

ASX Announcement

Commonwealth Bank committed to improving financial advice

CBA enters into EU on Advice Fee Refund program

Friday, 13 April 2018 (Sydney): Commonwealth Bank of Australia (ASX:CBA) has entered into an Enforceable Undertaking (EU) with the Australian Securities and Investments Commission (ASIC) in relation to an Advice Fee Refund program.

In 2014, CBA identified and self-reported to ASIC that some Commonwealth Financial Planning Limited (CFPL) and BW Financial Advice Limited (BWFA) customers did not receive an annual review as part of the financial advice service package they paid for.

CBA then worked with independent experts, Deloitte and EY, to develop and implement a comprehensive Advice Fee Refund program covering the period 2007 to 2015, which involved reviewing approximately 62,000 customer files and making payments of approximately \$88 million (plus interest) to affected customers.

Commonwealth Bank CEO Matt Comyn said: "We recognise the fact that we have failed customers in our advice businesses over the past decade. These failures have resulted in a range of regulatory actions including imposition of licence conditions and remediation programs.

"This is unacceptable and we owe our customers an apology for letting them down. Providing quality financial advice is critical for our customers.

"Today less than one in four Australians receive financial advice, so it is essential that we must do this in a way that is affordable, simple and safe, while complying with our regulatory obligations and community expectations.

"Next week the Royal Commission will hear more about issues in financial advice where we have failed our customers and we need to listen and learn from what we hear."

Two CBA subsidiaries, Commonwealth Financial Planning Limited and BW Financial Advice Limited* have entered into the agreement. As part of the EU, among other things, CBA is taking the following measures:

- Making a community benefit payment of \$3 million.
- CBA has engaged EY to independently verify its current service delivery processes meet the standards the community and regulators expect.
- Following the review, CBA will provide a public update on the work completed to address the issues identified in our businesses.

CBA encourages any CFPL or BWFA customers concerned about whether they received an annual review to call 1800 377 017.

Mr Comyn said CBA would engage closely with regulators, industry experts, consumer advocates and its people to achieve better outcomes in financial advice and will provide an update later this year.

-ENDS-

Important Information

BW Financial Advice Limited ceased full scale operations on 25 October 2016 (subject to a transition period) and does not currently provide financial advice, although its Australian Financial Services License remains current.

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