

# 3Q24 Trading Update



For the quarter ended 31 March 2024<sup>1</sup>. Reported 9 May 2024. All financial comparisons are to the average of the two quarters of the first half of FY24 unless noted otherwise. Refer to the Appendix for a reconciliation of key financials.

## Delivering through customer focus and disciplined strategic execution

We have continued to focus on supporting our customers and communities, investing for the future, and providing strength and stability for the broader economy. We know that many Australians are feeling under pressure due to a higher cost of living, and we are here to support those customers that need our help.

We have continued to strengthen our balance sheet to ensure we remain well positioned to support our customers, communities, and the economy. All Australians benefit from strong and stable banks. We further strengthened our peer leading provision coverage, and our CET1 capital ratio remains well above the minimum regulatory requirement. We have also completed over 90% of our funding task for FY24, having raised \$20 billion of long-term wholesale funding to enable us to continue to lend to support the economy.

We also recognise the importance of dividends to many Australians and this quarter we paid \$3.6 billion in dividends to ~840,000 shareholders directly and more than 12 million Australians through their superannuation. To support future dividends per share we purchased more than \$480 million of shares as part of the Dividend Reinvestment Plan and we have completed \$250 million of the previously announced \$1 billion on-market share buy-back.

The fundamentals of the Australian economy remain sound. Unemployment remains low, supported by business and government investment and elevated terms of trade. We recognise that all households are feeling the impact of higher inflation and higher rates, however immigration is providing a structural tailwind for the economy.

We will continue to invest in our franchise to deliver a strong, safe and resilient bank into the future. We remain focused on supporting our customers and the broader economy, underpinned by consistent and disciplined execution.

Chief Executive Officer, Matt Comyn

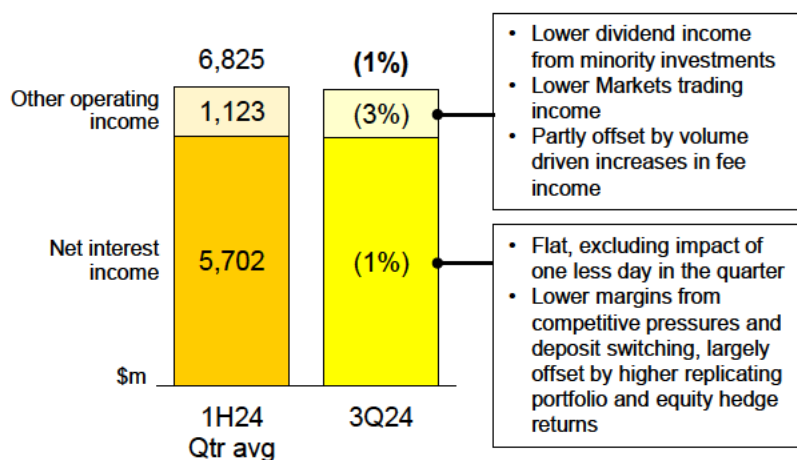
## Overview

- ◆ Unaudited statutory NPAT of ~\$2.4 billion<sup>2</sup> in the quarter. Unaudited cash NPAT of ~\$2.4 billion<sup>2,3</sup>, down 3% on 1H24 quarterly average (down 2% on a day-weighted basis) and down 5% on the prior comparative quarter.
- ◆ Operating income down 1%, driven by one less day in the quarter. On a day-weighted basis, income was flat with lending volume growth offset by slightly lower margins and lower income from minority investments and Markets.
- ◆ Operating expenses up 2%, with higher amortisation and staff costs partly offset by productivity initiatives.
- ◆ Operating performance down 3% on the 1H24 quarterly average (down 2% on a day-weighted basis), down 5% on the prior comparative quarter.
- ◆ Loan impairment expense of \$191 million, with collective and individual provisions slightly higher. Portfolio credit quality remained sound, with moderate increases in both consumer arrears and corporate troublesome exposures.
- ◆ Strong balance sheet settings maintained, with a customer deposit funding ratio of 75%, LCR of 138% and NSFR of 120%.
- ◆ A\$20 billion of new long-term funding has been issued this financial year across multiple markets and products, representing ~90% of the FY24 funding task. The Bank has already raised the funding required to repay the Term Funding Facility (TFF), including surplus liquidity invested in non-HQLA assets<sup>4</sup>.
- ◆ CET1 (Level 2) ratio of 11.9%, up 30bpts before the payment of \$3.6 billion in 1H24 dividends to ~840,000 shareholders, with \$1.5 billion of organically generated capital.

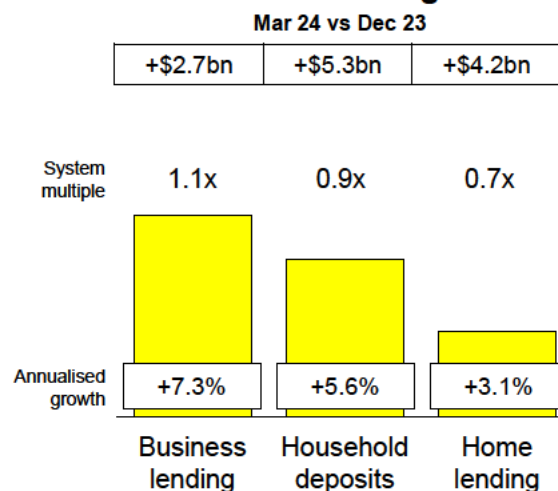
Cash NPAT Unaudited	Volumes <sup>5</sup> Mar 24 vs Dec 23	Provision Coverage	CET1 ratio Level 2
<p>~\$2.4bn</p> <p>↓ 3% vs 1H24 Qtr avg (down 2% day-weighted)</p> <p>↓ 5% vs 3Q23</p>	<p>System multiple:</p> <p>1.1x   0.9x   0.7x</p> <p>7.3%   5.6%   3.1%</p> <p>Business Household Home lending deposits lending (Mar 24 vs Dec 23 growth annualised)</p>	<p>Total provision coverage ratio</p> <p><b>1.66%</b></p> <p>↑ 2bpts vs Dec 23</p> <p>↑ 10bpts vs Mar 23</p>	<p><b>11.9%</b></p> <p>\$7.7 billion surplus to APRA minimum regulatory requirement</p>

# Operating performance

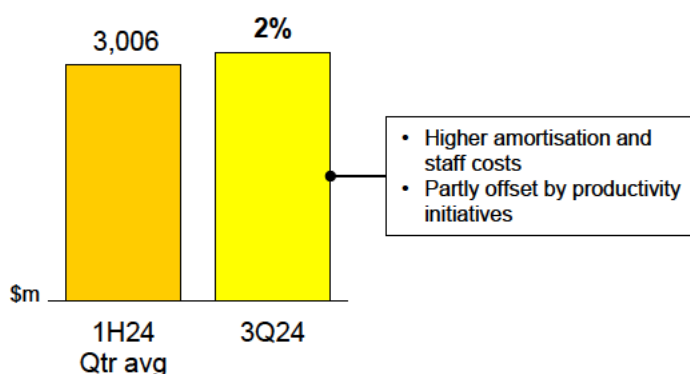
## Operating income



## Australian volume growth<sup>5</sup>

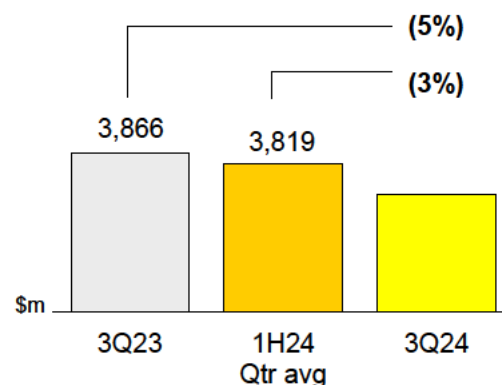


## Operating expenses



## Operating performance

Operating income less operating expenses

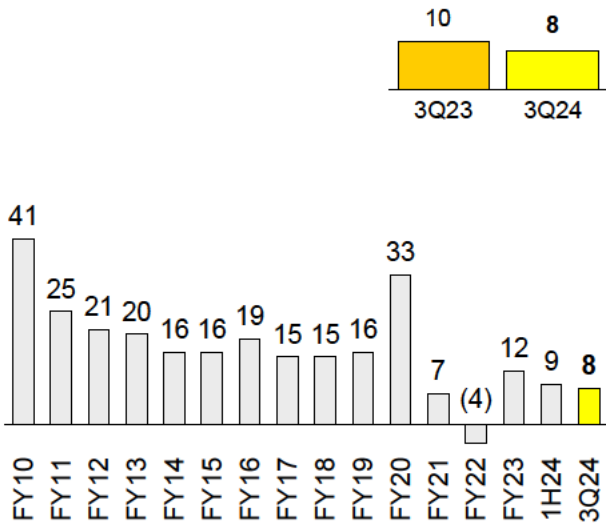


- Operating income was 1% lower in the quarter (flat on a day-weighted basis), with lower net interest income and other operating income.
- Net interest income was 1% lower (flat on a day-weighted basis), with one less day and slightly lower net interest margins primarily from continued competitive pressures and customers switching to higher yielding deposits, largely offset by higher earnings on replicating portfolio and equity hedges.
- Other operating income was 3% lower (2% lower on a day-weighted basis), primarily driven by lower dividend income from minority investments and lower Markets trading income, partly offset by volume driven increases in fee income.
- Improved momentum in volume growth was delivered across home lending and household deposits in the quarter. In the Retail Bank, transaction accounts have continued to grow with an increase of ~143,000 accounts in the quarter mainly driven by new migrant account openings. Home loans grew \$4.2 billion at 0.7x system for the three months to March 2024, as wholesale funding costs moderated. Proprietary mix for home loans represented 65% of new business flows for the quarter<sup>6</sup>. Household deposits grew \$5.3 billion in the quarter.
- We have continued to build our Business Banking franchise through deep transaction banking relationships. Business transaction accounts increased by ~25,000 in the quarter and we now have over 1.22 million accounts, up 10% on the prior comparative period. Business lending volumes grew above system at 1.1x for the three months to March 2024 with diversified growth across multiple sectors.
- Operating expenses increased by 2% due to higher amortisation and staff costs, partly offset by productivity initiatives.
- Operating performance was 3% lower than the 1H24 quarterly average (down 2% on a day-weighted basis), and 5% lower than 3Q23.

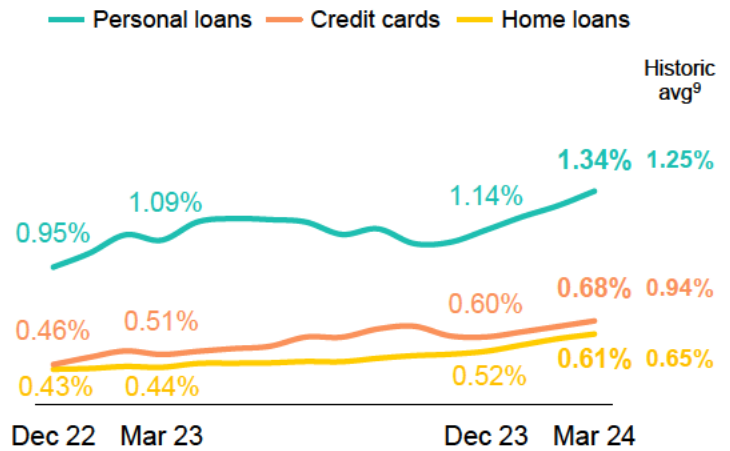


# Provisions and credit quality

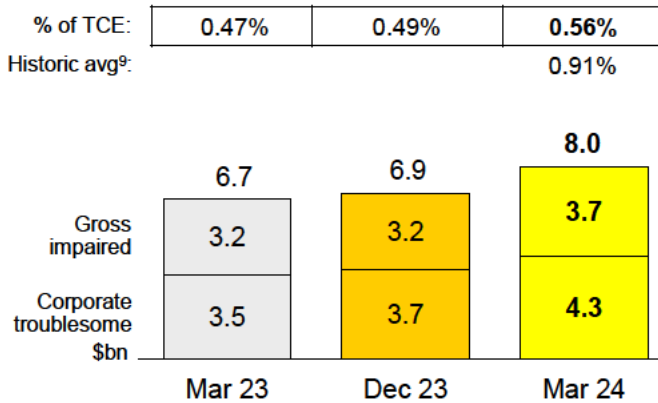
**Loan loss rate<sup>7</sup>**  
bpts



**Consumer arrears<sup>8</sup>**  
90+ days

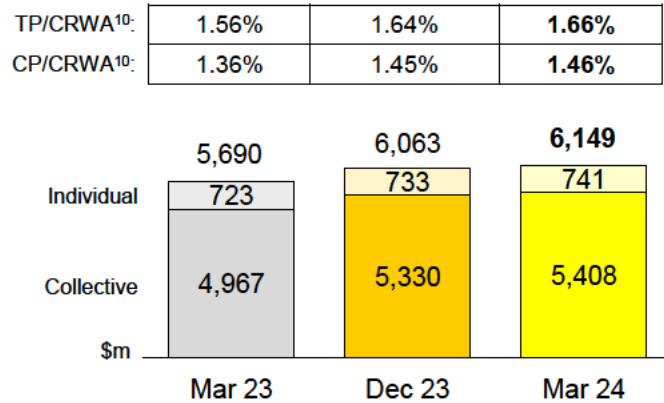


## Troublesome and impaired assets



## Provisioning

### Total credit provisions

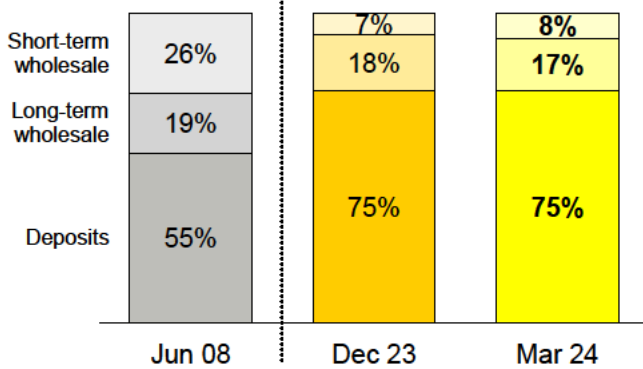


- As anticipated, an increase was experienced this quarter in the level of consumer arrears and Troublesome and Impaired Assets (TIA). Loan impairment expense was \$191 million in the quarter, or 8bpts of average Gross Loans and Acceptances (GLAA).
- Home loan arrears increased during the quarter to 0.61% (+9bpts), as higher interest rates continue to impact some borrowers. Credit card arrears increased during the quarter (+8bpts) in line with seasonal trends. Personal loan arrears increased (+20bpts) during the quarter, with elevated arrears observed for customers more susceptible to cost of living pressures. We expect to see further increases in arrears in the months ahead given continued pressure on real household disposable incomes.
- TIAs were higher at \$8.0 billion or 0.56% of Total Committed Exposures (TCE), reflecting movements in single name exposures across several sectors, and higher impaired home loans. TIAs as a percentage of TCE remain well below the historic average.
- Total credit provisions were \$6.1 billion, with a slight increase in collective provisions to \$5.4 billion broadly in line with portfolio volume growth, with individual provisions broadly flat at \$0.7 billion.
- Provision coverage was further strengthened, maintaining a peer leading total provision coverage ratio of 1.66%.

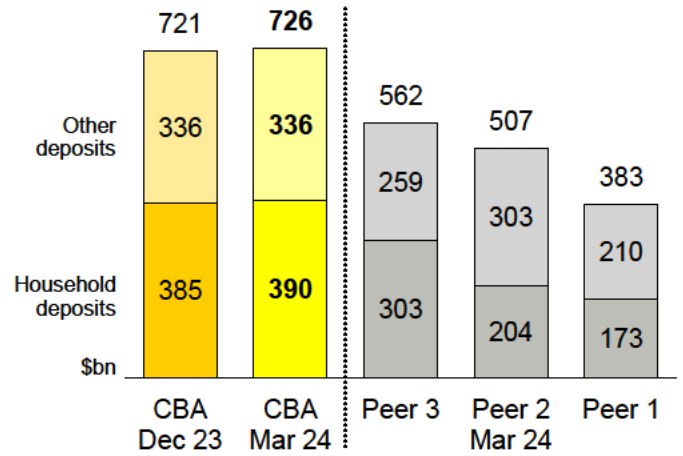


# Funding and liquidity

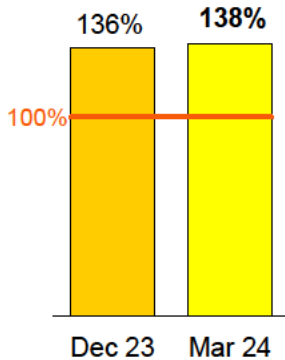
**Funding composition**  
% of total funding



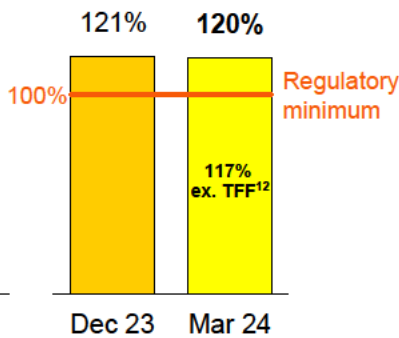
**Australian deposits<sup>11</sup>**



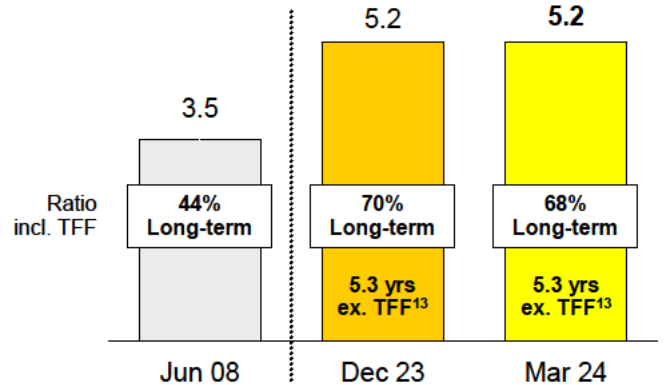
**LCR %**  
Qtr avg



**NSFR %**  
Spot



**Wholesale funding**  
Portfolio tenor (years)

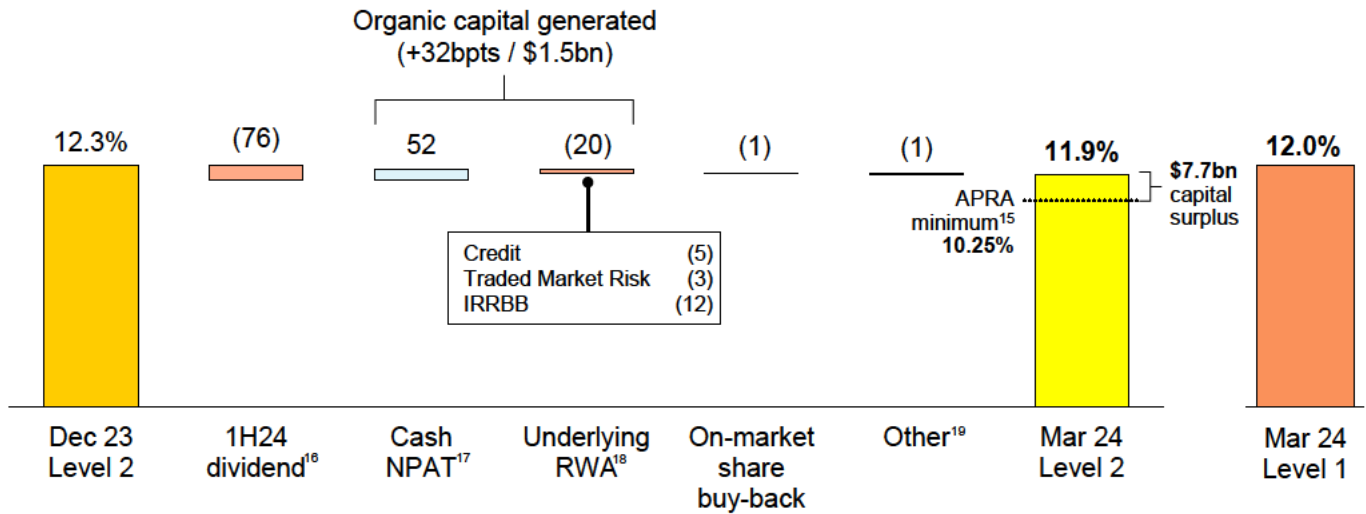


- Balance sheet settings remained strong in the quarter. Customer deposit funding remained flat at 75%, and we grew household deposits \$5.3 billion in the quarter.
- The Bank's long-term wholesale funding position remained conservative, with a weighted average portfolio tenor of 5.2 years. We have made further progress on our FY24 funding requirements, with approximately A\$20 billion of new long-term wholesale funding issued this financial year across multiple markets and products, representing ~90% of the FY24 funding task.
- The Bank has already raised the funding required to repay the remaining \$32 billion of the TFF in FY24, including surplus liquidity invested in non-HQLA assets<sup>4</sup>.
- The Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) remained well above regulatory minimums.

# Capital

## CET1 %

Movement in bpts<sup>14</sup>



- The Bank maintained a strong capital position with a CET1 (Level 2) ratio of 11.9% as at 31 March 2024, well above APRA's minimum regulatory requirement of 10.25%. In the quarter CET1 (Level 2) ratio increased 30bpts after allowing for the impact of the 1H24 dividend (-76bpts), with capital generated from earnings (+52bpts) partly offset by an increase in total RWA (-20bpts), and other items (-2bpts).
- The Bank has completed the purchase of more than \$480 million of shares on market to neutralise the impact of the 1H24 Dividend Reinvestment Plan and continues to purchase under the previously announced \$1 billion on-market share buy-back. As at 8 May 2024, the Bank has completed \$250 million<sup>20</sup> of the \$1 billion share buy-back, to be completed subject to market conditions and other considerations.
- Credit RWA (excl. FX) increased by \$1.6 billion (-5bpts) in the quarter, primarily driven by volume growth across commercial portfolios, domestic residential mortgages and unsecured retail portfolios, partly offset by credit quality improvements. IRRBB RWA increased by \$4.8 billion (-12bpts) driven by higher basis, optionality and repricing and yield curve risks. Traded Market Risk RWA increased by \$1.3 billion (-3bpts) mainly driven by client activity.
- On 1 May 2024, the Bank completed the sale of its 99% shareholding in its Indonesian banking subsidiary PT Bank Commonwealth (PTBC), with a broadly neutral impact to CET1 (Level 2).
- CBA's Level 2 Tier 1 and Total Capital ratios as at 31 March 2024 were 14.2% and 20.5%, respectively.
- CBA's Level 1 CET1 ratio as at 31 March 2024 was 12.0%.

## Appendix

Key financials reconciliation	1H24 \$m	1H24 Qtr avg \$m	Movement 3Q24 vs 3Q23	Movement 3Q24 vs 1H24 Qtr avg
Operating income	13,649	6,825	Flat	(1%)
Operating expenses	(6,011)	(3,006)	6%	2%
Operating performance	7,638	3,819	(5%)	(3%)
Loan impairment expense	(415)	(208)	(14%)	(8%)
Reported cash NPAT from continuing operations	5,019	2,510	(5%)	(3%)



# Footnotes

1. Unless otherwise stated, the financial results are presented on a 'continuing operations' basis.
2. Rounded to the nearest \$100 million.
3. The Group's results are presented on a cash basis unless otherwise stated. The cash basis is used by management to present a clear view of the Group's operating results. It is not a measure based on cash accounting or cash flows nor a statutory measure presented in accordance with Australian Accounting Standards that are audited or reviewed in accordance with Australian Auditing Standards. The items excluded from cash profit, such as hedging and IFRS volatility and losses or gains on acquisition, disposal, closure, capital repatriation and demerger of businesses are calculated consistently period on period and do not discriminate between positive and negative adjustments. Refer to page 3 of the Profit Announcement for the half year ended 31 December 2023 for further details and a list of items excluded from cash profit. The Group's financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards, and audited (full year) or reviewed (half year) by the Group's auditors in accordance with Australian Auditing Standards, are made available on the Group's Investor Centre website.
4. Investment grade liquid assets that do not qualify as High Quality Liquid Assets (HQLA) as defined in APS210.
5. Source: RBA Lending and Credit Aggregates (home and business lending excl. IB&M) and APRA Monthly Authorised Deposit Taking Institution (ADI) Statistics (household deposits). CBA business lending multiple estimate is based on Business Banking growth rate (excl. IB&M) over published APRA & RBA Total business lending data (excl. estimated institutional lending balances), historic CBA balances restated to reflect customer resegmentation. CBA December 2023 to March 2024 quarterly balance growth (%) reported on an annualised basis.
6. Excludes Bankwest and Residential Mortgage Group.
7. Loan impairment expense as a percentage of average GLAA annualised.
8. Group consumer arrears including New Zealand.
9. Historic average from August 2008 to June 2023.
10. Total Provisions (TP) as a ratio of Credit Risk Weighted Assets (CRWA) and Collective Provisions (CP) as a ratio of CRWA. CRWA on Basel III basis.
11. Source: APRA Monthly ADI Statistics. Total deposits (excluding CDs).
12. NSFR numerator excludes the size of CBA's TFF drawdowns. Denominator increases weighting for mortgages used as collateral for the TFF by 55%, such that it receives the 65% RSF weighting applicable to unencumbered residential mortgages.
13. Includes Reserve Bank of New Zealand Funding for Lending Programme and Term Lending Facility.
14. Due to rounding, numbers presented in this section may not sum precisely to the totals provided.
15. Inclusive of 1% default countercyclical capital buffer which may be varied by APRA in the range of 0% to 3.5%.
16. 1H24 dividend: includes the on-market purchase of shares in respect of the Dividend Reinvestment Plan.
17. Excludes equity accounted profits from investments which are neutral from a regulatory capital perspective due to the offsetting increase in capital deductions.
18. Excludes impact of FX movements on Credit RWA which is included in 'Other'.
19. Other includes the impact of intangibles, FX impact on Credit RWA and movements in reserves.
20. CET1 (Level 2) ratio as at 31 March 2024 reflects \$198 million of shares purchased under the on-market share buy-back, with a further \$52 million of shares purchased during the quarter which have settled post 31 March 2024 and will be reflected in the Bank's 30 June 2024 CET1 (Level 2) ratio.

## Important Information

The material in this announcement is general background information about the Bank and its activities current as at the date of the announcement, 9 May 2024. It is information given in summary form and does not purport to be complete. Information in this announcement, is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consider these factors, and consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

This announcement contains certain forward-looking statements with respect to the financial condition, capital adequacy, operations and business of the Bank and certain plans and objectives of the management of the Bank. Such forward-looking statements speak only as at the date of this announcement and undue reliance should not be placed upon such statements. Although the Bank currently believes the forward-looking statements have a reasonable basis, they are not certain and involve known and unknown risks and assumptions, many of which are beyond the control of the Bank, which may cause actual results, conditions or circumstances to differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on forward-looking statements, particularly in light of: macroeconomic pressures and rising cost of living, geopolitical events, and global banking uncertainty including recent examples of instability in the banking system and regulatory, government and central bank responses.

Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "would", "could", "expect", "intend", "plan", "aim", "estimate", "target", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding the Bank's intent, belief or current expectations with respect to the Bank's business and operations, market conditions, results of operations and financial condition, capital adequacy and risk management. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements, whether as a result of new information, future events or results or otherwise, is disclaimed. The Bank is under no obligation to update any of the forward-looking statements contained within this announcement, subject to applicable disclosure requirements.

The material in this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. Any securities of the Bank to be offered and sold have not been, and will not be, registered under the Securities Act of 1933, as amended (U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, any securities of the Bank may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the U.S. Securities Act or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.



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The release of this announcement was authorised by the Board.