

ASX ANNOUNCEMENT



THE COMMONWEALTH BANK'S RESPONSE TO APRA'S RELEASE ON INCREASES TO CAPITAL ADEQUACY FOR RESIDENTIAL MORTGAGE EXPOSURES

Monday, 20 July 2015: The Commonwealth Bank of Australia (CBA) acknowledges the release of the Australian Prudential Regulation Authority's (APRA) increase to capital requirements for residential mortgage exposures measured under the internal ratings-based (IRB) approach.

APRA's release means that from 1 July 2016 the risk weightings of CBA's Australian residential mortgages will increase to an average risk weight of at least 25 per cent.

For CBA, we expect that this will have the effect of increasing the amount of Common Equity Tier 1 (CET1) required for Australian residential mortgages by approximately 95 basis points from 1 July 2016. To the extent that there is any increase of actual capital levels as a result of this change, this will further improve our position relative to international peers.

CBA Chief Financial Officer, David Craig said: "Financial strength, including a strong capital position, is a pillar of CBA's strategy. In expectation of APRA's recent announcements, CBA has been working on a number of options for managing our capital over the coming year. We will provide more commentary on these announcements when we present our annual results on 12 August 2015."

For Further Information

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