ASX Announcement

1Q24 Trading Update

For the quarter ended 30 September 2023[1]. Reported 14 November 2023. All financial comparisons are to the average of the two quarters of the second half of FY23 unless noted otherwise.
Refer to the Appendix for a reconciliation of key financials.

Customer focus and disciplined strategic execution

We have delivered solid financial outcomes in the quarter reflecting our customer focus and consistent operational and strategic execution. Operating performance was underpinned by a disciplined approach to volume/margin management, delivering sustainable shareholder returns in a competitive market.

Our balance sheet settings remained strong with CET1 (Level 2) ratio of 11.8%, following the payment of $4 billion in 2H23 dividends, well above the minimum regulatory requirement. We bought back more than $700 million of shares to satisfy the Dividend Reinvestment Plan and commenced the previously announced $1 billion share buy-back. We have made good progress on our FY24 funding requirements with $17 billion raised to date, representing ~50% of the FY24 funding task.

We continue to invest in delivering a superior and differentiated customer proposition and keeping our customers safe. We are very conscious that many Australians are feeling under pressure in the current environment. While some remain well positioned, we recognise that others are finding the higher cost of living very tough. Our customers are continuing to take practical steps to navigate through a period of tighter household finances and we are here to help them. As a result, we have seen a modest increase in consumer arrears over recent months. Our balance sheet strength means we are well positioned to support those customers who need it.

The Australian economy remains resilient, supported by low unemployment and strong population growth. Higher interest rates are resulting in slowing growth and consumer spending, with pressure on some households and businesses. We remain optimistic on the medium-term outlook. Our balance sheet strength combined with our strong organic capital generation allows us to support our customers through challenging times. Strong banks benefit all Australians, and we remain well positioned to continue to support our customers, invest in our communities and provide strength and stability for the broader Australian economy.

Chief Executive Officer, Matt Comyn

Overview

- Unaudited statutory NPAT of $2.5 billion[2] in the quarter. Unaudited cash NPAT of $2.5 billion[2,3] flat on 2H23 quarterly average and up 1% on the prior comparative quarter.
- Operating income flat, driven by volume growth and 1.5 additional days in the quarter, offset by lower net interest margins from competitive pressures and lower other operating income.
- Operating expenses[4] up 3%, reflecting higher staff costs from wage inflation and higher amortisation, partly offset by productivity initiatives.
- Operating performance flat on the 2H23 quarterly average, up 2% on the prior comparative quarter.
- Loan impairment expense of $198 million, with collective and individual provisions slightly higher. Portfolio credit quality remained sound, with credit quality indicators still near historic lows.
- Strong balance sheet settings maintained, with a customer deposit funding ratio of 75%, LCR of 137% and NSFR of 123%.
- Short-term wholesale funding represented 8% of total funding, providing flexibility around our future funding needs. A$17 billion of new long-term funding issued this financial year across multiple markets and products, and we have repaid $19 billion of the RBA Term Funding Facility.
- CET1 (Level 2) ratio of 11.8%, up 46bpts before the payment of $4 billion in 2H23 dividends to ~860,000 shareholders, with $2.3 billion of organically generated capital.

Cash NPAT
Unaudited

~$2.5bn

— vs 2H23 Qtr avg

↑ 1% vs 1Q23

Volume growth[5]

	Sep 23 vs Sep 22 Growth rate	Sep 23 vs Sep 22 System multiple	Sep 23 vs Jun 23 Balance growth
Business lending	11.2%	1.3x	+$2.2bn
Household deposits	5.7%	0.8x	+$10.0bn
Home lending	3.1%	0.7x	-$4.5bn
Business deposits	2.0%	N/A	+$0.1bn

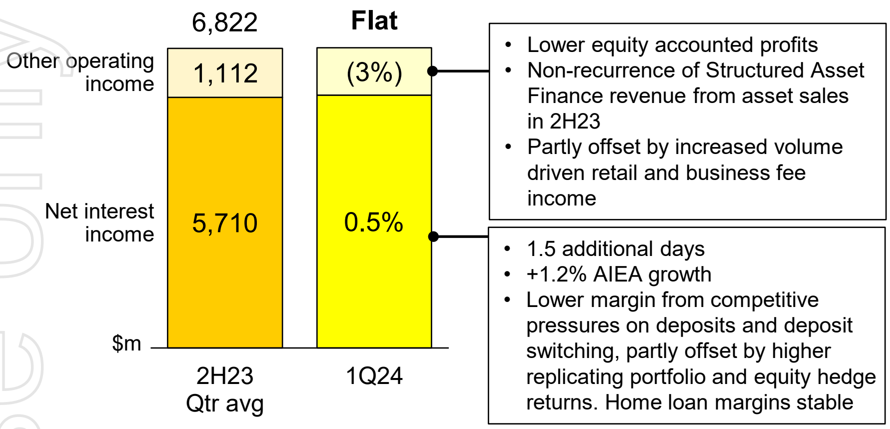
CET1 ratio
Level 2

11.8%

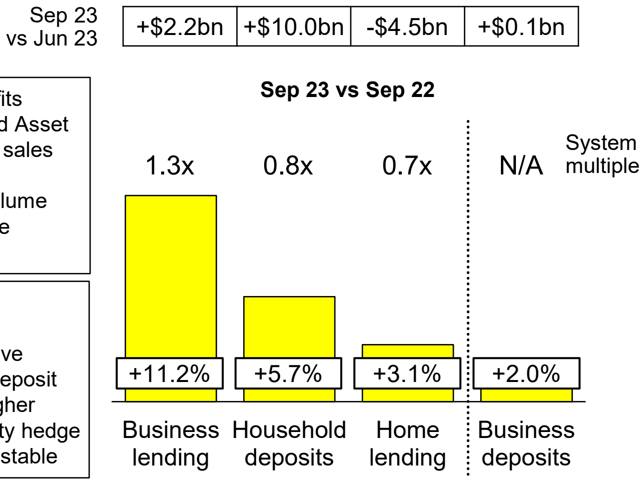
~$7 billion surplus to APRA minimum regulatory requirement

Operating performance

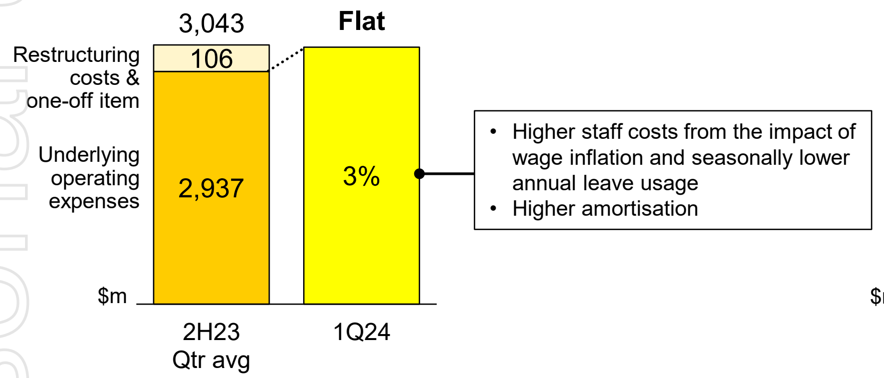
Operating income



Australian volume growth[5]

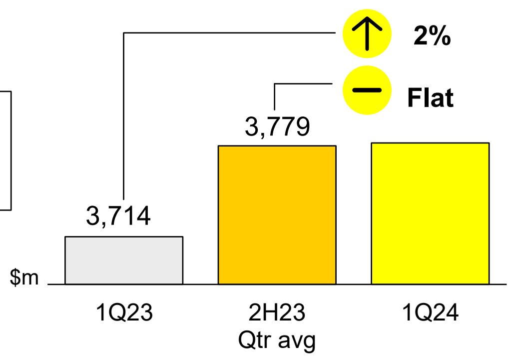


Operating expenses



Operating performance

Operating income less operating expenses

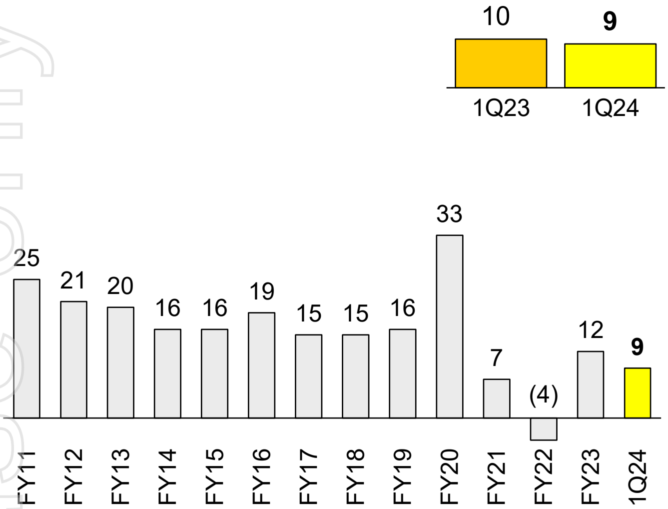


- Operating income was flat in the quarter, with net interest income up 0.5%, offset by lower other operating income.
- Net interest income was 0.5% higher, with 1.5 additional days and volume growth, partly offset by lower net interest margins primarily from continued competitive pressure in deposits, and customers switching to higher yielding deposits. This was partly offset by higher earnings on replicating portfolio and equity hedges. Home lending margins stabilised in the quarter.
- The Bank's franchise strength, customer focus and consistent operational execution continues to deliver balanced, sustainable outcomes for all stakeholders. The retail bank has continued to grow transaction account relationships with an increase of ~150,000 retail transaction accounts in the quarter, with continued strong growth driven by new migrant account openings. Home loan balances declined $4.5 billion in the quarter, as a consequence of our focus on increasing our share of Australian home loan revenue. This reflects a disciplined approach to pricing which ensures marginal shareholder returns remain above the cost of capital in a highly competitive market. We have focused on proprietary distribution with new proprietary home loan fundings[6] in the quarter broadly flat on the prior comparative period at $18 billion, while lower margin new broker fundings declined ~$5 billion over the same period. Household deposits grew $10.0 billion in the quarter.
- We have continued to grow our Business Banking franchise and have delivered strong outcomes in the quarter. Business transaction accounts increased by ~36,000 in the quarter, and we now have nearly 1.2 million accounts, up 10% on the prior comparative period. Business lending also continued to grow above system.
- Other operating income was 3% lower, primarily driven by lower equity accounted profits and non-recurrence of Structured Asset Finance revenue from asset sales in the prior half, partly offset by increased volume driven retail and business fee income.
- Operating expenses[4] increased by 3%, due to wage inflation, higher amortisation and the impact of seasonally lower annual leave usage, partly offset by productivity initiatives.
- Operating performance was flat on the 2H23 quarterly average, and 2% higher than 1Q23.

Provisions and credit quality

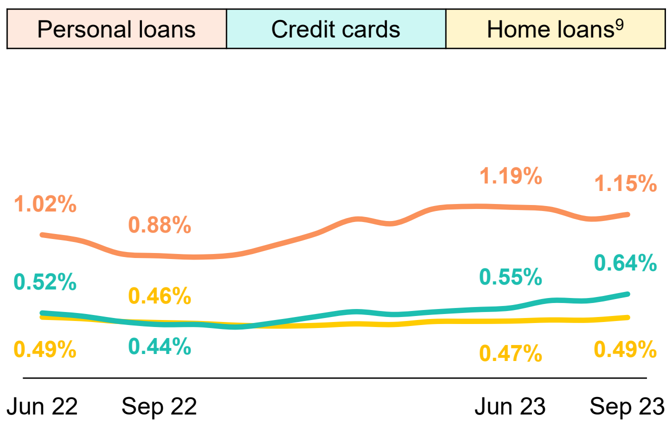
Loan loss rate[7]

bpts

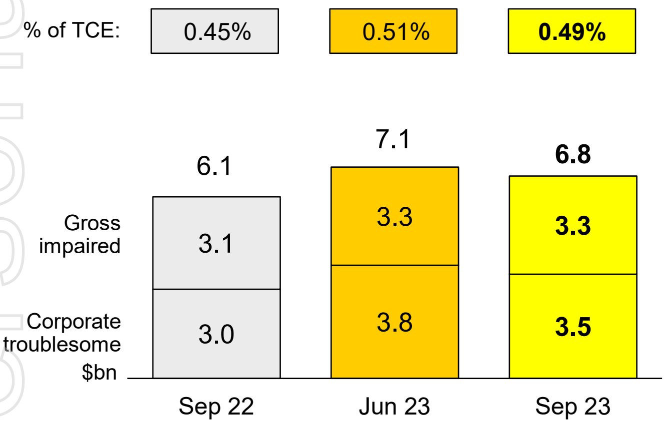


Consumer arrears[8]

90+ days



Troublesome and impaired assets

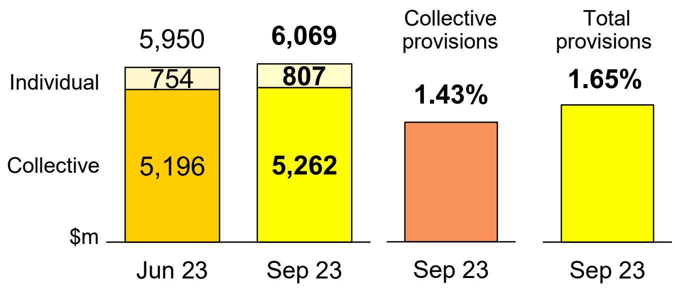


Provisioning

Total credit provisions

Provision coverage

% of credit risk weighted assets[10]

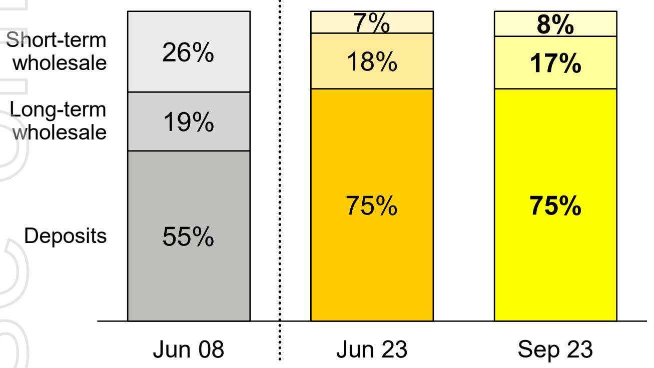


- Key credit quality indicators remained sound in the quarter with consumer arrears remaining at historically low levels, and a modest reduction in the level of Troublesome and Impaired Assets (TIA). Loan impairment expense was $198 million in the quarter, or 9bpts of average Gross Loans and Acceptances.
- Home loan arrears increased modestly during the quarter to 0.49% (+2bpts), as higher interest rates have impacted borrowers, however remain low, supported by a strong labour market. Credit card arrears increased during the quarter (+9bpts) with elevated arrears observed in the low-income segment. Personal loan arrears decreased during the quarter (-4bpts) in line with seasonal trends.
- TIA were lower at $6.8 billion or 0.49% of Total Committed Exposures (TCE), reflecting movements in single name exposures across several sectors.
- Total credit provisions were $6.1 billion, with a slight increase in collective provisions to $5.3 billion reflecting ongoing pressures from higher interest rates and cost of living, and a $53 million increase in individual provisions to $0.8 billion.
- Strong provision coverage maintained, with a peer leading total provision coverage ratio of 1.65%.

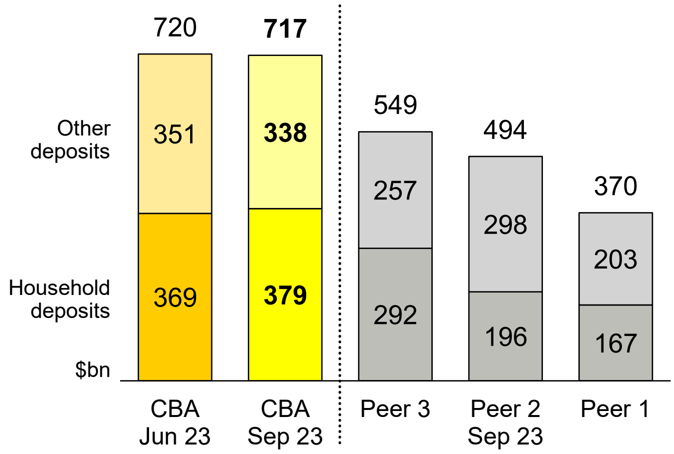
Funding and liquidity

Funding composition

% of total funding



Australian deposits[11]

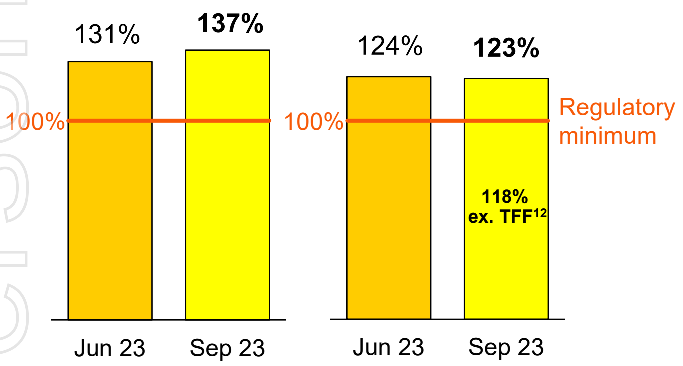


LCR %

Qtr avg

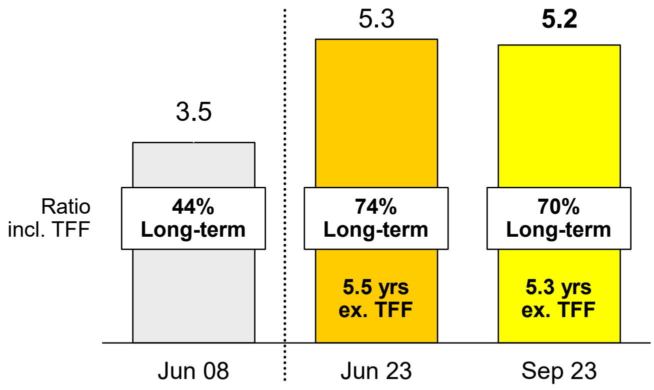
NSFR %

Spot



Wholesale funding

Portfolio tenor (years)

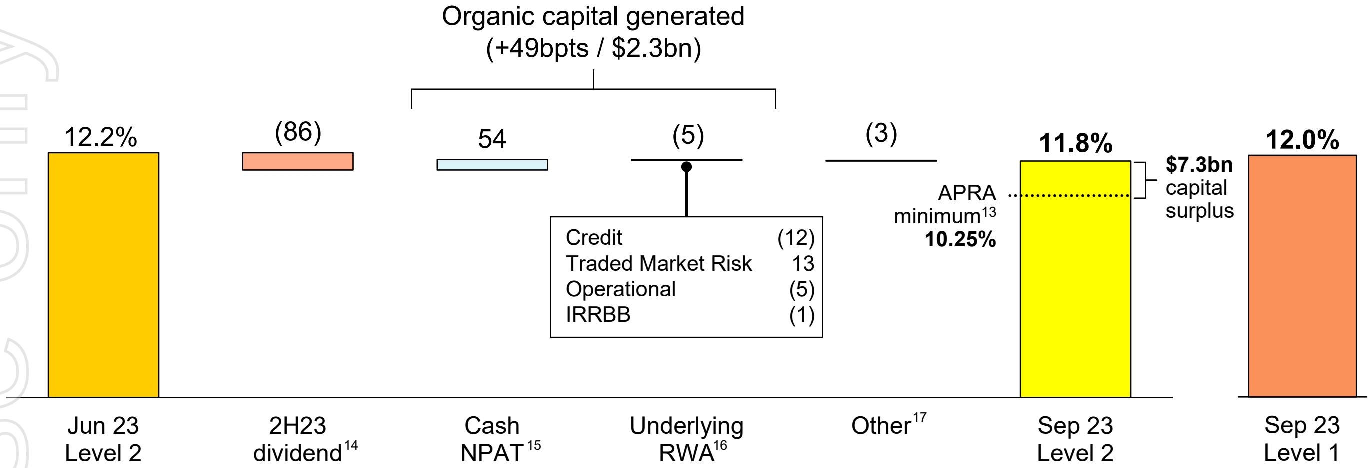


- Balance sheet settings remained strong in the quarter. Customer deposit funding remained flat at 75%, we maintained a conservative posture to short-term wholesale funding capacity, and grew household deposits $10 billion in the quarter.
- The Bank's long-term wholesale funding position remained conservative, with a weighted average portfolio tenor of 5.2 years. Good progress has been made on FY24 funding requirements, with approximately A$17 billion of new long-term wholesale funding issued this financial year across multiple markets and products, representing ~50% of the FY24 funding task, and we have repaid $19 billion of the RBA Term Funding Facility.
- The Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) remained well above regulatory minimums.

Capital

CET1 %

Movement in bpts



- The Group retained a strong capital position with a CET1 (Level 2) ratio of 11.8% as at 30 September 2023, well above APRA's minimum regulatory requirement of 10.25%. In the quarter, CET1 (Level 2) ratio increased 46bpts after allowing for the impact of the 2H23 dividend (-86bpts), with capital generated from earnings (+54bpts) partly offset by an increase in total RWA (-5bpts) and other items (-3bpts).
- The Group has completed the purchase of more than $700 million of shares on-market to neutralise the impact of the 2H23 Dividend Reinvestment Plan, and has commenced the $1 billion share buy-back announced on 9 August 2023, to be completed subject to market conditions and other considerations.
- Credit RWA (excl. FX) increased by $4.4 billion (-12bpts) in the quarter, driven by growth across commercial portfolios. Traded Market Risk RWA decreased by $5.2 billion (+13bpts) reflecting the implementation of a new market risk model in July 2023. Operational Risk RWA increased by $1.8 billion (-5bpts) reflecting higher operating income over the three year rolling period of the new standardised calculation approach.
- CBA's Level 2 Tier 1 and Total Capital ratios at 30 September 2023 were 14.1% and 19.7%, respectively.
- CBA's Level 1 CET1 ratio as at 30 September 2023 was 12.0%, +20bpts above Level 2.

Appendix

Key financials reconciliation	2H23 $m	2H23 Qtr avg $m	Movement 1Q24 vs 1Q23	Movement 1Q24 vs 2H23 Qtr avg
Total operating income	13,644	6,822	3%	Flat
Operating expenses[4] ex. restructuring costs & one-off item	(5,873)	(2,937)	6%	3%
Restructuring costs & one-off item	*(212)*	*(106)*	*n/a*	*n/a*
Total operating expenses	(6,085)	(3,043)	6%	Flat
Operating performance	7,559	3,779	2%	Flat
Loan impairment expense	(597)	(299)	(11%)	(34%)
Cash NPAT from continuing operations	5,011	2,506	1%	Flat

Footnotes

1. Unless otherwise stated, the financial results are presented on a 'continuing operations' basis.
2. Rounded to the nearest $100 million.
3. 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. 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. For more detail, refer to page 3 of the Profit Announcement for the full year ended 30 June 2023.
4. Excluding $212m of restructuring and one-off regulatory provision in 2H23.
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). Business deposits source: total interest bearing and non-interest bearing deposits (spot) of the Business Bank. Business deposit system multiple not included as non-financial business deposits system balances per APRA Authorised Deposit Taking Institution (ADI) statistic contracted.
6. CBA including Bankwest. Includes internal refinancing, Residential Mortgage Group, excludes Viridian Line of Credit (VLOC).
7. Loan impairment expense as a percentage of average GLAA annualised.
8. Consumer arrears includes retail portfolios of Retail Banking Services, Business Banking and New Zealand.
9. Excludes Unloan and Residential Mortgage Group loans.
10. Credit Risk Weighted Assets (CRWA) on Basel III basis.
11. Source: APRA Monthly ADI Statistics. Total deposits (excluding CDs).
12. NSFR numerator (ASF) excludes the size of CBA's TFF drawdowns. Denominator (RSF) 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. Inclusive of 1% default countercyclical capital buffer which may be varied by APRA in the range of 0% to 3.5%.
14. 2H23 dividend: included the on-market purchase of shares in respect of the Dividend Reinvestment Plan.
15. Excludes equity accounted profits from investments which are neutral from a regulatory capital perspective due to the offsetting increase in capital deductions.
16. Excludes impact of FX movements on Credit RWA which is included in 'Other'.
17. Other includes the impact of intangibles, FX impact on Credit RWA and movements in reserves.

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, 14 November 2023. 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, geo-political 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 U.S. 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.