ASX Announcement

1H25 Results

For the half year ended 31 December 2024[1]

Supporting customers, investing in our franchise and delivering with consistency

Results overview

"It has been another challenging period for many of our customers and we have maintained our focus on proactive engagement to offer a range of support options. This has included improved access to hardship assistance, delivery of money management tools for greater visibility of finances, and tailored payment arrangements for those customers most in need.

Through supporting our customers and investing in our franchise, we have been able to deliver solid results for our shareholders, despite the weaker economic backdrop. Our consistent financial performance demonstrates our disciplined operational and strategic execution, and the bank's deep customer relationships that help us understand needs and risks and deliver superior digital experiences.

Our balance sheet settings remain strong, with surplus capital and conservative funding, provisioning and interest rate risk settings. This enables us to support our customers, while lending to productive parts of the economy to stimulate economic growth. We will continue to invest in our franchise, including to protect our communities against fraud, scams, and financial and cyber crime.

We aim to provide strength and stability through economic cycles, while maintaining the capacity to deal with macroeconomic and geopolitical uncertainties. Millions of Australians continue to benefit from our focus on strong and sustainable returns, and we have declared an interim dividend of $2.25 per share, fully franked."

Chief Executive Officer, Matt Comyn

Outlook

"The Australian economy has slowed considerably, with cost of living pressures continuing to weigh on consumer demand and younger customers in particular making real sacrifices. Private sector growth is weak, immigration is starting to slow and geopolitical uncertainties remain.

However underlying inflation is now moderating towards the target range and we expect Australia will follow offshore economies with an easing cycle starting in 2025. This should provide some relief to many households and improve business confidence. The strong labour market and level of ongoing public sector infrastructure spend also provide cause for optimism on the domestic economic outlook."

Chief Executive Officer, Matt Comyn

Net profit after tax

$5,142m

Statutory NPAT[2]

↑ 6% on 1H24

↑ 11% on 2H24

$5,132m

Cash NPAT[2]

↑ 2% on 1H24

↑ 7% on 2H24

Net profit after tax (NPAT) was supported by volume growth in our core businesses and a lower loan impairment expense, partly offset by higher operating expenses due to continued inflationary pressures and a discretionary increase in franchise investment spend.

Pre-provision profit

$7,725m

↑ 1% on 1H24

↑ 6% on 2H24

Our pre-provision profit was up 1% reflecting operational performance across all of our frontline businesses.

Dividend

$2.25

Per share, fully franked

↑ 5% on 1H24

The interim dividend was $2.25 per share, fully franked. The dividend payout ratio is 73% of cash NPAT (~75% normalising for long run loss rates). The Dividend Reinvestment Plan (DRP) continues to be offered to shareholders and is expected to be satisfied through the on-market purchase of shares.

For footnotes see page iv of this ASX Announcement

Net interest margin (NIM)

2.08%

- ↑ 2bpts on 1H24 (excl. liquids and pooled facilities[3])
- ↑ 1bpt on 2H24 (excl. liquids and pooled facilities[3])

Underlying margin remained broadly stable excluding the impact from lower liquids and lower institutional pooled facilities[3]. The effects of competitive pressure on deposits and lending pricing were offset by higher earnings on capital hedges and the replicating portfolio.

Operating expenses

$6,372m (45.2% cost to income)

- ↑ 6% on 1H24
- ↑ 3% on 2H24

Operating expenses increased 6% mainly driven by higher staff expenses due to inflation and two additional working days, and additional investment to accelerate the refresh of our technology infrastructure and to further enhance our Gen AI capabilities and data infrastructure. This was partly funded by ongoing productivity initiatives. Investment spend of $1,096 million was up 11% on 1H24.

Credit quality – loan impairment expense

$320m (Loan loss rate[4] 7bpts)

- ↓ 23% on 1H24
- ↓ 17% on 2H24

Loan impairment expense decreased reflecting our disciplined credit origination and underwriting practices, rising house prices, and lower expected losses within consumer finance. Consumer arrears remained broadly stable, supported by tax refunds and changes to income tax rates and thresholds. Our home lending portfolio remains well-secured and the majority of home lending customers remain in advance of scheduled repayments. Provision coverage remains strong at 1.62% of credit risk weighted assets and a ~$2.4 billion buffer relative to the losses expected under our central economic scenario.

Funding and liquidity

77% Deposit funding ratio

127% LCR[5] (136% FY24)   116% NSFR[5] (116% FY24)

Deposit funding remains stable at 77% of total funding, with the majority of our funding requirements met through stable retail and business deposits, and institutional deposits. Customer deposits are considered the most stable source of funding. Long-term wholesale funding accounted for 68% of total wholesale funding and portfolio weighted average maturity of 5.1 years remains conservatively positioned. Our liquidity and funding ratios remain well above minimum regulatory requirements.

Common Equity Tier 1 (CET1) Capital ratio

12.2%
APRA Level 2[6]

18.8%
International

- ↓ 10bpts on 1H24
- ↓ 10bpts on 2H24

The Bank maintained a strong capital position with a CET1 Capital ratio of 12.2%, well above APRA's minimum regulatory requirement of 10.25%. As at 31 December 2024, the Bank has completed $300 million of the announced $1 billion on-market share buy-back. Completion of the remaining $700 million on-market share buy-back is expected to reduce the Bank's CET1 Capital ratio by ~15bpts[7]. Over the long term, we expect to operate with a post-dividend CET1 capital ratio of greater than 11.0%, except in circumstances of unexpected capital volatility.

Shareholder return

13.7%
Return on equity (ROE)

- ↓ 10bpts on 1H24
- ↑ 40bpts on 2H24

$2.25
Dividend per share

- ↑ 10 cents on 1H24
- ↑ 5% on 1H24

The Bank's ROE increased to 13.7% due to higher profits. The interim dividend was $2.25 per share, fully franked. The lower share count from the ~$9.3 billion[8] of buy-backs completed to date has contributed an additional ~77 cents[8,9] in dividends per share since FY22.

Building a brighter future for all

Supporting customers

- Focus on supporting our customers with cost of living pressures;
- Provided more than 65,000 tailored payment arrangements for customers most in need of support[10];
- More than 3 million customers using digital money management tools monthly to manage their finances[11];
- Connected our customers to ~$1.2 billion in grants, rebates and concessions through our Benefits finder tool, since inception; and
- Maintained the largest branch network in Australia, with a commitment to regional branch footprint, supporting regional jobs and communities[12].

Protecting communities

- Invested $450 million in 1H25 to protect our customers against fraud, scams, and financial and cyber crime[13];
- NameCheck has been used more than 80 million times, preventing $650 million mistaken and scam payments[14];
- Reduced customer scam losses by more than 70% over two years[15];
- Identified and alerted customers of suspicious transactions, leveraging AI; 18k alerts sent per day, up 6x[16]; and
- Supported 10,737[17] people who have experienced financial abuse with free, confidential support through the Financial Independence Hub.

Strengthening Australia

- Lent $21 billion[18] to businesses to help them grow and helped more than 70,000 households buy a home in 1H25;
- Paid over $11 billion in interest to Australian savers in 1H25;
- Returned $4 billion[19] to shareholders, benefitting over 13 million Australians who own our shares directly or through their superannuation holdings[20];
- We continue to progress our on-market share buy-back program[7] to reduce the number of shares on issue, which assists us to continue to deliver sustainable returns to shareholders; and
- We are one of Australia's largest corporate tax payers, paying $2 billion in Government payments[21] in 1H25.

Footnotes

1. All information in this section is presented on a continuing operations basis and versus the prior comparative period, unless stated otherwise.
2. For an explanation of and reconciliation between statutory and cash NPAT refer to page 3 of the Profit Announcement for the half year ended 31 December 2024.
3. Reduction in Institutional pooled facilities primarily driven by the migration of facilities reported on a gross basis to a product that requires reporting on a net basis.
4. Loan impairment expense as a percentage of average GLAA annualised.
5. LCR is the quarterly average. NSFR is spot.
6. Level 2 is the consolidated banking group including banking subsidiaries such as ASB Bank and CBA Europe N.V.
7. The timing and actual number of shares purchased under the buy-back will depend on market conditions and other considerations. CBA reserves the right to vary, suspend or terminate the buy-back at any time.
8. Comprises the $6 billion off-market share buy-back completed in October 2021, the $3 billion on-market share buy-backs completed in June 2023, and $300 million of the $1 billion on-market buy-back announced in August 2023 completed as at 31 December 2024.
9. Higher dividends per share as a result of total shares bought back.
10. Payment arrangements defined at account level in 1H25.
11. Average monthly unique customers who engaged with one of our money management features in the CommBank app in 1H25. Money management features include Money Plan, Bill Sense, Category Budgets, Cash Flow View, Goal Tracker, Credit Score and Smart Savings.
12. Previous commitment to keep all regional branches open until at least the end of 2026, recently extended to mid-2027.
13. Includes expenditure on operational processes and upgrading functionalities.
14. Via Netbank and CommBank app from July 2023 to December 2024.
15. 1H25 versus 1H23.
16. Reflects the monthly average suspicious card transaction alerts to customers through two-way push notifications sent during 1H25 vs 1H24 monthly average.
17. Since inception in 2020.
18. Business Bank business lending new funding and drawdowns in 1H25.
19. Includes 2H24 dividend and 1H25 buy-back.
20. CBA returns to over 825,000 direct shareholders and indirectly to over 13 million Australians through their superannuation.
21. Includes payment of corporate tax, employee related taxes and Major Bank Levy.

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The release of this announcement was authorised by the Board.