

29 January 2018. Transcript of investor, analyst and media briefing with Commonwealth Bank of Australia Chairman, Catherine Livingstone AO, Chief Executive Officer, Ian Narev, and Group Executive Retail Banking Services, Matt Comyn, regarding the appointment of Matt Comyn as Chief Executive Officer.

Andrew HALL: Good morning everyone and welcome. My name is Andrew Hall. I am head of Corporate Affairs for the Commonwealth Bank. As you know, the Board has made an important announcement this morning about CEO succession and thank you for all attending at short notice. We have people both here in the room but there is a large number participating by telephone. This call is being recorded and will be available to be replayed on our shareholder portal when this meeting ends.

In a moment our Chairman, Catherine Livingstone, will make an opening statement followed by Ian and then Matt. We will then take questions, first from investors, both in the room and on the call, and then from the media. Everyone will have the opportunity to ask questions. As always, our investor relations and media teams will be available during the day and in coming days to answer further questions you may have and questions from those unable to participate this morning.

Given the large number of people on the call, please limit yourself to one question initially, and when we have completed the first round we will circle back for any additional questions. We have allowed about 45 minutes as the Chairman has a round of other engagements to complete after 10.15. I will now welcome and hand over to Catherine Livingstone.

Catherine LIVINGSTONE: Thank you Andrew and good morning everyone. On behalf of the Board I am absolutely delighted to announce the appointment of Matt Comyn as the new Chief Executive of the Commonwealth Bank. Matt's appointment becomes effective in early April when, after a short transition, the outgoing CEO Ian Narev will retire as CEO after more than six years in the role.

In terms of the process, the comprehensive global search for Ian's replacement produced an impressive range of very high calibre candidates. All directors were involved in the process and the interviews were conducted both here and overseas. In selecting the new CEO, the Board considered very carefully which candidate would be best suited to manage the unique combination of the bank's commercial and operational priorities.

Of immediate concern, the bank currently faces a range of reputational, regulatory and legal issues which have overshadowed what has otherwise been a very strong progress and performance. The equally pressing strategic challenges involve rapidly-changing competitive and regulatory environments, and the accelerating evolution of the technology, which is both a threat and an opportunity.

In short, the candidate we were seeking was someone who could restore the bank's reputation in areas where trust has been damaged, maintain the current operating momentum and continue to deliver strong performance and attractive returns to shareholders, transform the business to adapt and capitalise on innovations and technology, renew and cultivate the right culture, and achieve all of the above by focusing first and foremost on customers.

This unique mix requires a leader with the demonstrated capacity to engineer and implement change consistent with our vision of enhancing financial wellbeing, and nurture a strong culture in which there are high expectations and clear accountability for outcomes. One of the key questions for the Board, of course, was whether this would be best achieved by an internal or an external candidate having regard to the reputational and cultural issues facing the bank on the one hand, and the strong progress and operating performance on the other. And this performance is clearly an outcome of a very sound strategy that has been well executed by a highly committed team.

The Board's unanimous decision to appoint Matt was based on the fact that he met our criteria more compellingly than any other candidate. On any measure, Matt has already had a distinguished career at the Commonwealth Bank. He joined CBA in 1999 and since then has held positions in the institutional bank, played a lead role in the development of



our CommSee customer relationship platform, later becoming managing director of CommSec before being appointed head of Local Business Banking responsible for our small business customers.

In 2012, he was appointed head of Retail Banking Services, which is our largest and most important division. In this role, Matt has been responsible for more than 10 million customers, more than 15,000 employees and more than half the Group's profit. During his time in retail banking, Matt has led the transformation of the traditional banking services, including doubling the number of active digital users to more than six million, customers with more than four million Australians logging into the CommBank mobile app every day.

Over the same period, customer satisfaction has increased to its highest level, achieving number one for the first time ever in January 2013 and sustaining that level for 51 of the 60 months since. Matt also established a systematic program to improve customer outcomes, which has seen significant change made to products, terms and conditions, fees, and the way we engage with our customers.

In 2017 he created CBA's financial wellbeing programs focused on helping those customers experiencing financial hardship such as ensuring that victims of domestic violence can access emergency funds and a phone. At the same time, he has led a team which has delivered strong profit growth for shareholders with net profit after tax in retail banking increasing 60 per cent over the period since 2012.

In the Board's view, Matt is the best positioned and qualified candidate with the recognised mix of attributes and values to address the issues currently facing the Bank, and lead the transformation of the organisation as banking becomes an increasingly sophisticated, competitive and a socially significant part of the economy.

With Matt's appointment there will be a smooth transition to new leadership as the Bank responds to the current regulatory and legal proceedings. The Board's expectation is that the processes already underway to improve the business will be accelerated and delivered.

Matt's mandate is to create a leading bank, and by that I mean a bank that has an unwavering focus on looking after the customer, one that ensures that we set and maintain the benchmark operating standards in the industry, unequivocally fulfil our regulatory obligations and achieve the right balance between the interests of customers and shareholders, recognising that confidence of the community in the Bank is fundamental to its capacity to generate returns on invested capital.

I would also like to pay tribute to Ian Narev. During Ian's time as CEO, CBA has produced outstanding financial results and consistently strong returns to shareholders. Ian put in place a vision and a set of clearly defined values for the Bank, made CBA a more inclusive and innovative organisation and employer of choice for gender and social diversity and established the industry's leading technology platform and leading customer satisfaction ratings by improving the customer experience.

This long term strategy has served the organisation well, particularly as market conditions have continued to change. As a result, CBA's total shareholder returns during Ian's time as CEO have been 120per cent which is ahead of the other major banks and ahead of the ASX 200 average. With Matt's appointment today, the Board believes that we are delivering renewal and change but change which will build on the many strengths of the organisation that has been enhanced or introduced on Ian's watch.

As you know, there has also been renewal of the Board and that process will continue this year. We have also overhauled remuneration practices and we are well placed to respond constructively to the current review by APRA, to the royal commission and to the legal proceedings with AUSTRAC.

The operating outlook for the year is encouraging but there will be further comment on this when we announce our half year results next Wednesday. So can I say thank you to Ian for what he has achieved and many congratulations to Matt for the appointment that we are announcing today.

And on that note, I would like to as Ian and then Matt to say a few words before we take questions. Ian.



Ian NAREV: Thank you very much Catherine and good morning everybody. This is a wonderful day for CBA, for all of CBA's stakeholders and particularly for CBA's people. I have worked very closely with Matt Comyn for nearly 10 years and he is going to be an exceptional Chief Executive. He has got the values, the skills, the experience and the caring to strike the balance that Catherine talked about to maintain very strong operating momentum, to do the hard work that needs to be done to build a better bank and to regain trust and to prepare the Commonwealth Bank for a very different competitive future.

My commitment to the Board was to work with anybody that they chose to give of my best to ensure a smooth transition. With Matt's appointment I will now do that with extra enthusiasm. As a customer and as a shareholder of the Commonwealth Bank, with Matt's appointment I could not be more confident about the Commonwealth Bank's future. Matt, over to you.

Matt COMYN: Thanks Ian. Good morning everybody. It's a great honour to lead the Commonwealth Bank and I would like to thank Catherine and the Board for giving me this opportunity. The last six months have been challenging for many of us, but I am absolutely committed to working with the Board and the executive team to addressing the current legal and regulatory and reputational issues that we are facing.

The Commonwealth Bank is a world class institution and it is an absolute privilege to lead it. I am delighted in particular to be working closely with our people to deliver even greater experiences for all of our customers. It is also important that we maintain the momentum already underway, upgrading and strengthening our governance, accountability and risk management while continuing to deliver strong financial performance. Banking is going through a period of significant technology and competitive change, and I am excited to be able to lead the organisation as we prepare for the next phase of that context, and transform us in preparation for that.

I believe we can achieve the right balance, meeting expectations of customers, shareholders and the community, with a sharp focus on our core purpose. In doing so I am committed to empowering our customers to achieve greater financial wellbeing, and I believe this is a key aspect of how we will broaden and deepen our contribution to the communities in which we operate.

Between now and April I will focus on a seamless transition with Ian. And finally I would like to say a few things about Ian. It has been an absolute privilege to work with him closely over the last nine years. At all times he has demonstrated the highest possible standards of personal and professional integrity, and has given an absolute unwavering commitment to the organisation. At that time, but more so than this, he is a fantastic person. He will be missed inside the organisation.

But lastly I just wanted to thank again Catherine and the Board for giving me this opportunity, and for the trust that they have shown in me in leading the Commonwealth Bank. Thank you.

Andrew HALL: So we will move to questions now. As I said at the start we are going to go to investors first and then to media, and we will start with people in the room. If you are on the line and you want to ask a question you need to follow the prompts to register yourself for that question so that we can pick you up. So we will start with Gerard Martin in the room.

Jarrold MARTIN: Jarrod Martin from Credit Suisse. First of all congratulations Matt on your appointment. Congratulations Ian on your tenureship and all the best for future endeavours. A question for you Catherine: I note in the announcement that the appointment is not subject to any regulatory approvals, so assuming that you have got the regulatory approvals for the appointment and in particular APRA, I'm assuming that implies that APRA has effectively cleared Matt of any material wrongdoing or involvement in the current legal issues and compliance etc, and those type of issues in making this appointment?

Catherine LIVINGSTONE: So thank you for the question. I mean, I would say that in terms of all of our executives they are subject to the APRA criteria of "fit and proper", as are our Board Directors, and that those criteria apply at all times. In terms of the matters before the bank in terms of AUSTRAC, we are not going to comment on those in detail obviously



because they are before the court. But I think you can take it from the actions we took with rem for the last year end that we regard this as an organisation-wide matter for which we all take collective responsibility.

Andrew HALL: Our next question is Brian Johnson in the room, just up the back.

Brian JOHNSON: Congratulations all round. Catherine, thank you very much for that quite detailed explanation of the process. But I was just wondering Matt, could you just give us just a very quick view on technology, the opportunity versus the challenge? Catherine alluded to it, but I would be just interested to hear your thoughts on both the opportunity and the threat and the strategic response from CommBank.

Matt COMYN: Yes, well without going into all the detail, as you would appreciate today, Brian, clearly there is a lot of competitive change. There is regulatory changes that will alter the competitive dynamic and landscape. I think it is very important that we remain at the forefront in technology and innovation as we have for more than a decade, and I will be absolutely committed to leading the team to make sure that that remains the case and the organisation is as well prepared as possible, regardless of what competitive context we might face.

Andrew HALL: So we might go to the phones. We have got David Fickling from Bloomberg.

David FICKLING: Hi, how are you doing? Yeah, I mean just to follow on from one of these points, I mean many banks over the recent years are facing criticism of their business practices. The tendency, you pick someone from outside the divisions under criticism: Michael Corbat, John Cryan, Antony Jenkins at Barclays. And that's pointedly not being done in this instance, and I was wondering why that decision was made.

Catherine LIVINGSTONE: All right, thank you David. So in conducting the search we established some very clear criteria, and we stuck to those criteria in a very disciplined way. I think as you know we said we did a global and local search, so we considered a significant number of candidates, but stuck to those criteria. And on all of those, Matt came out as compellingly the best candidate.

People will talk about culture and the need for culture change. But can I just say the way we think about culture in the bank, so culture is not one big thing, culture is made up of quite a number of elements. And if you look at the Commonwealth Bank there are very strong aspects of culture which we would seek for Matt to encourage and nurture. So they are things like focus on the customer. We have just touched on the importance of innovation through technology. We have a very strong risk management framework when it comes to credit risk, market risk, liquidity risk. Those are core elements of culture which are very strong and must be preserved and enhanced.

However, we do recognise - and we have acknowledged and we acknowledged at the AGM - that there are other aspects of culture which need improvement. And they relate specifically to operating procedures and regulatory compliance risk. And they are the areas where we have actually been focused, and that is where our program of action has been working, particularly in relation to financial crimes compliance, that program has been underway from 2015. Matt is very well aware of that, and in fact has taken a lead, and particularly in the last six months in that. So for that program to continue, one of the advantages of an internal appointment is that no momentum will be lost in terms of the various remediation activities that we are undertaking.

Andrew HALL: So we have no more investor questions so we are going to go to media questions now, and we will start in the room. I will start with Tony Boyd down the front, please.

Tony BOYD: Thank you. I haven't had a coffee this morning, sorry mate. Look, I just wonder, the AUSTRAC as Catherine has said is a collective responsibility taken. But what are you specifically going to do about that? Because it did seem to show a failure in risk and in finance where this responsibility lay.

Catherine LIVINGSTONE: I might just respond first, and then pass to Matt. I think, Tony, that is what I was talking about in terms of the elements of culture which do need to be improved, so they are the processes around operational risk management and compliance risk management. And that is where we have not performed as we should have, and as our expectations would be going forward. So it is in those two areas that there will be a focus, and the matters under



the AUSTRAC litigation are coloured by those two areas. But as I said, Matt has been very involved in the program of action, so I might just hand to Matt. But we cannot comment specifically, obviously, on the AUSTRAC matter because of it being before the courts.

Matt COMYN: Yes, as Catherine said, look, I have been very involved in the program of action, specifically around AUSTRAC. The broader piece of work which is equally important, just looking at the operational processes and particularly the management of risk is a focus today and will continue to be. Of course I will look to accelerate that. And we are participating in a very important review with APRA, and we will take the results of that review very seriously, and look to implement those as swiftly as possible.

Tony BOYD: So are you contemplating some management changes there?

Matt COMYN: Well, today is about announcing my appointment, Tony. As you would appreciate I only found out this morning, so over the period between now and April 9 when I become the Chief Executive I will turn my mind to some of those issues.

Tony BOYD: And just one other one. Catherine, you mentioned rem. I mean, it seems as though Matt, although as valued as Ian, has taken a bit of a pay cut compared to Ian. What's the thinking behind that?

Catherine LIVINGSTONE: Well the Board is very conscious of community expectations in relation to remuneration and, so yes, we have set the fixed remuneration at a level well below Ian's. But we think that is appropriate. And to the extent that there is performance, then there is the possibility, obviously, to earn more through short and long-term variable remuneration. But we feel that setting the fixed remuneration at this level is more consistent with current trends and community expectations.

Andrew HALL: So another question in the room, Ross Greenwood.

Ross GREENWOOD: Ross Greenwood, Nine News. Catherine, the whole issue of changing chief executive was always seen to be taking pressure off the bank in regards to the questions that have raised the royal commission into our banking industry in Australia. Yet it would seem that, in particular, if you look at some of the changes that the retail bank has had to implement in response to the Sedgwick review, for example, in other words paying staff for upselling products to customers, issues such as the automatic teller machine rollout, which is very much again part of Matt Comyn's role. Can you explain how the appointment of Matt Comyn is going to take pressure off the bank with the questions that are being raised that have caused the royal commission in Australia?

Catherine LIVINGSTONE: So Ross, I do not think that we are in any way attempting to take pressure of the bank. We are putting a lot of pressure on ourselves in terms of meeting what we believe should be the highest expectations of our performance. And that is why we are and have invested very heavily in our program of action in response to the financial crimes compliance issues, and more broadly across operational risk and compliance risk.

Ross GREENWOOD: Just to follow up from that then, because many of these questions may go to the performance of the retail bank itself, and therefore the head of that retail bank, who is your new chief executive. Surely the changing of the chief executive was about trying to take pressure off the Bank, whereas the new chief executive might ultimately have questions to answer himself in regards to the royal commission and what comes from that.

Catherine LIVINGSTONE: Well, indeed, there will be questions that come out of the royal commission, and, as Matt has alluded to, we have the APRA review which will also be making recommendations in terms of the themes that it is looking at, which is the culture, risk management and accountability. But again, we welcome the APRA review and have welcomed it and we would hope that the review will actually recognise what we have done, but to the extent that it makes further recommendations that is very helpful to us. And, as I've said before, there are aspects of the bank and its culture that we absolutely want to preserve and nurture, and Matt is very well aware of those, as he is equally aware of the issues which have led to our current reputational issues. And the importance of maintaining momentum at the moment should not be underestimated in terms of our ability to address the issues, and also providing certainty within the bank as to the way forward and that is really important.



Andrew HALL: So, I am just going to do two more in the room before I go to the phone. So, Jamie Smyth from the FT. Just down the front.

Jamie SMYTH: Thanks. Congratulations Matt on the appointment. My questions are to you. You have been in the bank for almost 20 years now. What is your view on what went wrong with CBA culture, which has led to these number of scandals over the last few years? And what did you tell the interview panel on how you are going to fix those problems? And, my third question is you have got the Royal Commission starting up now, it is bit of a poisoned chalice maybe to come at this particular stage and deal with that. What is your strategy for that? Do you see yourself as defending the bank at this process or admitting the mistakes that you have made? Thanks.

Matt COMYN: Thank you. As you said, I have been in the Group for almost 20 years and a lot of change has taken place over that period of time. As Catherine said, there are some enormously positive and strong elements of our culture that I would look to enhance and continue, in particular the focus on customer. That has delivered outstanding results for our customers over the last decade, and that consistent strategy has galvanised thousands of people across the organisation. We have been an organisation and a culture that is focused around innovation - clearly that is another strong element that I would look to retain. As we have been through this period and been very thoughtful about both regulatory, legal and reputational issues that we are facing, clearly we will be focused on some of the elements that we think need to be improved. I think the APRA work will be instructive. Catherine has already spoken specifically about the operational processes as it relates to risk management in particular. And to your question, my interactions with the board, as you would appreciate, we have been – had some very open discussions throughout the process about all of the things that I have been involved in over my time in the organisation, particularly over the last five and a half years leading the retail bank. I have really appreciated the open and transparent and thorough process with the Board. And as we move into the royal commission, even in recent times we have given, we are obviously working on our initial submission and that is an important part for me in this role as Chief Executive to lead the organisation through that and to come out a stronger organisation and energised for our people committed to providing unwavering great service for our customers.

Catherine LIVINGSTONE: And I might just add to that in the context of the royal commission. We are finalising our submission today, but our intention is to be absolutely transparent with the royal commission. It is far better that we are aware of the issues and that we have identified the issues and that we are working on addressing the issues, than waiting for others to identify them. So, our focus is absolutely on transparency and really getting on with fixing what we know needs to be fixed.

Andrew HALL: Next question from in the room, Leo Shanahan, and then I am going to go to the phones.

Leo SHANAHAN: Hi there. Congratulations Matt. Just a question in relation to the discussions with the Board in the lead up to your appointment around the AUSTRAC allegation, specifically, and your role as head of retail bank at that point. Can you just tell us what you told the Board in relation to what your role was, what your understanding of these ATM failures were and how you sought to rectify that, and your interactions with AUSTRAC or any other regulators?

Catherine LIVINGSTONE: I think we have to say that on the AUSTRAC issues and specifically, again, before it, because it is before the courts, we cannot go into that level of detail. I would just say that as we have gone through the process with our subcommittee which is looking at the AUSTRAC matter, I would have to say that Matt has stepped up and demonstrated very strong leadership - not just in relation to his own area, but more broadly across the bank - taken full accountability for addressing the issues, identifying further issues and addressing them, and really, as I say, in the Board's view demonstrates incredible leadership through that process.

Andrew HALL: We will go to the phones now. John Durie from *The Australian*.

John DURIE: Yeah. Hi again Catherine. By appointing an insider to the bank, the impression it gives is in the Board's view there is nothing really wrong with the Commonwealth Bank and everything is going fine. Is that the impression we should draw?



Catherine LIVINGSTONE: So John, hopefully you have been on the line when I have been answering the earlier questions. I think in terms of the way forward, clearly we want to preserve those aspects of the bank which have served customers and investors extraordinarily well and that is the focus on the customer, the innovation, and very strong risk management around banking itself. We have been very open and you would be aware of the various comments we have made and, very specifically, the comments that I made at the AGM and the comments that I have made now this morning. We absolutely recognise that there are aspects of our operational procedures, our operational risk management, and our compliance risk management, which have not met our own standards, let alone regulator standards or community standards, and that is absolutely the area that we are focused on. And from the point of view of this appointment, we believe that to maintain the momentum in the work that is addressing those issues is absolutely crucial, and we are confident that Matt will do it. But there is no question that we recognise that there have been issues in the bank which do need addressing and that is what, among other things, the program of action in relation to the financial crimes compliance is intended to do, but there are other programs in the Bank to upgrade our performance on operational risk and compliance risk.

Andrew HALL: Our next question on the phone is from Peter Ryan at the ABC.

Peter RYAN: Yes. Hi Matt. Congratulations on the role. I just wanted to confirm you only found out about this this morning?

Matt COMYN: There were discussions over the weekend and it was finalised.

Peter RYAN: And finalised this morning. Also, I was wondering whether you might have been able to give us a bit of an insight into how your interview for this for the job went. Did you feel that as an insider, you were at a disadvantage and did the ... how did you handle assuming that the questions of the royal commission came up and that you might be, you know, on the stand giving evidence, how much of grilling did you get in terms of that?

Catherine LIVINGSTONE: So, Peter I think I might answer that question. Can I just assure you that the interview process was extremely rigorous. It was very probing and went into significant detail based on all the Board's knowledge and expectations. So, I think you can be assured that we asked every possible question and more through this process.

Andrew HALL: Next call on the line: Jennifer Hewett.

Jennifer HEWETT: Good morning and congratulations Matt. I was just wondering, you said there had been discussions over the weekend. Has Catherine Livingstone or anyone on the Board had contact with the government ahead of this announcement to discuss Matt's appointment first? And secondly, Matt you said, or Catherine said, that everyone takes shared responsibility for the various reputational issues facing the bank. You have said that this has been a very challenging last six months obviously. But to what extent do you think you bear a particular responsibility for some of the reputational issues facing the bank as head of retail?

Catherine LIVINGSTONE: So I might address the process issue. So Jenny, the Board met this morning to finalise its decision, and subsequent to that meeting, as you would expect as the announcement was going out, I made the appropriate courtesy calls to government and regulators as is normal process in this case. Matt?

Matt COMYN: To the second part of your question. Look as a senior executive who has been here for nearly two decades, and the last five and a half years has been part of the Executive Committee, I certainly feel it is entirely appropriate to share a collective accountability for the issues that we have had. It was challenging insofar as the deep fondness I have for the organisation to see it portrayed like that. I know that view was shared by many people inside in the bank. Throughout the process I have had very open conversations with the Board. There is a lot of work underway, and there is a lot of work to do. And I am going to be very focused on making sure that we strengthen any of the issues that we have seen to date or anything that comes up and lead the organisation through that period.

Andrew HALL: We will just come back into the room then. Andrew Robertson from the ABC.



Andrew ROBERTSON: Catherine, there will be a perception out in the community that the man, rightly or wrongly, whose division has brought a lot of the Commonwealth Bank's current issues onto it has been rewarded by being made Chief Executive. I mean, how do you counter that perception?

Catherine LIVINGSTONE: Well, I think as I have said we regard the issues that arose in relation to AUSTRAC as organisation-wide and collective responsibility. So it does not go to one particular area, because it is an organisation-wide compliance process.

What I would say is that in terms of Matt, the level of leadership and accountability that he has shown both prior in terms of the program of action but more specifically post the lodging of the AUSTRAC proceedings, give us the confidence that as CEO he understands the issues and is moving very quickly to address those issues. And for the organisation that is the best outcome.

Andrew ROBERTSON: Do you think today's appointment will enhance the Commonwealth Bank's reputation out in the community as a bank that really is trying to reform itself?

Catherine LIVINGSTONE: Well, I think we will be judged by the outcome of our actions, and we are confident that that outcome will be positive for the bank.

Andrew HALL: And we will just go back to the phones. James Thomson from the Fin.

James THOMSON: Yes, hi. Quick one from me. Putting aside some of this reputational stuff Matt, what areas do you think the bank can grow in? And one for Ian: what's next for you?

Matt COMYN: Well, I think as we look forward, without going into the forecasts around individual businesses and where there is growth, certainly the things that I will be focused on are the same sort of areas I have been looking at over the last five years. A huge focus on customers, and I think not just the customer satisfaction improvements that we have seen but also really delivering enhanced financial wellbeing, and a broader role and purpose in the communities in which we operate. Technology, digital, is going to be a big part of our future, it needs to be. And clearly working through the issues that we need to address. Maintaining business momentum throughout that will obviously be critical, and that is why both Ian and I will be focused on a seamless transition over the next couple of months.

Ian NAREV: As for me, the next couple of months working as hard as I have worked for the last six years to do my part to help Matt. And beyond that, the only thing I have decided is to spend time doing the only job I have loved more than this, and that is being a Dad and a husband and spend some good time doing that.

Andrew HALL: The next question is Clancy Yeates.

Clancy YEATES: Matt, you mentioned that operational risk and compliance risk processes would be accelerated, I think you used that word. Could you just explain what sort of changes is that actually likely to mean in practice? And why is that happening, is it for things moving too slowly before?

Matt COMYN: No, I will not go into all of the details underneath that. But as Catherine mentioned there has been a program of action more broadly around compliance and operational risk for some time. Clearly ensuring that we deliver that as quickly as we can, as well as anything else that might come out of the APRA review. As you would appreciate it is today a huge focus for the executive team and many of us inside the organisation, and it will continue to be. And maintaining that momentum is one of the key priorities for me coming into the role.

Andrew HALL: And if we can go to Michael Roddan from *The Australian*.

Michael RODDAN: G'day Matt. Congratulations on the job. When we're talking about resetting culture in the bank, I think about risk culture and bad news getting escalated upwards. During the AUSTRAC thing, we heard of a lot of branch managers saying that they had raised a lot of issues but it never went anywhere. So I'm wondering if under the



retail bank bad news didn't go as far north as it should have, and whether you're appropriate to sort of reset the culture in that respect?

Matt COMYN: Well, I think as Catherine said, given the AUSTRAC matter is before the courts I will not talk to that specifically. But in terms of inside any large institution and particularly a Bank, ensuring that bad news travels quickly is a huge priority. It has been during Ian's leadership and tenure and it will be during mine.

Andrew HALL: OK, James Frost on the line.

James FROST: Congratulations again Matt. I was hoping I could flip a previous question about growth on its head. And I was wondering if there were any secrets or other challenges the business is facing you feel that are paramount and really looking forward to getting your teeth stuck into?

Matt COMYN: I think the best time to talk about both the current performance of the bank and the operating environment is next week at the results, which Ian will be leading as Chief Executive, and in a couple of months' time when I start in the role that is certainly one of the areas that I will be thinking about as we look forward into the future.

Andrew HALL: Our next question from James Eyres at the Fin.

James EYRES: Hi there Matt. In the statement this morning, Catherine says that you have a mandate to continue to make the necessary changes to ensure CBA remains a leading bank. I was just wondering if you could outline what are some of the changes that you think need to be made?

Matt COMYN: Nothing in addition to what we have already discussed, James. So obviously a big focus on the program of action that is currently underway, working our way through the legal, regulatory and reputational issues, unwavering focus and commitment on our customers, continuing to deliver good business momentum and results for our shareholders, and then thinking through over the operating context over the next several years, and preparing the organisation for whatever technology and innovation we believe is going to be critical to positioning the Bank for the future.

Andrew HALL: We have time for some more questions. We will take Alice Uribe on the phone from Fairfax.

Alice URIBE: Hi, thank you and congratulations Matt. I just had a couple of questions on challenges and focus, following on from James Frost. I was just wondering specifically on Wealth Management, obviously a lot of this again will come from financial planning. I was just wondering where you see Wealth Management in the business?

Matt COMYN: Again, I think it would be premature to comment. For the last five and a half years I have led the retail bank. This morning my appointment was finalised, I start in a couple of months' time as CEO, and clearly I will be doing a more thorough review of Wealth Management during that time.

Andrew HALL: So we are doing some second round questions. Time for just a couple. Jennifer Hewett on the phone.

Jennifer HEWETT: Oh, thanks again. I know that the submissions to the royal commission are due in today. Now obviously you are going to be cooperating, everyone will be cooperating with that. But I'm just curious, how much of a distraction from management time and focus do you think that is going to be over the course of this year?

Catherine LIVINGSTONE: So Jenny, I might answer that question. Clearly the Board has that concern on its mind, not just with the royal commission, more broadly. And the organisation is, has and will continue to structure itself to ensure that we give dedicated attention to addressing those regulatory issues, but minimise the distraction of other executives in terms of running the bank. It is a very big business to run, and there must not be distractions from that business. But we will be organised to dedicate the required resources to addressing all of the regulatory issues.

Andrew HALL: And we will take the last question from Peter Ryan.



CommonwealthBank

Peter RYAN: Yes, just one final question, I guess it would be directed to Matt or Ian, and also Catherine. With the APRA inquiry, were you asked to come and have a chat with them, or to give any evidence in that inquiry?

Catherine LIVINGSTONE: So the APRA review is a very thorough review, and our understanding is that they will be issuing a progress report at the end of the month. So I think that will give you an indication of the extent of the work that they have had underway, so perhaps we will just wait for that report.

END OF TRANSCRIPT