

ASX announcement

Chief Executive Officer's address

2018 Annual General Meeting

Brisbane, Wednesday 7 November

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Thank you Catherine. And good morning everyone.

I'd like to acknowledge the Traditional Owners of the land on which we're meeting and pay my respects to Elders past and present.

This is my first opportunity as your chief executive officer to address the Annual General Meeting of shareholders.

It's a great privilege to lead the Commonwealth Bank on your behalf. Leading this company also comes with great responsibility – never more so than now.

The Commonwealth Bank serves more customers, in more communities, than any other Australian bank.

Every day, we work hard to improve the financial wellbeing of our 16 million customers. We employ more than 49,000 people in 15 countries, across 1,300 branches and offices. We purchase products and services from more than 8,000 businesses – both large and small. And we have more than 800,000 shareholders.

By some measures, the past decade has been among the most successful in our company's history.

But what's become clear in recent times is there have been far too many instances where we have let our customers down. And in the face of financial success, we grew complacent. We were too slow to identify problems, too slow to fix underlying issues, and too slow to put things right for our customers.

This has also impacted you, the owners of the Bank.

I join Catherine in acknowledging this is completely unacceptable.

Since becoming your chief executive in April, my focus has been on taking action – fixing what is broken, doing the right thing by our customers and communities, and building a simpler, better bank.

I have made seven new appointments to my Executive Leadership Team, from inside and outside the bank, to drive change and lead our people through this period of renewal.

All of my senior team are here today, and for those of you who have time to stay on after the meeting, there will be an opportunity to speak with me and all of them directly.



I want to assure you that my team and I are focussed and energised by the road ahead, and the opportunities to better serve our customers.

We have a clear strategy, and we're making meaningful progress – step by step, day by day.

We are focussed on simplifying our business; leading in our retail and commercial banking businesses in Australia and New Zealand; and continuing to build the best digital banking experience.

By focussing on our largest businesses, we are continuing to deliver a strong financial performance.

In our first quarter trading update released this morning, we reported an increase in cash net profit after tax to \$2.5 billion. While income growth was subdued, the fundamentals of our business remain strong highlighted by sound credit quality and balance sheet strength.

We are already on the way to simplifying our business portfolio.

This includes the sale of our life insurance businesses; the sale of Colonial First State Global Asset Management; and our plan to demerge our wealth and mortgage broking businesses. Last week, I was pleased to announce a highly experienced executive - Jason Yetton - as the incoming chief executive for the new wealth and mortgage broking company.

But most critically, we're working hard to better serve our customers and to earn the trust of the community.

This starts with listening

Since I started as chief executive, I have met with customers, shareholders, community leaders, and our regulators. I understand the challenges that we face.

In September, I wrote to eight million customers to apologise for letting them down, to share with them the actions we're taking to put things right, and to invite their feedback.

I have received more than 10,000 responses – a mixture of complaints, compliments, and general suggestions from our customers on how we can become a better bank.

My leadership team and I are personally engaging in long-standing disputes to review these with fresh eyes.

Already, a number of these have been resolved. Many of these cases are complex, and while not everyone has had the outcome they hoped for, we are committed to ensuring every customer is heard and treated fairly.

To ensure the resolution of complaints continues to receive senior attention and oversight, I have elevated responsibility for complaints management to David Cohen, our Deputy CEO.

We have changed the way we manage customer complaints to ensure they're resolved quickly, fairly, and compassionately. This includes introducing new principles for complaints handling and providing more resources to our complaints team.

I am also pleased to announce today the establishment of an external advisory panel which will provide me, and my leadership team, with a further source of new ideas and external challenge to help shape our engagement with customers, employees and the community.

The panel will be chaired by Patricia Faulkner AO. Patricia has a strong background in consumer affairs and health, and served as Deputy Commissioner to the Royal Commission on Family Violence.

But we are not just listening, we are taking action.

For example, we have changed incentives for branch staff to reward service rather than sales. We've strengthened lending practices to ensure we lend responsibly, with more inquiries into our customers' financial circumstances.

And we're systematically fixing processes to make banking easier for our customers.



We have increased investment in technology systems, procedures and account monitoring to keep our customers' money, and personal information, secure and private. For example, since May, new controls have helped customers save over \$3 million by protecting them from payments scams.

We are using our leadership in digital to provide greater transparency to customers on fees and charges. One example, is helping customers avoid fees when they overdraw their accounts with smarter alerts through the CommBank mobile app.

We have made positive changes for small businesses. We've introduced fairer contracts and established a dedicated team to help small businesses facing difficult times.

We have also partnered with AIA, a leading global insurer, to deliver new and innovative insurance solutions for our customers.

And we are continuing to take action to address past failures in our wealth business.

We are also working hard to be more engaged in the community.

Earlier this year, we put in place measures to support customers who are affected by the drought. These measures mean around 1,500 farming customers are eligible for a one-off credit adjustment.

We have helped raise close to \$8 million to support the needs of drought-affected communities. This includes our \$2 million contribution, and almost \$6 million from staff and customers who generously donated in branch and through our mobile app.

Last month, we renewed long-standing arrangements with Australia Post to ensure that customers and communities, especially those in rural and regional areas, have access to more banking services across Australia.

I recognise, given the scale of challenges we face, that these changes are only the start of what we need to do to become a better bank.

We start from a strong position.

Our goal is to use our unique market position, the skills of our people, and innovation to deliver outstanding service to customers – service that consistently demonstrates the best of the Commonwealth Bank.

We have more retail customers than any other Australian bank. We also have leading market share in home lending, transaction accounts, personal loans and credit cards.

We don't take any of this for granted.

We are best positioned to serve customers. This includes the largest branch network, Australian based call centres, energised people, and a great digital experience.

We have about 5 million regular users of our CommBank App. This app has a Net Promoter Score – a measure of how willing customers are to recommend it – of +38, which is more than 10 points higher than our closest major bank peer.

Through market leading technology and exceptional service, we are creating a better bank for our customers. Their loyalty and trust is fundamental to our business.

I want to thank all of our people for their hard work and dedication in what has been a difficult year.

And I want to thank you, our shareholders. The majority of you are long-term investors in our business and, of course, want to see the Commonwealth Bank do well now, and in the future.

We have a plan to deliver a simpler, better bank. We are listening to you, and to our customers. And we are taking action to change: to restore your trust and to deliver sustainable value for you, and for all our stakeholders.

I hope you can see, we are making good, early progress.



But we have a great deal to do, and I want you to judge us, not on my words or promises, but by the actions we take and the progress you see - day in, day out.

I appreciate, and do not take for granted, your support in enabling us to do this.

Let me pass you back to the Chair.

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