexpected happens: We can help pay your minimum loan repayments if you can't work due to illness, injury or involuntary employment.

46. At all relevant times all online forms that contained the representations referred to at paragraphs 44 and 45 were updated by a CBA employee or agent acting for CBA, within the scope of that person's actual authority.
47. Knock out questions were introduced on around 7 May 2017 for CCP sold online and in June 2017 for LP sold online.

Sales staff incentives to sell CCI

48. During the CCP and LP Offence Periods, CBA offered various financial and non-financial incentives to CBA employees when they sold either CCP or LP products. The incentives offered to CBA employees included:
 - a. monetary rewards for reaching and exceeding sales targets;
 - b. gift vouchers including \$2,500 Flight Centre gift vouchers and \$250 Red Balloon gift vouchers;
 - c. Apple products such as an iPad, iPod Touch and iPod Nano;
 - d. travel money cards up to \$500;
 - e. gift cards;
 - f. *"all-expenses paid trip to Sydney"*; and
 - g. prizes such as a Samsung tablet and Apple TV.

CONCERNS IN RELATION TO THE SALE OF CCI

49. On 12 February 2010, the Australian Securities and Investments Commission (**ASIC**) advised CBA that it was conducting a review and examining the sales practices engaged by authorised deposit-taking institutions (**ADIs**) which distributed CCI products. ASIC stated that it was concerned, amongst other things, about *"misleading or ambiguous representations being used during the sale and promotion of CCI products"*, *"deficiencies in the scripts used for the sale and promotion of CCI products"*, and *"the offering and sale of CCI products to consumers who would not be eligible to make a successful claim"*.
50. In or around September 2010, CBA commenced an internal review into LP and the manner in which it was sold. As part of that review, a product change proposal paper was prepared outlining a proposal to remove *"all 6 qualifying questions"* from branch and telephone sales scripts. Between 10 to 11 February 2011 the script changes to remove the *"qualifying questions"* were signed off by each required business unit and were implemented on 20 August 2011 despite internal resistance in March and April 2011.
51. On 2 March 2011, ASIC advised CBA that it had identified a number of concerns in relation to the sale of CCI products by CBA. A draft copy of ASIC's Report 256 into CCI was provided to CBA which stated that ASIC had found that ADIs were mis-selling CCI which included selling to customers that were not eligible to claim on all components of the policy they had purchased. It also stated that ASIC had *"identified a number of complaints made by consumers to ADIs that they were not eligible to make a claim under the policy sold to them because, for example, they were... not employed"*. It also stated that *'Scripts should*

include...a clear explanation of the main exclusions that apply to the CCI policy (and where CCI is sold as a packaged product this should include a clear explanation of the main exclusions that apply to each component of the policy)”. ASIC also provided a number of concerns specific to CBA, including the fact that no sales scripts stated that the purchase of CCI by the customer was optional and that the CCP sales script did not point out the main exclusions that applied.

52. Concerns were raised by CBA staff regarding the impact of removing the “*qualifying questions*” contained in the LP sales scripts. These included:

- a. on 29 March 2011, the Executive Manager, RBS Compliance sent an email to CBA employees in various business units stating:

“...the qualifying questions currently enhance the sales process... if we remove these questions, then we have to replace them with a script to highlight exclusions (this will be an ASIC requirement) -this is likely to be far more complex matter for staff to explain, than the current questions which are very clear and straightforward...”;

- b. on 11 April 2011, the Executive Manager, RBS Compliance sent an email to the Project Manager, CommInsure stating:

“... I note that the following is still outstanding or hasn't been addressed/clarified... The removal of the six qualifying questions remains part of the proposal, yet and as mentioned previously, there is no indication that these questions will be replaced with new scripts highlighting the exclusions. This requirement arises out of ASIC's CCI Report and means that any new sales scripts should include a clear explanation of the main exclusions that apply to the policy... ”;

- c. on 12 July 2011, the Regulatory Change Executive, RBS Compliance (the former Executive Manager, RBS Compliance referred to above) sent an email to CBA employees in various business units including the Head of Product, CommInsure, who was responsible for product design, pricing, manufacture, production, issue and review of CCI products, with respect to script changes for both LP and CCP stating:

“... we sought out information about reasons for complaints about these types of policy, as well as information on reasons for rejecting claims. For both products, the overwhelming number of complaints or rejected claims relate to pre-existing conditions making the customer ineligible or employment related reasons making the customer ineligible. As a result, we consider these to be key exclusions which should be clearly explained to the customer before they agree to purchase the product... ”.

53. On 17 August 2011, CBA was provided with a final draft copy of ASIC's Report 256 into CCI. The report was published in October 2011. Report 256 made 10 recommendations to reduce the risk that CCI would be mis-sold to customers. Relevantly, recommendation (1)(g) stated that scripts should include:

“A clear explanation of the main exclusions that apply to the CCI policy (and where CCI is sold as a packaged product, this should include a clear explanation of the main exclusions that apply to each component of the policy).”

54. In October 2012, CBA Audit & Assurance circulated an internal audit report which was presented to the CMLA Board Audit and Risk Committee in December 2012. The report noted that *“Sales scripts provided to RBS front line staff do not include all ASIC recommendations”*. It also stated that, *“There is considerable focus on meeting sales targets every Friday within Direct Banking and Branches which may increase the risk of poor sales practice and/or mis-selling of products to reach sales targets”*.

55. On 31 July 2013, ASIC published a report regarding consumers’ experiences with consumer credit insurance CCI policies (**Report 361**). Report 361 noted that:

“People whose claims were denied because they were ineligible were surprised to discover the existence of eligibility criteria that they had not expected. Some consumers had been ineligible to claim on a feature of the policy since they took the policy out...”

56. In June 2014, a complaint analysis undertaken by CBA confirmed that there had been a 375% increase in complaints as a result of policy exclusions on CCP (from 4 complaints to 19 complaints) and a 220% increase in complaints a result of policy exclusions on LP (from 25 complaints to 80 complaints).

57. In April 2015, a CBA internal audit report identified that approximately 64,000 customers who were unemployed at the time of a credit card application had been sold CCP. The report stated that:

“... Approximately 64,000 customers who were unemployed at the time of a Credit Card application were sold CCP insurance. Sales staff are not required to disclose to the customer that involuntary unemployment or temporary/permanent disablement benefits cannot be claimed if their situation remains unchanged.

...

Management have not defined a process to confirm that sufficient information regarding the product was provided and explained to the customer at point of sale...”

58. On 15 May 2015, CBA amended scripts for the sale of CCP to include ‘knock out’ questions to prevent the sale of CCP to customers who did not meet the employment eligibility criteria. Similar changes were made to scripts for the sale of LP on 28 November 2015.

59. On 28 May 2015, Ian Narev, Managing Director and Chief Executive Officer (**CEO**) of CBA from 1 December 2011 until 8 April 2018, and Matthew Comyn, Group Executive of RBS from August 2012 to April 2018 and current CEO, conducted a one-on-one meeting. During the meeting, among other matters, the sale of CBA CCI products was discussed, particularly CCP. Mr Comyn told Mr Narev that in selling CCI, CBA had not met the standard it had set for itself by selling CCI, which was a poor value product. Mr Comyn indicated that CBA should suspend sales of CCI products. Mr Comyn expressed concern about the *‘unclear and inconsistently applied eligibility’* criteria during the sales process

and that some customers were “*ineligible for the primary unemployment benefit.*” Mr Comyn also expressed concerns as to the ‘*weak channel controls...lack of demonstrable controls; inadequate monitoring and supervision.*’ Mr Narev considered that more work needed to be done to assess and determine whether sales should be suspended, including by hearing from the responsible executives for CMLA, and sales were not suspended at this time.

60. On 24 August 2016, CBA and CMLA jointly wrote to ASIC noting that impacted CCP customers between 2005-2015 totalled “*43,102 customers with an open policy where our data indicates they may have been unemployed at the time they purchased CCP and that had not made a successful claim.*”
61. By 6 February 2017, CBA had identified 100,000 potentially unemployed CCP customers who had purchased the product from 2008 to 2015 which comprised of 69,000 students, 26,000 others, and 5,000 unknowns.
62. On 28 July 2017, CMLA was notified of a complaint from the Financial Ombudsman Service (**FOS**), of a similar problem concerning the sale of LP to a customer. The customer held an LP policy issued by CMLA and upon becoming unemployed he sought to make a claim under the unemployment benefits of the policy however was denied as he did not meet the definition of employed.
63. On 31 October 2017, CBA advised ASIC that it had identified in respect of LP that:

“...approximately 18,500 customers who our records indicate may have been students or unemployed at the time they took out the policy...” and that:
“...Employment eligibility information was not specifically captured at the point of sale of the LP policy. At the time of loan application, the loan application processes captured employment status and income, but not the number of hours an applicant was working...”
64. **Annexure D** provides the details of the number of CCP and LP (where LRC was selected) policies where CBA identified, for the purposes of remediation, that the policy holder may not have met the employment eligibility criteria at the policy commencement date (**PCD**). It is not possible to identify the total number of customers to whom CBA sold CCP and LP during the CCP and LP Offence Periods where, on the date the relevant CCI policy was sold (the **Sale Date**), the relevant customers did not meet the relevant employment criteria to make claims on the CCI policy in respect of employment related claim events. This is because during the CCP and LP Offence Periods:
 - a. CBA did not capture in any central repository the Sale Date in respect of CCI policies;
 - b. CBA did not always capture, the actual or stated employment status (the **Employment Status**) of a customer on the date the relevant CCI policy was sold (or on the PCD), however it was not a requirement within CBA when selling CCP and LP that CBA capture such information; and
 - c. when CBA captured Employment Status data, in some cases it did so by reference to categories of Employment Statuses that did not conform with the relevant employment criteria to make claims on the CCI policy in respect of employment

related claim events (for example, the employment record did not specify the number of hours worked).

65. As a result of the preceding matters, at the time of remediating customers in respect of the sale of CCI, CBA was required to develop a remediation methodology to determine which customers that acquired CCI should receive remediation. This remediation methodology was developed in consultation with ASIC, and involved CBA applying certain remediation rules to determine a CCI customer's likely Employment Status as at the PCD, based on the Employment Status data that CBA held for that customer. Further details regarding the remediation methodology are set out below.

OFFENCES AGAINST S 12DB OF THE ASIC ACT

66. Pursuant to s 12DB(1)(e) of the ASIC Act, by making certain statements (as set out in Annexures B and C, or at paragraphs 44 and 45 as applicable) at the point of sale for both CCP and LP, and by failing to adequately disclose the employment eligibility criteria, CBA made false or misleading representations to the customers referred to in **Annexures E and F**, who at the time did not satisfy the employment eligibility criteria.

67. As they did not meet the eligibility requirements, these customers were not eligible to claim on certain benefits under the policies. CBA represented that the policies would have the use or benefit described in paragraph 68 below to them when, to the extent the customers were not eligible, the CCP and LP did not have that use or benefit for them.

68. Whilst the representations varied slightly over time and as between products, CBA impliedly represented to the customer that:

- a. in respect of CCP sales: the customer could make a successful claim on the policy to help meet monthly repayments; or
- b. in respect of LP sales where LRC was selected: the customer could make a successful claim on the policy to help meet their loan repayments.

69. In particular, in respect of:

- a. CCP, the only claim event for which a benefit would be paid if the policy owner was unemployed at the date of purchase and remained unemployed at the time of any claim, was death and terminal illness. An unemployed policy owner was ineligible to claim in respect of the involuntary unemployment, temporary disablement and permanent disablement benefits unless their employment circumstances changed by the time of any claim. CCP was sold to the customers referred to in **Annexure E** as a product that would assist them in paying monthly credit card bills, however, the death and permanent illness benefit was paid as a lump sum.
- b. LP, customers were sold both LC and LRC (either together or separately). As LRC entitled the policy owner to a benefit if they became involuntarily unemployed or unable to work due to illness or injury, the customers referred to in **Annexure F** were not entitled to any benefit under the policy unless they became suitably employed and a qualifying period of 180 days after employment commenced had expired.

70. At the time of selling the relevant CCI policy to each customer referred to in Annexures E and F, it was reasonable for the customer to expect the employment eligibility criteria to have been expressly disclosed in circumstances where:

- a. the ability, in the event of unemployment, to make a claim that would help meet monthly or regular repayments for CCP and minimum monthly loan repayments for LRC was a feature of the products of particular value;
- b. some of the customers to whom CCI was sold were persons from low socio-economic backgrounds for whom unemployment was a particular risk, and for whom the PDS containing the exclusion may be difficult to comprehend. ASIC investigators have observed that a number of affected customers were vulnerable and from low socio-economic backgrounds. Some of the affected customers provided witness statements to ASIC. The representations of fact and opinion contained in those witness statements are not admitted or agreed for the purposes of this Statement of Agreed Facts, save for the following facts in this sub-paragraph describing five of the affected customers and their circumstances:
 - a female suffering from post-traumatic stress disorder (**PTSD**), depression and claustrophobia who received a disability support pension from Centrelink;
 - the mother of a four-month old baby that was not working;
 - a male retiree who received a disability support pension from Centrelink;
 - an indigenous Australian female suffering from PTSD who received a disability support pension from Centrelink; and
 - a retired Air Force veteran with PTSD who received a pension from the Department of Veteran Affairs.
- c. in some cases, at the time that CBA sold the CCI to some customers the CBA employee completing the sale knew that the customer was unemployed. This knowledge sometimes stemmed from the customer expressly stating to the CBA employee at the time of CCI transaction that they were unemployed;
- d. ASIC had, as described above in paragraph 49 and following, from 12 February 2010, expressed concerns about deficiencies in the sale practices in respect of CCI products, including the scripts used for the sale and promotion of CCI products and the offering and sale of CCI products to customers who would not be eligible to make a successful claim;
- e. before 20 August 2011, in respect of LP, sales staff were required to ask customers a series of questions to identify their eligibility for LP, and these questions were removed from scripts on 20 August 2011.

REMEDICATION

71. Although CBA did not offer to remediate customers in 2015, since 2016 CBA has undertaken a number of remediation programs in relation to certain customers sold CCI

products from October 2011 (with the majority of remediation occurring after January 2018). The key remediation programs established to remediate affected customers in relation to the employment eligibility criteria were known as Apollo I and Apollo II (**Remediation Programs**).

72. CBA has refined and undertaken the Remediation Programs in consultation with ASIC and has provided ASIC with regular updates on the progress of the Remediation Programs. This has included consultation with ASIC relating to identification of customer cohorts, remediation methodology and customer communications.

Apollo I

73. CBA's Remediation Program to remediate customers who purchased CCP, was referred to as "Apollo I". The focus of Apollo I was to remediate customers who purchased CCP policies but did not meet the employment eligibility criteria at the CCP PCD.
74. Under Apollo I, CBA identified CCP policies purchased during the relevant period (being 19 October 2011 to 15 May 2015 for non-online sales, or 19 October 2011 to 18 August 2017 for sales via the online channel) by customers who were likely to not have met the employment eligibility criteria at the CCP PCD and who paid premiums on those policies.
75. Customers were refunded between 75% to 100% of their eligible CCP premium, depending on their employment status recorded in CBA's systems.
76. Any interest incurred by the customer as a result of the payment of the CCP premium was also refunded. In addition, customers were paid an amount of interest in relation to the total refund which was based on the interest rates applicable to CBA's NetBank Saver accounts over the relevant period for which remediation was due.
77. CBA also contacted all customers identified for Apollo I with an open CCP policy to help the customer make a choice to either keep or cancel their policy.
78. Using this approach, as at 30 June 2021, CBA has paid \$23,299,470 in remediation (including interest) in relation to 68,652 CCP policies. This total includes cheques issued to policyholders who have not yet presented the cheques provided to them. As the Remediation Program is continuing, CBA expects to make additional payments to CCP customers.

Apollo II

79. CBA's Remediation Program to remediate certain LP customers was referred to as "Apollo II". The focus of Apollo II was to remediate customers who had purchased LP policies with LRC cover but did not meet the employment eligibility criteria at the LP PCD.
80. Under Apollo II, CBA identified LP policies with LRC cover purchased during the relevant period (being 19 October 2011 to 27 November 2015 for sales via non-digital channels, or 19 October 2011 to 23 June 2017 for sales via digital channels) by customers who were likely to not have met the employment eligibility criteria at the LP PCD and who paid premiums on those policies.
81. CBA calculated the remediation amount for each affected customer as follows:

- a. for single policyholders – 100% of the LRC premiums paid were refunded; and
 - b. for policyholders of joint policies – 100% of the eligible LRC premiums paid by the life impacted (that is, the policyholder eligible for remediation) were refunded.
82. The total refund amount was calculated as the total of the LRC premium refund, plus interest. For open LP policies, the refund also included an additional month of LRC premiums and associated interest.
83. CBA contacted all customers identified for Apollo II with an open LP policy to help the customer make a choice to keep, remove LRC, or cancel their policy.
84. Using this approach, as at 30 June 2021, CBA has paid \$51,414,633 in remediation (including interest) in relation to 94,670 LP policies. This total includes cheques issued to policyholders who have not yet presented the cheques provided to them. As the Remediation Program is continuing, CBA expects to make additional payments to LP customers.

FURTHER MATTERS FOR CONSIDERATION ON SENTENCE

Revenues

85. For customers sold a CCI product with a policy commencement date starting within the CCP and LP Offence Periods, CMLA charged its customers the following premiums:
- a. CCP: ~\$173 million; and
 - b. LP: ~\$587 million.
86. The premiums paid arising from the offences were:
- a. \$30,289.33 for CCP, with \$30,556.76 remediated to the 63 customers; and
 - b. \$34,288.63 for LP, with \$42,404.32 remediated to the 102 customers,
- as set out in Annexures E & F.
87. As noted above at paragraph 76, the amounts remediated exceed the amount of premiums paid, as customers were also repaid interest that would have accrued on the premium paid.

Cooperation

88. CBA co-operated with ASIC in its investigation of CCI, and assisted with the efficient and less expensive resolution of the proceedings, including by:
- a. pleading guilty with an agreed statement of facts; and
 - b. consulting with ASIC on numerous occasions and on an ongoing basis with respect to the remediation methodology to be applied to affected customers and the status of the remediation programs.

Recovery of expenses of investigation

89. Upon conviction of one or more of the offences, ASIC will make an order under section 91(1) of the ASIC Act seeking its investigation expenses. The offender has agreed to pay these expenses.

ANNEXURE A

CreditCard Plus eligibility criteria and benefit as disclosed in the Product Disclosure Statements

| Event requiring coverage | Eligibility criteria to claim | For the period | Benefit |
|---------------------------------|---|--|--|
| Involuntary unemployment | <ol style="list-style-type: none"> 1. Employed, working at least 20 hours per week for salary and wages and not doing seasonal work, working on contract for a specified period or self-employed; and 2. became unemployed as a result of involuntary termination, retrenchment or an industrial dispute and are actively looking for employment; and 3. remained involuntarily unemployed for 30 consecutive days; and 4. did not become involuntarily unemployed at the commencement date of the policy or within 60 days of that date, or because the normal course of employment of a seasonal nature or employment for a set period of time ended or because they resigned, accepted a voluntary redundancy or early retirement or abandoned their employment. (Although a policy owner could not make a claim with respect to an event of involuntary unemployment if the policy owner became involuntarily unemployed at the time of the commencement of the policy or within 60 days, the policy owner could do so if they became employed and subsequently involuntarily unemployed.) | Between 26 November 2010 and 11 April 2014 | 1/30 th of 7% of the outstanding card balance for each day the policy owner was involuntarily unemployed |
| Involuntary unemployment | <ul style="list-style-type: none"> - were employed, working at least 20 hours per week (including working under a fixed-term contract) or were self-employed; and - became unemployed as a result of involuntary termination, involuntary redundancy (or if self-employed, the business permanently stopped trading, or was placed in insolvency) and are actively looking for employment; and - remained involuntarily unemployed for 30 consecutive days; and - did not become involuntarily unemployed at the commencement date of the policy or within 60 days of that date, or because the normal course of employment of a seasonal nature or employment for a set period of time ended or because they resigned, accepted a voluntary redundancy or early retirement or abandoned their employment. (Although a policy owner could not make a claim with respect to an event of involuntary unemployment if the policy owner became involuntarily unemployed at the time of the commencement of the policy or within 60 days, the policy owner could do so if they became employed and subsequently involuntarily unemployed.⁴) | Between 12 April 2014 and 1 May 2015 (the end of the CCP offence period) | 1/30 th of 20% of the outstanding card balance for each day the policy owner was involuntarily unemployed |

⁴ FSRC.0003.0002.0432 at .0489 – Transcript of examination of Clive van Horen at the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, 19 March 2018 at P-509.42

| Event requiring coverage | Eligibility criteria to claim | For the period | Benefit |
|------------------------------|--|---|--|
| Temporary disablement | <ol style="list-style-type: none"> 1. a registered medical practitioner certified on a date occurring on or after the policy commencement date that the policy owner was unfit for work, this was known as the date of disablement; and 2. from the date of disablement through injury or illness, the policy owner was unable to perform the occupation, business or profession they were carrying on immediately before the date of disablement, and from which they received wages, salary or income before but not after the date of disablement; and 3. the policy owner had been disabled for 30 consecutive days because of the same injury or illness; and 4. the temporary disablement did not occur within the first 28 days of the commencement date of the policy; and 5. the temporary disablement was not caused by, contributed to, or results within 12 months of the policy commencement date from bodily injury, sickness or disease for which medical advice, consultation or treatment was required within the 12 months immediately before the policy commencement date. | <p>Between 26 November 2010 and 11 April 2014</p> <p>12 April 2014 to 27 November 2015 (the end of the LP offence period)</p> | <p>1/30th of 7% of the outstanding card balance for each day the policy owner was temporarily disabled;</p> <p>1/30th of 20% of the outstanding card balance for each day the policy owner was involuntarily unemployed or temporarily disabled.</p> |
| Permanent disablement | <ol style="list-style-type: none"> 1. they had been absent for six consecutive months from the date of disablement because of illness or injury from their usual occupation and from which they received wages, salary, or income before but not after the date of disablement; and 2. in CMLA’s opinion, the policy owner was unlikely to return to those duties or duties for which they may be suited by education, training or experience; and 3. the permanent disablement was not caused by, contributed to, or results within 12 months of the policy commencement date from bodily injury, sickness or disease for which medical advice, consultation or treatment was required within the 12 months immediately before the policy commencement date. | | <p>CMLA would pay the outstanding balance of the credit card account up to a maximum of \$25,000.</p> <p>In addition to paying the outstanding balance, the CCP product provided that CMLA would pay the “<i>same amount again</i>” to the policy owner or to their estate if they died.</p> |
| Terminal illness | <ol style="list-style-type: none"> 1. the policy owner was diagnosed within the period of cover with a sickness or injury which will lead to death within twelve months; and 2. the terminal illness was not caused by, contributed to, or results within 12 months of the policy commencement date from bodily injury, sickness or disease for which medical advice, consultation or treatment was required within the 12 months immediately before the policy commencement date. | | <p>CMLA would pay the outstanding balance of the credit card account up to a maximum of \$25,000.</p> <p>In addition to paying the outstanding balance, the CCP product provided that CMLA would pay the “<i>same amount again</i>” to the policy owner or to their estate if they died.</p> |

| Event requiring coverage | Eligibility criteria to claim | For the period | Benefit |
|--------------------------|--|----------------|--|
| Death | <ol style="list-style-type: none"> 1. the policy owner died during the period of cover; and 2. the death was not caused by suicide within the first 6 months of the commencement date, whether or not the policyholder was sane or insane; and 3. the death was not caused by, contributed to, or results within 6 months of the policy commencement date from bodily injury, sickness or disease for which medical advice, consultation or treatment was required within the 6 months immediately before the policy commencement date. | | <p>CMLA would pay the outstanding balance of the credit card account up to a maximum of \$25,000.</p> <p>In addition to paying the outstanding balance, the CCP product provided that CMLA would pay the “<i>same amount again</i>” to their estate.</p> |

ANNEXURE B

A list of approved CCI telephone and branch sales scripts used by CBA employees when selling LRC to customers

| Item | LP sales script approval date | LP sales script commencement date | LP sales script end date | Method of sale | False or misleading representation | Charge No concerned |
|------|-------------------------------|-----------------------------------|--------------------------|--------------------|--|----------------------------|
| 1. | August 2011 | 20 August 2011 | 9 June 2012 | Telephone & Branch | <i>"I would also like to discuss loan protection insurance, which is designed to help meet your loan repayment if you become involuntarily unemployed or are unable to work due to an accident or illness..."</i> | 16 21 |
| 2. | 12 May 2012 | 10 June 2012 | 14 September 2014 | Telephone & Branch | <i>"... Have you considered how you might meet your loan repayments if you were to become involuntarily unemployed or unable to work due to accident or illness? CommInsure's Loan Protection can help in this situation..."</i> | 17 18 22 23 24 |
| 3. | 8 August 2014 | 15 September 2014 | 19 June 2015 | Telephone & Branch | <i>"... Have you considered how you might meet your loan repayments if you were to become involuntarily unemployed or unable to work due to accident or illness? CommInsure's Loan Protection can help in this situation..."</i> | 19 25 |
| 4. | 6 June 2015 | 20 June 2015 | 27 November 2015 | Telephone & Branch | <i>"... Have you considered how you might meet your loan repayments if you were to become involuntarily unemployed or unable to work due to accident or illness? CommInsure's Loan Protection can help in this situation..."</i> | 20 |

ANNEXURE C

A list of approved CCI telephone and branch sales scripts used by CBA employees when selling CCP to customers

| Item | CCP sales script approval date | CCP sales script commencement date | CCP sales script end date | Method of sale | False or misleading representation | Charge No concerned |
|------|--------------------------------|------------------------------------|---------------------------|----------------------|---|-----------------------|
| 1 | 23 December 2010 | 10 June 2011 | 9 June 2012 | Telephone and Branch | <i>"We can also offer you credit card insurance through CommInsure that can help you pay your credit card bill if you become involuntarily unemployed or you are unable to work due to accident or illness..."</i> | 6 |
| 2 | Earlier than January 2011 | Earlier than January 2011 | 9 June 2011 | Telephone and Branch | <i>"Just before we finish our conversation, would you like to hear about CreditCard Plus insurance. This insurance cover can assist with the minimum monthly repayments should you be unable to work due to injury, illness or involuntary unemployment..."</i> | 1 |
| 3 | 16 December 2011 | 10 June 2012 | 11 April 2014 | Telephone and Branch | <i>"<Customers name>, Did you know that if you were unable to work due to involuntary unemployment, sickness or injury, we offer an optional credit card insurance from CommInsure that protects you by helping to pay your monthly credit card bill, if something unfortunate were to happen to you?..."</i> | 2 3 4 7 8 |
| 4 | 19 February 2014 | 12 April 2014 | 14 September 2014 | Telephone and Branch | <i>"<Customers name>, did you know that if you were unable to work due to involuntary unemployment, sickness or injury, we offer an optional credit card insurance from CommInsure that protects you by helping to pay your monthly credit card bill, if something unfortunate were to happen to you?..."</i> | 9 |
| 5 | 2 May 2014 | 15 September 2014 | 14 May 2015 | Telephone and Branch | <i>"<Customers name>, did you know that if you were unable to work due to involuntary unemployment, sickness or injury, we offer an optional credit card insurance from CommInsure that protects you by helping to pay your monthly credit card bill, if something unfortunate were to happen to you?..."</i> | 5 10 |

ANNEXURE D

Details of the number of CCP and LP (where LRC was selected) policies where CBA has identified, for the purposes of remediation, that the policy holder may not have met the employment eligibility criteria as at the policy commencement date and received a remediation payment.

| CCI Product | Number of policies ⁵ | | | | | | | | Total premiums paid ⁶ |
|--|---------------------------------|--------|--------|--------|--------|-------|-------|--------|----------------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Total | |
| CreditCard Plus | 3,342 | 20,492 | 20,444 | 15,350 | 5,201 | 1,871 | 1,952 | 68,652 | \$18,366,136 ⁷ |
| Loan Protection (where Loan Repayment Cover selected) | 5,255 | 23,534 | 24,329 | 23,289 | 17,463 | 639 | 161 | 94,670 | \$40,828,492 ⁸ |

⁵ Please note the following matters in relation to the Number of policies:

- a) The number of policies shows the total number of policies paid remediation, including policies in relation to which cheques have been issued to policyholders who have not yet presented those cheques.
- b) The number of policies includes policies where as part of the Remediation Programs, CBA identified that the policyholder may not have met the employment eligibility criteria as at the policy commencement date, and the remediation process is complete however no remediation amount was payable to the policyholder. (By way of example, this may occur where the policyholder paid no premiums but had an open policy and so was contacted as part of the Remediation Programs.)

⁶ Please note the following matters in relation to Premiums Paid:

- a) The premium figures are the amounts which CBA relied upon for the purposes of remediation, meaning that the figures exclude any premiums charged to the customer which were reversed prior to the date remediation was paid to the customer.
- b) The premium figures are calculated as at the date remediation was paid to the customer, and reflect the total premiums paid by the customer prior to the date remediation was paid. Where an identified customer has elected to continue with a policy, the premium figures provided do not record the continued payment of premiums after the date the policy was remediated.

⁷ The difference of \$4,933,334 between this total and the amount referred to at paragraph 77 is due to interest and other remediation components paid to customers at the time of remediation. The difference is also due to some customers being refunded between 75% to 100% of their eligible CCP premium (referred to at paragraph 71).

⁸ The difference of \$10,586,141 between this total and the amount referred to at paragraph 84 is due to interest and other remediation components paid to customers at the time of remediation.

ANNEXURE E

CreditCard Plus insurance customers where a false or misleading representation has been made.

Note: Where the product application date is the same as the date of sale, the CCP was cross sold (i.e. sold at the same time, with the underlying financial product) to the customer.

| Charge/ Offence No. | Name of Policy Holder | Date of Sale | Credit Product Application Date | Unemployed Status | Premiums Paid ⁹ | Remediation Paid ¹⁰ |
|---|-----------------------|-----------------|--|----------------------|----------------------------|-----------------------------------|
| TELEPHONE CCP SALES | | | | | | |
| Charge 1 | LM1 | 01/11/2011 | 18/02/2008 | Unemployed | \$540.61 | \$554.94 |
| Charge 2 | AC | 19/12/2012 | 21/12/2012 | Pensioner | \$3,452.90 | \$3,458.25 |
| Charge 3 | AL | 01/11/2013 | 05/11/2013 | Pensioner | \$421.47 | \$421.71 |
| Charge 4 | MW1 | 08/10/2014 | 10/10/2014 | Pensioner | \$1,656.80 | \$1,656.93 |
| Charge 5 | SRB | 01/05/2015 | 04/05/2015 | Pensioner | \$347.04 | \$347.11 |
| 16BA Schedule attached to charge 5 | | | | | | |
| 1 | AT1 | 13/12/2011 | 15/12/2011 | Pensioner | \$35.73 | \$39.89 |
| 2 | JO | 27/12/2011 | 28/12/2011 | Home Duties | \$33.81 | \$38.07 |
| 3 | JM | 12/04/2012 | 16/04/2012 | Home Duties | \$351.61 | \$357.04 |
| 4 | BD | 20/11/2012 | 22/11/2012 | Pensioner | \$1,283.31 | \$1,283.31 |
| 5 | KH1 | 17/12/2012 | 18/12/2012 | Pensioner | \$676.16 | \$681.10 |

⁹ Please note the following matters in relation to Premiums Paid for CCP policies:

- c) The premium figures are the amounts which CBA relied upon for the purposes of remediation, meaning that the figures exclude any premiums charged to the customer which were reversed prior to the date remediation was paid to the customer.
- d) The premium figures are calculated as at the date remediation was paid to the customer, and reflect the total premiums paid by the customer prior to the date remediation was paid. Where an identified customer has elected to continue with a policy, the premium figures provided do not record the continued payment of premiums after the date the policy was remediated.

¹⁰ Please note the following matters in relation to Remediation Paid:

- a) The amounts of remediation paid include where a cheque has been issued to a policyholder who has not yet presented the cheque.
- b) The amounts of remediation paid reflect the amounts paid in respect of remediation related to employment eligibility.

| Charge/ Offence No. | Name of Policy Holder | Date of Sale | Credit Product Application Date | Unemployed Status | Premiums Paid ⁹ | Remediation Paid ¹⁰ |
|---------------------------|-----------------------|-----------------|--|----------------------|----------------------------|-----------------------------------|
| 6 | CH | 26/12/2012 | 28/12/2012 | Pensioner | \$101.10 | \$106.10 |
| 7 | TS | 31/01/2013 | 04/02/2013 | Home Duties | \$194.24 | \$195.07 |
| 8 | AR1 | 11/02/2013 | 13/02/2013 | Pensioner | \$311.56 | \$313.39 |
| 9 | DH | 13/05/2013 | 15/05/2013 | Home Duties | \$398.78 | \$400.67 |
| 10 | DSH | 22/07/2013 | 04/04/2013 | Pensioner | \$123.02 | \$125.43 |
| 11 | TG | 07/10/2013 | 25/09/2012 | Home Duties | \$406.67 | \$407.09 |
| 12 | BC | 11/12/2013 | 23/06/2005 | Home Duties | \$352.02 | \$355.83 |
| 13 | NR | 01/04/2014 | 04/04/2014 | Home Duties | \$1,106.08 | \$1,111.69 |
| 14 | MRY | 17/05/2014 | 20/05/2014 | Pensioner | \$130.92 | \$132.02 |
| 15 | SZ | 29/05/2014 | 03/06/2014 | Pensioner | \$839.49 | \$841.41 |
| 16 | NW | 01/06/2014 | 06/10/2004 | Unemployed | \$71.50 | \$75.85 |
| 17 | SV | 06/06/2014 | 10/06/2014 | Pensioner | \$408.32 | \$416.93 |
| 18 | AW | 07/06/2014 | 11/06/2014 | Home Duties | \$20.77 | \$22.06 |
| 19 | KAW | 12/06/2014 | 16/06/2014 | Home Duties | \$369.00 | \$376.87 |
| 20 | JB1 | 13/06/2014 | 17/06/2014 | Home Duties | \$176.62 | \$178.09 |
| 21 | TH1 | 17/06/2014 | 19/06/2014 | Home Duties | \$1,283.77 | \$1,285.34 |
| 22 | GS1 | 17/06/2014 | 01/04/1984 | Pensioner | \$819.81 | \$820.50 |
| 23 | AB1 | 18/06/2014 | 20/06/2014 | Home Duties | \$346.11 | \$356.52 |
| 24 | RH1 | 19/06/2014 | 06/02/2012 | Pensioner | \$168.57 | \$168.57 |
| 25 | KH2 | 19/06/2014 | 12/06/2014 | Home Duties | \$4.46 | \$4.52 |
| 26 | SB1 | 20/06/2014 | 13/06/2014 | Home Duties | \$81.20 | \$86.12 |
| 27 | TW1 | 01/07/2014 | 04/07/2014 | Home Duties | \$299.19 | \$301.14 |
| 28 | CS1 | 30/07/2014 | 01/08/2014 | Home Duties | \$233.74 | \$237.33 |
| 29 | KD | 01/09/2014 | 03/09/2014 | Student | \$99.64 | \$100.77 |
| 30 | EH1 | 30/09/2014 | 02/10/2014 | Home Duties | \$758.60 | \$763.86 |
| 31 | MR1 | 14/10/2014 | 17/10/2014 | Student | \$1,359.28 | \$1,360.85 |

| Charge/ Offence No. | Name of Policy Holder | Date of Sale | Credit Product Application Date | Unemployed Status | Premiums Paid ⁹ | Remediation Paid ¹⁰ |
|--|-----------------------|-----------------|--|----------------------|----------------------------|-----------------------------------|
| 32 | VD | 17/10/2014 | 09/10/2014 | Pensioner | \$894.76 | \$895.06 |
| 33 | HAG | 30/10/2014 | 03/11/2014 | Home Duties | \$638.75 | \$639.69 |
| 34 | MCM | 14/11/2014 | 18/11/2014 | Pensioner | \$646.91 | \$647.08 |
| 35 | MW2 | 17/11/2014 | 20/11/2014 | Pensioner | \$499.13 | \$508.89 |
| 36 | JW | 15/12/2014 | 21/01/2014 | Home Duties | \$395.15 | \$411.39 |
| 37 | AM1 | 29/04/2015 | 30/04/2015 | Student | \$8.86 | \$9.06 |
| Total for scheduled offences 1-37 | | | | | \$15,928.64 | \$16,054.60 |
| Total for Telephone CCP Sales | | | | | \$22,347.46 | \$22,493.54 |

| BRANCH CCP SALES | | | | | | |
|--|------|------------|------------|-------------|-------------------|-------------------|
| Charge 6 | AE | 30/12/2011 | 30/12/2011 | Home Duties | \$493.84 | \$495.17 |
| Charge 7 | JB2 | 31/12/2012 | 31/12/2012 | Pensioner | \$195.70 | \$200.63 |
| Charge 8 | TKDT | 02/12/2013 | 2/12/2013 | Home Duties | \$227.30 | \$231.65 |
| Charge 9 | CS2 | 30/06/2014 | 30/06/2014 | Retired | \$675.36 | \$687.14 |
| Charge 10 | IAY | 30/03/2015 | 30/03/2015 | Pensioner | \$687.66 | \$688.29 |
| 16BA Schedule attached to charge 10 | | | | | | |
| 38 | LS1 | 12/12/2011 | 12/12/2011 | Retired | \$475.04 | \$498.71 |
| 39 | GS2 | 01/12/2012 | 01/12/2012 | Student | \$138.53 | \$143.64 |
| 40 | PW | 30/12/2013 | 30/12/2013 | Retired | \$102.54 | \$105.25 |
| 41 | MK | 26/05/2014 | 20/06/2014 | Home Duties | \$13.15 | \$13.92 |
| 42 | KW1 | 30/06/2014 | 30/06/2014 | Student | \$8.32 | \$8.70 |
| 43 | ZA | 31/03/2015 | 31/03/2015 | Home Duties | \$581.43 | \$584.20 |
| Total for scheduled offences 38-43 | | | | | \$1,319.01 | \$1,354.42 |
| Total for Branch CCP Sales | | | | | \$3,598.87 | \$3,657.39 |

| ONLINE CCP SALES | | | | | | |
|-------------------------|--|--|--|--|--|--|
|-------------------------|--|--|--|--|--|--|

| Charge/ Offence No. | Name of Policy Holder | Date of Sale | Credit Product Application Date | Unemployed Status | Premiums Paid ⁹ | Remediation Paid ¹⁰ |
|--|-----------------------|-----------------|--|----------------------|----------------------------|-----------------------------------|
| Charge 11 | AS1 | 17/12/2011 | 20/12/2011 | Home Duties | \$181.82 | \$183.89 |
| Charge 12 | AS2 | 13/12/2012 | 17/12/2012 | Home Duties | \$1,169.26 | \$1,177.79 |
| Charge 13 | JB3 | 28/11/2013 | 03/12/2013 | Home Duties | \$601.65 | \$621.67 |
| Charge 14 | KO | 19/06/2014 | 23/06/2014 | Home Duties | \$1,509.44 | \$1,524.28 |
| Charge 15 | SW1 | 23/03/2015 | 01/04/2015 | Home Duties | \$181.65 | \$186.58 |
| 16BA Schedule attached to charge 15 | | | | | | |
| 44 | DT1 | 19/12/2011 | 22/12/2011 | Pensioner | \$36.51 | \$40.66 |
| 45 | CL | 19/12/2012 | 19/12/2012 | Pensioner | \$162.34 | \$164.86 |
| 46 | LB | 26/12/2013 | 31/12/2013 | Home Duties | \$352.45 | \$356.00 |
| 47 | SR | 07/07/2014 | 09/07/2014 | Student | \$14.50 | \$15.20 |
| 48 | SP1 | 10/04/2015 | 14/04/2015 | Student | \$133.38 | \$134.99 |
| Total for scheduled offences 44-48 | | | | | \$699.18 | \$711.71 |
| Total for Online CCP Sales | | | | | \$4,343.00 | \$4,405.92 |
| Total for All CCP Sales | | | | | \$30,289.33 | \$30,556.76 |

ANNEXURE F

Loan Protection customers where a false or misleading representation has been made.

Note: Where the product application date is the same as the date of sale, the LP was cross sold (i.e. sold at the same time, with the underlying financial product) to the customer.

| Charge/ Offence No. | Name of Policy Holder | Date of Sale | Product Application Date | Unemployed Status | Premiums Paid ¹¹ | Remediation Paid ¹² |
|--|-----------------------|--------------|--------------------------------|----------------------|--------------------------------|-----------------------------------|
| TELEPHONE LP SALES | | | | | | |
| Charge 16 | MC | 03/10/2011 | 03/10/2011 | Home Duties | \$880.90 | \$1,273.93 |
| Charge 17 | TF | 30/11/2012 | 30/11/2012 | Home Duties | \$1,240.15 | \$1,510.51 |
| Charge 18 | NM | 19/01/2013 | 19/01/2013 | Home Duties | \$748.96 | \$988.59 |
| Charge 19 | LR | 07/11/2014 | 07/11/2014 | Home Duties | \$926.53 | \$1,065.83 |
| Charge 20 | SD1 | 23/07/2015 | 18/07/2015 | Home Duties | \$719.49 | \$803.93 |
| 16BA Schedule attached to charge 20 | | | | | | |
| 49 | HG | 02/09/2011 | 05/02/2014 | Home Duties | \$67.08 | \$111.92 |
| 50 | AH1 | 02/09/2011 | 31/08/2011 | Home Duties | \$44.72 | \$74.97 |
| 51 | MB | 01/11/2011 | 19/09/2011 | Pensioner | \$774.77 | \$1,082.87 |
| 52 | DM | 05/12/2011 | 31/10/2011 | Pensioner | \$138.45 | \$202.11 |

¹¹ Please note the following matters in relation to Premiums Paid for LP policies:

- The premium figures are the amounts which CBA relied upon for the purposes of remediation, meaning that the figures exclude any premiums charged to the customer which were reversed prior to the date remediation was paid to the customer.
- The premium figures are calculated as at the date remediation was paid to the customer, and reflect the total premiums paid by the customer prior to the date remediation was paid. Where an identified customer has elected to continue with a policy, the premium figures provided do not record the continued payment of premiums after the date the policy was remediated.
- The premium figures include only the premiums paid for Loan Repayment Cover and not any premiums paid for Loan Cover.
- For policies with joint policyholders, only the premiums paid by the Policy Holders named in this Annexure are captured.

¹² Please note the following matters in relation to Remediation Paid:

- The amounts of remediation paid include where a cheque has been issued to a policyholder who has not yet presented the cheque.
- The amounts of remediation paid reflect the amounts paid in respect of remediation related to employment eligibility.

| Charge/ Offence No. | Name of Policy Holder | Date of Sale | Product Application Date | Unemployed Status | Premiums Paid ¹¹ | Remediation Paid ¹² |
|---------------------------|-----------------------|--------------|--------------------------------|----------------------|--------------------------------|-----------------------------------|
| 53 | EH2 | 06/12/2011 | 06/12/2011 | Home Duties | \$300.17 | \$432.54 |
| 54 | KC1 | 19/12/2011 | 19/12/2011 | Home Duties | \$390.20 | \$551.65 |
| 55 | DS | 28/03/2012 | 28/03/2012 | Home Duties | \$299.05 | \$424.98 |
| 56 | RI | 12/04/2012 | 31/08/2009 | Home Duties | \$169.37 | \$245.11 |
| 57 | TL | 01/06/2012 | 01/06/2012 | Student | \$455.00 | \$643.54 |
| 58 | OK | 14/06/2012 | 14/06/2012 | Home Duties | \$22.36 | \$32.64 |
| 59 | KJ | 03/09/2012 | 03/09/2012 | Home Duties | \$340.41 | \$484.50 |
| 60 | RT | 02/10/2012 | 02/10/2012 | Home Duties | \$32.42 | \$46.85 |
| 61 | BB | 30/10/2012 | 30/10/2012 | Pensioner | \$406.08 | \$540.55 |
| 62 | KW2 | 21/02/2013 | 21/02/2013 | Home Duties | \$610.01 | \$811.63 |
| 63 | MG | 30/05/2013 | 30/05/2013 | Home Duties | \$663.87 | \$824.43 |
| 64 | ET | 31/07/2013 | 31/07/2013 | Home Duties | \$354.42 | \$470.69 |
| 65 | CK | 05/09/2013 | 05/09/2013 | Home Duties | \$243.15 | \$320.92 |
| 66 | CS3 | 13/09/2013 | 13/09/2013 | Home Duties | \$16.21 | \$22.14 |
| 67 | BM1 | 24/10/2013 | 06/07/2015 | Home Duties | \$225.54 | \$306.60 |
| 68 | RL | 28/11/2013 | 28/11/2013 | Unemployed | \$0.00 | \$0.00 |
| 69 | KY | 21/01/2014 | 21/01/2014 | Home Duties | \$389.10 | \$481.66 |
| 70 | LT1 | 23/01/2014 | 23/01/2014 | Home Duties | \$470.62 | \$578.94 |
| 71 | LM2 | 31/01/2014 | 31/01/2014 | Home Duties | \$144.99 | \$186.80 |
| 72 | VI | 13/02/2014 | 13/02/2014 | Home Duties | \$311.95 | \$393.39 |
| 73 | AR2 | 28/02/2014 | 28/02/2014 | Home Duties | \$354.38 | \$440.17 |
| 74 | LP1 | 04/05/2014 | 04/05/2014 | Student | \$599.12 | \$769.09 |
| 75 | KC2 | 30/05/2014 | 30/05/2014 | Home Duties | \$557.21 | \$658.91 |
| 76 | LN | 09/06/2014 | 21/05/2014 | Home Duties | \$37.60 | \$48.79 |
| 77 | TW2 | 11/06/2014 | 11/06/2014 | Unemployed | \$236.67 | \$290.82 |
| 78 | AD | 12/06/2014 | 12/06/2014 | Home Duties | \$710.88 | \$819.47 |
| 79 | LH | 12/06/2014 | 11/06/2014 | Home Duties | \$313.08 | \$376.38 |

| Charge/ Offence No. | Name of Policy Holder | Date of Sale | Product Application Date | Unemployed Status | Premiums Paid ¹¹ | Remediation Paid ¹² |
|---------------------------|-----------------------|--------------|--------------------------------|----------------------|--------------------------------|-----------------------------------|
| 80 | SW2 | 12/06/2014 | 12/06/2014 | Home Duties | \$217.43 | \$268.13 |
| 81 | MWD | 19/07/2014 | 19/07/2014 | Home Duties | \$345.42 | \$426.16 |
| 82 | DR | 19/09/2014 | 19/09/2014 | Pensioner | \$417.92 | \$501.73 |
| 83 | AT2 | 01/10/2014 | 01/10/2014 | Home Duties | \$352.67 | \$421.44 |
| 84 | DN | 06/10/2014 | 06/10/2014 | Home Duties | \$743.83 | \$857.79 |
| 85 | BS1 | 05/11/2014 | 05/11/2014 | Home Duties | \$194.52 | \$245.95 |
| 86 | DD | 29/04/2015 | 29/04/2015 | Pensioner | \$348.90 | \$404.90 |
| 87 | JL1 | 30/04/2015 | 30/04/2015 | Home Duties | \$16.21 | \$20.44 |
| 88 | CW | 30/04/2015 | 30/04/2015 | Home Duties | \$141.41 | \$175.38 |
| 89 | SBM | 07/05/2015 | 08/05/2015 | Home Duties | \$588.45 | \$670.66 |
| 90 | SD2 | 18/05/2015 | 15/05/2015 | Home Duties | \$80.55 | \$98.99 |
| 91 | SB2 | 19/05/2015 | 19/05/2015 | Home Duties | \$770.06 | \$866.60 |
| 92 | TH2 | 22/05/2015 | 22/05/2015 | Home Duties | \$235.56 | \$277.18 |
| 93 | LG1 | 25/05/2015 | 25/05/2015 | Home Duties | \$471.69 | \$532.18 |
| 94 | AH2 | 23/06/2015 | 23/06/2015 | Pensioner | \$412.00 | \$464.11 |
| 95 | NT | 24/06/2015 | 24/06/2015 | Student | \$110.55 | \$136.67 |
| 96 | AT3 | 08/07/2015 | 08/07/2015 | Home Duties | \$678.08 | \$763.14 |
| 97 | JG | 09/07/2015 | 09/07/2015 | Home Duties | \$150.90 | \$178.72 |
| 98 | BM2 | 20/07/2015 | 24/10/2013 | Home Duties | \$191.67 | \$228.71 |
| 99 | JP | 22/07/2015 | 21/07/2015 | Home Duties | \$556.03 | \$629.54 |
| 100 | EP | 30/07/2015 | 30/07/2015 | Home Duties | \$595.70 | \$668.78 |
| 101 | CP1 | 10/08/2015 | 10/08/2015 | Unemployed | \$721.43 | \$806.37 |
| 102 | KP | 18/08/2015 | 18/08/2015 | Unemployed | \$92.22 | \$111.69 |
| 103 | SP2 | 19/08/2015 | 19/08/2015 | Home Duties | \$539.82 | \$609.70 |
| 104 | CF | 25/08/2015 | 21/08/2015 | Home Duties | \$106.75 | \$126.42 |
| 105 | AM2 | 25/08/2015 | 25/08/2015 | Home Duties | \$247.34 | \$301.60 |
| 106 | TB | 01/09/2015 | 01/09/2015 | Home Duties | \$174.36 | \$204.07 |

| Charge/ Offence No. | Name of Policy Holder | Date of Sale | Product Application Date | Unemployed Status | Premiums Paid ¹¹ | Remediation Paid ¹² |
|--|-----------------------|--------------|--------------------------------|----------------------|--------------------------------|-----------------------------------|
| 107 | VM | 02/09/2015 | 02/09/2015 | Home Duties | \$148.80 | \$173.59 |
| 108 | AS3 | 04/09/2015 | 04/09/2015 | Home Duties | \$48.81 | \$57.93 |
| 109 | KGS | 06/09/2015 | 06/09/2015 | Pensioner | \$314.06 | \$357.44 |
| 110 | BT | 08/09/2015 | 08/09/2015 | Pensioner | \$76.85 | \$91.05 |
| 111 | JAT | 08/09/2015 | 08/09/2015 | Home Duties | \$118.48 | \$139.70 |
| 112 | LS2 | 21/09/2015 | 07/10/2015 | Home Duties | \$214.03 | \$251.04 |
| 113 | LC | 01/10/2015 | 01/10/2015 | Home Duties | \$228.00 | \$267.08 |
| 114 | BS2 | 08/10/2015 | 08/10/2015 | Retired | \$166.50 | \$203.18 |
| 115 | KAH | 09/10/2015 | 09/10/2015 | Home Duties | \$297.85 | \$357.36 |
| 116 | SD3 | 12/10/2015 | 12/10/2015 | Home Duties | \$214.03 | \$260.06 |
| 117 | JL2 | 03/11/2015 | 2/11/2015 | Home Duties | \$463.25 | \$531.33 |
| 118 | MP | 05/11/2015 | 5/11/2015 | Home Duties | \$310.69 | \$351.99 |
| 119 | NS1 | 05/11/2015 | 5/11/2015 | Home Duties | \$100.03 | \$116.58 |
| 120 | KH3 | 06/11/2015 | 10/06/2015 | Home Duties | \$379.43 | \$433.77 |
| 121 | PS | 09/11/2015 | 27/06/2013 | Home Duties | \$170.49 | \$197.39 |
| 122 | HT | 16/11/2015 | 11/11/2015 | Home Duties | \$309.58 | \$363.11 |
| Total for scheduled offences 49-122 | | | | | \$22,741.23 | \$27,824.71 |
| Total for Telephone LP Sales | | | | | \$27,257.26 | \$33,467.50 |

| BRANCH LP SALES | | | | | | |
|--|-----|------------|------------|-------------|----------|----------|
| Charge 21 | LP2 | 01/12/2011 | 01/12/2011 | Home Duties | \$481.50 | \$657.23 |
| Charge 22 | SK | 03/12/2012 | 03/12/2012 | Pensioner | \$695.42 | \$875.75 |
| Charge 23 | FP | 17/12/2013 | 17/12/2013 | Home Duties | \$244.05 | \$312.16 |
| Charge 24 | KW3 | 19/06/2014 | 19/06/2014 | Home Duties | \$473.39 | \$597.93 |
| Charge 25 | CP2 | 08/01/2015 | 08/01/2015 | Pensioner | \$747.92 | \$850.90 |
| 16BA Schedule attached to charge 25 | | | | | | |

| Charge/ Offence No. | Name of Policy Holder | Date of Sale | Product Application Date | Unemployed Status | Premiums Paid ¹¹ | Remediation Paid ¹² |
|---|-----------------------|--------------|--------------------------------|----------------------|--------------------------------|-----------------------------------|
| 123 | NY | 02/12/2011 | 02/12/2011 | Home Duties | \$442.65 | \$616.26 |
| 124 | HAN | 01/12/2012 | 01/12/2012 | Home Duties | \$203.00 | \$276.68 |
| 125 | AOG | 12/08/2013 | 12/08/2013 | Pensioner | \$43.50 | \$58.30 |
| 126 | SH1 | 05/06/2014 | 05/06/2014 | Home Duties | \$45.87 | \$58.34 |
| 127 | LT2 | 29/09/2014 | 29/09/2014 | Pensioner | \$30.08 | \$37.82 |
| 128 | SH2 | 08/01/2015 | 08/01/2015 | Home Duties | \$32.42 | \$40.14 |
| 129 | MR2 | 03/06/2015 | 03/06/2015 | Home Duties | \$132.48 | \$158.37 |
| Total for scheduled offences 123-129 | | | | | \$930.00 | \$1,245.91 |
| Total for Branch LP Sales | | | | | \$3,572.28 | \$4,539.88 |
| ONLINE LP SALES | | | | | | |
| Charge 26 | LG2 | 21/11/2011 | 21/11/2011 | Home Duties | \$262.72 | \$376.45 |
| Charge 27 | ZD | 08/12/2012 | 08/12/2012 | Home Duties | \$579.96 | \$750.27 |
| Charge 28 | RH2 | 13/10/2013 | 13/10/2013 | Unemployed | \$340.41 | \$456.40 |
| Charge 29 | AB2 | 06/02/2014 | 06/02/2014 | Home Duties | \$243.15 | \$308.39 |
| Charge 30 | KB | 07/03/2015 | 05/03/2015 | Home Duties | \$411.32 | \$494.46 |
| 16BA Schedule attached to charge 30 | | | | | | |
| 130 | DT2 | 21/10/2011 | 20/10/2011 | Home Duties | \$184.56 | \$271.38 |
| 131 | KE1 | 19/10/2012 | 19/10/2012 | Student | \$241.65 | \$339.05 |
| 132 | KE2 | 17/12/2013 | 17/12/2013 | Home Duties | \$226.94 | \$290.99 |
| 133 | KL | 26/05/2015 | 25/05/2015 | Home Duties | \$295.08 | \$344.45 |
| 134 | SE | 16/06/2015 | 15/06/2015 | Home Duties | \$223.80 | \$261.82 |
| 135 | NS2 | 17/06/2015 | 17/06/2015 | Pensioner | \$449.50 | \$503.28 |
| Total for scheduled offences 130-135 | | | | | \$1,621.53 | \$2,010.97 |
| Total for Online LP Sales | | | | | \$3,459.09 | \$4,396.94 |
| TOTAL FOR ALL LP SALES | | | | | \$34,288.63 | \$42,404.32 |