

Commonwealth Bank of Australia (CBA AU)

FUNDAMENTAL VIEW ¹

As of 21 Oct 2025

- CBA has a very strong franchise in Australia; it is the leader in the retail market and is making good progress in challenging NAB in business banking.
- It has been the best managed of the Australian banks for many years, and has outperformed peers. It lost some of its luster in the latter part of the 2010s due to regulatory and compliance lapses amid charges of complacency, but has since improved into a better institution.
- Its capital and liquidity position is robust, and asset quality is strong.

RISKS & CATALYSTS

As of 21 Oct 2025

- CBA's financial health is closely linked to the Australian economy, in particular retail credit quality, mainly housing loans. Household confidence is improving, but they continue to be stretched; discretionary consumer spend is improving though on growth in real disposable incomes. Unemployment continues to be comfortable.
- Earnings/NIMs are under pressure from strong mortgage market and deposit competition. Business banking growth however has been stellar and highly profitable.
- The interest rate cuts coming through from the RBA will improve borrowers' ability to make interest payments.

CREDIT QUALITY SCORE (CQS) ²

As of 20 Oct 2025

CURRENT CQS

64

CQS OUTLOOK ³

NEGATIVE

STABLE

POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) ⁴ VS CQS



KEY METRICS

As of 21 Oct 2025

AUD MN	Y22	Y23	Y24	Y25
Return on Equity	12.7%	14.0%	13.6%	13.5%
Total Revenues Margin	2.1%	2.2%	2.2%	2.2%
Cost/Income	46.3%	43.7%	45.0%	45.7%
APRA CET1 Ratio	11.5%	12.2%	12.3%	12.3%
International CET1 Ratio	18.6%	19.1%	19.1%	20.9%
APRA Leverage Ratio	5.2%	5.1%	5.0%	4.7%
Impairment Charge/Avg Loans	(0.0%)	0.1%	0.1%	0.1%
Gross Impaired Loans/Total Loans	n/m	0.8%	1.0%	1.1%
Liquidity Coverage Ratio	130%	131%	136%	130%
Net Stable Funding Ratio	130%	124%	116%	115%

BUSINESS DESCRIPTION

As of 21 Oct 2025

- Originally established by the Australian government in 1911, CBA functioned for some time as Australia's central bank until the establishment of the Reserve Bank of Australia in 1959. It remained under government ownership until the early 1990s, after which it underwent a transformation from a bureaucratic public sector bank into a widely respected commercial organisation.
- Over the past couple of decades, CBA consolidated its position as the leading bank in Australia with a 24-28% share in household deposits and lending, helped by its acquisition of Bank of Western Australia during the 2008 crisis.
- In New Zealand it owns ASB Bank, but otherwise has been selling non-core assets, including its life insurance business.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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