

The Solicitor Assisting the Commission  
 Level 34  
 600 Bourke Street  
 MELBOURNE VIC 3000

22 March 2018

Dear Sirs

**Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry pursuant to s 2(3A) of the *Royal Commissions Act 1902 (Cth)***

1. We refer to the opening address by Counsel Assisting, Ms Rowena Orr QC, on 13 March 2018 and the subsequent discussions with our Senior Counsel, Mr Charles Scerri QC.
2. Commonwealth Bank of Australia (**CBA**) and its associated entities provide the enclosed tables in answer to the letter from the Commissioner dated 2 February 2018. We apologise for the inconvenience caused by our original approach to the Commissioner's request, which we now understand was not of assistance to the Commissioner or Counsel Assisting.
3. CBA is committed to co-operating fully with the Royal Commission and will at all times endeavour to engage in an open, transparent and helpful manner.
4. We are grateful for the opportunity to provide the revised table. In generating the table we have listened to the feedback provided by Counsel Assisting in her opening address and also to our Senior Counsel. Having provided the Commission with very detailed spreadsheets containing every instance or potential instance of misconduct with our letter dated 13 February 2018, we have now endeavoured to identify matters of misconduct during the period 1 January 2013 to date and organise that information in a way that we understand is most relevant to the Commission's enquiries.
5. We make the following observations about the table:
  - (a) the table has been created by reviewing:
    - (i) high and medium rated incidents from the spreadsheets previously provided to the Commissioner (data extracts from the RiskInSite system and Breach Registers that were produced to the Australian Securities and Investments Commission<sup>1</sup>);
    - (ii) matters which have been reported to regulators (either as significant breaches, or as "good governance" notifications<sup>2</sup>);
    - (iii) regulatory incidents which have been escalated to the Chief Executive Officer; and

<sup>1</sup> We note that some of the "Summary of Conduct" descriptions have been drawn from these RiskInSite entries and are descriptions at the point in time they were entered into the relevant system.

<sup>2</sup> We note that some of the instances which have been included relate to one-off incidents, or involve relatively minor sums of money (for example in respect of trust moneys). Those incidents have been included because the regulatory regime mandates reporting of all trust account incidents, no matter how small the quantum involved.

- (iv) activities which have involved the remediation of customers during the relevant period; and
  - (v) the Annual Statements of Compliance as submitted to the Code Compliance Monitoring Committee, (which CBA produced to the Commission in answer to NP002) to provide further information around responsible lending issues that were not otherwise required to be reported to ASIC;
- (b) We have excluded a large number of repetitive incidents, such as privacy breaches resulting from call centre activities, unless the incidents together represent a systemic issue.
- 6. We also provide an updated table of misconduct incidents on behalf of Aussie Home Loans (AHL).
- 7. We make the following observations about the AHL table:
  - (a) The table identifies misconduct for the period 1 January 2013 to 31 December 2017.
  - (b) The table has had updates from the table produced on 13 February 2018 by reference to registers and contemporaneous records maintained by the following business units:
    - (i) Retail operations;
    - (ii) Risk and compliance;
    - (iii) Legal;
    - (iv) Customer Dispute Resolution team;
    - (v) Products and Strategy, which includes insurance products and the Aussie Customer Call Centre; and
    - (vi) People and Culture.
  - (c) In relation to “Date Reported to Regulator/Law Enforcement Notice” column we have included unsolicited good governance notifications and notifications in response to general communication with ASIC.
  - (d) In relation to “Legal Proceedings Commenced Against the Group”, there have been no legal proceedings commenced against AHL by a regulator, customer, or AHL panel lender in the relevant period. There was one unfair dismissal proceedings commenced against AHL in relation to an employee termination incident identified at the table.
  - (e) A small number of repetitive incidents have been combined, such as privacy breaches resulting from Aussie Customer Contact Centre activities and a small number of duplicate entries deleted which were originally separately identified in the 13 February 2018 table.
  - (f) Two new entries have been added in rows 29 and 48.

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(g) AHL has identified the incidents that relate to the four brokers who were subject to the Aussie case study.

8. Please let us know if there is any further detail which would be of assistance to the Commission.

Yours sincerely



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**Enclosure**

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