

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Commonwealth Bank of Australia

CBA2QW: Regarding **interest-only mortgages:**

- (a) How many do you currently provide, and what is their nominal value?
- (b) What is their percentage of your total mortgage products provided?
- (c) For the last two rate cuts, what was the aggregate dollar value reduction in interest repayments compared to each previous month?

Answer: **The Commonwealth Bank** currently manages a total ~\$379 billion of residential mortgages.¹

Of this amount, 14 per cent are interest-only mortgages with variable rates – that is, their monthly repayments are automatically adjusted when an interest rate change is made (as they are not making principal repayments). These mortgages equate to \$53 billion of CBA's residential mortgages.

For variable interest-only mortgages held by the **Commonwealth Bank:**

- (a) As at September 2019, CBA manages 0.14 million variable interest-only mortgage accounts. These accounts have an outstanding balance of \$53 billion.
- (b) Variable interest-only mortgages represent 14 per cent of total mortgage balances.
- (c) Following the rate cuts in June and July 2019, the aggregate reduction in interest repayments for variable interest-only mortgage accounts was \$25 million (between June and September 2019).

¹ Excluding line of credit product

Bankwest currently manages a total ~\$73 billion of residential mortgages.

Of this amount, 18 per cent represent interest-only mortgages with variable rates, which equate to ~\$13 billion of Bankwest's residential mortgages.

For variable interest-only mortgages held by **Bankwest**:

(a) As at September 2019, Bankwest manages 0.04 million variable interest-only mortgages. These mortgages have an outstanding balance of ~\$13 billion.

(b) Variable interest-only mortgages account for 18 per cent of Bankwest's total mortgage balances.

(c) Following the rate cuts in June and July 2019, the aggregate reduction in interest repayments for variable interest-only mortgage accounts was \$6.7 million.