

Introduction

For over 100 years the Commonwealth Bank of Australia (the Group) has been an essential part of the growth of Australia. Today, we are one of Australia's leading organisations providing integrated financial services to more customers than any other Australian bank. We have over 52,000 employees across our retail, business and institutional banking, funds management, superannuation, insurance, investment and broking businesses, as well as a range of interests around the world. Our market capitalisation is over AUD\$138 billion. Nearly 800,000 Australians directly own our shares and millions more have ownership through their superannuation funds. Our owners expect us to think and act for the long-term for our customers and communities.

We have a very clear vision for the Group: to excel at securing and enhancing the financial wellbeing of people, businesses and communities. Our strategy to achieve our long-term vision is built around a customer-focused culture comprising people who thrive on providing outstanding service, a strong, flexible balance sheet, world-leading application of technology, and a focus on productivity that makes us efficient and easy to deal with. This is led proactively by our CEO Ian Narev and the Group Executive team.

Engaged and Talented People

The success of the Commonwealth Bank is dependent on our people. That is why we continue to invest heavily in recruiting and development. We have one of the most comprehensive staff training programmes in the industry; we have more rigorous systems and processes; and we enforce higher standards. We offer a broad range of opportunities for our employees to continue to build on their skills and develop their careers in new and interesting directions. And that is also why we encourage diversity throughout the bank. We aspire to be a place where people with good values, a strong work ethic and talent can thrive regardless of their gender, ethnicity, religion, sexual orientation, age or disability.

We have fostered an inclusive and engaged culture that is both open and transparent. The result of our annual internal people engagement survey continues to illustrate our success in continually improving the Group's environment; with a 2014 Employee Engagement score of 81%, up from 80% in 2013. We remain committed to gender diversity. By embedding

gender diversity into talent systems and focusing on our talent pipeline, we increased the representation of women in leadership roles from 26.6% in December 2009 to 35% in December 2014.

Community Contribution and Action

We have a proud history of supporting communities, forging lasting relationships with community organisations and those they serve.

Building Financial Literacy Skills. In late 2009, the Group announced a commitment to improve the financial literacy of one million children from primary and secondary schools; in all states and in both rural and urban settings by 2015. This goal was achieved in August 2014, five months ahead of schedule.

The Group's Staff Community Fund. It is Australia's largest and longest running workplace-giving program. The Group matches its people's contributions dollar-for-dollar. In 2014, the Fund awarded \$2 million to 238 grassroots programs focused on improving the health and wellbeing of Australian youth.

Supporting Sports, the Arts and Health. The Group supports a number of organisations that lead the way in celebrating Australia's unique culture and addressing issues that matter to Australians

- With the Grants for GrassrootsTM program, the Group invested \$1.5+ million into more than 1,000 local cricket clubs in the past four years.
- The Group has enduring partnerships with Opera Australia, Bangarra Dance Theatre, and others.
- The Group contributed more than \$11 million over 19 years via fundraising, sponsorship and diary sales for the Breast Cancer Institute Australia.

Productivity and Continuous Improvement Mindset

Productivity, particularly a continuous improvement mindset, is a key part of the Group's strategy to become the finest financial services organisation. We are committed to ensuring we have processes that allow our people to focus more on the customer, create a better customer experience, and enhance efficiency. We believe that cultural change is core to this strategy to drive better ways of working.

Over 94% of our employees have been trained in continuous improvement skills such as Lean and Six Sigma, and are putting them into practice every day to solve service, risk, cost and revenue problems in

alignment with the Group's strategy. We are on track to certifying over 350 Black and Green Belts, who help us to fundamentally change our business.

In fiscal years 2014 and 2015, we realised over \$500 million in operational efficiencies from productivity initiatives, which we have largely redeployed to focus on the future and building our key capabilities.

Finally, a core set of four productivity habits is established across the Group. This is supported by Bronze and Silver accreditation, in partnership with SA Partners, to ensure these habits are embedded. We support teams in their efforts to align continuous improvement initiatives to specific business goals whilst encouraging employee engagement – leading to sustainable performance over the long term.

Collections & Credit Solutions Sydney

As Collections & Credit Solutions Sydney, we are one of two teams that assists our retail bank's customers in managing their financial commitments and assisting customers in getting back on track financially. As a solution-oriented team, we provide a personal and efficient service to recover arrears and work with customers to create mutually agreeable payment solutions. The Sydney team has approximately 640 employees that provide services six days per week.

Collections and Credit Solutions Sydney began its formal continuous improvement journey in 2004 when the Group created Commway, an internal business process optimisation program. Commway's goal was to increase the speed of business processes and reduce waste or non-value added activities through Lean Six Sigma tools tailored by CBA, up-skilling our people, aligning performance measures to focus on customer outcomes, and sustaining results through behaviours and culture. While the Program has matured over 10 years becoming Process Excellence and now Group Productivity, our commitment to continuous improvement has never wavered.

From 2011, our team has been through a fundamental operating model re-design, successfully introduced new flexible ways of working (e.g., new casual employees policy), and also moved all non-core, processing tasks into the Operations team. Strategic changes like these have vastly improved our efficiency and effectiveness, drove down the cost of protecting our Grade of Service (a key customer satisfaction measure), and increased staff role fulfilment.

Continuous Improvement Philosophy and Results

We are continuing to improve our business through focussing on the needs of our customers, continuing to invest in technology, and driving further process simplification. To deeply embed the required skills, our team self-funded a seven-week continuous improvement program and regular coaching is provided to all frontline staff. Every employee learned and applied continuous improvement tools such as Plan Do Check Act, De Bono's 6 Thinking Hats, Fishbone, 5 Whys, Pareto Chart, and PICK Matrix. Our focus on building people capabilities and robust measurement systems has driven results:

- Reduced volume of complaints going to the Financial Ombudsman Service by 40%.
- Reduced non-value added hand-offs and referral points with legal vendor in Loss Mitigation by 90%.
- Letter automation reduced low-value manual work volume by 512 letters per day.
- Reduced 'answerphone' connect average handling time by 20%.
- Screened out 22% of non-right party contacts by investing in new technology (Adepra).

Awards and Recognition

- 2012 Catalyst Award Winner for Gender Diversity.
- Fourth most inclusive employer at the 2014 Australian Workplace Equality Index Awards.
- "Bank of the Year" – Money Magazine for two consecutive years.
- For the sixth year running, Commonwealth Private Bank won the Australian Private Banking Council's most Outstanding Institution (\$1m-\$10m category).
- For the third consecutive year, Best Cash Management Bank in Australia at The Asian Banker Transaction Banking Awards 2012.
- Best Value Australia – Small Business Banking by CANSTAR.
- Beyond Birrang program recognises continuous improvement excellence within the Collections and Credit Solutions team.

For More Information

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