

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (FOURTH REPORT)

Commonwealth Bank of Australia

CBA12QW: How many people at CBA have been disciplined in relation to the Austrac matter?

Answer: After AUSTRAC launched its proceedings, the CBA Board announced that it has reduced to zero the Short-Term Variable Remuneration (STVR) outcomes for the CEO and the Group Executives for the financial year ended 30 June 2017. This reflected a view on behalf of the Board of collective accountability at the level of CEO and the Group Executives for risk and reputation matters. For a number of former Group Executives, deferred remuneration vesting outcomes were also significantly reduced, including 100% forfeiture of deferred STVR and Long-Term Variable Remuneration vesting reductions of approximately 40% – 70%. The Board also reduced fees for non-executive directors by 20 per cent during the current 2018 financial year.

Some executives below the level of Group Executive have also faced impacts on their remuneration, and there have been changes in responsibilities in divisions that manage CBA's AML obligations.

As Commonwealth Bank has acknowledged, a complex set of factors contributed to the unacceptable compliance failures that were the subject of the AUSTRAC action. These actions were not limited to any individual or single team of individuals, nor were they the result of deliberate misconduct on behalf of any employee.