



ASX announcement

CEO's address

2019 Annual General Meeting

Sydney, Wednesday 16 October

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Opening remarks

Thank you Catherine. And good morning everyone.

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

It continues to be an enormous privilege to lead the Commonwealth Bank of Australia on your behalf – a business which has played such an important role in our country for more than 100 years.

When we were established in December 1911 we had a very clear mandate.

There were three parts to that mandate – and they are just as relevant today as they were then.

The Commonwealth Bank was to be a bank for all Australians.

It was to be a bank for businesses to help them grow, and for the economy to flourish.

And it was to be a bank for the country, to help all people prosper, and of which the nation could be proud.

And when you trace our history back, that is the role that we have played in people's lives through wars, recessions, challenging as well as prosperous economic times, when people were starting a business, buying a home, or planning their future.

While our role and mandate have not changed; our context has changed, and we must too.

We are changing to become a simpler, better bank to ensure we uphold our legacy and achieve our purpose - to improve the financial wellbeing of our customers and the communities we serve.

Building a simpler, better Commonwealth Bank

Last year, I spoke to you about the issues we needed to address and the actions we were taking.

As the Chair has outlined, we've continued to take significant action this year to simplify our portfolio, simplify the way we operate, and put things right for our customers.



Over the past year, I've had the opportunity to interact with thousands of our customers, shareholders and members of the community.

This includes the nearly 14,000 people who took the time to write to me with their thoughts, ideas and concerns in response to a letter I sent to our 8 million customers last year.

We've listened to their feedback, and since then we've introduced big and small changes every week.

Some of these changes have included removing a number of banking fees for our business customers, providing smart alerts and notifications to help customers avoid fees and better manage their finances, and introducing measures to support farmers and regional communities.

This is just the beginning.

I've written to our customers again recently to update them on our progress and to hear what else is on their minds.

I'm also holding a customer forum next month to hear from them directly. This is the first of a number of forums I will be holding in regional areas and cities around the country next year.

I also look forward to hearing your feedback later this morning. My leadership team and I will be available to speak with you after the meeting.

I recognise there is still much more to do to become a simpler, better bank, but I hope you are starting to see and experience some of the changes we've made.

Delivering for our customers

Looking ahead, we're committed to combining the best service and technology to deliver exceptional experiences for our customers, however they choose to interact with us.

Whether it's using a passbook in the largest branch network in Australia, speaking with one of our team in our six Australia-based contact centres, or banking anywhere, anytime online.

With customers increasingly choosing to interact with us online, being the best in digital continues to be a key part of our strategy.

With 7m active digital customers and 7.4m logons per day, we're doing all we can to make banking more personalised and more convenient.

Our mobile banking app was recently rated #1 in the Asia-Pacific for the third year in a row by Forrester, and we have been rated the best online bank for 10 years in a row by Canstar.

We recently relaunched the CommBank app to make it smarter, and more tailored to our customers' individual needs.

We are now notifying customers through our mobile app when bills are due, when suspicious activity has occurred on their account, or how their spending compares with prior months.

Our Benefits finder feature aims to connect customers with \$150 million in rebates and benefits each year, and by improving customer notifications, alerts and reminders we are helping customers avoid fees and save money.

We've also strengthened security protections, including 24/7 real-time monitoring and new in-branch and eLearning staying safe online seminars, adding to our 100% online security guarantee.

Over the next five years, we plan to invest more than \$5 billion in technology to keep improving our systems and services, to help keep our customers safe and secure, and to serve them better.

All of this great technology, combined with great service, will continue to improve our customers' financial wellbeing.



Delivering for our community

As well as making sure we're delivering exceptional customer service and leading technology, we're also focused on making meaningful contributions to our communities.

We've been a long-standing advocate of financial education.

From the simple act of providing children with a small metal money box 88 years ago, today school banking is supported by more than 10,000 volunteers helping children learn about saving.

Through StartSmart, we are also now the largest financial education provider in the world, reaching more than 430,000 Australian students each year.

We are also taking steps to be there for our customers and communities when they need us most.

We've increased our support for farmers, creating new programs designed to help them stay on their family properties and give them direct financial assistance in times of need. This includes our Drought Assistance Package, interest rate credit adjustments and not charging default interest on business term loans.

Through contributions from the Bank, and the generous support of our customers, we have been able to donate nearly \$8m to help drought affected farmers.

Over the past five years we've also been providing assistance to our customers experiencing domestic and family violence, and financial abuse.

We partner with community organisations to help those affected achieve long-term financial independence.

Over five years we've committed \$25 million to help those who experience domestic and financial abuse. We recently increased our support with a further \$5 million commitment, and have just announced that we are providing unlimited paid leave to our own employees affected by domestic and family violence.

These are just some of our efforts to contribute to the communities in which we operate.

Business Environment

Turning now to the economy and our financial performance.

Uncertainty about the outlook for global growth has increased over the course of this year.

There are signs that the government's recent tax cuts for many Australian families have supported the economy at this time.

Lower interest rates are a feature globally, and the local cash rate has fallen 75 basis points since May. This low rate environment creates challenges for our customers and for financial institutions.

We very much recognise that customers who rely on interest payments from savings balances have seen this income decrease.

On housing, falling rates have contributed to a turnaround in some established housing markets.

House prices are now rising in Sydney and Melbourne after having fallen for 18 months, and there are encouraging signs that the market has stabilised.

While regulatory guidance has increased in recent years for home lending, these changes have improved lending standards across the industry and have further improved the resilience of the financial system.



Home lending to our customers has grown 30% faster than market growth. This means that we have lent \$92bn to our home loan customers in the last year.

There remains an abundance of housing credit available.

Australian businesses remain the engine room of the economy, and their continued innovation, investment and growth is critical.

Despite challenging conditions in some sectors, such as retail, construction and agriculture, the profitability of Australian businesses remains around its historical average.

This has enabled most businesses to comfortably meet their debt repayments, and creates the capacity for investment and innovation.

We currently lend more than \$500m to Australian businesses every week, and have an appetite to do much more.

It is important that we are able to support Australian businesses to help them to invest, innovate and grow.

We are very clear on what we need to do to deliver continued performance in the current economic, regulatory and competitive environment.

As the Chair mentioned, our results show the underlying strength of our core business, with home and business lending both up 4 per cent, and transaction deposit balances growing by 9 per cent.

We have continued to strengthen our balance sheet, have unquestionably strong capital levels, and were able to maintain our \$4.31 dividend.

A simpler, better bank

As you can see, we are changing to become a simpler, better bank.

Of course, this wouldn't be possible without the 48,000 people who work at the Commonwealth Bank. I want to thank them all for their continued hard work and dedication.

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 into the future.

We know what we need to do to be a better bank, that is worthy of the Australian people we serve – one better equipped to deliver on the promise on which we were first established:

To be a bank for all Australians

To be a bank for businesses to help them grow and the economy to flourish

To be a bank for the country, to help all people prosper and of which the nation can be proud.

Let me pass you back to the Chair.

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