

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Commonwealth Bank of Australia

CBA10QON: 23

Ms BANKS: ... I really believe that if the bank is truly serious about this you take your lead in reviewing this risk management framework that we have suggested in recommendation 7. Will you take that on notice?

Mr Narev: Yes.

Answer:

Commonwealth Bank wrote to the Committee in response to the recommendations made in the Review of the Major Four Banks First Report, and in the Australian Small Business and Family Enterprise Ombudsman's inquiry into small business loans.

As per our response to recommendation 7.1, Commonwealth Bank supports in principle third party independent reviews of our Risk Management Framework to promote sound corporate governance, regulation of the banking system and customer outcomes.

Commonwealth Bank notes our current Risk Management Framework, which includes various elements covering misconduct, is subject to a range of third party independent reviews in accordance with Australian Prudential Regulation Authority (APRA) prudential standards, Australian Securities and Investments Commission (ASIC) requirements and other regulation.

The Commonwealth Bank Board also makes an annual Risk Management Declaration to APRA (under CPS220) about the appropriateness, adequacy and effectiveness of the framework.

We provide further information in our response to questions CBA86QW, CBA87QW, CBA88QW and CBA89QW.