



ASX announcement

Commonwealth Bank increases support for business and households

19 March 2020 (SYDNEY): Commonwealth Bank has expanded its support for small businesses and households with a range of new measures in response to today's RBA announcements.

Commonwealth Bank (CBA) Chief Executive Officer, Matt Comyn said: "We recognise that this is a very concerning time for our customers and the community. We are focused on delivering the best possible service to all of our customers and supporting the Australian economy.

"Our branch network is open, our call centres are open, and we are helping our customers use our market-leading digital technology to do their banking through Netbank and through the CommBank app.

"These are unprecedented times, and they call for unprecedented measures.

"Following today's reduction in the official cash rate by 25bps we are taking deliberate steps to further support parts of the economy most in need. In particular, we want to ensure that we help keep small businesses open so that they can keep Australians employed, and that we do everything we can to support households and older Australians."

Today CBA is announcing:

- 100 bps interest rate reduction for all existing cash-linked small business loans
- 70 bps interest rate reduction in one, two and three year fixed home loan rates for owner occupiers paying principal and interest to 2.29% p.a.
- 60 bps increase in 12-month term deposits to 1.70% p.a.
- Changes to home loan repayments which will release up to \$3.6 bn in cash for Australian households

"Small businesses will benefit from an interest rate reduction of 100 bps on all business loans linked to the cash rate. This is in addition to a range of measures announced last week which are available for businesses facing difficulty including waiving merchant fees, waiving redraw fees, waiving early redraw fees on business term deposit accounts, and deferring repayments on vehicle and equipment finance loans.

"We are strongly supportive of the RBA's new term funding facility. We intend to participate in this scheme to the fullest extent possible to access long term funding at highly attractive rates to help support Australian households and businesses at this time.

"For our deposit customers, we will increase our 12 month term deposit rate by 60 bps to 1.70% p.a.. This will be available to all personal customers, but will especially benefit older Australians relying on their savings. It will ensure



all Australians are now able to earn a return on their savings which is more than 1.45% higher than the official cash rate.

“For home owners, we are announcing our lowest advertised interest rate ever – 2.29% p.a. fixed for one, two and three year terms for owner occupier customers on principal and interest repayments. We are making this offer available to new and existing customers allowing them to lock in historically low rates. Variable home loan rates remain unchanged.

“We will also help up to 730,000 customers by reducing repayments to the minimum required under their loan contract, from 1 May. On average, this will release up to \$400 per month for customers and create up to \$3.6bn in additional cash support for the economy. Our owner occupier principal and interest customers are on average 37 months ahead on their home loan repayments. Customers will be able to opt out after the change is effective should they wish to keep their current repayments. We will contact our customers with more information in early April. There is no need for customers to contact us before then.

“For customers experiencing hardship, we have made it easier to access overdraft facilities, which customers are able to apply for online.

“We understand the ongoing uncertainty as the nation responds to the challenges posed by the coronavirus. Australia has a strong financial system and economy, and we stand ready to support our customers, our people, our suppliers and the economy at this time.

“Commonwealth Bank’s strong financial position means Australians can have confidence in our ability and willingness to support the country at this time,” Mr Comyn said.

Support for personal customers

- Increasing 12 month term deposit rates by 60 bps to 1.70% p.a. This allows all Australians – and especially older Australians who rely on their savings income – to earn a guaranteed return which is 1.45% above the cash rate. This offer is available for all eligible new and existing CBA personal customers, available from the 19th March 2020 on balances from \$5,000 to \$2 million.
- Offering a 2.29% p.a. fixed rate home loan for one, two and three years – our lowest advertised rate ever – allowing owner occupier customers on principal and interest repayments to lock in certainty of these historically low interest rates, from 1 May.
- Reducing repayments for all variable principal and interest home loan accounts to the minimum required from 1 May to release up to \$3.6bn of additional cash flow for Australian households. Customers who wish to retain their existing repayments will have the ability to opt out from 1 May.
- Increasing eligibility criteria for personal overdrafts, available online or through the CommBank App, helping customers access emergency funds.

Support for small businesses customers

- Reducing rates on business loans by 100 bps. This is in addition to the 25 bps reduction announced on 3rd March, and will come into effect on 3 April
- Supporting the RBA’s new term funding facility, which incentivises lending to businesses.
- Continuing to offer a range of measures to provide further assistance to customers facing financial hardship, including
 - › Waiving merchant terminal fees
 - › Waiving redraw fees

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- › Waiving early redraw fees on business term deposit accounts (including Farm Management Deposit accounts)
- › Waiving establishment fees and excess interest on Temporary Excess products
- › Deferring repayments on vehicle and equipment finance loans, and providing tailored restructuring options that meet individual customer needs

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The release of this announcement was authorised by the Continuous Disclosure Committee.

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