

ASX Announcement

CBA takes further action to improve its wealth businesses

Tuesday, 9 October 2018. Commonwealth Bank today announced further actions to improve outcomes for wealth management customers including the rebating of grandfathered commissions for Commonwealth Financial Planning (CFP) customers, and a review and remediation program for any instances where unauthorised advice fees have been charged to deceased estates.

The initiatives involve:

- Reviewing any advice fees charged to deceased estates across all our advice licensees and refunding with interest any instances where unauthorised fees have been charged.
- Taking steps to remove certain fees on legacy wealth products from January 2019, saving customers approximately \$25 million annually.
- Rebating all grandfathered commissions to CFP customers from January 2019, benefiting around 50,000 customer accounts by approximately \$20 million annually.
- Providing all CFP customers with an option to renew their ongoing service arrangements every two years.

CBA Wealth Management Chief Operating Officer, Michael Venter, said, "The changes announced today continue the process of reform underway in our wealth management businesses and form part of our response to specific issues identified this year through the Royal Commission.

"Charging unauthorised advice fees to deceased estates is unacceptable. A broader review of deceased estates is underway across our advice licensees. It will go back seven years to ensure that any instances where unauthorised fees have been charged are identified and refunded with interest. Work is ongoing, however an initial search of 142,000 accounts identified 12 deceased estates being charged unauthorised advice fees between April and June 2018.

"We support the removal of grandfathered commissions from superannuation and investment products across the wider industry and believe a legislative approach should be considered." said Mr Venter.

Over the past six years, the Commonwealth Bank has spent approximately \$580 million improving its advice business processes, administering and assuring advice remediation and implementing its Future Advice Model. Through its Open Advice and Service Delivery Reviews, and other programs, Commonwealth Bank has also paid approximately \$270 million in compensation (including interest) to customers who were provided with poor quality advice or charged fees where service was not provided.

Contact Details

Zoe Viellaris
Media Relations
02 9118 6919
media@cba.com.au

Melanie Kirk
Investor Relations
02 9118 7113
CBAInvestorRelations@cba.com.au