

CBA acknowledges APRA's review of progress against Remedial Action Plan

Friday, 20 November 2020 SYDNEY: Commonwealth Bank of Australia (CBA) acknowledges the outcomes of APRA's review of the progress made against the Prudential Inquiry Remedial Action Plan and its decision in relation to CBA's operational risk capital as part of the Enforceable Undertaking.

APRA's validation review found that CBA has made significant progress in implementing the Remedial Action Plan. As a result, the operational risk overlay imposed on CBA is reduced from \$1 billion to \$500 million with immediate effect. This reduction represents an increase in Common Equity Tier 1 capital of 17 basis points.

Commonwealth Bank Chief Executive Officer Matt Comyn said: "We welcome APRA's acknowledgment of the progress we have made over the past two years. At the same time, we and APRA recognise there is still a substantial amount of work to do before our Remedial Action Plan is fully implemented and embedded across CBA.

"We remain committed to achieving these outcomes and to ensuring the improvements to strengthen governance, accountability and risk culture frameworks, practices and outcomes are sustained."

CBA's Prudential Inquiry progress reports can be accessed on the CBA Newsroom. Our next update will be provided in February 2021.

Important Information

- On 1 May 2018, APRA released its CBA Prudential Inquiry Final Report.
- In June 2018, CBA's Remedial Action Plan was approved by APRA. We report publicly on progress twice a year.
- Promontory Australia is the Independent Reviewer and is providing APRA with quarterly progress reports.
- In their eighth report, the Independent Reviewer said:
 - › There is now clear and committed leadership from the top in managing Non-Financial Risk.
 - › Accountabilities have been sharpened.

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- › The voices of risk and compliance have been elevated, and are being heard.
 - › There has been considerable improvement in the ownership and understanding of Non-Financial Risk by Business Units and Support Units.
 - › There is much clearer and stronger focus on ensuring good customer outcomes and the 'Should We?' question has become an integral part of the Group's everyday conversations.
 - › Challenge is not only a consistent feature of meetings and forums, it is welcomed.
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The release of this announcement was authorised by the Continuous Disclosure Committee.

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