

ASX Announcement

CBA 3Q17 Trading Update

For the quarter ended 31 March 2017¹
Reported 9 May 2017



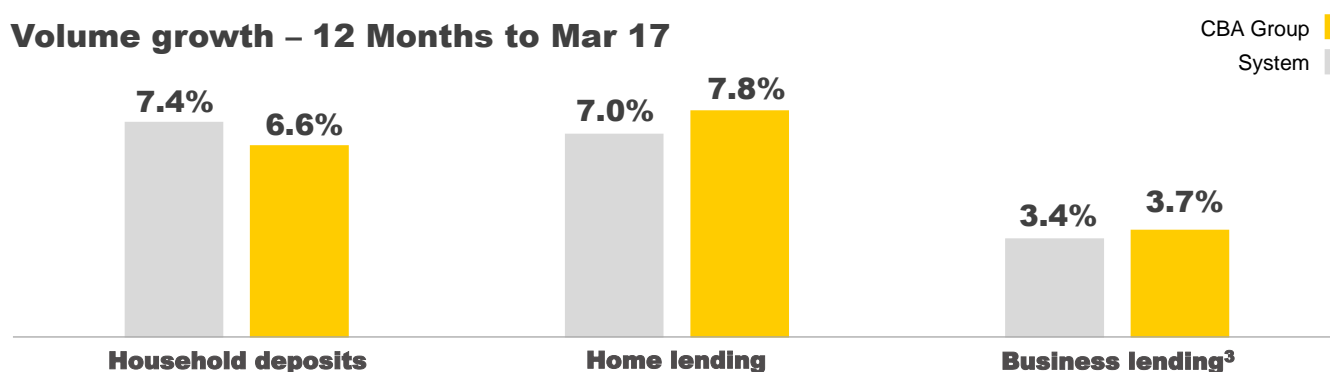
CommonwealthBank

Summary

- Unaudited cash earnings² of approximately \$2.4 billion in the quarter.
- Unaudited statutory net profit of approximately \$2.6 billion in the quarter.
- Result supported by income growth, continued cost discipline and sound credit quality.
- Strong funding and liquidity positions maintained, with deposit funding at 67% and the LCR at 124%.
- Common Equity Tier 1 (CET1) capital ratio of 9.6% on an APRA basis, up 37 basis points since December 2016 after allowing for the impact of the 2017 interim dividend.
- CET1 of 15.2% on an internationally comparable basis.

Business Performance

Volume growth – 12 Months to Mar 17



Source: APRA/RBA

- Net interest income growth (pcp)¹ supported by volume growth in key markets, offsetting margin pressures.
- In home lending, growth continued to be underpinned by strong proprietary channel performance.
- Business lending growth overall remained subdued, with strongest growth in Business and Private Banking.
- In Wealth Management, Average Assets Under Management and Funds Under Administration rose by 6% and 7% respectively, reflecting stronger investment markets, partly offset by exchange rate movements.
- In ASB, volume growth remained strong, with lending up 10% and deposits up 8% (12 months to Mar 17).
- Group Net Interest Margin slightly lower in the quarter⁴ due to higher average liquids and competition effects.
- Other Banking Income stable with higher commissions and lending fees offset by lower trading income.
- Insurance income impacted by weather events during the quarter, including Cyclone Debbie.
- Continued cost discipline enabling ongoing investment.

¹ Unless otherwise indicated all comparisons are to the prior comparative period (pcp), the quarter ended 31 March 2016.

² Cash earnings is used by management to present a clear view of the Group's underlying operating results, excluding certain items that introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently period on period and do not discriminate between positive and negative adjustments. For a more detailed description of these items, please refer to page 15 of the Group's 31 December 2016 profit announcement.

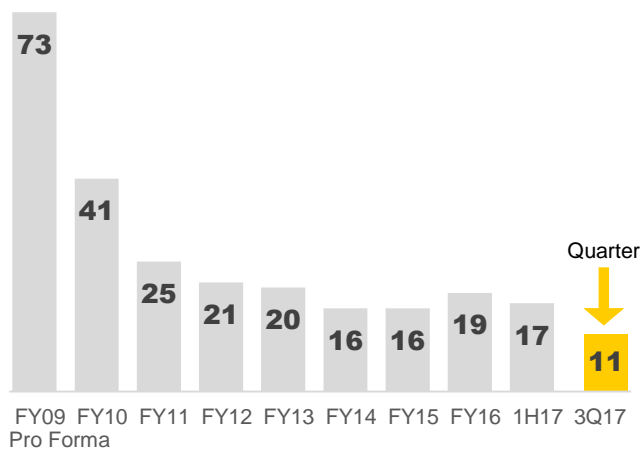
³ Domestic lending balance growth (ex Cash Management Pooling Facilities).

⁴ Movement in Group Net Interest Margin from 1H17 (period ended December 2016).

Credit quality

Loan impairment expense

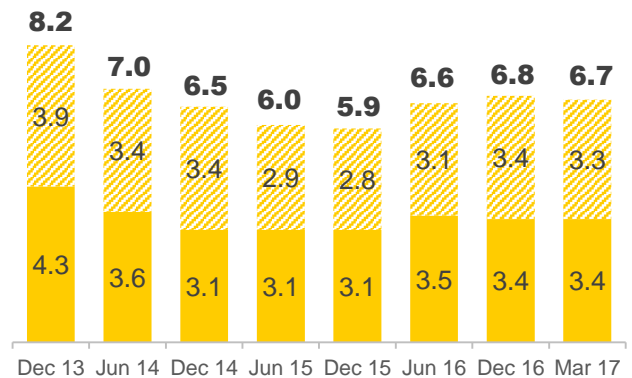
Group (basis points)



Troublesome and impaired assets

\$bn

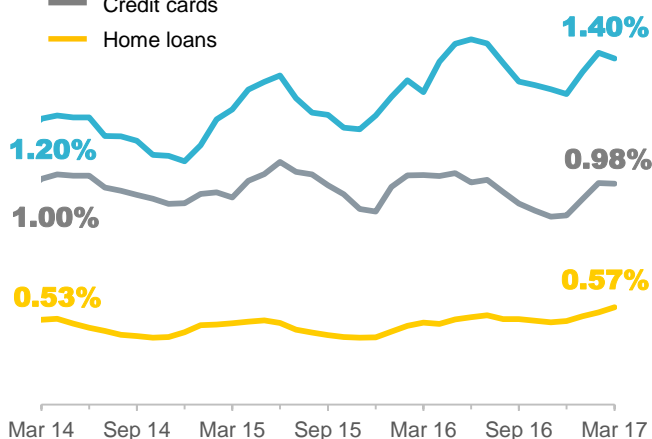
Group impaired Corporate troublesome



Consumer arrears

90+ days

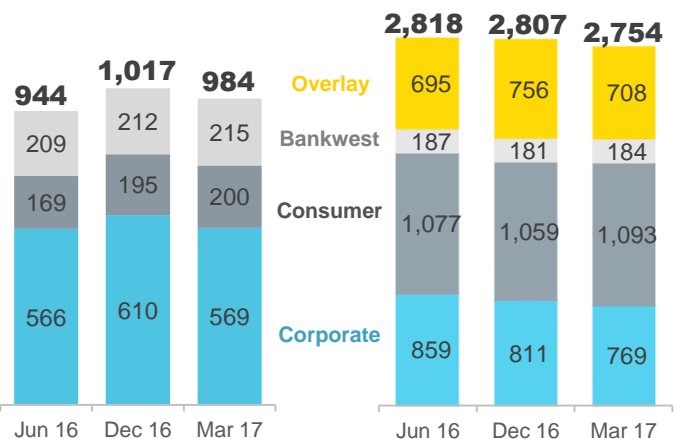
— Personal loans
— Credit cards
— Home loans



Provisions \$m

Individual Provisions

Collective Provisions



- The credit quality of the Group's lending portfolios remained sound.
- Loan Impairment Expense (LIE) of \$202 million in the quarter equated to 11 basis points of Gross Loans and Acceptances, compared to 17 basis points in 1H17.
- Corporate LIE was substantially lower in the quarter. Troublesome and impaired assets were slightly lower at \$6.7 billion, with broadly stable outcomes across most sectors. Apartment development⁵ exposures reduced in the quarter.
- Consumer arrears increased in line with seasonal expectations and continued to be elevated in Western Australia. In the home lending portfolio, investment lending reduced as a proportion of total new lending⁶ in the quarter and new interest only lending is being closely managed, consistent with regulatory guidance.
- Prudent levels of provisioning maintained, with Total Provisions at \$3.7 billion and no change to overlays for economic conditions.

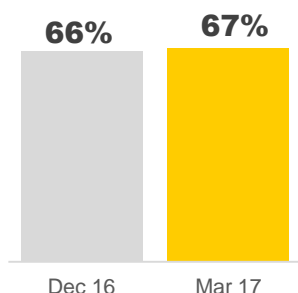
⁵ Domestic residential apartment developments >\$20m.

⁶ Movement from 1H17 (period ended December 2016).

Funding and liquidity

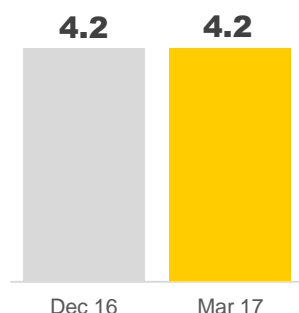
Deposit funding

% of total funding



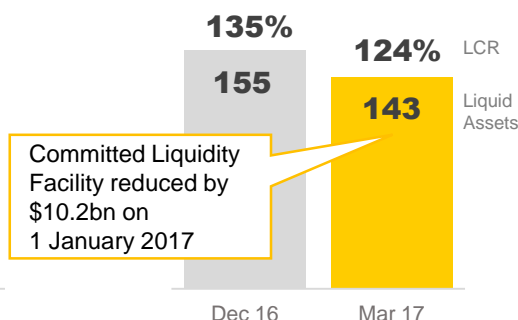
Wholesale funding

Portfolio Tenor (years)



Liquidity

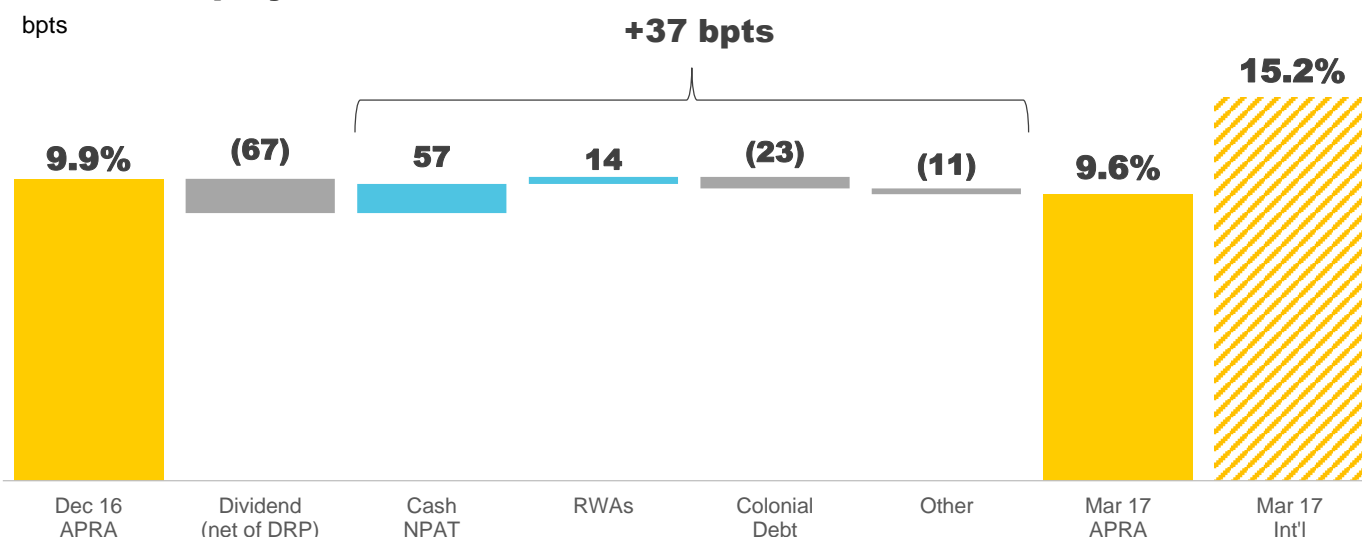
\$bn



Capital

Common Equity Tier 1

bpts



- Funding and liquidity positions remained strong, with customer deposit funding at 67% and the average tenor of the wholesale funding portfolio at 4.2 years.
- Liquid assets totalled \$143 billion⁷ with the Liquidity Coverage Ratio (LCR) standing at 124%. The Group issued \$14.6 billion of long term funding in the quarter, and \$37 billion year to date.
- The Group's Basel III Common Equity Tier 1 (CET1) APRA ratio was 9.6% as at 31 March 2017. After allowing for the impact of the 2017 interim dividend (which included the issuance of shares in respect of the Dividend Reinvestment Plan), the CET1 (APRA) ratio increased by 37 basis points in the quarter. This was primarily driven by capital generated from earnings, and lower risk weighted assets, partially offset by the maturity of a further \$1 billion of Colonial debt⁸. The Group's Basel III Internationally Comparable CET1 ratio as at 31 March 2017 was 15.2%.
- The Group's Leverage Ratio was 4.9% on an APRA basis (unchanged from Dec 16) and 5.6% on an internationally comparable basis.

⁷ Spot balance as at 31 Mar 17.

⁸ The final tranches of the Colonial debt are due to mature in FY18 (\$665m, approximately -15 basis points of CET1).

Note

The material in this announcement is general background information about the Group and its activities current as at the date of the announcement, 9 May 2017. It is information given in summary form and does not purport to be complete. It 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 consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

Contacts

Investor Relations

Melanie Kirk
Head of Investor Relations
02 9118 7166
CBAInvestorRelations@cba.com.au

Media

Kate Abrahams
General Manager Communications
02 9118 6919
media@cba.com.au

Shareholders

For more information, visit
commbank.com.au/shareholder