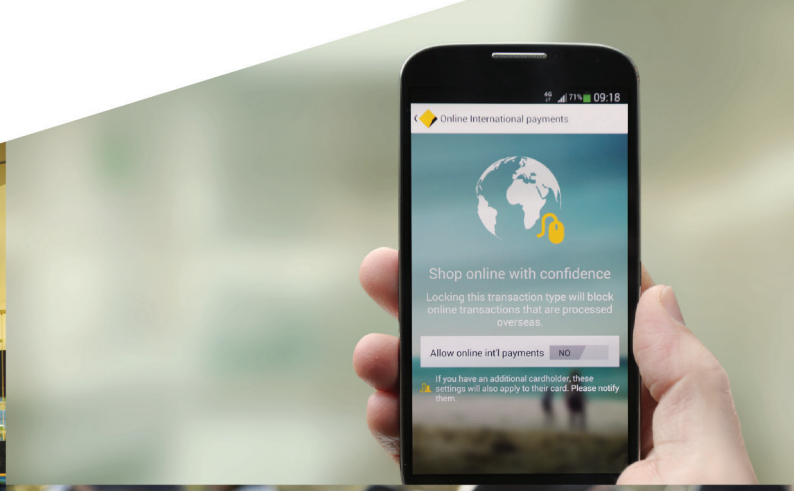


ANNUAL REPORT 2015

CommonwealthBank

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124

Contents

Chairman's Statement

Introduction

We are very aware that at the Commonwealth Bank we have an important role to play in protecting and enhancing the financial wellbeing of all our stakeholders, be they shareholders, customers or the wider population. We employ over 52,000 people, have a customer base of 15 million and have nearly 800,000 Australians who directly own our shares. We know we must perform well in all respects.

We are also aware that in order to do this, we need to maintain conservative business settings, set strong capital levels, have high levels of liquidity and solid provisioning.

The regulatory environment both in Australia and elsewhere continues to evolve and places increasing responsibilities on the management team and the Board. Additionally, the Financial System Inquiry, to which I made reference last year, recommended, for purposes of increased competition, an increased capital requirement for the major banks in Australia. This recommendation was adopted by the Bank and was the principal reason for our decision to raise $5 billion by way of an entitlement offer for all shareholders in August.

Turning to our operations, the environment in which we operate continues to be volatile. We saw this play out during the year in the Eurozone with the crisis in Greece, and while resolved for the time being, this element of volatility seems likely to be a recurring theme. In this context, whilst the Group has no exposure to Greek Sovereign Debt nor direct exposure to Greek banks, it is a situation we monitor very closely, and in particular how it might impact the availability of funding should the crisis spread.

There has also been a marked slowdown in the rate of growth in the Chinese economy and a consequent slowdown in the import of minerals from Australia. Whether or not related, there has also been considerable volatility on the Chinese stock market in recent months. Whilst this again does not directly impact the Group, there is no denying its effect on the Australian economy, particularly in activities associated with the mining industry.

Within the Group and directly associated with our objective to perform well, we are very focused on strengthening our values-based culture built around integrity, collaboration, excellence, accountability and service.

Over the last 12 months, the Group undertook an extensive review of our culture, assisted by external advisers, The Ethics Centre, KPMG and Gilbert & Tobin. While integrity, collaboration, transparency and trust are all clear ingredients of "ethics", the task of ensuring that behaviour mirrors excellence in all of these characteristics will be an ongoing task. It has management's full attention and is central to the conduct of the Group's business.

Operating and Financial results

Commentary on the details of the operating and financial results are included in the CEO's report and in the financial documents released for the 2015 result. For the period, the Board declared a final dividend of $2.22 per share bringing the total dividend for the year to $4.20 an increase of 5% on last year. The Group delivered a net profit after tax on a cash basis of $9,137 million, up 5% on last year. Earnings per share on a cash basis increased 5% on the prior year to 560.8 cents per share and return on equity, also on a cash basis, decreased 50 basis points on the prior year to 18.2%. There is without doubt, more challenge in our industry and these results reflect a very solid performance for the financial year.

Capital and Dividends

Capital:

I referred earlier to increased regulation and our $5 billion entitlement offer as a result of APRA's adoption of the recommendation of the Financial System Inquiry to increase mortgage risk weights for the major banks.

The Group's ability to deliver a strong performance and to be one of a very small number of global banks that have maintained ratings in the AA band, in part results from our conservative management. In addition, global regulators, including our domestic regulator, the Australian Prudential Regulation Authority (APRA), have introduced significant reforms which result in a greater requirement for strength.

The Group also adopted the Basel III measurement and monitoring of regulatory capital effective from 1 January 2013. The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5% (which includes a Domestic Systemically Important Bank (DSIB) requirement of 1%) will be implemented on 1 January 2016, bringing the CET1 requirement for the Group to 8%.

As at 30 June 2015, under this measure, the Group had a CET1 ratio of 9.1%. APRA has undertaken a study on an internationally comparable capital ratio which when taking account of the impact of our $5 billion entitlement offer, would place the Group well within the top quartile of global peer banks.

Dividends:

The Group's dividend policy seeks to deliver:

- Cash dividends at strong and sustainable levels;
- A full-year payout ratio of 70% to 80%; and
- The maximum use of franking by paying fully franked dividends.

In-line with this policy, the final dividend declared was $2.22 per share, representing a dividend payout ratio on a cash basis of 80.5%. This brings the total dividend for the year ended 30 June 2015 to $4.20 per share, an overall dividend payout ratio of 75.1%.

Shares taken up as a result of the entitlement offer in August do not rank for these dividends.

Commonwealth Financial Planning

In last year's Annual Report, I described in some detail the Open Advice Review program, a far-reaching and expansive program of review and remediation to redress past problems in parts of our financial planning business.

The program demonstrates our commitment to customers who have concerns regarding the financial planning advice they received and aims to rectify any instances of inappropriate advice. The program was open for registrations for one year from 3 July 2014 to any Commonwealth Financial Planning or Financial Wisdom customer who had received advice between 1 September 2003 and 1 July 2012.

The program received more than 22,000 expressions of interest from customers, with around 7,000 customers so far requesting a formal review of the financial advice they received. We have a large and fully resourced specialist team working on the program. The sole focus of the program is to

complete the reviews properly and with the right degree of thoroughness and consistency. It will take time to complete the reviews and some people will receive the result before others, which is normal for a program of this size and complexity. As we are concerned that no one is disadvantaged by being later in the queue, we will pay interest on any compensation we offer. Due to the complexity of the issues and the overriding need to get to the right answer for our customers, we expect the program to take about two years to complete.

Added to this, we have introduced new education standards for our financial advisers and we participated in the Senate Inquiry which is looking into the inner workings of this sector. We also advocated for the introduction of an adviser register to improve transparency for consumers and access to information to make more information choices about financial advisers.

Environmental, Social and Governance risks and opportunities

Clearly as a financial institution, we understand that the decisions we make have an impact on the broader community and that we are in a position to use our capabilities and resources to make a positive contribution to the economy generally and to the environment.

In this context, we fully understand our role in addressing the challenge of climate change. We have robust, responsible lending practices in place, helping organisations transition to a low carbon economy, which the world is seeking, investing in the renewable energy sector and measuring and reducing our own environmental footprint. Our Environmental Policy clearly states the following:

- The Group believes climate change will have a major environmental, economic and social impact. Climate change presents both risks and opportunities and the Group will continue to take an active role as a financial intermediary in addressing climate change.
- The Group is committed to developing a framework for setting environmental objectives and targets as well as measuring, reducing and reporting its own greenhouse emissions.
- In addition, the Group seeks to engage with its customers, the community and other stakeholders to promote a broader understanding, and more effective management, of climate change issues.

We take a responsible approach to the way we provide financial products and services. Part of that approach has been the development and implementation of our Environmental, Social & Governance (ESG) Lending Commitments. Our ESG Lending Commitments set out how we approach the assessment and management of ESG risks and opportunities associated with client activities, such as carbon intensity, human rights and corruption. For example, we have extended many loan facilities throughout our client base from energy companies installing more effective carbon filters to reduce emissions and to commercial property companies looking to install more efficient lighting in office buildings.

The Bank has commenced reporting publicly on the progress of the implementation of these Lending Commitments (for details of this reporting refer to www.commbank.com.au/ESGLendingReporting).

We believe that the approach we are taking to the disclosure of carbon emissions will deliver a meaningful long-term disclosure regime and a better outcome for the community and our shareholders. We also believe that categorising the ESG risks on a loan by loan basis is leading practice among commercial banks.

On the other side of the equation, we are very active in supporting alternative energy sources, both locally and internationally. Over the past five years our exposure to the renewable energy sector has increased significantly, while our exposure to coal-based energy has remained static. We now have exposure to more than 180 projects in the wind power, solar power, hydro power and landfill gas generation sectors.

With regard to our own environmental performance, our efforts to reduce carbon emissions and mitigate the risks of climate change have been recognised by CDP, (the Carbon Disclosure Project) the world's largest voluntary system for collecting climate change related data. CDP focuses on the climate change approach of the ASX 200 and NZX 50 listed companies and ranks their performance on leadership indices. The Bank, for the second year in a row, was awarded the highest ranking Australian bank listed in the CDP Global Index, achieving an overall disclosure score of 100% and an 'A band' for climate performance. The Bank is the only company in Australia and New Zealand to achieve these two milestones.

Corporate Governance and Board Appointments

I have mentioned in the past that the Board assesses its performance annually. Every second year the assessment of the Board, its Committee's and individual Directors is facilitated by an external party. This year was such a year. The process of assessment is robust and provides valuable insights that enable the Board to implement actions to enhance its overall performance. Directors and Senior Management participate actively and constructively. I provide individual feedback to each Director.

As individuals, Directors contribute a diverse range of skills and well-rounded experience which, when combined, enable the Board to challenge management effectively and provide guidance on the Bank's strategic direction. This breadth and diversity allows the Board to exercise its judgement and to appropriately fulfil its role for shareholders.

The Board has continued its program of education this year which helps us to better understand some of the more challenging issues facing the Group, as well as providing exposure to a wide range of our stakeholders, including our shareholders. In addition, I have continued to have regular meetings with our investors and I value the open and honest exchanges I have had with them.

In addition to our regular investor perception studies, this year the Board engaged Makinson Cowell to conduct an independent study of some of our major institutional investors. The findings were presented to the Board, providing investor views on our performance, strategy, businesses and engagement. This study helps the Board ensure that shareholders' views continue to form the foundation of our decision making and that we are aware of those views. I am glad to say that the study's observations were both satisfactory and complimentary of our management team.

There were some changes to your Board this year. Carolyn Kay retired from the Board in March 2015, having served as a Board member since 2003. Carolyn distinguished herself through her diligence, her willingness to undertake some of

Chairman's Statement

the more onerous Board tasks, and her contribution to our branch network through her genuine care for our people and her enthusiasm. I thank Carolyn for her exceptional contribution over the last 12 years.

In appointing new Non-Executive Directors, the Board Performance and Renewal Committee assesses the skills, experience and personal qualities of candidates. It also takes into consideration other attributes including diversity to ensure that any appointments adequately reflect the environment in which the Group operates as well as our aspirations.

Following a rigorous process, your Board announced in March the appointment of Wendy Stops. Wendy is an experienced senior management executive who enjoyed a career spanning some 32 years at Accenture. At the time of her retirement in 2014 she held the position of Senior Managing Director, Technology – Asia Pacific. The appointment of Wendy enhances the Boards skill and insights in the key area of technology and international management. Further information about Wendy may be found on page 39 of this report.

I would also like to acknowledge the formal appointment of Sir David Higgins to the Board in September 2014. As I highlighted last year, Sir David brings a vast array of high-level business, infrastructure and major project experience.

The Board's Non-Executive Directors meet without the Chief Executive Officer several times a year to discuss general items that may be on the minds of Directors that relate to the Group's business.

I have an open dialogue with the Chief Executive Officer on any matters that may have been raised in these forums. As well, sufficient time is allowed during board meetings for the Board as a whole to raise matters with the Chief Executive Officer in the absence of any other management.

Outlook

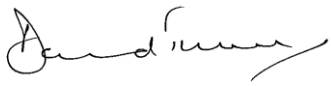
Looking ahead, we remain positive about the long-term performance of the Australian economy although there are inevitably short-term economic challenges.

Whilst there are signs the transformation from the mining boom to non-mining led growth is occurring, we are yet to see the full transition. As the country moves to a more balanced economy, we believe there are opportunities that Australia can harness given our close proximity to Asia. To support the transition, we will need to focus on consistent policies, support for long-term investment and encouragement for business.

In terms of our own Group, we will remain conservative and we will stay focused on our key long-term strategic priorities – people, productivity, technology and strength. We will strive to continue to deliver long-term value to our customers, shareholders, people and the broader community in which we operate.

I would like to take this opportunity to thank my fellow directors for their dedication and commitment over the past twelve months, and also to all the people within our Bank without whose efforts we would not be successful.

A sincere thank you to everybody.



David J Turner
Chairman
11 August 2015

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Chief Executive Officer's Statement

Our vision - to excel at securing and enhancing the financial wellbeing of people, businesses and communities - and our values, define our purpose and how we operate. Guided by our vision and values, we focused again this year on execution of our customer-focused strategy and our long-term strategic priorities. This focus again delivered good returns for nearly 800,000 Australian households who directly own our shares and millions more who own our shares through their superannuation funds. Net Profit after Tax (cash basis) was $9,137 million, up 5%. Earnings per share increased by 5% to 560.8 cents per share. Return on equity was 18.2%. This year we paid over $6.8 billion in dividends to you, our shareholders. The value of your investment in the Commonwealth Bank grew by $9 billion.

Customer Focus

Our 15 million customers inside and outside Australia are at the centre of our strategy, and of everything we do. Our ongoing focus on their financial wellbeing has resulted in high levels of customer satisfaction again during this financial year.

In June, we regained the outright number one position in the Roy Morgan Retail MFI Customer Satisfaction survey results based on a six month rolling average. In addition, in the DBM Business Financial Services Monitor, we maintained equal first position across all business banking segments and overall. In our wealth business, Colonial First State performed strongly in the 2015 Wealth Insights Platform Benchmarking Survey, ranking highest of the major banks for adviser satisfaction and second overall. And in Indonesia, PT Bank Commonwealth retained its number one position in Synovate's external customer service survey.

Part of our commitment to customer focus is also reflected in our determination to put things right where we have let our customers down. An example of this commitment is our Open Advice Review program, which the Chairman has addressed in his statement.

We have designed the program to empower and give confidence to our customers. We have embedded several layers of independence, and adopted a fair and consistent approach to advice reviews. We are well progressed in implementing this industry-leading program, so as to give all our financial advice customers comfort in the quality of the advice they received, and compensate them if they received poor advice.

Focused on our long-term strategic priorities

This year we have again remained focused on executing against our four strategic priorities: people, technology, productivity and strength. Our long-term strategy has continued to serve us well, even as market conditions continue to change.

People

Our results reflect the ongoing dedication of our people. Regardless of role, our people work together to achieve our vision. We are proud of their commitment to serve the needs of our customers and continuously improve our customers' experience.

We continue to support our people by constantly emphasising the importance of values and culture, and by investing in their development and in initiatives that foster a vibrant, safe and supportive work environment.

We are also committed to building an inclusive culture, where our people mirror our customer base and society more broadly, and where everyone feels empowered and supported to give of her or his best. Most importantly, we want everyone to feel valued and respected, regardless of their gender, ethnicity, religion, sexual orientation or age, or of any disability. Diversity must be about much more than "tolerance". Rather, we aspire to embrace and celebrate it. Our ongoing commitment to our culture has translated into high levels of engagement among our people, as shown by the Group's employee engagement score of 81%.

Technology

The strength of our business has enabled us to continue to innovate through investment in technology. We continue to focus on the use of technology for the benefit of our customers. One of the keystones of our technology has been the CommBank app. This year we have continued to innovate on the app. In October, we launched a 'temporary lock' feature to help our credit card customers avoid cancelling misplaced cards. At the same time we provided customers with the ability to instantly cancel and replace a lost, stolen or damaged card. We also introduced the CommBank app for smart watches, allowing our customers to view balances, find an ATM and withdraw money using our 'Cardless Cash' offering.

For our business customers we launched 'Albert', a global first-to-market EFTPOS tablet. The device allows businesses to create a tailored experience for their customers. Among Albert's unique features are the ability to e-mail receipts and invoices, split bills up to nine ways, record and track payments, and collect real-time analytics and business insights. In October, we unveiled the Group's Innovation Lab at Commonwealth Bank Place in Sydney. The Lab provides a creative space for our people and customers to innovate together to deliver market-leading solutions and services to our customers.

During the year we also acquired TYME – Take Your Money Everywhere. TYME is a South African based global leader in designing and building digital banking technology. TYME gives us new opportunities in our emerging markets businesses, as well as providing capability to enhance innovation in our core markets. We will continue to innovate to ensure we differentiate ourselves from emerging competitors and to meet the evolving needs of our customers.

We also continue to see the benefits of our investment in our Core Banking Modernisation upgrade, which was completed in 2013. This provides our customers with industry-leading features through the only genuine 24 hours a day, seven days a week core banking system among the major banks in Australia. The extra convenience for customers arising from this new technology was a major driver behind our above-market growth in deposits and transaction accounts this year. This provides us with a competitive advantage that clearly benefits our customers.

Productivity

We are in the third year of continuing to focus on productivity initiatives. This is becoming a new way of life for our people, for the benefit of our customers. Productivity is not about short-term cost cutting initiatives, redundancy plans or offshoring Australian jobs. It requires a cultural focus on simplicity and continuous improvement. At the heart of our approach to productivity is the belief that customer satisfaction and efficiency for shareholders are mutually reinforcing outcomes. Our results thus far show that by focusing on simplicity, we can reduce turnaround times, error rates and costs simultaneously.

Strength

Financial strength, including a strong capital position, is the fourth pillar of CBA's strategy. The Group maintained a strong balance sheet throughout the year, including high levels of capital, with all ratios well in excess of regulatory minimum capital adequacy requirements. This was against a backdrop of uncertainty in the domestic economy and volatility on global markets.

The Group continued to work closely with our regulator to ensure we remain well-placed to act on future capital reforms. During the year, the Australian Prudential Regulation Authority (APRA) acted on two recommendations from the recent Financial System Inquiry. The first set an expectation for Australian banks to be "unquestionably strong" relative to global peers. The second required large banks to hold more capital against home loans, with the goal of stimulating greater competition.

As a result of those developments, the Board decided to undertake a $5 billion entitlement offer. On a pro forma basis this action is expected to boost the Group's Common Equity Tier 1 (CET1) capital ratio to 14.3% on an internationally comparable basis, or 10.4% on an APRA basis. This positions us comfortably within the top quartile of international peers in relation to capital levels.

Key financial highlights

Underlying the 2015 result were contributions from all business divisions.

- Solid growth in net interest income and other banking income contributed to Retail Banking Services cash earnings growth of 5%. Deposit balances grew particularly strongly at 8%, underpinned by strong growth in savings and transaction accounts;
- Wealth Management's funds management income increased 9% (excluding Property[1]), driven by a 13% increase in average Funds Under Administration;
- Business and Private Banking performed well, buoyed by strong growth in deposit and business lending income, reflecting growth across key product lines, continuing benefit of our core banking platform and a focus on transaction banking;
- Institutional Banking and Markets achieved positive client sales and Markets revenues as well as strong growth in lending and asset leasing. The result was partly impacted by the initial implementation of a new derivative valuation methodology, Funding Valuation Adjustment (FVA), which had a negative one-off impact of $81 million;
- Cash earnings grew in New Zealand (including ASB Bank and Sovereign) by 17%. The ASB Bank result was highlighted by strong lending growth and good margin management;
- Bankwest experienced solid growth in transaction deposit volumes, however, growth was impacted by lower margins. Expenses were well contained with the cost to income ratio declining 190 bpts to 43.3%; and
- Our International Financial Services business continued its disciplined growth in selected Asian markets, with the total number of direct customers growing by 12%.

Investment in our community

Throughout the year we continued to support the communities around us, as they form an important part of our vision.

As the largest financial institution in Australia, we have an important role to play in the financial education of young Australians. In 2009, we made a commitment to improve the financial literacy of one million children by 2015. We have exceeded that goal with 1.23 million children booked in one of our free Start Smart workshops through their school.

We also believe that even better schools will make a better country. So, we announced that we will invest an additional $50 million in our education programs over the next three years, starting with an ambitious plan to double the reach of financial literacy training by 2016. In addition, our support for teachers is growing through a partnership with Social Ventures Australia to create the Australian Teaching and Learning Toolkit, as well as recognising outstanding teachers through our annual Teaching Awards.

As a proud Australian company, we have also been involved in the "We're for the Bush" drought appeal, we have continued to invest in our indigenous customer assistance line and we are proud to be supporting the Spirit of ANZAC Centenary Experience which will start its two year program of travel across Australia this September. As the major sponsor of the Australian of the Year Awards for 35 years, Commonwealth Bank is proud to help celebrate the extraordinary individuals that make such a difference to our country. We have extended that program of recognition of the unsung community heroes with our Australian of the Day program.

Outlook

The Australian economy has some good foundations. The RBA's monetary policy settings have stimulated residential construction activity, which has aided the economy's transition from its dependence on mining investment. The Federal Budget's small business measures have had a discernible impact. Business credit quality is generally very good, while in the household sector savings rates are solid. Household credit quality remains high, though the banking sector and our regulators are conscious of the potential impacts of a sustained period of low interest rates, and are therefore taking measured action.

[1]During the 2014 financial year the Group successfully completed the internalisation of the management of CFS Retail Property Group (CFX) and Kiwi Income Property Trust (KIP), and the Group has ceased to manage the Commonwealth Property Office Fund (CPA). The Group also sold its entire proprietary unit holding in CPA and KIP, and part of its proprietary unit holding in CFX. As such, these Property transactions and businesses have been excluded from the calculation of certain financial metrics and comparative information.

Chief Executive Officer's Statement

Risks remain in the near-term resulting from some ongoing volatility in parts of the global economy.

One important factor to watch over the next year will be whether the lower dollar stimulates investment by export-sensitive industries, to create jobs and stimulate consumer demand.

In the longer term, we have a positive view of the Australian economy. In growing markets in our region, there is a high demand from people who want to buy Australian goods and services, invest in Australia, educate their children in Australia, visit Australia and in some cases move to Australia. Australia's exceptional natural and human resources position us well. But we must ensure that our policy environment positions our economy to benefit from its strengths.

Businesses and all sides of politics must work together towards a goal of a more diverse and productive economy. We need particular focus on a more efficient and fair tax system, building of high-quality and well-prioritised infrastructure, and trade and foreign investment settings.At CBA we will continue our significant investment in our long-term strategic priorities. Our ongoing goal is to have highly motivated people putting the customer at the centre of everything we do, and focusing on deploying leading technology to simplify our customers' dealings with us, and to continuously make the organisation more productive.

Ian M Narev
Chief Executive Officer
11 August 2015

Group Performance Highlights

	Full Year Ended ("statutory basis")		Full Year Ended ("cash basis")			Half Year Ended ("cash basis")		
	30 Jun 15	Jun 15 vs Jun 14 %	30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Net profit after tax ($M)	**9,063**	5	**9,137**	8,680	5	**4,514**	4,623	(2)
Return on equity (%)	**18.2**	(50)bpts	**18.2**	18.7	(50)bpts	**17.8**	18.6	(80)bpts
Earnings per share - basic (cents)	**557.0**	4	**560.8**	535.9	5	**276.7**	284.1	(3)
Dividends per share (cents)	**420**	5	**420**	401	5	**222**	198	12

Financial Performance

The Group's net profit after tax ("statutory basis") for the year ended 30 June 2015 increased 5% on the prior year to $9,063 million.

Return on equity ("statutory basis") was 18.2% and Earnings per share ("statutory basis") was 557.0 cents, an increase of 4% on the prior year.

The Management Discussion and Analysis discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared and reviewed in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Group's underlying operating results, excluding items that introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from statutory profit is provided in the reconciliation of the Net profit after tax ("cash basis") on page 10 and described in greater detail on page 20.

The Group's vision is to excel at securing and enhancing the financial well-being of people, businesses and communities. The long-term strategies that the Group has pursued to achieve this vision have continued to deliver high levels of customer satisfaction across all businesses and another solid financial result.

Operating income growth was solid across all businesses, relative to the prior year.

Operating expenses increased due to underlying inflationary pressures, the impact of foreign exchange and the cost of growing regulatory, compliance and remediation programs, partly offset by the incremental benefit generated from productivity initiatives.

Loan impairment expense increased in line with portfolio growth in a relatively stable economic environment. Provisioning levels remain prudent and overlays remain largely unchanged on the prior year.

Net profit after tax ("cash basis") for the year ended 30 June 2015 increased 5% on the prior year to $9,137 million. Cash earnings per share increased 5% to 560.8 cents per share.

Return on equity ("cash basis") for the year ended 30 June 2015 was 18.2%, a decrease of 50 basis points on the prior year.

Capital

The Group continued to maintain its strong capital position under the Basel III regulatory capital framework. As at 30 June 2015, the Basel III Common Equity Tier 1 (CET1) ratio was 12.7% on an internationally comparable basis and 9.1% on an APRA basis.

The internationally comparable basis aligns with the 13 July 2015 APRA study titled "International capital comparison study". This continues to place the Group in a strong position relative to our peers, and is well above the regulatory minimum levels.

Funding

The Group continued to maintain conservative Balance Sheet settings, with a considerable portion of the Group's lending growth funded by growth in customer deposits, which increased to $478 billion as at 30 June 2015, up $39 billion on the prior year.

Dividends

The final dividend declared was $2.22 per share, bringing the total dividend for the year ended 30 June 2015 to $4.20 per share, an increase of 5% on the prior year. This represents a dividend payout ratio ("cash basis") of 75%.

The final dividend payment will be fully franked and paid on 1 October 2015 to owners of ordinary shares at the close of business on 20 August 2015 (record date). Shares will be quoted ex–dividend on 18 August 2015.

Outlook

The Australian economy has some good foundations. Risks remain in the near-term resulting from some ongoing volatility in parts of the global economy. One important factor to watch over the next year will be whether the lower dollar stimulates investment by export-sensitive industries, to create jobs and stimulate consumer demand.

In the longer term, we have a positive view of the Australian economy. Australia's exceptional natural and human resources position us well. But we must ensure that our policy environment positions our economy to benefit from its strengths. Businesses and all sides of politics must work together towards a goal of a more diverse and productive economy. We need particular focus on a more efficient and fair tax system, building of high-quality and well-prioritised infrastructure, and trade and foreign investment settings.

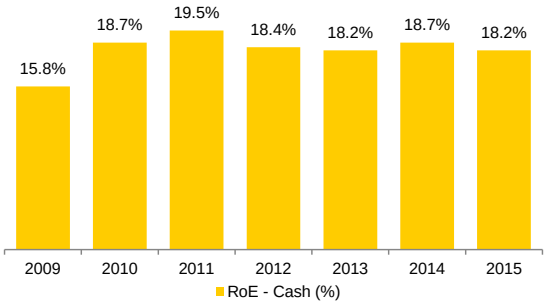
At CBA we will continue our significant investment in our long-term strategic priorities. Our ongoing goal is to have highly motivated people putting the customer at the centre of everything we do, and focusing on deploying leading technology to simplify our customers' dealings with us, and to continuously make the organisation more productive.

Highlights

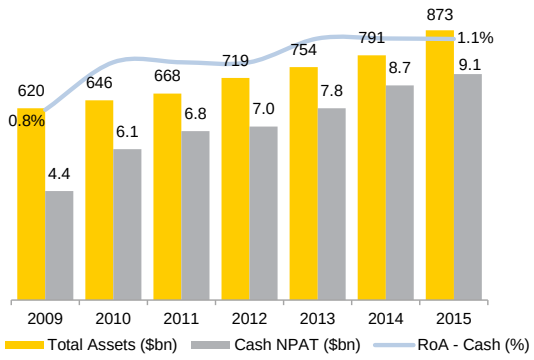
Group Performance Summary	Full Year Ended ("cash basis") 30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	Half Year Ended ("cash basis") 30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %	Full Year Ended ("statutory basis") 30 Jun 15 $M	Jun 15 vs Jun 14 %
Net interest income	**15,799**	15,091	5	**7,908**	7,891	-	**15,795**	5
Other banking income	**4,839**	4,323	12	**2,469**	2,370	4	**4,856**	12
Total banking income	**20,638**	19,414	6	**10,377**	10,261	1	**20,651**	6
Funds management income	**1,938**	1,933	-	**968**	970	-	**2,003**	(2)
Insurance income	**792**	819	(3)	**376**	416	(10)	**1,014**	(2)
Total operating income	**23,368**	22,166	5	**11,721**	11,647	1	**23,668**	5
Investment experience	**210**	235	(11)	**130**	80	63	**n/a**	n/a
Total income	**23,578**	22,401	5	**11,851**	11,727	1	**23,668**	5
Operating expenses	**(9,993)**	(9,499)	5	**(5,079)**	(4,914)	3	**(10,068)**	5
Loan impairment expense	**(988)**	(953)	4	**(548)**	(440)	25	**(988)**	8
Net profit before tax	**12,597**	11,949	5	**6,224**	6,373	(2)	**12,612**	5
Corporate tax expense [1]	**(3,439)**	(3,250)	6	**(1,699)**	(1,740)	(2)	**(3,528)**	5
Non-controlling interests [2]	**(21)**	(19)	11	**(11)**	(10)	10	**(21)**	11
Net profit after tax ("cash basis")	**9,137**	8,680	5	**4,514**	4,623	(2)	**n/a**	n/a
Hedging and IFRS volatility [3]	**6**	6	-	**48**	(42)	large	**n/a**	n/a
Other non-cash items [3]	**(80)**	(55)	45	**(34)**	(46)	(26)	**n/a**	n/a
Net profit after tax ("statutory basis")	**9,063**	8,631	5	**4,528**	4,535	-	**9,063**	5
Represented by: [4]								
Retail Banking Services	**3,867**	3,678	5	**1,875**	1,992	(6)		
Business and Private Banking	**1,459**	1,321	10	**716**	743	(4)		
Institutional Banking and Markets	**1,268**	1,252	1	**615**	653	(6)		
Wealth Management [5]	**650**	789	(18)	**303**	347	(13)		
New Zealand	**865**	742	17	**430**	435	(1)		
Bankwest	**752**	675	11	**374**	378	(1)		
IFS and Other	**276**	223	24	**201**	75	large		
Net profit after tax ("cash basis")	**9,137**	8,680	5	**4,514**	4,623	(2)		
Investment experience - after tax	**(150)**	(197)	(24)	**(93)**	(57)	63		
Net profit after tax ("underlying basis")	**8,987**	8,483	6	**4,421**	4,566	(3)		

(1) For the purposes of presentation, policyholder tax expense components of corporate tax expense are shown on a net basis (30 June 2015: $99 million and 30 June 2014: $126 million, and for the half years ended 30 June 2015: $38 million and 31 December 2014: $61 million).
(2) Non-controlling interests include preference dividends paid to holders of preference shares in ASB Capital Limited and ASB Capital No.2 Limited.
(3) Refer to page 20 for details.
(4) During the prior half, comparative information was restated to reflect the creation of a Small Business customer channel within Retail Banking Services, and minor refinements to the allocation of customer balances and associated revenue and expenses between business segments.
(5) In the prior year, the Property transactions were completed and the businesses were exited. Excluding this contribution, cash net profit after tax decreased 6% on the prior year.

Group Return on Equity



Group Return on Assets



Key Performance Indicators [1]	Full Year Ended 30 Jun 15	Full Year Ended 30 Jun 14	Full Year Ended Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15	Half Year Ended 31 Dec 14	Half Year Ended Jun 15 vs Dec 14 %
Group						
Statutory net profit after tax ($M)	**9,063**	8,631	5	**4,528**	4,535	-
Cash net profit after tax ($M)	**9,137**	8,680	5	**4,514**	4,623	(2)
Net interest margin (%)	**2. 09**	2. 14	(5)bpts	**2. 07**	2. 12	(5)bpts
Net interest margin excluding Treasury and Markets (%)	**2. 03**	2. 04	(1)bpt	**2. 01**	2. 04	(3)bpts
Average interest earning assets ($M)	**754,872**	705,371	7	**771,364**	738,648	4
Average interest bearing liabilities ($M)	**714,159**	661,733	8	**733,232**	695,400	5
Funds Under Administration (FUA) - average ($M)	**287,136**	263,860	9	**298,882**	274,923	9
Average inforce premiums ($M)	**3,259**	3,068	6	**3,332**	3,234	3
Funds management income to average FUA (%)	**0. 67**	0. 73	(6)bpts	**0. 65**	0. 70	(5)bpts
Insurance income to average inforce premiums (%)	**24. 3**	26. 7	(240)bpts	**22. 8**	25. 5	(270)bpts
Operating expenses to total operating income (%)	**42. 8**	42. 9	(10)bpts	**43. 3**	42. 2	110 bpts
Effective corporate tax rate ("cash basis") (%)	**27. 3**	27. 2	10 bpts	**27. 3**	27. 3	-
Retail Banking Services						
Cash net profit after tax ($M)	**3,867**	3,678	5	**1,875**	1,992	(6)
Operating expenses to total banking income (%)	**34. 9**	35. 2	(30)bpts	**35. 3**	34. 5	80 bpts
Business and Private Banking						
Cash net profit after tax ($M)	**1,459**	1,321	10	**716**	743	(4)
Operating expenses to total banking income (%)	**38. 4**	38. 7	(30)bpts	**38. 6**	38. 2	40 bpts
Institutional Banking and Markets						
Cash net profit after tax ($M)	**1,268**	1,252	1	**615**	653	(6)
Operating expenses to total banking income (%)	**35. 9**	35. 4	50 bpts	**38. 8**	33. 1	large
Wealth Management [2]						
Cash net profit after tax ($M)	**650**	789	(18)	**303**	347	(13)
FUA - average ($M) [2]	**273,800**	241,405	13	**284,686**	262,409	8
Average inforce premiums ($M)	**2,388**	2,237	7	**2,424**	2,345	3
Funds management income to average FUA (%) [2]	**0. 67**	0. 70	(3)bpts	**0. 66**	0. 69	(3)bpts
Insurance income to average inforce premiums (%)	**21. 1**	25. 7	(460)bpts	**19. 1**	23. 2	(410)bpts
Operating expenses to total operating income (%) [2]	**73. 5**	66. 9	large	**81. 4**	65. 7	large
New Zealand						
Cash net profit after tax ($M)	**865**	742	17	**430**	435	(1)
FUA - average ($M)	**13,336**	10,877	23	**14,196**	12,514	13
Average inforce premiums ($M)	**638**	590	8	**658**	656	-
Funds management income to average FUA (%) [3]	**0. 53**	0. 55	(2)bpts	**0. 52**	0. 55	(3)bpts
Insurance income to average inforce premiums (%) [3]	**35. 5**	33. 2	230 bpts	**37. 0**	33. 8	320 bpts
Operating expenses to total operating income (%) [3]	**40. 6**	42. 0	(140)bpts	**40. 8**	40. 4	40 bpts
Bankwest						
Cash net profit after tax ($M)	**752**	675	11	**374**	378	(1)
Operating expenses to total banking income (%)	**43. 3**	45. 2	(190)bpts	**43. 2**	43. 5	(30)bpts
Capital (Basel III)						
Common Equity Tier 1 (Internationally Comparable) (%) [4]	**12. 7**	n/a	n/a	**12. 7**	n/a	n/a
Common Equity Tier 1 (APRA) (%)	**9. 1**	9. 3	(20)bpts	**9. 1**	9. 2	(10)bpts

(1) During the prior half, comparative information has been restated to reflect the creation of a Small Business customer channel within Retail Banking Services, and minor refinements to the allocation of customer balances and associated revenue and expenses between business segments.
(2) In the prior year, the Property transactions were completed and the businesses were exited. Excluding this contribution, cash net profit after tax decreased 6% on the prior year.
(3) Key financial metrics are calculated in New Zealand dollar terms.
(4) Analysis aligns with the 13 July 2015 APRA study titled “International capital comparison study”.

Highlights

Shareholder Summary	Full Year Ended 30 Jun 15	Full Year Ended 30 Jun 14	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15	Half Year Ended 31 Dec 14	Jun 15 vs Dec 14 %
Dividends per share - fully franked (cents)	**420**	401	5	**222**	198	12
Dividend cover - cash (times)	**1. 3**	1. 3	-	**1. 2**	1. 4	(0. 2)
Earnings Per Share (EPS) (cents)						
Statutory basis - basic	**557. 0**	533. 8	4	**277. 9**	279. 1	-
Cash basis - basic	**560. 8**	535. 9	5	**276. 7**	284. 1	(2)
Dividend payout ratio (%)						
Statutory basis	**75. 7**	75. 5	20 bpts	**80. 3**	71. 2	large
Cash basis	**75. 1**	75. 1	-	**80. 5**	69. 8	large
Weighted average no. of shares ("statutory basis") - basic (M) (1)	**1,618**	1,608	1	**1,620**	1,616	-
Weighted average no. of shares ("cash basis") - basic (M) (1)	**1,620**	1,611	1	**1,622**	1,619	-
Return on equity ("statutory basis") (%)	**18. 2**	18. 7	(50)bpts	**18. 0**	18. 4	(40)bpts
Return on equity ("cash basis") (%)	**18. 2**	18. 7	(50)bpts	**17. 8**	18. 6	(80)bpts

(1) Diluted EPS and weighted average number of shares are disclosed in Note 6.

Market Share (1)	As at 30 Jun 15 %	As at 31 Dec 14 %	As at 30 Jun 14 %	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Home loans	**25. 1**	25. 1	25. 3	-	(20)bpts
Credit cards - RBA (2)	**24. 5**	25. 1	24. 7	(60)bpts	(20)bpts
Other household lending (3)	**19. 8**	20. 2	20. 3	(40)bpts	(50)bpts
Household deposits (4)	**29. 5**	29. 1	29. 0	40 bpts	50 bpts
Business lending - RBA	**17. 2**	17. 1	17. 7	10 bpts	(50)bpts
Business lending - APRA	**18. 9**	18. 6	18. 8	30 bpts	10 bpts
Business deposits - APRA	**20. 3**	20. 4	21. 1	(10)bpts	(80)bpts
Asset Finance	**13. 2**	13. 4	13. 2	(20)bpts	-
Equities trading	**6. 0**	5. 8	5. 2	20 bpts	80 bpts
Australian Retail - administrator view (5)	**16. 0**	16. 1	16. 0	(10)bpts	-
FirstChoice Platform (5)	**11. 4**	11. 4	11. 5	-	(10)bpts
Australia life insurance (total risk) (5)	**12. 3**	12. 1	12. 4	20 bpts	(10)bpts
Australia life insurance (individual risk) (5)	**11. 7**	11. 9	12. 3	(20)bpts	(60)bpts
NZ home loans	**21. 7**	21. 7	21. 9	-	(20)bpts
NZ retail deposits	**21. 4**	20. 6	20. 6	80 bpts	80 bpts
NZ business lending	**11. 6**	11. 5	11. 0	10 bpts	60 bpts
NZ retail FUA	**16. 2**	16. 5	16. 1	(30)bpts	10 bpts
NZ annual inforce premiums (5)	**28. 8**	29. 0	29. 1	(20)bpts	(30)bpts

(1) Prior periods have been restated in line with market updates.
(2) As at 31 May 2015.
(3) Other household lending market share includes personal loans, margin loans and other forms of lending to individuals.
(4) Comparatives have not been restated to include the impact of new market entrants in the current period.
(5) As at 31 March 2015.

Credit Ratings	Long-term	Short-term	Outlook
Fitch Ratings	AA-	F1+	Stable
Moody's Investors Service	Aa2	P-1	Stable
Standard & Poor's	AA-	A-1+	Stable

Financial Performance and Business Review

Year Ended June 2015 versus June 2014

The Group's net profit after tax ("cash basis") increased 5% on the prior year to $9,137 million.

Earnings per share ("cash basis") increased 5% on the prior year to 560.8 cents per share and return on equity ("cash basis") decreased 50 basis points on the prior year to 18.2%.

The key components of the Group result were:

- **Net interest income** increased 5% to $15,799 million. This reflects 7% growth in average interest earning assets, partly offset by a five basis point decrease in net interest margin. Net interest margin excluding Treasury and Markets decreased one basis point to 2.03%;
- **Other banking income** increased 12% to $4,839 million, including a 1% benefit from the lower Australian dollar. This reflects volume driven growth in commissions, higher trading income driven by a strong Markets sales and trading performance, a favourable counterparty valuation adjustment of $42 million, and the impact of the impairment of the investment in Vietnam International Bank (VIB) in the prior year. This was partly offset by lower lending fees, and the implementation of a funding valuation adjustment to the fair value of derivatives, which resulted in an initial cost of $81 million;
- **Funds management income** was flat at $1,938 million. Excluding the impact of the Property transactions and businesses from comparative results, Funds management income increased 8%, driven by a 14% increase in average Funds Under Administration (FUA) from positive net flows, a strong investment performance and a 3% benefit from the lower Australian dollar. The increase was partly offset by provisioning for customer remediation;
- **Insurance income** decreased 3% to $792 million, due to deterioration in claims experience, partly offset by average inforce premium growth of 6% as a result of improved pricing and lapse rates. This increase includes a 1% benefit from the lower Australian dollar;
- **Operating expenses** increased 5% to $9,993 million, including a 1% impact from the lower Australian dollar. This reflects higher staff costs from inflation-related salary increases, and the cost of growing regulatory, compliance and remediation programs. This was partly offset by the continued realisation of operational efficiencies from productivity initiatives; and
- **Loan impairment expense** increased 4% to $988 million, due to higher arrears in the unsecured portfolio in Retail Banking Services, and an increase in a small number of large individual provisions and lending volume growth in Institutional Banking and Markets.

Half Year Ended June 2015 versus December 2014

The Group's net profit after tax ("cash basis") decreased 2% on the prior half to $4,514 million.

Earnings per share ("cash basis") decreased 3% on the prior half to 276.7 cents per share, whilst return on equity ("cash basis") decreased 80 basis points to 17.8%.

It should be noted when comparing current half financial performance to the prior half that there are three fewer calendar days, impacting revenue in the current half. Key points of note in the result included the following:

- **Net interest income** was flat at $7,908 million, reflecting 4% growth in average interest earning assets, partly offset by a five basis point decrease in net interest margin. Net interest margin excluding Treasury and Markets decreased three basis points to 2.01%;
- **Other banking income** increased 4% to $2,469 million, due to increased share of profits from associates, and a 1% benefit from the lower Australian dollar. This was partly offset by the initial cost of implementing a funding valuation adjustment to the fair value of derivatives of $81 million, a less favourable counterparty valuation adjustment in the half of $12 million, and lower commissions and lending fees;
- **Funds management income** was flat at $968 million, including a 6% benefit from the lower Australian dollar. This reflects a 9% increase in average FUA, partly offset by lower margins and provisioning for customer remediation;
- **Insurance income** decreased 10% to $376 million due to a deterioration in claims experience, partly offset by average inforce premium growth of 3% as a result of improved pricing and lapse rates;
- **Operating expenses** increased 3% to $5,079 million, including a 1% impact from the lower Australian dollar and the cost of growing regulatory, compliance and remediation programs. This was partly offset by the continued realisation of incremental benefits from productivity initiatives; and
- **Loan impairment expense** increased 25% to $548 million due to higher provisioning in Retail Banking Services, New Zealand and Business and Private Banking.

Net Interest Income

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Net interest income - "cash basis"	**15,799**	15,091	5	**7,908**	7,891	-
Average interest earning assets						
Home loans	**410,306**	386,160	6	**416,761**	403,956	3
Personal loans	**23,481**	22,499	4	**23,722**	23,244	2
Business and corporate loans	**190,537**	177,249	7	**195,518**	185,637	5
Total average lending interest earning assets	**624,324**	585,908	7	**636,001**	612,837	4
Non-lending interest earning assets	**130,548**	119,463	9	**135,363**	125,811	8
Total average interest earning assets	**754,872**	705,371	7	**771,364**	738,648	4
Net interest margin (%)	**2.09**	2.14	(5)bpts	**2.07**	2.12	(5)bpts
Net interest margin excluding Treasury and Markets (%)	**2.03**	2.04	(1)bpt	**2.01**	2.04	(3)bpts

Year Ended June 2015 versus June 2014

Net interest income increased 5% on the prior year to $15,799 million. The result was driven by growth in average interest earning assets of 7%, partly offset by a five basis point decrease in net interest margin.

Average Interest Earning Assets

Average interest earning assets increased $50 billion on the prior year to $755 billion, reflecting:

- Home loan average balances increased $24 billion or 6% on the prior year to $410 billion. The growth in home loan balances was largely driven by domestic banking growth.
- Average balances for business and corporate lending increased $13 billion on the prior year to $191 billion driven by growth in institutional and business banking lending balances.
- Average non-lending interest earning assets increased $11 billion on the prior year due to higher cash and liquid assets and trading assets.

Net Interest Margin

The Group's net interest margin decreased five basis points on the prior year to 2.09%. The key drivers of the movement were:

Asset pricing: Decreased margin of eight basis points reflecting competitive pricing.

Funding costs: Increased margin of six basis points reflecting lower wholesale funding costs of five basis points and a one basis point decrease in deposit costs.

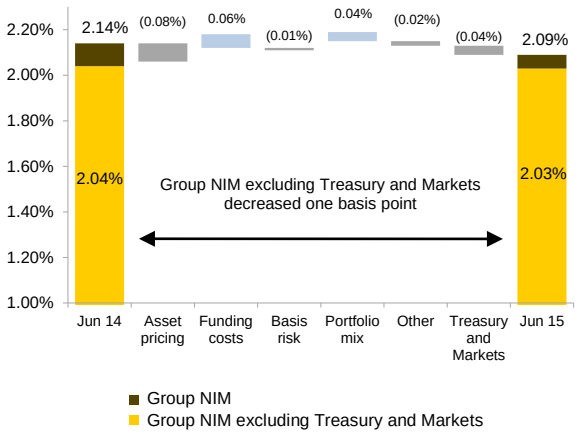
Basis risk: Basis risk arises from funding assets which are priced relative to the cash rate with liabilities priced relative to the bank bill swap rate. The margin decreased one basis point as a result of an increase in the spread between the cash rate and the bank bill swap rate during the year.

Portfolio mix: Increased margin of four basis points from strong growth in higher margin portfolios and favourable funding mix.

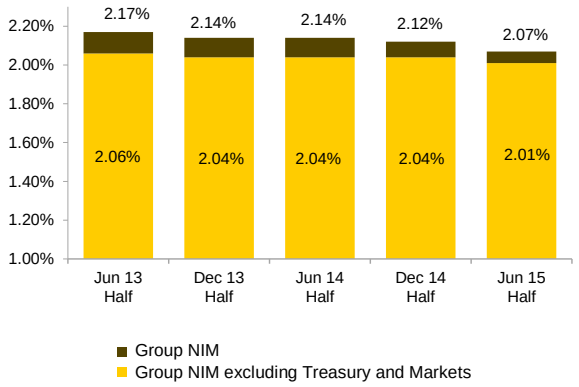
Other: Decreased margin of two basis points, primarily driven by the impact of the falling cash rate environment on free equity funding.

Treasury and Markets: Decreased margin of four basis points, primarily driven by increased holdings of liquid assets.

NIM movement since June 2014



Group NIM (Half Year Ended)



Net Interest Income (continued)

Half Year Ended June 2015 versus December 2014

Net interest income was flat on the prior half driven by growth in average interest earning assets of 4%, partly offset by a five basis point decrease in net interest margin to 2.07%.

Average Interest Earning Assets

Average interest earning assets increased $33 billion on the prior half to $771 billion, reflecting:

- Home loan average balances increased $13 billion or 3% on the prior half to $417 billion, primarily driven by growth in the domestic banking businesses.
- Average balances for business and corporate lending increased $10 billion on the prior half to $196 billion driven by growth in institutional and business banking lending balances.
- Average non-lending interest earning assets increased $10 billion on the prior half from higher cash and liquid assets and trading assets.

Net Interest Margin

The Group's net interest margin decreased five basis points on the prior half to 2.07%. The key drivers were:

Asset pricing: Decreased margin of one basis point, reflecting competitive pricing.

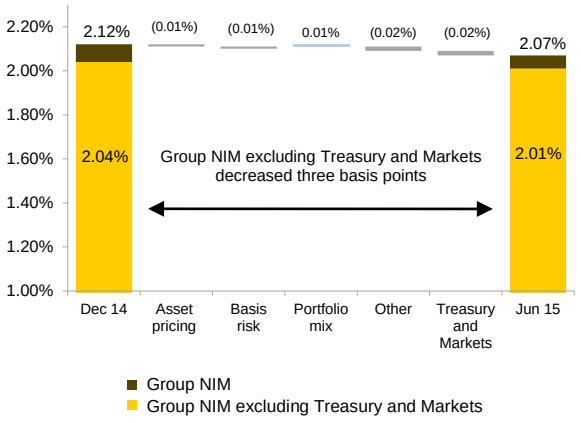
Basis risk: Basis risk arises from funding assets which are priced relative to the cash rate with liabilities priced relative to the bank bill swap rate. The margin decreased by one basis point as a result of an increase in the spread between the cash rate and the bank bill swap rate during the year.

Portfolio mix: Increased margin of one basis point from favourable funding mix.

Other: Decreased margin of two basis points, primarily driven by the impact of the falling cash rate environment on free equity funding.

Treasury and Markets: Decreased margin of two basis points, primarily driven by increased holdings of liquid assets.

NIM movement since December 2014



Other Banking Income

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Commissions	**2,226**	2,130	5	**1,099**	1,127	(2)
Lending fees	**1,050**	1,083	(3)	**522**	528	(1)
Trading income	**1,005**	922	9	**492**	513	(4)
Other income	**558**	188	large	**356**	202	76
Other banking income - "cash basis"	**4,839**	4,323	12	**2,469**	2,370	4

Year Ended June 2015 versus June 2014

Other banking income increased 12% on the prior year to $4,839 million, driven by the following revenue items:

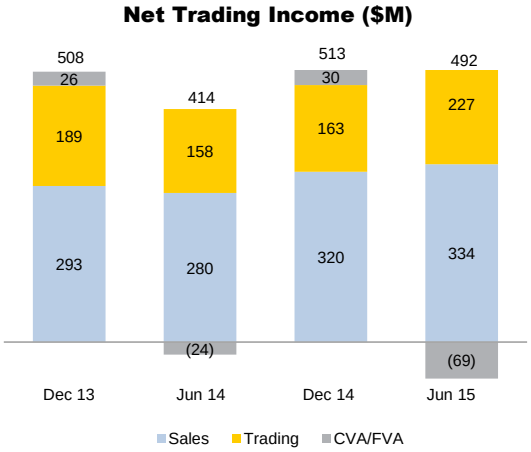
Commissions increased 5% on the prior year to $2,226 million, driven by higher card interchange income, increased home loan fee income from higher volumes, and higher equities trading volumes;

Lending fees decreased 3% on the prior year to $1,050 million due to lower line fees, reflecting competitive pressures;

Trading income increased 9% on the prior year to $1,005 million. This was primarily driven by a strong Markets sales and trading performance, and favourable counterparty valuation adjustments of $42 million, partly offset by the initial cost of implementing a funding valuation adjustment to the fair value of derivatives of $81 million; and

Other income increased on the prior year to $558 million, due to a reduced loss on the hedge of New Zealand earnings, higher structured asset finance income, gain on sale of investments, as well as the impairment of the investment in Vietnam International Bank in the prior year.

Other Banking Income (continued)



Half Year Ended June 2015 versus December 2014

Other banking income increased 4% on the prior half to $2,469 million, driven by the following revenue items:

Commissions decreased 2% on the prior half to $1,099 million due to seasonally higher home loan sales in the prior half, and a decrease in consumer finance fees, reflecting seasonally lower purchases and an increase in loyalty points issued in the half;

Lending fees decreased 1% on the prior half to $522 million, driven by lower commitment fees, reflecting competitive pressure;

Trading income decreased 4% on the prior half to $492 million, with a solid sales and trading performance more than offset by the initial cost of implementing a funding valuation adjustment to the fair value of derivatives of $81 million, and a less favourable counterparty valuation adjustment in the half of $12 million; and

Other income increased on the prior half to $356 million, due to a higher contribution of profits from associates and gain on sale of investments.

Funds Management Income

	Full Year Ended [1]			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Colonial First State	**866**	828	5	**415**	451	(8)
CFS Global Asset Management	**847**	739	15	**445**	402	11
CommInsure	**133**	132	1	**69**	64	8
New Zealand	**71**	60	18	**37**	34	9
Other	**21**	37	(43)	**2**	19	(89)
Funds management income (excluding Property)	**1,938**	1,796	8	**968**	970	-
Property [2]	**-**	137	large	**-**	-	-
Funds management income (including Property)	**1,938**	1,933	-	**968**	970	-

(1) Comparative information has been reclassified to conform to presentation in the current year.
(2) The Property transactions were completed and the businesses exited during the 30 June 2014 financial year.

Year Ended June 2015 versus June 2014

Funds management income was flat on the prior year at $1,938 million. Excluding the contribution from the Property businesses exited in the prior year, Funds management income increased 8% on the prior year, driven by:

- A 14% increase in average FUA reflecting favourable equity markets and investment performance, with strong growth in the ASB Aegis fund and KiwiSaver scheme; and
- Positive net flows and the benefit of the lower Australian dollar; partly offset by
- A four basis points decline in Funds management margin as a result of lower Advice revenue, continued run-off in the legacy investment business, and provisioning for customer remediation.

Half Year Ended June 2015 versus December 2014

Funds management income was flat on the prior half at $968 million driven by:

- A 9% increase in average FUA from growth in equity markets and ongoing investment outperformance in Australia and continued strong growth in New Zealand funds; and
- The benefit from foreign sourced income as a result of the lower Australian dollar; offset by
- A five basis point decline in Funds management margin as a result of the continued run-off in the legacy investment business, and provisioning for customer remediation.

Insurance Income

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
CommInsure	**503**	575	(13)	**229**	274	(16)
New Zealand	**232**	202	15	**123**	109	13
IFS	**42**	36	17	**21**	21	-
Other	**15**	6	large	**3**	12	(75)
Insurance income - "cash basis"	**792**	819	(3)	**376**	416	(10)

Year Ended June 2015 versus June 2014

Insurance income decreased 3% on the prior year to $792 million impacted by:

- A deterioration in claims experience from a number of severe weather events across New South Wales and Queensland during the year; partly offset by
- An increase in average inforce premiums of 6% to $3,259 million, across CommInsure and New Zealand;
- Reduced reserve strengthening in the year and improved pricing in CommInsure Wholesale Life; and
- An improvement in lapse rates in CommInsure, as well as favourable claims and lapse experience in New Zealand.

Half Year Ended June 2015 versus December 2014

Insurance income decreased 10% on the prior half to $376 million impacted by:

- Significant weather events; partly offset by
- Improved CommInsure Wholesale Life insurance income from repricing; and
- Continued lower lapse rates across New Zealand and CommInsure.

Operating Expenses

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Staff expenses	**5,816**	5,542	5	**2,910**	2,906	-
Occupancy and equipment expenses	**1,086**	1,053	3	**547**	539	1
Information technology services expenses	**1,292**	1,337	(3)	**664**	628	6
Other expenses	**1,799**	1,567	15	**958**	841	14
Operating expenses - "cash basis"	**9,993**	9,499	5	**5,079**	4,914	3
Operating expenses to total operating income (%)	**42. 8**	42. 9	(10)bpts	**43. 3**	42. 2	110 bpts
Banking expense to operating income (%)	**39. 1**	39. 7	(60)bpts	**39. 0**	39. 3	(30)bpts

Year Ended June 2015 versus June 2014

Operating expenses increased 5% on the prior year to $9,993 million. The key drivers were:

Staff expenses increased 5% to $5,816 million, including a 1% impact from the lower Australian dollar, inflation-related salary increases;

Occupancy and equipment expenses increased 3% to $1,086 million, primarily due to rental reviews;

Information technology services expenses decreased by 3% to $1,292 million, driven by lower amortisation expenses and software write-offs;

Other expenses increased 15% to $1,799 million, driven by increased credit card loyalty redemption, and the cost of growing regulatory, compliance and remediation programs; and

Group expense to income ratio improved ten basis points on the prior year to 42.8%, reflecting higher revenues and productivity initiatives. The banking expense to income ratio improved 60 basis points on the prior year to 39.1%.

Half Year Ended June 2015 versus December 2014

Operating expenses increased 3% on the prior half to $5,079 million. The key drivers were:

Staff expenses were flat at $2,910 million, driven by 1% impact from the Australian dollar, offset by timing of provisions for employee entitlements;

Occupancy and equipment expenses increased 1% to $547 million, primarily due to rental reviews;

Information technology services expenses increased 6% to $664 million, driven by higher amortisation expenses, maintenance costs and data processing volumes;

Other expenses increased 14% to $958 million, driven by increased credit card loyalty redemption, and the cost of growing regulatory, compliance and remediation programs; and

Group expense to income ratio increased 110 basis points on the prior half to 43.3% reflecting lower relative income growth, partly offset by productivity initiatives. The banking expense to income ratio improved 30 basis points on the prior half to 39.0%.

Operating Expenses (continued)

Investment Spend

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Expensed investment spend [1]	**539**	598	(10)	**284**	255	11
Capitalised investment spend	**707**	584	21	**367**	340	8
Investment spend	**1,246**	1,182	5	**651**	595	9
Comprising:						
Productivity and growth	**728**	774	(6)	**370**	358	3
Risk and compliance	**378**	280	35	**211**	167	26
Branch refurbishment and other	**140**	128	9	**70**	70	-
Investment spend	**1,246**	1,182	5	**651**	595	9

(1) Included within Operating Expenses disclosure on page 17.

The Group has continued to invest strongly to deliver on the strategic priorities of the business with $1,246 million incurred in the full year to 30 June 2015, an increase of 5% on the prior year.

The increase is largely due to increased spend on risk and compliance initiatives, branch refurbishment, and other projects, partly offset by reduced spend on productivity and growth initiatives.

Significant spend on risk and compliance projects has continued as systems are implemented to assist in satisfying new regulatory obligations, including Stronger Super, Future of Financial Advice (FOFA) reforms, and the Foreign Account Tax Compliance Act (FATCA). In addition, the Group further invested in safeguarding the Group's information security to mitigate risks and provide greater stability for customers.

Spend on branch refurbishment and other costs increased from prior year, largely driven by increased spend on the refreshment of branches and ATMs.

Spend on productivity and growth continued to focus on delivering further enhancements to the Group's sales management capabilities, product systems across retail, business and institutional segments, digital channels and customer data insights.

Several initiatives are ongoing to deliver on the Group's One Commbank strategy, focused on better understanding customer needs and developing deeper customer relationships.

Loan Impairment Expense

	Full Year Ended [1]			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Retail Banking Services	**626**	582	8	**358**	268	34
Business and Private Banking	**152**	237	(36)	**89**	63	41
Institutional Banking and Markets	**167**	61	large	**70**	97	(28)
New Zealand	**83**	51	63	**49**	34	44
Bankwest	**(50)**	11	large	**(24)**	(26)	(8)
IFS and Other	**10**	11	(9)	**6**	4	50
Loan impairment expense "cash basis"	**988**	953	4	**548**	440	25

(1) Comparative information has been reclassified to conform to presentation in the current period.

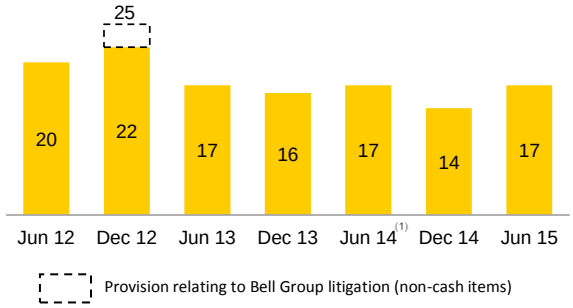
Year Ended June 2015 versus June 2014

Loan impairment expense increased 4% on the prior year to $988 million. The increase is driven by:

- An increase in Retail Banking Services as a result of higher arrears in the unsecured portfolios and some portfolio growth;
- An increase in Institutional Banking and Markets due to a small number of large individual provisions and growth in client exposures; and
- An increase in New Zealand due to higher rural lending and unsecured retail provisions; partly offset by
- Fewer individual provisions in Business and Private Banking; and
- Reduced levels of individual provisions in Bankwest.

Loan Impairment Expense (continued)

Half Year Loan Impairment Expense (Annualised) as a % of Average Gross Loans and Acceptances (bpts)



(1) 16 basis points, including the Bell Group write-back (non-cash item).

Half Year Ended June 2015 versus December 2014

Loan impairment expense increased 25% on the prior half to $548 million mainly driven by:

- Higher arrears predominantly in the unsecured portfolio in Retail Banking Services;
- Increased credit exposures, partly offset by lower individual provisions in Business and Private Banking;
- An increase in the New Zealand rural lending portfolio; partly offset by
- A lower collective provision requirement and increased write-backs in Institutional Banking and Markets.

Taxation Expense

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Corporate tax expense ($M)	**3,439**	3,250	6	**1,699**	1,740	(2)
Effective tax rate (%)	**27. 3**	27. 2	10 bpts	**27. 3**	27. 3	-

Year Ended June 2015 versus June 2014

Corporate tax expense for the year ended 30 June 2015 increased 6% on the prior year representing a 27.3% effective tax rate.

The effective tax rate is below the Australian company tax rate of 30% primarily as a result of the profit earned by the offshore banking unit and offshore jurisdictions that have lower corporate tax rates.

Half Year Ended June 2015 versus December 2014

Corporate tax expense for the half year ended 30 June 2015 decreased 2% on the prior half representing a 27.3% effective tax rate.

The effective tax rate is below the Australian company tax rate of 30% primarily as a result of the profit earned by the offshore banking unit and offshore jurisdictions that have lower corporate tax rates.

Non-Cash Items Included in Statutory Profit

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Hedging and IFRS volatility	**6**	6	-	**48**	(42)	large
Bankwest non-cash items	**(52)**	(56)	(7)	**(26)**	(26)	-
Treasury shares valuation adjustment	**(28)**	(41)	(32)	**(8)**	(20)	(60)
Bell Group litigation	**-**	25	large	**-**	-	-
Gain on sale of management rights	**-**	17	large	**-**	-	-
Other non-cash items	**(80)**	(55)	45	**(34)**	(46)	(26)
Total non-cash items (after tax)	**(74)**	(49)	51	**14**	(88)	large

Non-cash items are excluded from net profit after tax ("cash basis"), which is management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or are not considered representative of the Group's ongoing financial performance. The impact of these items on the Group's net profit after tax ("statutory basis") is outlined below and treated consistently with prior comparative period and prior half disclosures.

Hedging and IFRS volatility

Hedging and IFRS volatility includes unrealised fair value gains or losses on economic hedges that do not qualify for hedge accounting under IFRS, including:

- Cross currency interest rate swaps hedging foreign currency denominated debt issues; and
- Foreign exchange hedges relating to future New Zealand earnings.

Hedging and IFRS volatility also includes unrealised fair value gains or losses on the ineffective portion of economic hedges that qualify for hedge accounting under IFRS.

Fair value gains or losses on all of these economic hedges were excluded from cash profit, since the asymmetric recognition of the gains or losses does not affect the Group's performance over the life of the hedge. A $6 million after tax gain was recognised in statutory profit for the year ended 30 June 2015 (30 June 2014: $6 million after tax gain).

Bankwest non-cash items

The acquisition of Bankwest resulted in the recognition of assets at fair value, representing certain financial instruments, core deposits and brand name totalling $463 million that are being amortised over their useful lives. This resulted in amortisation charges of $52 million after tax in the year ended 30 June 2015 (30 June 2014: $56 million).

These items were not recognised in cash profit as they were not representative of the Group's expected ongoing financial performance.

Treasury shares valuation adjustment

Under IFRS, Commonwealth Bank of Australia shares held by the Group in the managed funds and life insurance businesses are defined as treasury shares and are held at cost. Distributions, realised and unrealised gains and losses were recognised in cash profit representing the underlying performance of the asset portfolio attributable to the wealth and life insurance businesses. These distributions, gains and losses are reversed as non-cash items for statutory reporting purposes. A $28 million after tax loss was included in statutory profit in the year ended 30 June 2015 (30 June 2014: $41 million after tax loss).

Bell Group litigation

Proceedings were brought by the liquidators of the Bell Group of companies against the consortium of banks that restructured its facilities on 26 January 1990. The Supreme Court of Western Australia Court of Appeal ruling on 17 August 2012 was adverse for the consortium of banks and resulted in an additional provision being raised by the Group. Settlement was reached during the prior year, resulting in a partial write-off and release of the remaining provision. This was reported as a non-cash item due to its historic and one-off nature.

Gain on sale of management rights

During the prior year, the Group successfully completed the internalisation of the management of CFS Retail Property Trust (CFX) and Kiwi Income Property Trust (KIP), which resulted in a gain (net of transaction costs and indemnities) of $17 million for the year ended 30 June 2014.

Policyholder tax

Policyholder tax is included in the Wealth Management business results for statutory reporting purposes. In the year ended 30 June 2015, tax expense of $99 million (30 June 2014: $126 million), funds management income of $21 million (30 June 2014: $59 million) and insurance income of $78 million (30 June 2014: $67 million) was recognised. The gross up of these items are excluded from cash profit, as they do not reflect the underlying performance of the business, which is measured on a net of policyholder tax basis.

Investment experience

Investment experience primarily included the returns on shareholder capital invested in the wealth management and insurance businesses, as well as the volatility generated through the economically hedged guaranteed annuity portfolio held by the Group's Wealth Management division. This item is classified separately within cash profit.

Review of Group Assets and Liabilities

Total Group Assets and Liabilities	As at 30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Interest earning assets					
Home loans	**422,851**	411,305	399,685	3	6
Consumer finance	**23,497**	23,706	23,058	(1)	2
Business and corporate loans	**198,476**	191,203	183,930	4	8
Loans, bills discounted and other receivables (1)	**644,824**	626,214	606,673	3	6
Non-lending interest earning assets	**136,643**	127,312	119,699	7	14
Total interest earning assets	**781,467**	753,526	726,372	4	8
Other assets (1)	**91,979**	97,188	65,079	(5)	41
Total assets	**873,446**	850,714	791,451	3	10
Interest bearing liabilities					
Transaction deposits (2)	**90,589**	81,866	76,947	11	18
Savings deposits (2)	**176,497**	163,477	155,142	8	14
Investment deposits (2)	**195,065**	197,569	192,956	(1)	1
Other demand deposits	**67,074**	65,867	60,832	2	10
Total interest bearing deposits	**529,225**	508,779	485,877	4	9
Debt issues	**156,372**	155,275	147,246	1	6
Other interest bearing liabilities	**57,523**	52,638	42,079	9	37
Total interest bearing liabilities	**743,120**	716,692	675,202	4	10
Non-interest bearing liabilities	**77,333**	82,991	66,901	(7)	16
Total liabilities	**820,453**	799,683	742,103	3	11

(1) Loans, bills discounted and other receivables exclude provisions for impairment which are included in Other assets.
(2) Comparative information has been restated to conform to presentation in the current year.

Year Ended June 2015 versus June 2014

Asset growth of $82 billion or 10% on the prior year was due to increased home lending, business and corporate lending, and higher cash and liquid asset balances and derivative assets.

The Group continued to satisfy a significant portion of lending growth from customer deposits. Customer deposits now represent 63% of total funding (30 June 2014: 64%).

Home loans

Home loan balances increased $23 billion to $423 billion, reflecting a 6% increase on the prior year. Growth in Retail Banking Services and Bankwest was slightly below system growth, within a competitive market environment.

Consumer finance

Personal loans, including credit cards and margin lending increased 2% on the prior year to $23 billion with solid growth in personal lending and credit cards in Retail Banking Services, Business and Private Banking and New Zealand.

Business and corporate loans

Business and corporate loans increased $15 billion to $198 billion, an 8% increase on the prior year, including a 1% benefit from the lower Australian dollar. This was driven by strong growth in commercial and institutional lending balances, higher leasing balances, and above system growth in New Zealand. This was partly offset by the continued reduction in higher risk pre-acquisition exposures in Bankwest.

Non-lending interest earning assets

Non-lending interest earning assets increased $17 billion to $137 billion reflecting a 14% increase on the prior year, including a 3% benefit from the lower Australian dollar. This was driven by higher liquid asset balances held as a result of Balance Sheet growth and regulatory requirements.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, increased $27 billion to $92 billion, a 41% increase on the prior year. This increase reflected higher derivative asset balances due to foreign exchange volatility.

Interest bearing deposits

Interest bearing deposits increased $43 billion to $529 billion, a 9% increase on the prior year. This was driven by growth of $21 billion in savings deposits, a $14 billion increase in transaction deposits, a $6 billion increase in other demand deposits, and a $2 billion increase in investment deposits.

Debt issues

Debt issues increased $9 billion to $156 billion, a 6% increase on the prior year.

Refer to page 25 for further information on debt programs and issuance for the year ended 30 June 2015.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through the income statement and amounts due to other financial institutions, increased $15 billion to $57 billion, a 37% increase on the prior year.

Non-interest bearing liabilities

Non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, increased $10 billion to $77 billion, a 16% increase on the prior year.

Review of Group Assets and Liabilities (continued)

Half Year Ended June 2015 versus December 2014

Asset growth of $23 billion or 3% on the prior half was driven by increased home lending, business and corporate lending and liquid asset balances.

Continued deposits growth allowed the Group to satisfy a significant portion of lending growth through customer deposits. Customer deposits made up 63% of total funding as at 30 June 2015, consistent with the prior half.

Home loans

Home loan balances increased $12 billion to $423 billion, a 3% increase on the prior half. Excluding the impact of the Australian dollar, home loan balances increased 4%. Growth in Retail Banking Services and New Zealand was broadly in line with system growth within a competitive market environment.

Consumer finance

Personal loans, including credit cards and margin lending decreased 1% on the prior half to $23 billion due to seasonality and increased competition.

Business and corporate loans

Business and corporate loans increased $7 billion to $198 billion. This was largely due to solid business lending growth in both Australia and New Zealand.

Non-lending interest earning assets

Non-lending interest earning assets increased $9 billion to $137 billion, a 7% increase on the prior half, including a 1% benefit from the lower Australian dollar. This was driven by higher liquid asset balances held as a result of Balance Sheet growth and regulatory requirements.

Other assets

Other assets, including derivative assets, insurance assets and intangibles decreased 5% on the prior half to $92 billion. This decrease reflected lower derivative asset balances.

Interest bearing deposits

Interest bearing deposits increased $20 billion to $529 billion, reflecting a 4% increase on the prior half.

This was driven by growth of $13 billion in savings deposits, a $9 billion increase in transaction deposits, and a $1 billion increase in other demand deposits. This was partly offset by a $3 billion decrease in investment deposits.

Debt issues

Debt issues increased $1 billion to $156 billion reflecting a 1% increase on the prior half.

Refer to page 25 for further information on debt programs and issuance for the half year ended 30 June 2015.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through the income statement and amounts due to other financial institutions, increased 9% on the prior half to $58 billion.

Non-interest bearing liabilities

Non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, decreased $6 billion to $77 billion. This decrease reflected lower derivative liability balances.

Loan Impairment Provisions and Credit Quality

Provisions for Impairment

	As at				
	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Provisions for impairment losses					
Collective provision	**2,762**	2,763	2,779	-	(1)
Individually assessed provisions	**887**	1,116	1,127	(21)	(21)
Total provisions for impairment losses	**3,649**	3,879	3,906	(6)	(7)
Less: Provision for Off Balance Sheet exposures	**(31)**	(19)	(40)	63	(23)
Total provisions for loan impairment	**3,618**	3,860	3,866	(6)	(6)

Year Ended June 2015 versus June 2014

Total provisions for impairment losses decreased 7% on the prior year to $3,649 million. The movement in the level of provisioning reflects:

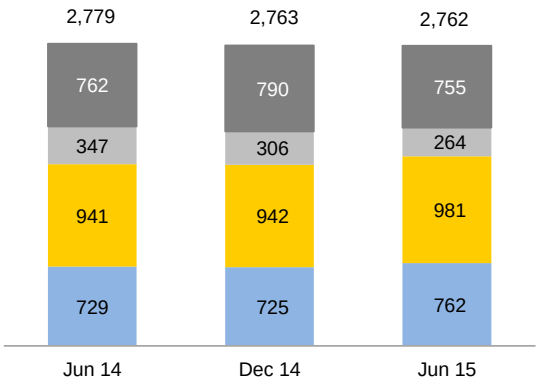
- A reduction in individually assessed provisions, as the level of impaired assets continued to reduce;
- A reduction of Bankwest collective provisions as troublesome loans continued to be refinanced or repaid; partly offset by
- An increase in collective provisioning in the Consumer portfolios, reflecting higher volume of loans and higher arrears;
- An increase in collective provisioning in the Commercial portfolios, resulting from the annual review of provisioning factors; and
- Overlays remain largely unchanged on the prior year.

Half Year Ended June 2015 versus December 2014

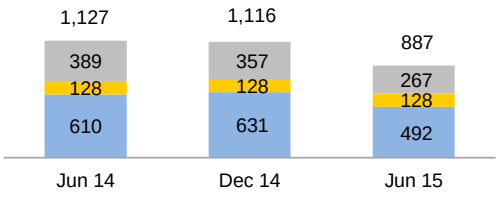
Total provisions for impairment losses decreased 6% on the prior half. The movement in the level of provisioning reflects:

- A reduction in individually assessed provisions as the level of impaired assets continued to reduce;
- A reduction in Bankwest collective provisions as troublesome loans continued to be refinanced or repaid;
- Utilisation of management overlays set aside for factor changes; partly offset by
- An increase in collective provisions in the Commercial portfolios, as a result of the annual review of provisioning factors;
- An increase in collective provisions in the Consumer portfolio, reflecting higher volume of loans and higher arrears; and
- An increase in economic overlay.

Collective Provisions ($M)



Individually Assessed Provisions ($M)



Overlay Bankwest Consumer Commercial

Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

Credit Quality Metrics	Full Year Ended 30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Gross loans and acceptances (GLAA) ($M)	**646,172**	608,127	6	**646,172**	627,698	3
Risk weighted assets (RWA) ($M) - Basel III	**368,721**	337,715	9	**368,721**	353,048	4
Credit RWA ($M) - Basel III	**319,174**	289,138	10	**319,174**	311,524	2
Gross impaired assets ($M)	**2,855**	3,367	(15)	**2,855**	3,360	(15)
Net impaired assets ($M)	**1,829**	2,101	(13)	**1,829**	2,116	(14)
Provision Ratios						
Collective provision as a % of credit RWA - Basel III	**0. 87**	0. 96	(9)bpts	**0. 87**	0. 89	(2)bpts
Total provision as a % of credit RWA - Basel III	**1. 14**	1. 35	(21)bpts	**1. 14**	1. 25	(11)bpts
Total provisions for impaired assets as a % of gross impaired assets	**35. 94**	37. 60	(166)bpts	**35. 94**	37. 02	(108)bpts
Total provisions for impairment losses as a % of GLAA's	**0. 56**	0. 64	(8)bpts	**0. 56**	0. 62	(6)bpts
Asset Quality Ratios						
Gross impaired assets as a % of GLAA's	**0. 44**	0. 55	(11)bpts	**0. 44**	0. 54	(10)bpts
Loans 90+ days past due but not impaired as a % of GLAA's	**0. 36**	0. 39	(3)bpts	**0. 36**	0. 34	2 bpts
Loan impairment expense ("cash basis") annualised as a % of average GLAA's	**0. 16**	0. 16	-	**0. 17**	0. 14	3 bpts

Provision Ratios

Provision coverage ratios remain prudent with collective provisions to Credit Risk Weighted Assets at 0.87% and Total Provisions to Credit Risk Weighted Assets at 1.14%.

Asset Quality

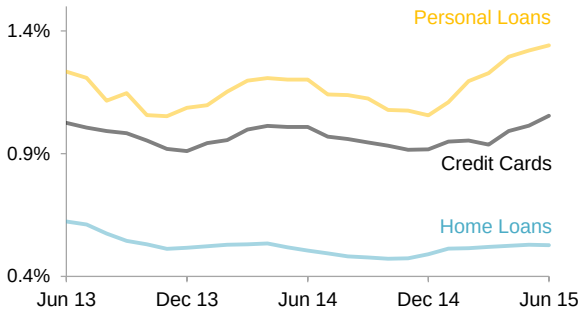
The low interest rate environment means that troublesome and impaired assets have continued to reduce, and while arrears for the retail portfolios have increased marginally, they remain relatively low.

Retail Portfolios – Arrears Rates

Retail arrears across all products increased marginally above seasonal expectations.

Home loan arrears were mixed over the year, with 30+ day arrears flat at 1.25% and 90+ day arrears increasing marginally from 0.50% to 0.52%. Credit card arrears deteriorated with 30+ day arrears increasing from 2.46% to 2.66%, and 90+ day arrears increasing marginally from 1.01% to 1.05%. Personal loan arrears increased, with 30+ day arrears increasing from 3.03% to 3.28%, and 90+ day arrears increasing from 1.20% to 1.34%.

90+ Days Arrears Ratios (%) (1)

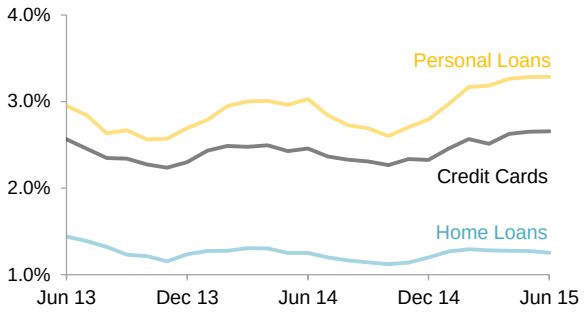


Troublesome and Impaired Assets

Commercial troublesome assets reduced 15% during the year to $3,059 million.

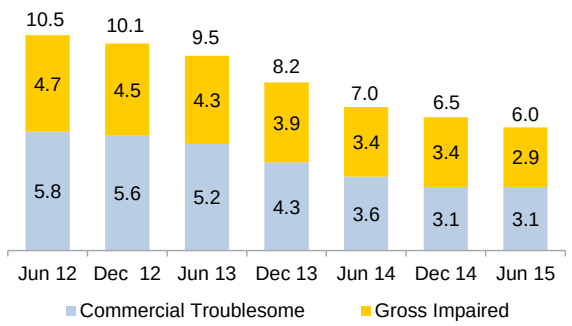
Gross impaired assets decreased 15% on the prior year to $2,855 million. Gross impaired assets as a proportion of gross loans and acceptances of 0.44% decreased 11 basis points on the prior year, reflecting the improving quality of the corporate portfolios.

30+ Days Arrears Ratios (%) (1)



(1) Includes retail portfolios of Retail Banking Services, Bankwest and New Zealand.

Troublesome and Impaired Assets ($B)



Capital

Basel Regulatory Framework

Background

As a result of the issues which led to the Global Financial Crisis, the Basel Committee on Banking Supervision (BCBS) has implemented a set of capital, liquidity and funding reforms known as "Basel III". The objectives of the capital reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk. The major reforms are being implemented on a phased approach to 1 January 2019.

The Basel III capital reforms were implemented in Australia on 1 January 2013. APRA has adopted a more conservative approach than the minimum standards published by the BCBS and also adopted an accelerated timetable for implementation.

The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5%, inclusive of a Domestic Systemically Important Bank (DSIB) requirement of 1%, will be implemented on 1 January 2016, bringing the CET1 requirement for the Group to 8%.

Financial System Inquiry

In December 2014, the Government released the final report of the Financial System Inquiry (FSI). The key recommendations from the report included:

- Setting capital standards such that Australian Authorised Deposit-taking Institution (ADI) capital ratios are unquestionably strong;
- Raising the average Internal Ratings-Based (IRB) mortgage risk weight for ADIs using IRB risk-weight models;
- Implementing a framework for minimum loss absorbing and recapitalisation capacity in line with emerging international practice, sufficient to facilitate the orderly resolution of ADIs and minimise taxpayer support;
- Introducing a leverage ratio, in line with the Basel Committee, that acts as a backstop to the capital position of ADIs; and
- Developing a reporting template to improve the transparency and comparability of capital ratios.

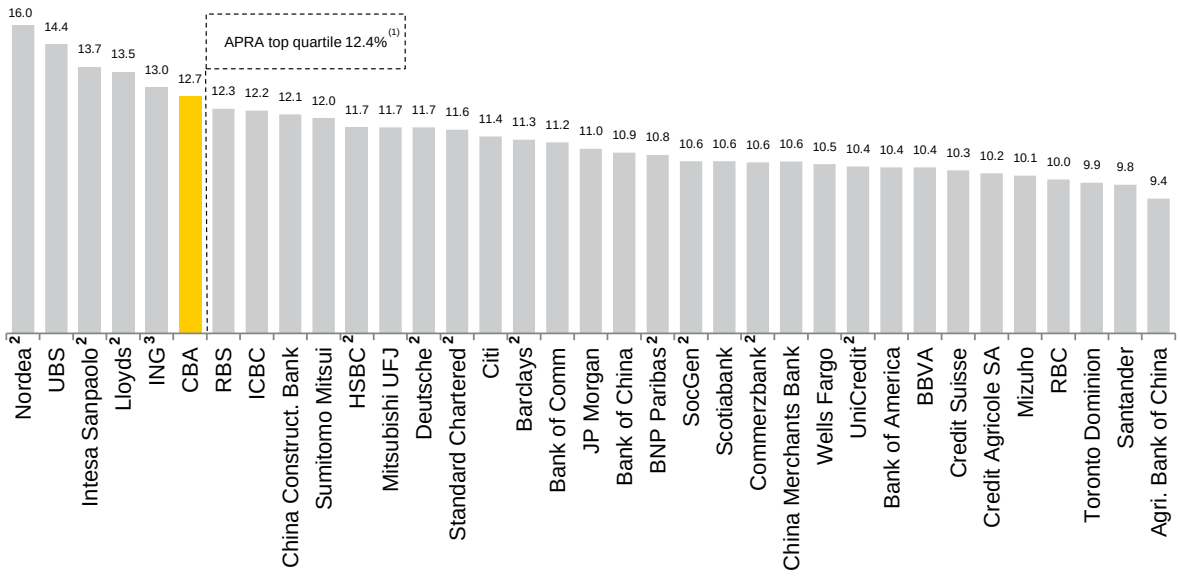
In July 2015, in connection with the FSI recommendations, APRA released the following:

- Information paper; "International capital comparison study" (APRA study), which endorsed the FSI recommendation that the capital of Australian ADIs should be unquestionably strong. However, APRA did not confirm the definition of "unquestionably strong". Nevertheless, the report confirmed that the major banks are well-capitalised and compared the major banks' capital ratios against a set of international peers; and
- An announcement in relation to increases in the capital requirements under the IRB approach for Australian residential mortgages, which will increase the average risk weighting for a mortgage portfolio to approximately 25%, effective from 1 July 2016.

Internationally Comparable Capital Position

The Group maintained a strong capital position with CET1 as measured on an internationally comparable basis of 12.7% as at 30 June 2015. This analysis aligns with the APRA study. This compares with a CET1 ratio of 9.1% under APRA's prudential standards and places the Group amongst the top quartile of international peer banks.

International Peer Basel III CET1



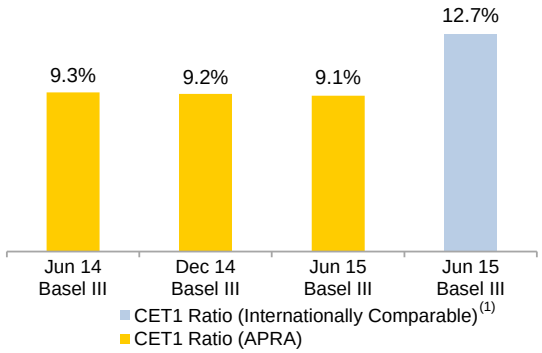
Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 5 August 2015 assuming Basel III capital reforms fully implemented.
Peer group comprises listed commercial banks with total assets in excess of $700 billion and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate.

(1) Figure 2 per the APRA Information paper "International capital comparison study".
(2) Includes deduction for accrued expected future dividends.
(3) Interim profit not included in CET1 capital, has been added back.

Capital (continued)

Capital Position

The Group maintained a strong capital position with capital ratios well in excess of regulatory minimum capital adequacy requirements at all times throughout the year ended 30 June 2015.



(1) Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".

The Group's CET1 ratio as measured on an APRA basis was 9.1% at 30 June 2015, compared with 9.2% at 31 December 2014 and 9.3% at 30 June 2014.

The decrease in capital across the June 2015 half and full year reflects capital generated from earnings, more than offset by the impact of dividend payments, higher Risk Weighted Assets (RWA) and the first reduction in the capital benefits arising from the debt issued by the Colonial Group.

Capital Initiatives

The following significant CET1 capital initiatives were undertaken during the year:

- The Dividend Reinvestment Plan (DRP) in respect of the 2014 final dividend was satisfied in full by the on-market purchase of shares. The participation rate for the DRP was 19.9%; and
- The DRP in respect of the 2015 interim dividend was satisfied by the allocation of approximately $571 million of ordinary shares. The participation rate for the DRP was 17.9%.

Pillar 3 Disclosures

Details on the market disclosures required under Pillar 3, per prudential standard APS 330 "Public Disclosure", are provided on the Group's website at:

www.commbank.com.au/about-us/shareholders.

Other Regulatory Changes

Basel Committee on Banking Supervision

During the second half of the 2014 calendar year, the BCBS issued a number of consultation documents including:

- "Capital Floors: The Design of a Framework based on Standardised Approaches";
- "Revisions to the Standardised Approach for Credit Risk";
- "Fundamental Review of the Trading Book: Outstanding Issues"; and
- "Revisions to the Simpler Approaches" – Operational Risk.

Finalisation of all of the above proposals is expected by the end of 2015.

In June 2015, the BCBS issued a consultation document "Interest Rate Risk in the Banking Book", which is open for consultation until September 2015.

Composition of Level 2 ADI Groups

In May 2014, APRA provided more clarity on the definition of the Level 2 Banking Group. Subsidiary intermediate holding companies are considered part of the Level 2 Group, regardless of the nature of any activity undertaken by their operating subsidiaries. As a result, capital benefits arising from the debt issued by the Colonial Group will be phased out.

APRA granted transition arrangements on these changes, in line with the maturity profile of the debt.

Leverage Ratio

The leverage ratio is defined as Tier 1 Capital as a percentage of exposures. Public disclosure of the leverage ratio by Australian ADIs is to commence from 1 July 2015.

The BCBS has advised that any adjustments to the definition and calibration of the ratio will be made by 2017 with migration to a Pillar 1 (minimum capital requirement) expected from 1 January 2018.

Conglomerate Groups

APRA has proposed extending its prudential supervision framework to Conglomerate Groups that have material operations in more than one APRA regulated industry and/or have one or more material unregulated entities. APRA released revised conglomerate standards in August 2014. However, a decision on the implementation date has yet to be provided. APRA has confirmed that a minimum transition period of 12 months will apply before the implementation date.

Capital (continued)

The tables below show the APRA Basel III capital adequacy calculation at 30 June 2015 together with prior period comparatives.

Risk Weighted Capital Ratios	30 Jun 15 %	31 Dec 14 %	30 Jun 14 %
Common Equity Tier 1	**9. 1**	9. 2	9. 3
Tier 1	**11. 2**	11. 6	11. 1
Tier 2	**1. 5**	1. 1	0. 9
Total Capital	**12. 7**	12. 7	12. 0

	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M
Ordinary Share Capital and Treasury Shares			
Ordinary Share Capital	**27,619**	27,039	27,036
Treasury Shares [(1)]	**279**	287	291
Ordinary Share Capital and Treasury Shares	**27,898**	27,326	27,327
Reserves			
Reserves	**2,345**	2,674	2,009
Reserves related to non-consolidated subsidiaries [(2)]	**(93)**	(126)	(47)
Total Reserves	**2,252**	2,548	1,962
Retained Earnings and Current Period Profits			
Retained earnings and current period profits	**21,528**	19,823	18,827
Retained earnings adjustment from non-consolidated subsidiaries [(3)]	**(529)**	(377)	(368)
Net Retained Earnings	**20,999**	19,446	18,459
Non-controlling interest			
Non-controlling interest [(4)]	**562**	556	537
Less ASB perpetual preference shares	**(505)**	(505)	(505)
Less other non-controlling interests not eligible for inclusion in regulatory capital	**(57)**	(51)	(32)
Minority Interest	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**51,149**	49,320	47,748

(1) Represents shares held by the Group's life insurance operations ($107 million) and employee share scheme trusts ($172 million).
(2) Represents foreign currency reserve and available-for-sale reserve balances associated with the insurance and funds management entities and those entities through which securitisation of the Group's assets are conducted. These entities are classified as non-consolidated subsidiaries by APRA and are excluded from the Level 2 Regulatory Consolidated Banking Group.
(3) Cumulative current year profit and retained earnings adjustments for subsidiaries not consolidated for regulatory purposes.
(4) Non-controlling interests predominantly comprise ASB Perpetual Preference Shares of NZD550 million issued by a New Zealand subsidiary entity. These are non-redeemable and carry limited voting rights. These are classified as additional Tier 1 Capital.

Capital (continued)

	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M
Common Equity Tier 1 regulatory adjustments			
Goodwill	**(7,599)**	(7,576)	(7,566)
Other intangibles (excluding software) [1]	**(164)**	(225)	(295)
Capitalised costs	**(337)**	(341)	(285)
Capitalised software	**(2,089)**	(1,979)	(1,854)
Defined benefit superannuation plan surplus [2]	**(193)**	-	-
General reserve for credit losses [3]	**(242)**	(225)	(214)
Deferred tax asset [4]	**(1,164)**	(1,024)	(1,164)
Cash flow hedge reserve [5]	**(263)**	(459)	(224)
Employee compensation reserve [5]	**(122)**	(79)	(125)
Equity investments [6]	**(3,179)**	(2,990)	(2,589)
Equity investments in non-consolidated subsidiaries [7]	**(1,705)**	(1,307)	(1,219)
Shortfall of provisions to expected losses [8]	**(134)**	(102)	(502)
Deferred fees	**(222)**	(145)	(103)
Gain due to changes in own credit risk on fair valued liabilities	**(144)**	(113)	(48)
Other	**(194)**	(170)	(148)
Common Equity Tier 1 regulatory adjustments	**(17,751)**	(16,735)	(16,336)
Common Equity Tier 1	**33,398**	32,585	31,412
Additional Tier 1 Capital			
Basel III complying instruments [9]	**5,000**	5,000	2,000
Basel III non-complying instruments net of transitional amortisation [10]	**2,749**	3,413	4,196
Additional Tier 1 Capital	**7,749**	8,413	6,196
Tier 1 Capital	**41,147**	40,998	37,608
Tier 2 Capital			
Basel III complying instruments [11]	**3,268**	1,254	234
Basel III non-complying instruments net of transitional amortisation [12]	**2,257**	2,493	2,530
Holding of Tier 2 Capital	**(20)**	(30)	-
Prudential general reserve for credit losses [13]	**156**	186	171
Total Tier 2 Capital	**5,661**	3,903	2,935
Total Capital	**46,808**	44,901	40,543

(1) Other intangibles (excluding capitalised software costs), net of any associated deferred tax liability.
(2) In accordance with APRA regulations, the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability, must be deducted from Common Equity Tier 1.
(3) Adjustment to ensure the Group has sufficient provisions and capital to cover credit losses estimated to arise over the full life of individual facilities, as required by APRA Prudential Standard APS 220.
(4) Deferred tax assets net of deferred tax liabilities.
(5) Cash flow Hedge Reserve and Employee Compensation Reserve balances are ineligible for inclusion in CET1.
(6) Represents the Group's non-controlling interest in other entities.
(7) Represents the net tangible assets within the non-consolidated subsidiaries (primarily the insurance and funds management companies operating within the Colonial Group). The adjustment is net of $900 million in non-recourse debt (31 December 2014: $1,250 million, 30 June 2014: $1,250 million) and $1,000 million in Colonial Group Subordinated Notes (31 December 2014: $1,000 million, 30 June 2014: $1,000 million). In April 2015, the first tranche of the non-recourse debt matured ($350 million), and was replaced with an equivalent amount of an ordinary share capital injection from the Group's parent. The Group's insurance and fund management companies held $1,579 million of capital in excess of minimum regulatory capital requirements at 30 June 2015.
(8) Regulatory Expected Loss (pre-tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions (pre-tax).
(9) As at 30 June 2015, comprises PERLS VI $2,000 million issued in October 2012 and PERLS VII $3,000 million issued in October 2014.
(10) As at 30 June 2015, represents APRA Basel III non-compliant Additional Tier 1 Capital Instruments (PERLS III, Trust Preferred Securities (TPS) 06, ASB Perpetual Preference Shares, and Perpetual Exchangeable Floating Rate Note). These instruments are eligible for Basel III transitional relief. In June 2015, the Group redeemed USD550 million in TPS 03. In October 2014 the Group bought back and cancelled AUD2,000 million of PERLS V.
(11) As at 30 June 2015, comprises the following subordinated notes: Chinese Renminbi 1,000 million issued in March 2015, EUR1,250 million issued in April 2015, AUD1,000 million issued in November 2014 and NZD400 million issued in April 2014. The NZD400 million notes were issued through ASB, the Group's New Zealand subsidiary. The ASB notes are Basel III compliant Tier 2 securities and fully contribute towards ASB capital ratios. The amount of the ASB notes that contributes to ASB capital in excess of its minimum regulatory requirements is not eligible for inclusion in the Group's capital (30 June 2015 ineligible amount, AUD114 million, 31 December 2014 ineligible amount, AUD129 million, 30 June 2014 ineligible amount, AUD138 million).
(12) Includes both perpetual and term instruments subordinated to depositors and general creditors, having an original maturity of at least five years. APRA require these to be included as if they were unhedged. Term instruments are amortised 20% of the original amount during each of the last five years to maturity. These instruments are eligible for Basel III transitional relief.
(13) Represents the collective provision and general reserve for credit losses for exposures in the Group which are measured for capital purposes under the Standardised approach to credit risk.

Capital (continued)

Risk Weighted Assets	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M
Credit Risk			
Subject to Advanced IRB approach			
Corporate	**60,879**	56,612	49,067
SME Corporate	**25,289**	23,913	22,478
SME Retail	**5,068**	4,963	5,280
SME Retail secured by residential mortgage	**2,949**	3,285	3,543
Sovereign	**5,163**	5,432	5,330
Bank	**12,024**	10,983	10,131
Residential mortgage (1)	**74,382**	72,278	65,986
Qualifying revolving retail (1)	**8,861**	8,533	8,215
Other retail (1)	**13,942**	13,620	12,757
Impact of the regulatory scaling factor (2)	**12,513**	11,977	10,967
Total Risk Weighted Assets subject to Advanced IRB approach	**221,070**	211,596	193,754
Specialised lending exposures subject to slotting criteria	**51,081**	48,774	48,935
Subject to Standardised approach			
Corporate	**10,357**	11,358	10,850
SME Corporate	**5,921**	5,470	4,924
SME Retail	**5,843**	5,571	5,207
Sovereign	**209**	169	124
Bank	**244**	204	220
Residential mortgage	**6,728**	6,416	6,040
Other retail	**2,679**	2,946	2,648
Other assets	**4,982**	4,924	4,214
Total Risk Weighted Assets subject to Standardised approach	**36,963**	37,058	34,227
Securitisation	**1,653**	5,016	5,010
Credit valuation adjustment	**7,712**	8,126	6,636
Central counterparties	**695**	954	576
Total Risk Weighted Assets for Credit Risk Exposures	**319,174**	311,524	289,138
Traded market risk	**6,335**	6,466	5,284
Interest rate risk in the banking book	**10,847**	4,846	14,762
Operational risk	**32,365**	30,212	28,531
Total Risk Weighted Assets	**368,721**	353,048	337,715

(1) A change in the application of the Retail Best Estimate of Expected Loss (BEEL) resulted in an increase RWA of $6.4 billion which was largely offset by a drop in the regulatory Expected Loss deduction for CET1 capital.

(2) APRA requires RWA amounts that are derived from IRB risk weight functions to be multiplied by a factor of 1.06.

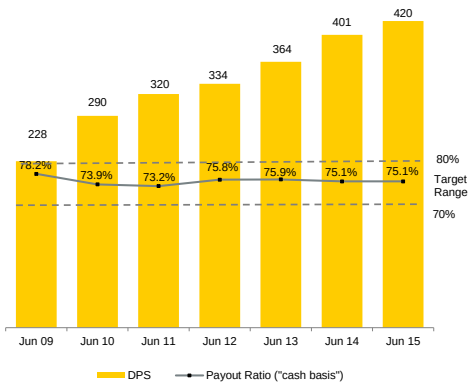
Dividends

Final Dividend for the Year Ended 30 June 2015

The final dividend declared was $2.22 per share, bringing the total dividend for the year ended 30 June 2015 to $4.20 per share. This represents a dividend payout ratio ("cash basis") of 75% and is 5% above the prior full year dividend.

The final dividend will be fully franked and will be paid on 1 October 2015 to owners of ordinary shares at the close of business on 20 August 2015 (record date). Shares will be quoted ex-dividend on 18 August 2015.

Full Year Dividend History (cents per share)



Dividend Reinvestment Plan (DRP)

The DRP will continue to be offered to shareholders but no discount will be applied to shares allocated under the plan for the final dividend.

Dividend Policy

The Group will seek to:

- Pay cash dividends at strong and sustainable levels;
- Target a full-year payout ratio of 70% to 80%; and
- Maximise the use of its franking account by paying fully franked dividends.

Liquidity

Level 2	As at 30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Liquidity Coverage Ratio (LCR)			
High Quality Liquid Assets (HQLA) (1)	**65,940**	65,818	-
Committed Liquidity Facility (CLF)	**66,000**	70,000	(6)
Total LCR liquid assets	**131,940**	135,818	(3)
Net Cash Outflows			
Customer deposits	**65,832**	78,901	(17)
Wholesale funding (2)	**30,753**	24,635	25
Other net cash outflows (3)	**13,819**	13,903	(1)
Total net cash outflows	**110,404**	117,439	(6)
Liquidity Coverage Ratio (%)	**120**	116	400 bpts
LCR surplus	**21,536**	18,379	17

(1) Includes all repo-eligible securities with the Reserve Bank of New Zealand. The Exchange Settlement Account (ESA) cash balance is netted down by the Reserve Bank of Australia open-repo of internal RMBS.
(2) Includes all interbank deposits that are included as short-term wholesale funding on page 31.
(3) Includes cash inflows.

Year Ended June 2015 versus June 2014

The Group holds high quality, well diversified liquid assets to meet Balance Sheet liquidity needs and regulatory requirements. From 1 January 2015, the Group is subject to APRA's LCR, which requires LCR liquid assets to exceed net cash outflows projected under a prescribed 30 day stress scenario. As at 30 June 2015, the LCR was 120% with LCR liquid assets of $132 billion, including a $66 billion CLF from the Reserve Bank of Australia.

In the six months to June 2015, the LCR increased from 116% to 120%, with a $7 billion decrease in net cash outflows, more than offsetting a $4 billion decrease in LCR liquid assets, due to a $4 billion reduction in the CLF to $66 billion from 1 April 2015. The introduction of a 31 day notice period for early withdrawals of term deposits and other liquidity management measures taken contributed to the reduction in net cash outflows.

For further information on the Group's liquidity management please see Note 34 of the Financial Statements.

Funding

Group Funding [1]	As at 30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Customer deposits	**477,811**	458,428	438,890	4	9
Short-term wholesale funding	**131,837**	124,945	109,318	6	21
Short sales	**4,437**	3,584	4,103	24	8
Long-term wholesale funding - less than one year residual maturity	**27,479**	28,302	30,892	(3)	(11)
Long-term wholesale funding - more than one year residual maturity [2]	**105,055**	105,888	102,163	(1)	3
IFRS MTM and derivative FX revaluations	**11,657**	10,403	3,251	12	large
Total wholesale funding	**280,465**	273,122	249,727	3	12
Total funding	**758,276**	731,550	688,617	4	10

(1) Shareholders' equity is excluded from this view of funding sources, other than the USD Trust Preferred Securities, which are classified as other equity instruments in the statutory Balance Sheet.
(2) Residual maturity of long-term wholesale funding included in Debt issues, Loan capital and Share capital – other equity instruments, is the earlier of the next call date or final maturity.

Year Ended June 2015 versus June 2014

Customer Deposits

Customer deposits accounted for 63% of total funding at 30 June 2015, compared to 64% in the prior year. Deposit growth has seen the Group satisfy a significant proportion of lending growth from customer deposits. The remaining 37% of total funding comprised various wholesale debt issuances.

Short-Term Wholesale Funding

Short-term wholesale funding includes debt with an original maturity or call date of less than 12 months, and consists of Certificates of Deposit and Bank Acceptances, as well as debt issued under domestic, Euro and US Commercial paper programs by the Commonwealth Bank of Australia and ASB. Short-term funding (including short sales) accounted for 49% of total wholesale funding at 30 June 2015, up from 45% in the prior year, largely driven by the impact of the lower Australian dollar.

Long-Term Wholesale Funding

Long-term wholesale funding includes debt with an original maturity or call date of greater than 12 months. Long-term wholesale funding conditions remained stable over the year compared to the previous 12 months with continued central bank stimulus. During the year, the Group issued $31 billion of long-term wholesale debt transactions in multiple currencies including AUD, USD, EUR, and GBP. Given steady funding conditions, most issuances were in senior unsecured format, although the Group also used Residential Mortgage-Backed Securities (RMBS) and its covered bond program to provide cost, tenor and diversification benefits. The Weighted Average Maturity (WAM) of new long-term wholesale debt issued in the year was 4.2 years. The WAM of outstanding long-term wholesale debt was 3.8 years at 30 June 2015.

Long-term wholesale funding (including adjustment for IFRS Mark-to-market (MTM) and derivative FX revaluations) accounted for 51% of total wholesale funding at 30 June 2015, compared to 55% in the prior year.

Half Year Ended June 2015 versus December 2014

Customer Deposits

Customer deposits accounted for 63% of total funding at 30 June 2015, consistent with the prior half. Deposit growth has seen the Group satisfy a significant proportion of lending growth from customer deposits. The remaining 37% of total funding comprised various wholesale debt issuances.

Short-Term Wholesale Funding

Short-term wholesale funding includes debt with an original maturity or call date of less than 12 months, and consists of Certificates of Deposit and Bank Acceptances, as well as debt issued under domestic, Euro and US Commercial paper programs by Commonwealth Bank of Australia and ASB. Short-term funding (including short sales) accounted for 49% of total wholesale funding at 30 June 2015, compared to 47% in the prior half.

Long-Term Wholesale Funding

Long-term funding (including adjustment for IFRS MTM and derivative FX revaluations) accounted for 51% of total wholesale funding at 30 June 2015, compared to 53% in the prior half.

For further information on the Group's funding risk, please refer to Note 34 of the Financial Statements.

Corporate Responsibility

Introduction

For the Group, corporate responsibility means continually looking to deliver value to our customers, shareholders, people and the broader community through the way we do business and our role in society.

Guided by the Group's vision we actively consider the environmental, social and economic impacts and influences of our activities and look for ways to make a positive contribution beyond our core business.

Examples of the value created for the Group's stakeholders during the 2015 financial year include:

- With more than 52,000 people, the Group's annual payroll expenditure was more than $5.8 billion;
- The Group returned more than 75 per cent of its profits to more than 780,000 Australians who hold CBA shares directly, and millions more who hold them through superannuation funds;
- The Group's tax expense was more than $3 billion. It is Australia's second largest taxpayer;
- The Group directly helped 228 grassroots community organisations make a positive impact on the health and wellbeing of Australian youth; and
- The Group made voluntary community contributions totalling more than $243 million in the form of cash, time, foregone revenue and program implementation costs.

Evolving our Approach to Corporate Responsibility

In light of the fourth iteration of the Global Reporting Initiative framework (GRI G4), the Group undertook a thorough review of its Corporate Responsibility approach. The result is the Group's Corporate Responsibility 2016 - 2018 Strategy, endorsed by the Executive Committee. The strategy has two pillars: The Way We Do Business and Our Role in Society, with key priorities under each pillar.

The Corporate Responsibility Strategy addresses the Group's material Environmental, Social and Governance (ESG) issues. It guides our approach to the effective management of those issues and associated risks and opportunities and complies with the ASX Corporate Governance Principles and Recommendations.

The Group benchmarks its progress against a number of leading global sustainability indices and surveys including:

- Global 100 Index (G100). In 2015, the Group ranked 21st in the world, making it the number one Australian company and number two bank in the world in the G100.
- Dow Jones Sustainability Index (DJSI). In 2015, the Group was named the industry mover on the DJSI World Index and received a bronze class distinction for excellent sustainability performance.
- CDP (formerly the Carbon Disclosure Project). In 2014 and for the second consecutive year, the Group was the highest-ranking Australian bank listed on CDP's climate leadership indices with an overall disclosure score of 100/100 and an 'A band' for climate performance.
- The Group is listed on the FTSE4Good Index that has been designed to measure the performance of companies demonstrating strong ESG practices.

The Way We Do Business

Make Transparent and Balanced Decisions

During the 2015 financial year, the Group saw a significant increase in engagement with ESG issues. The Group is committed to maintaining an honest and transparent dialogue with all stakeholders including Non-governmental organisations (NGOs).

Support and Embed a Culture of 'Doing the Right Thing' Aligned to the Group's Values

Integrity is one of the Group's core values and the Group has a range of policies, frameworks, compliance measures and education programs to ensure our people maintain the highest professional standards. The Group is also committed to making things right for customers who may have received inappropriate advice. For example in 2014 we introduced the Open Advice Review program.

Strengthen the Management of ESG Impacts in our Lending and Investing Practices

The Group strengthened the management of ESG in our lending and investing practices by:

- Becoming a signatory to the third iteration of the Equator Principles (EPIII) in May 2014;
- Publishing nine ESG Lending Commitments during the 2015 financial year (and commencing reporting of our performance on these commitments); and
- Rolling out a number of ESG training materials and tools in early 2015.

As part of building a balanced portfolio, the Group continues to strongly support the growth of the renewable energy sector whilst recognising the importance of the resources sector to the Australian economy and way of life.

Evolve our Approach to Reporting

In February 2015, as part of the Group's commitment to regular, robust and long-term disclosure, the Group released its initial Financed Emissions Report, one of the first reports of its kind across the financial services industry in Australia. The report provides an assessment of carbon emissions arising from the Group's energy portfolio.

The Group is also working with local and international peers, as well as the United Nations Environment Programme for Finance Initiative (UNEPFI) to establish consistent measures and methodologies across the industry.

Use Our Influence to Enhance Environmental, Social and Economic Outcomes in our Supply Chain

In the 2015 financial year, the Group refreshed the Supplier Code of Conduct to clarify and reinforce the social, ethical and environmental criteria the Group expects its primary and secondary suppliers to meet. The Group continues to manage Corporate Responsibility compliance via its Supplier Governance Framework, which includes risk assessments prior to supplier engagement and ongoing supplier compliance activities throughout the contract lifecycle.

Treat all People with Respect and Fairness

The Group has a range of strategies and programs to ensure that employees, other stakeholders and the wider community are treated with respect and fairness in their dealings with the Group.

Implement 2015 – 2017 Diversity and Inclusion Strategy

The 2015-2017 Diversity and Inclusion Strategy provides a roadmap for the Group to enhance our culture where all our people feel included, connected and have a sense of belonging. The strategy covers inclusive leadership, flexibility, gender, disability, Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI), life stage and culture.

The Group was named the fourth most inclusive employer for the second year running in the 2015 Australian Workplace

Treat all People with Respect and Fairness (continued)

Equality Index Awards, which recognises workplace support for LGBTI people.

Women make up almost 60 per cent of the Group's workforce. 43 per cent are in management roles, with 35 per cent in executive manager or above roles. In the 2015 financial year, the Group became a signatory to the United Nations Women's Empowerment Principles. In accordance with the requirements of the Workplace Gender Equality Act 2012, in May 2015 the Group's annual Workplace Gender Equality Compliance report was lodged with the Workplace Gender Equality Agency and can be viewed at www.commbank.com.au/diversitycommitment.

Implement Accessibility and Inclusion Programs

In the 2015 financial year, the Group carried out a number of initiatives to deliver more accessible services and better employment access for people with a disability, including:

- Conducted accessibility assessments of some web-based platforms;
- Introduced a new IT helpdesk function for employees with a disability; and
- Improved graduate and intern placement processes to attract and support candidates with a disability, including disability awareness training for recruiters.

Develop 2016 – 2018 Indigenous Affairs Strategy

The Group has committed to a Reconciliation Action Plan (RAP) since 2008. In 2014, the Group strengthened the governance structure of the RAP, creating an advisory council comprising internal leaders and external Aboriginal and Torres Strait Islander leaders to guide and oversee progress towards the Group's RAP commitments. The Group's RAP progress during the financial year includes:

- Supported Indigenous customers in remote communities taking more than 100,000 calls through the toll-free Indigenous Customer Assistance Line; and
- Provided scholarships for 16 Aboriginal and Torres Strait Islander students to the Indigenous Financial Counselling Mentorship program, in partnership with the Indigenous Consumer Assistance Network, to raise the number of Indigenous financial counsellors across Australia.

Since 2009, the Group has created more than 600 career opportunities for Aboriginal and Torres Strait Islander Peoples. Since 2011, 68 of the Group's people have participated in the six-week Jawun Indigenous Secondment Program to Indigenous communities.

Continue Disaster Relief Programs

In the 2015 financial year, the Group supported a number of communities including those affected by Cyclone Marcia in Queensland, Cyclone Pam in Vanuatu, the NSW storms, the NSW and QLD droughts, and the SA bush fires through various grants and recovery programs.

Improve the Environmental Efficiency of our Operations

The Group has a longstanding commitment to reducing its environmental impact and is in the process of developing and implementing a three year Property Sustainability Strategy.

During the 2015 financial year, CBA and Bankwest reduced their combined domestic Scope 1 and 2 carbon emissions by 8,178 tCo2-e. Since 2009, CBA and Bankwest have reduced scope 1 and scope 2 carbon emissions by 38 per cent.

Our Role in Society

Develop Innovative Products and Services to Support our Customers in the Economy of the Future

For the Group, innovation is about providing customers with technologies and services that fundamentally change the way they access and manage their finances for the better.

Drive Digital Innovation for Improved Products and Services

During the 2015 financial year, the Group delivered the following innovations:

- CommBank app for smart watches, offering everyday banking services including balance checks on the go; and the new CommSec app for the Apple watch, allowing customers to monitor the market and their portfolio.
- Albert, the global first-to-market EFTPOS tablet that allows business customers to improve and tailor their customer experience and provides unique business insights through a portable, user-friendly, secure and customisable point-of-sale device.
- Lock, Block and Limit, a security innovation allowing credit card users to place a temporary lock on their cards.
- The Innovation Lab, launched in October 2014 and based in Sydney, providing a space for customers, partners, start-ups and industry experts to collaborate on cutting-edge products and services.

Develop Products and Services for Lending and Investing that Consider Economic, Environmental and Social Issues

Internationally, the Group is investing in innovation to support emerging markets and provide under-served communities with banking services. In February 2015, the Group announced the acquisition of TYME (Take Your Money Everywhere), a South-African technology company that designs, builds and operates digital ecosystems that allow customers to open and manage regulated bank accounts using just a mobile phone.

Within Australia, the Group provides specialised banking services to the not-for-profit sector, with reduced fees and tailored products. The Group has the only bankers in Australia qualified through the Institute of Community Directors' Diploma of Business Governance, providing them with a deeper understanding of the governance and finance issues faced by not-for-profit organisations.

The Group's Women in Focus online community continues to support women-led businesses, while our Community Business Finance offers affordable banking solutions to groups such as Indigenous Australians, disadvantaged and migrant women.

Invest in Skills for the Workforce of the Future

As the Australian economy transitions to more knowledge based industries, the Group is refocusing its community investments to support skills needed for a new economy.

The World's Largest Financial Literacy Program of its Kind

In 2009, the Group committed to improving the financial literacy of one million kids by 2015. We have exceeded that goal, with more than 1.2 million students booked to participate in one of our Start Smart workshops through their school, as at June 2015.

Invest in Skills for the Workforce of the Future (continued)

To build further on this investment in education, the Group will invest $50 million in financial education over three years from 2015, starting with doubling the reach of Start Smart by the 2016 financial year allowing 500,000 student bookings for the free financial literacy workshops every year.

The Group continues to demonstrate its commitment to education and supporting Australian primary schools through the School Banking Program, with over 300,000 students from almost 4,000 schools actively participating in 2015.

Supporting teaching excellence

In June 2015, in partnership with Social Ventures Australia, the Group launched the Australian Teaching and Learning Toolkit, a free resource providing teachers access to the best global education research. In addition, the Group continues to recognise teaching excellence through the annual Commonwealth Bank Teaching Awards, with 45 teachers now recognised for excellence in financial education.

Create Opportunities for our People to Contribute to their Communities

Facilitate Employee Participation in Volunteering Activities

The Group encourages its employees to give their time and expertise to registered charities and not-for-profit organisations. During the 2015 financial year, more than 5,000 employees volunteered in 114 community organisations across Australia, representing more than 40,000 volunteer hours.

Support Local Communities with Targeted Activities

The Staff Community Fund has been running since 1917, making it Australia's longest-running workplace giving program. The Group matches staff contributions dollar for dollar and covers all administrative costs to ensure 100 per cent of the money raised is distributed directly to not-for-profit organisations.

The Group has the highest participation rate of employees for an organisation its size, with more than 13,000 members at June 2015, an increase from approximately 11,500 at July 2014, following a membership drive which also saw 700 members increase the size of their regular donation. A total of $2 million was awarded in 2015 to 228 grassroots programs focused on improving the health and wellbeing of Australian youth.

ANZAC Centenary

Between 2014 and 2018, Australia will commemorate the ANZAC Centenary marking 100 years since our nation's involvement in the First World War.

The Group is partnering with the Australian Government and Telstra to deliver the Spirit of ANZAC Centenary Experience, a travelling exhibition bringing a piece of ANZAC history to communities all over Australia from September 2015. The Group will make a $10 million total contribution over five years, including a $2 million donation made to the ANZAC Centenary Public Fund.

Advocate for Public Policies that Secure and Enhance the Financial Wellbeing of People, Businesses and Communities

As one of Australia's largest organisations with 15 million customers and more than 52,000 employees, the Group has a responsibility to speak up on matters of importance to the nation, our people and our customers. Adding the Group's economic and policy knowledge to the national public policy debate increases the likelihood of good policy outcomes, helping to secure and enhance the financial wellbeing of people, businesses and communities.

The Group continues to engage with Government in a constructive dialogue on issues covering the financial services industry and economic and social issues generally. In the 2015 financial year, the Group welcomed the opportunity to work with the Financial Services Inquiry (FSI) to address the opportunities and challenges faced by the financial system. The Group also welcomed the opportunity to contribute to the debate on the Future of Financial Advice (FoFA), as well as support a number of government and industry initiatives to enhance confidence in financial advice including improved education standards, a public register of advisers and the FoFA reforms.

Further Information

Visit www.commbank.com.au/sustainability2015 microsite for more information on the Group's approach to corporate responsibility including insights on key initiatives, achievements and independently assured metrics for the 2015 financial year. The microsite covers the activities of companies wholly owned by the Group within Australia for the financial year ending 30 June 2015.

Sustainability Scorecard [1]

Customer Satisfaction	Units	2015	2014	2013
Roy Morgan Research Main Financial Institution [2]	%	84.2	83.2	83.0
Rank		1st	1st	1st
DBM Business Financial Services Monitor [3]		7.5	7.4	7.4
Rank		Equal 1st	Equal 1st	Equal 1st
Wealth Insights Platform Service Level Survey [4]		7.75	7.94	8.32
Rank		2nd	1st	1st
People				
Engagement				
Employee Engagement Index [5]	%	81	81	80
Employee Turnover (Voluntary) [6]	%	10.0	10.2	10.2
Diversity				
Women in Manager and above roles [7]	%	43.2	42.9	42.0
Women in Executive Manager and above roles [7]	%	35.0	32.8	30.3
Safety and Well-being				
Lost Time Injury Frequency Rate (LTIFR) [8]	Rate	1.5	1.5	1.9
Absenteeism [9]	Rate	6.0	6.1	6.2
Environment				
Greenhouse Gas Emissions CBA				
Scope 1 emissions [10]	tCO_2-e	7,249	7,936	8,064
Scope 2 emissions [11]	tCO_2-e	86,264	91,275	100,997
Scope 3 emissions [12]	tCO_2-e	39,361	44,826	47,438
Emissions per FTE [13]	tCO_2-e	2.9	3.1	3.5
Financial Literacy Programs				
School Banking Students (active) [14]		310,474	273,034	233,217
Start Smart Students Booked [15]		298,505	288,728	284,834

(1) All metrics capture data from Australian domestic operations only (excluding Bankwest), unless otherwise stated.

(2) The proportion of each financial institution's Retail MFI customers surveyed by Roy Morgan Research that are either 'Very Satisfied' or 'Fairly Satisfied' with their overall relationship (defined as those holding at least a Deposit/Transaction account) with that financial institution on a scale of 1 to 5 where 1 is 'Very Dissatisfied' and 5 is 'Very Satisfied'. The metric is reported as a 6 month rolling average to June, based on the Australian population aged 14 and over. The ranking refers to CBA's position relative to the other three main Australian banks (Westpac, NAB and ANZ).

(3) The average satisfaction of CBA's Main Financial Institution (MFI) business customers as measured by DBM's Business Financial Services Monitor. Respondents rate their overall satisfaction using an 11-point scale (where 0 is 'Extremely Dissatisfied' and 10 is 'Extremely Satisfied'). Results are reported as a 6 month rolling average as at 30 June. The rank refers to CBA's position relative to the other three major Australian banks (Westpac, NAB and ANZ).

(4) The Colonial First State (the platform provider) score is calculated based on the weighted average (using the Funds Under Administration (FUA) as at December 2014 from the Plan for Life FUA subscription database) of the overall satisfaction scores of FirstChoice and FirstWrap. The ranking is calculated by comparing the score with the weighted average of other platform providers in the relevant peer set. The relevant peer set includes platforms belonging to Westpac, NAB, ANZ, AMP and Macquarie in the Wealth Insights survey.

(5) The index shows the proportion of CBA employees replying with a score of 4 or 5 to four engagement questions relating to satisfaction, retention, advocacy and pride on a scale of 1-5 (5 is 'Strongly Agree', 1 is 'Strongly Disagree').

(6) Employee turnover refers to all voluntary exits of permanent employees as a percentage of the average permanent headcount paid directly by the Group (full-time, part-time, job share or on extended leave), including Bankwest and offshore, but excluding ASB. 2013 and 2014 figures have been restated.

(7) Percentage of roles at the level of both Manager and Executive Manager and above filled by women, in relation to the total domestic headcount at this level as at 30 June. Headcount captures permanent headcount (full-time, part-time, job share, on extended leave), and contractors (fixed term arrangements) paid directly by the Group. The percentage of roles at Executive Manager and above excludes Customs Solutions, Colonial First State Property Management and Bankwest. 2013 figure updated to reflect change of reporting entity.

(8) LTIFR is the reported number of occurrences of lost time arising from injury or disease that have resulted in an accepted workers compensation claim, for each million hours worked by the average number of employees over the year. This relates to CBA and Bankwest employees (permanent, casual and contractors paid directly by the Group). Data is presented using the information available as at 30 June for each financial year. Prior year data is updated to reflect change of reporting entity, late reporting and subsequent acceptance or rejection of claims made during the year. As a result, 2014 figure has been restated.

(9) Absenteeism is the annualised figure as at 31 May each year. Absenteeism refers to the average number of sick leave days (and, for CommSec employees, carers leave days) per domestic full-time equivalent (FTE). 2013 and 2014 figures have been restated to include Bankwest.

(10) Scope 1 carbon emissions relate to the consumption of gas and fuel by retail, commercial properties and the business use of our tool-of-trade vehicle fleet. Source of emissions factors: NGA Factors (2014).

(11) Scope 2 carbon emissions relate to the electricity use by retail and commercial properties and ATMs and certain residential properties. Due to the electricity billing cycle, 13% of 2015 electricity data was estimated to meet publication deadlines. Source of emissions factors: NGA Factors (2014).

(12) Scope 3 carbon emissions relate to indirect emissions (tool-of-trade vehicles, natural gas and electricity), rental car and taxi use, business use of private vehicles, dedicated bus service, business flights, office paper and waste to landfill. Source of emissions factors: NGA Factors (2014) and DEFRA (2014) for flights. FY13 and FY14 Scope 3 emissions have been restated downwards. This has been to correct a calculation error identified in prior year's waste recycling data.

(13) Emissions relate to Scopes 1 and 2 emissions sources as detailed above. FTE relates to domestic full-time equivalent employees. For consistency and comparability with peers, emissions per FTE relates to Scopes 1 and 2 only.

(14) The number of active students who participated in the Commonwealth Bank School Banking program. Active students are those who banked at least once during a 12 month period through a School Banking school.

(15) The number of students booked to attend the Commonwealth Bank's Start Smart programs. Start Smart sessions cover different topics and the same student may be booked to attend a number of sessions.

Directors' Report

The Directors of the Commonwealth Bank of Australia submit their report, together with the financial report of the Commonwealth Bank of Australia (the Bank) and of the Group, being the Bank and its controlled entities, for the year ended 30 June 2015.

The names of the Directors holding office during the financial year are set out below, together with details of Directors' experience, qualifications and special responsibilities.

David Turner, Chairman

Director of the Bank since August 2006.

David Turner was appointed Chairman of the Bank in February 2010.

He is Chairman of the Board Performance and Renewal Committee, and a member of the Risk Committee and the Remuneration Committee.

Mr. Turner has extensive experience in finance, international business and governance.

He was Chairman of Cobham plc from May 2008 until May 2010. He has held a number of Directorships including Whitbread plc and the Iron Trades Insurance Group and has been a member of the Quotations Committee of the London Stock Exchange.

He was CEO of Brambles Limited from October 2003 until his retirement in June 2007, and formerly CFO from 2001 until 2003. He was also Finance Director of GKN plc and Finance Director of Booker plc, and spent six years with Mobil Oil.

Other directorships: Ashurst, O'Connell Street Associates Pty Ltd and Great Barrier Reef Foundation.

Qualifications: Fellow of the Australian Institute of Company Directors, Fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Turner is a resident of New South Wales. Age 70.

Ian Narev, Managing Director and Chief Executive Officer

Director of the Bank since December 2011.

Ian Narev was appointed Managing Director and Chief Executive Officer on 1 December 2011.

He was a member of the Risk Committee during the 2015 financial year (ceased August 2014).

Mr. Narev joined the Group in May 2007. From then until January 2009, he was Group Head of Strategy, with responsibility for corporate strategy development, mergers and acquisitions and major cross business strategic initiatives.

From January 2009 until September 2011, Mr. Narev was Group Executive, Business and Private Banking, one of the Group's six operating divisions.

Prior to joining the Group, Mr. Narev was a partner of McKinsey's New York, Sydney and Auckland offices (1998 to 2007). He became a global partner in 2003, and from 2005 until his departure in 2007 was head of McKinsey's New Zealand office. Prior to joining McKinsey, Mr. Narev was a lawyer specialising in mergers and acquisitions.

Other directorships: Commonwealth Bank Foundation (Chairman), and Financial Markets Foundation for Children.

Qualifications: BA LLB (Hons) (Auckland), LLM (Cantab), LLM (NYU).

Mr. Narev is a resident of New South Wales. Age 48.

Sir John Anderson, KBE

Director of the Bank since March 2007.

Sir John Anderson is a member of the Risk Committee and the Board Performance and Renewal Committee. He is also a member of the Audit Committee (from August 2014).

He has held many senior positions in the New Zealand finance industry, including Chief Executive Officer and Director of ANZ National Bank Limited from 2003 until 2005 and the National Bank of New Zealand Limited from 1989 until 2003.

In 1994, he was awarded Knight Commander of the Civil Division of the Order of the British Empire, and in 2005 received the inaugural Blake Medal for "Outstanding Leadership Contributions to New Zealand". In 2012, he was awarded an Honorary Doctorate of Commerce by Victoria University, Wellington.

Other directorships: APN News & Media Limited (since March 2015), PGG Wrightson Limited (Chairman; ceased October 2013), NPT Limited (Chairman), Steel & Tube Holdings Ltd (Chairman from October 2012) and T&G Global Limited (Deputy Chairman from December 2012).

Qualifications: Fellow of Chartered Accountants Australia and New Zealand, Fellow of the Institute of Financial Professionals New Zealand, Fellow of the Institute of Directors and Life Member of the Australian Institute of Banking and Finance.

Sir John is a resident of Wellington, New Zealand. Age 70.

Shirish Apte

Director of the Bank since June 2014.

Shirish Apte is a member of the Risk Committee and the Audit Committee.

He was Co-Chairman of Citi Asia Pacific Banking from January 2012 until January 2014. Previously he was Chief Executive Officer of Citi Asia Pacific (2009 to 2011), with responsibility for South Asia, including Australia, New Zealand, India and ASEAN countries.

He has more than 32 years' experience with Citi, including as CEO of Central & Eastern Europe, Middle East & Africa (CEEMEA) and, before that, as Country Manager and Deputy President of Citibank Handlowy, Poland.

Other directorships: IHH Healthcare Bhd.,Crompton Greaves Ltd, Citibank Japan and member of the Supervisory Board of Citibank Handlowy, Poland.

Qualifications: Chartered Accountant, Institute of Chartered Accountants in England and Wales; Bachelor of Commerce (Calcutta), MBA (London Business School).

Mr. Apte is a resident of Singapore. Age 62.

Jane Hemstritch

Director of the Bank since October 2006.

Jane Hemstritch is Chairman of the Remuneration Committee and a member of the Risk Committee.

She was Managing Director Asia Pacific for Accenture Limited from 2004 until her retirement in February 2007. In this role, she was a member of Accenture's global executive leadership team and oversaw the management of Accenture's business portfolio in Asia Pacific. Ms Hemstritch had a 24 year career with Accenture, preceded by seven years in the accounting profession.

She holds a Bachelor of Science Degree in Biochemistry and Physiology and has professional expertise in technology, communications, change management and accounting.

She also has experience across the financial services, telecommunications, government, energy and manufacturing sectors and in business expansion in Asia.

Other directorships: Herbert Smith Freehills (member of Global Council), Lend Lease Corporation Limited, Santos Ltd, Tabcorp Holdings Ltd, and Victorian Opera Company Ltd (Chairman from February 2013).

Qualifications: Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Institute of Chartered Accountants in Australia, BSc (Hons) London University, Fellow of the Australian Institute of Company Directors.

Ms Hemstritch is a resident of Victoria. Age 61.

Sir David Higgins (Appointed 1 September 2014)

Director of the Bank since September 2014.

Sir David Higgins is a member of the Audit Committee (from March 2015) and the Remuneration Committee (from October 2014).

He is the Chairman of High Speed Two (HS2) Ltd, the company responsible for developing and promoting the UK's new high speed rail network. Prior to that, he was Chief Executive of Network Rail Infrastructure Ltd which is involved in the maintenance and development of railway infrastructure throughout the UK.

From 2006 until 2011, he was Chief Executive of the Olympic Delivery Authority where he oversaw the creation of the London 2012 Olympic Games venues, the Olympic Village and transport projects.

For the three years prior to 2005, he was Chief Executive of English Partnerships, the UK Government's national housing and regeneration agency. In 1985, he joined Lend Lease, and was Managing Director and Chief Executive Officer of Lend Lease from 1995 until 2002.

Other directorships: High Speed Two (HS2) Ltd (Chairman).

Qualifications: Bachelor of Engineering (Civil), USyd, Diploma, Securities Institute of Australia.

Sir David is a resident of United Kingdom. Age 60.

Launa Inman

Director of the Bank since March 2011.

Launa Inman is a member of the Audit Committee and the Remuneration Committee (from August 2014). She was a member of the Risk Committee during the 2015 financial year (ceased August 2014).

She was Managing Director and Chief Executive Officer of Billabong International Limited from May 2012 until August 2013. Prior to this, she was Managing Director of Target Australia Pty Limited (2005 to 2011), and Managing Director of Officeworks (2004 to 2005).

She has significant international and Australian experience in retailing, wholesale, property and logistics, as well as extensive marketing experience in traditional, digital and social media channels.

Other directorships: Bellamy's Australia Limited (since February 2015), Virgin Australia Melbourne Fashion Festival, The Alannah and Madeline Foundation and Billabong International Limited (Managing Director; ceased August 2013).

Qualifications: MCom, University of South Africa (UNISA), BCom (Hons) (UNISA), BCom (Economics and Accounting) (UNISA), Australian Institute of Company Directors (Member).

Ms Inman is a resident of Victoria. Age 59.

Brian Long

Director of the Bank since September 2010.

Brian Long is Chairman of the Audit Committee and a member of the Risk Committee.

He retired as a partner of Ernst & Young on 30 June 2010. Until that time he was the Chairman of both the Ernst & Young Global Advisory Council and the Oceania Area Advisory Council. He was one of the firm's most experienced audit partners with over 30 years' experience in serving as audit signing partner on major Australian public companies including those in the financial services, property, insurance and media sectors.

Other directorships: Brambles Limited, Ten Network Holdings Limited (Deputy Chairman) and Cantarella Bros Pty Ltd.

Qualifications: Fellow of Chartered Accountants Australia and New Zealand.

Mr. Long is a resident of New South Wales. Age 69.

Andrew Mohl

Director of the Bank since July 2008.

Andrew Mohl is a member of the Risk Committee and the Remuneration Committee.

He has over 35 years' financial services experience. He was Managing Director and Chief Executive Officer of AMP Limited from October 2002 until December 2007.

His previous roles at AMP included Managing Director, AMP Financial Services and Managing Director and Chief Investment Officer, AMP Asset Management.

He was a former Group Chief Economist, Chief Manager, Retail Banking and Managing Director, ANZ Funds Management at ANZ Banking Group. Mr. Mohl commenced his career at the Reserve Bank of Australia where his roles included Senior Economist and Deputy Head of Research.

Other directorships: Federal Government Export Finance and Insurance Corporation (Efic) (Chairman; ceased December 2014).

Qualifications: BEc (Hons), Monash.

Mr. Mohl is a resident of New South Wales. Age 59.

Wendy Stops (Appointed 9 March 2015)

Director of the Bank since March 2015.

Wendy Stops is a member of the Remuneration Committee.

She was Senior Managing Director, Technology – Asia Pacific for Accenture Limited from 2012 until her retirement in June 2014. In this role she had responsibility for over 11,000 professional personnel spanning all industry groups and technology disciplines across 13 countries in Asia Pacific.

Other recent senior leadership positions held prior to this time included Global Managing Director, Technology Quality & Risk Management (2009 to 2012), Global Managing Director, Outsourcing Quality & Risk Management (2008 to 2009) and Director of Operations, Asia Pacific (2006 to 2008).

She also served on Accenture's Global Leadership Council from 2008 until her retirement. Ms. Stops career at Accenture spanned 32 years.

Other directorships: Nil.

Qualifications: Bachelor of Applied Science (Information Technology)

Ms. Stops is a resident of Victoria. Age 54.

Harrison Young

Director of the Bank since February 2007.

Harrison Young is Chairman of the Risk Committee and a member of the Audit Committee and the Board Performance and Renewal Committee.

He was Chairman of NBN Co Limited from March 2010 until March 2013. Previously he was a Director and Member of the Financial Stability Committee of the Bank of England (2009 to 2012), Chairman of Morgan Stanley Australia (2003 to 2007), and Vice Chairman of Morgan Stanley Asia (1998 to 2003).

Prior to that, Mr. Young spent two years in Beijing as Chief Executive Officer of China International Capital Corporation. From 1991 until 1994, he was a senior officer of the Federal Deposit Insurance Corporation in Washington.

Other directorships: Nil.

Qualifications: A.B (*Cum Laude*) Harvard, LLD (*Honoris Causa*), Monash.

Mr. Young is a resident of Victoria. Age 70.

Carolyn Kay (Retired 31 March 2015)

Director of the Bank from March 2003 until March 2015.

Carolyn Kay was a member of the Audit Committee and the Remuneration Committee. She was a member of the Risk Committee during the 2015 financial year (ceased August 2014).

She has over 30 years' experience in finance, particularly in International finance, including working as a banker and as a lawyer at Morgan Stanley, JP Morgan and Linklaters & Paines in London, New York and Australia. Through her executive and non-executive career, she has had experience across a broad range of sectors including mining, healthcare, logistics, infrastructure, banking and finance, funds management, packaging, beverages and government.

Other directorships: Allens Linklaters, Brambles Limited, John Swire & Sons Pty Limited, Sydney Institute, The Future Fund (from April 2015) and General Sir John Monash Foundation.

Qualifications: BA (Melb), LLB (Melb), GDM (AGSM) and Fellow of the Australian Institute of Company Directors.

Ms. Kay is a resident of New South Wales. Age 54.

Other Directorships

The Directors held the following directorships in other listed companies in the three years prior to the end of the 2015 financial year:

Director	Company	Date Appointed	Date of Ceasing (if applicable)
Jane Hemstritch	Tabcorp Holdings Limited	13/11/2008	
	Santos Limited	16/02/2010	
	Lend Lease Corporation Limited	01/09/2011	
Launa Inman	Billabong International Limited	14/05/2012	02/08/2013
	Bellamy's Australia Limited	18/02/2015	
Carolyn Kay	Brambles Limited	21/08/2006	
Brian Long	Ten Network Holdings Limited	01/07/2010	
	Brambles Limited	01/07/2014	
Sir John Anderson	APN News & Media Limited	26/03/2015	

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors during the financial year were:

Director	No. of Meetings Held (1)	No. of Meetings Attended
David Turner	12	12
Ian Narev	12	12
John Anderson	12	10
Shirish Apte	12	12
Jane Hemstritch	12	12
David Higgins (2)	8	8
Launa Inman	12	12
Carolyn Kay (3)	10	10
Brian Long	12	11
Andrew Mohl	12	12
Wendy Stops (4)	3	3
Harrison Young	12	12

(1) The number of meetings held during the time the Director was a member of the Board and was eligible to attend.
(2) David Higgins commenced effective 1 September 2014.
(3) Carolyn Kay retired effective 31 March 2015.
(4) Wendy Stops commenced effective 9 March 2015.

Committee Meetings

Director	Risk Committee		Audit Committee		Remuneration Committee	
	No. of Meetings Held [1]	No. of Meetings Attended	No. of Meetings Held [1]	No. of Meetings Attended	No. of Meetings Held [1]	No. of Meetings Attended
David Turner	7	7	-	-	7	7
Ian Narev	1	1	-	-	-	-
John Anderson	7	7	7	7	-	-
Shirish Apte	7	7	7	7	-	-
Jane Hemstritch	7	7	-	-	7	7
David Higgins [2]	-	-	2	2	4	4
Launa Inman	1	1	7	7	5	5
Carolyn Kay [3]	1	1	6	6	6	6
Brian Long	7	7	7	7	-	-
Andrew Mohl	7	7	-	-	7	7
Wendy Stops [4]	-	-	-	-	1	1
Harrison Young	7	7	7	7	-	-

Director	Board Performance and Renewal Committee	
	No. of Meetings Held [1]	No. of Meetings Attended
David Turner	8	8
John Anderson	8	8
Harrison Young	8	8

(1) The number of meetings held during the time the Director was a member of the relevant committee.
(2) David Higgins commenced effective 1 September 2014.
(3) Carolyn Kay retired effective 31 March 2015.
(4) Wendy Stops commenced effective 9 March 2015.

Principal Activities

The Group is one of Australia's leading providers of integrated financial services, including retail, business and institutional banking, funds management, superannuation, life insurance, general insurance, broking services and finance company activities.

The Group conducts its operations primarily in Australia, New Zealand and the Asia Pacific region. It also operates in a number of other countries including the United Kingdom and the United States.

There have been no significant changes in the nature of the principal activities of the Group during the financial year.

Consolidated Profit

The Group's net profit after income tax and non-controlling interests for the year ended 30 June 2015 was $9,063 million (2014: $8,631 million).

The Group's vision is to excel at securing and enhancing the financial wellbeing of people, businesses and communities. The long-term strategies that the Group has pursued to achieve this vision have continued to deliver high levels of customer satisfaction across all businesses and another solid financial result.

Operating income growth was solid across all businesses, relative to the prior year.

Operating expenses increased due to underlying inflationary pressures, the impact of foreign exchange and the cost of growing regulatory, compliance and remediation programs, partly offset by the incremental benefit generated from productivity initiatives.

Loan impairment expense increased in line with portfolio growth in a relatively stable economic environment. Provisioning levels remain prudent and overlays remain largely unchanged on the prior year.

Dividends

The Directors have determined a fully franked (at 30%) final dividend of 222 cents per share amounting to $3,613 million. The dividend will be payable on 1 October 2015 to shareholders on the register at 5pm EST on 20 August 2015.

Dividends paid in the year ended 30 June 2015 were as follows:

- In respect of the year to 30 June 2014, a fully franked final dividend of 218 cents per share amounting to $3,534 million was paid on 2 October 2014. The payment comprised direct cash disbursements. The Dividend Reinvestment Plan (DRP) in respect of the final dividend was satisfied in full by the on market purchase of shares; and
- In respect of the year to 30 June 2015, a fully franked interim dividend of 198 cents per share amounting to $3,210 million was paid on 2 April 2015. The payment comprised direct cash disbursements of $2,636 million with $574 million being reinvested by participants through the DRP.

Review of Operations

An analysis of operations for the financial year is set out in the Highlights and Group Performance Analysis sections.

Changes in State of Affairs

The Group continues to make progress against each of the key strategic priorities in pursuit of our vision to secure and enhance the financial wellbeing of people, businesses and communities.

There have been no significant changes in the state of affairs of the Group during the financial year.

Events Subsequent to Balance Sheet Date

The Bank expects the DRP for the final dividend for the year ended 30 June 2015 will be satisfied by the issue of shares of approximately $700 million.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Business Strategies and Future Developments

The Group's Strategy

Anchored firmly to the Group's vision to 'excel at securing and enhancing the financial wellbeing of people, businesses and communities', the Group's strategy is focussed on creating long-term value for its customers, shareholders and people. The Group's overarching priority is customer focus supported by four market-leading capabilities: people, productivity, technology and strength.

Since 2012, the Group has sustained strong performance across key metrics, including customer satisfaction, total shareholder returns, productivity and people engagement. With an ongoing focus on execution, the strategy is appropriate to deliver future growth for the Group and will continue to underpin the Group's performance.

The strategy is split into three elements:

- An overarching objective of Customer Focus to drive consistency in business unit strategy and execution. The Group is steadfast in its commitment to achieving its vision through continually improving its customer focus. Customers remain the Group's foremost priority with the goal to be number one in customer satisfaction across all segments;
- Four capabilities that the Group invests in and leverages, to reinforce and enhance its competitive advantage, namely People, Productivity, Technology and Strength; and
- Three growth opportunities that define the most significant opportunities for the Group to create shareholder value, namely One CommBank where the Group aims to meet more of its customers' financial needs; continued growth in business and institutional banking; and disciplined capability-led growth outside Australia.

Environmental Reporting

The Group is subject to the Federal Government's National Greenhouse and Energy Reporting (NGER) scheme. The scheme makes it mandatory for controlling corporations to report annually on greenhouse gas emissions, energy production and energy consumption, if they exceed certain threshold levels. As a result of a long history in voluntary environmental reporting, the Group is well placed to meet the NGER requirements.

The Group is not subject to any other particular or significant environmental regulation under any law of the Commonwealth or of a State or Territory, but can incur environmental liabilities as a lender. The Group has a number of policies in place to ensure the risk is managed appropriately.

Directors' Shareholdings and Options

Particulars of shares held by Directors and the Chief Executive Officer in the Commonwealth Bank or in a related body corporate are set out in the Remuneration Report that forms part of this report.

No options have been granted to the Directors or Chief Executive Officer during the period.

Options Outstanding

As at the date of this Report there are no employee options outstanding in relation to Commonwealth Bank ordinary shares.

Directors' Interests in Contracts

A number of Directors have given written notices, stating that they hold office in specified companies and accordingly are to be regarded as having an interest in any contract or proposed contract that may be made between the Bank and any of those companies.

Directors' and Officers' Indemnity

The Directors, as named on pages 36 to 39 of this report, and the Secretaries of the Bank, being named on page 43 of this Report, are indemnified under the Constitution of Commonwealth Bank of Australia (the Constitution), as are all senior managers of the Bank.

The indemnity extends to such other officers, employees, former officers or former employees of the Bank, or of its related bodies corporate, as the Directors in each case determine (each, including the Directors and Secretaries, defined as an 'Officer' for the purposes of this section).

The Officers are indemnified on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the Officer as an Officer of the Bank or of a related body corporate.

Deeds of Indemnity have been executed by the Bank, consistent with the Constitution, in favour of each Director of the Bank which includes indemnification in substantially the same terms to that provided in the Constitution.

An Indemnity Deed Poll has been executed by the Bank, consistent with the Constitution which also includes indemnification in substantially the same terms to that provided in the Constitution, in favour of each:

- secretary and senior manager of the Bank;
- director, secretary or senior manager of a related body corporate of the Bank;
- person who, at the prior formal request of the Bank or a related body corporate, acts as director, secretary or senior manager of a body corporate which is not a related body corporate of the Bank (in which case the indemnity operates only in excess of protection provided by that body corporate); and

- person who, at the request of a related body corporate of the Bank, acts as a member of the compliance committee of a registered scheme for which the related body corporate of the Bank is the responsible entity.

In the case of a partly-owned subsidiary of the Bank, where a director, secretary or senior manager of that entity is a nominee of a third party body corporate which is not a related body corporate of the Bank, the Indemnity Deed Poll will not apply to that person unless the Bank's CEO has certified that the indemnity will apply to that person.

Directors' and Officers' Insurance

The Bank has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Bank and those named and referred to above including the directors, secretaries, officers and certain employees of the Bank and related bodies corporate as defined in the insurance policy. The insurance is appropriate pursuant to section 199B of the Corporations Act 2001 (Corporations Act 2001). In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

Proceedings on behalf of the Bank

No application has been made under section 237 of the Corporations Act 2001 in respect of the Bank, and there are no proceedings that a person has brought or intervened in on behalf of the Bank under that section.

Rounding and Presentation of Amounts

Unless otherwise indicated, the Bank has rounded off amounts in this Directors' Report and the accompanying financial statements to the nearest million dollars in accordance with ASIC Class Order 98/100.

The financial information included in this Annual Report has been prepared and presented in accordance with Australian Accounting Standards, unless otherwise indicated. This ensures compliance with International Financial Reporting Standards.

The Group manages its business performance using a "cash basis" profit measure. The key items that are excluded from statutory profit for this purpose are non-recurring or not considered representative of the Group's ongoing financial performance. Profit on an "underlying basis" is used primarily in the Wealth Management businesses. It provides a profit measure that excludes both the volatility of equity markets on shareholder funds and the mark to market revaluations on the Guaranteed Annuity portfolio for a measure of core operating performance.

Corporate Governance Statement

The Bank is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board has adopted a comprehensive framework of Corporate Governance Guidelines, designed to balance performance and conformance.

The Directors possess a range of skills which, as a group, enable the Board to discharge its obligations effectively, challenge management and contribute to the Bank's strategic debate. Every Director has had considerable exposure to current corporate governance practices and all Directors possess significant financial acumen, with five of the Directors being qualified accountants.

The following table summarises the key skills and experience of the Directors:

Skills and Experience	No. of Directors
Retail and Corporate Banking/ Financial Institutions	5
Financial Acumen	11
New Media and Technology	4
Experience as a non-executive director of at least two other listed entities	7
General management exposure to international operations	11
Held CEO or similar position in non-financial organisation	6
Expert experience in financial regulation	5

The Board currently comprises 11 Directors: 10 Non-Executive Directors and 1 Executive Director, being the CEO.

Throughout the 2015 financial year, the Bank's governance arrangements were consistent with the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The Group's Corporate Governance Statement can be viewed at:

www.commbank.com.au/about-us/shareholders/corporate-profile/corporate-governance.

Company Secretaries

Details of the Bank's Company Secretaries, including their experience and qualifications, are set out below.

David Cohen was appointed as Company Secretary of the Bank in February 2015. David commenced as Group General Counsel in June 2008 and took on the role of leading Group Corporate Affairs in early 2012. He advises the CEO and the Board on legal matters and is also responsible for the Group's external and internal affairs, communications, sustainability and corporate governance. Previously he was General Counsel of AMP and a partner with Allens Arthur Robinson for 12 years.

Carla Collingwood was appointed as Company Secretary of the Bank in July 2005. From 1994 until 2005, she was a solicitor with the Bank's Legal Department, before being appointed to the position of General Manager, Secretariat. She holds a Bachelor of Laws degree (Hons) and a Graduate Diploma in Company Secretary Practice from the Governance Institute of Australia. She is a Graduate of the Australian Institute of Company Directors.

Margaret Taylor was Company Secretary of the Bank from August 2013 until February 2015. Before joining the Bank, she held the position of Group General Counsel and Company Secretary of Boral Limited. Prior to that, she was Regional Counsel Australia/Asia with BHP Billiton, and prior to that a partner with law firm Minter Ellison, specialising in corporate and securities laws. She holds Bachelor Degrees in Law (Hons) and Arts from the University of Queensland. She is a Fellow of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors.

Message from the Remuneration Committee Chairman

Dear Shareholder,

I am pleased to present the CBA Group's 2015 Remuneration Report.

The Group delivered a strong performance in 2015, maintaining its number one ranking for customer satisfaction amongst retail and business customers, including equalling the highest score ever recorded by a major bank. We advanced our technology strategy through the TYME (Take Your Money Everywhere) acquisition, opening of the Innovation Lab, and delivery of market leading products like Albert and BizLoan. The Group continued to deliver on our diversity and inclusion goals while our culture remained strong, with the 2015 People & Culture Survey showing that our people are highly engaged in line with global best in class benchmark organisations. We expanded our role in the community in areas such as education, expanding Start Smart, our school financial skills program, to reach more than 500,000 students each year, and committing $50 million over the next three years to help strengthen Australian schools. Overall we delivered sound growth, solid profits and dividends, and created long-term value for our customers, shareholders, people and community.

The year's strong performance and progress on longer term strategic initiatives resulted in executives, in aggregate, receiving above target short-term incentive awards.

The Long-Term Incentive (LTI) grant awarded in the 2012 financial year vested at 86.25% of the maximum level, reflecting a Total Shareholder Return (TSR) outcome over the last four years which was at the 70th percentile and strong customer satisfaction, with CBA ranked first in two of three surveys (retail and business banking).

During 2015, the CEO and some Group Executives received modest fixed remuneration increases, with others receiving no increases.

There were three new Group Executive appointments during the period, each receiving remuneration levels at or below previous incumbents. All appointments were internal which reflects the Group's strong focus on talent development and strength of our internal capability.

A review of Board and Committee fees, the first since 2012, resulted in a market-aligned increase for Non-Executive Director and Chairman fees, effective 1 January 2015.

During 2015, the Committee continued to review its approach to Executive remuneration. Our strategy has served us well in aligning rewards to our executive team for achieving sound profitable growth and delivering value for shareholders. In a rapidly changing market, we need to ensure it continues to do so. Although no changes are being proposed for the 2016 financial year, our review is ongoing so final outcomes of the review will be considered in relation to the 2017 financial year.

Effective governance is important, so in preparing this year's Remuneration Report, we have focused on providing greater clarity on CBA's policy and principles, including the linkage between performance and remuneration outcomes.

I invite you to review the full report, and thank you for your interest.

Jane Hemstritch
Committee Chairman
11 August 2015

2015 Remuneration Report

This Remuneration Report details the approach to remuneration frameworks, outcomes and performance, for the Commonwealth Bank of Australia (CBA) and its Key Management Personnel (KMP) for the year ended 30 June 2015.

In the 2015 financial year, KMP included the Non-Executive Directors, CEO and Group Executives listed in the table below. The table also includes movements during the 2015 financial year. The key changes to the Executive team included:

- Michael Harte resigned from the role of Group Executive, Enterprise Services and Chief Information Officer effective 11 July 2014;
- David Whiteing was appointed to the role of Group Executive, Enterprise Services and Chief Information Officer from 14 July 2014;
- Simon Blair ceased as a KMP effective 31 October 2014;
- Robert Jesudason was appointed to the role of Group Executive, International Financial Services from 1 November 2014;
- Grahame Petersen ceased as a KMP effective 11 January 2015 and retired from the Group effective 6 February 2015;
- Adam Bennett was appointed to the role of Group Executive, Business and Private Banking from 12 January 2015; and
- Vittoria Shortt was appointed to the role of Group Executive, Marketing and Strategy from 2 March 2015.

Name	Position	Term as KMP
Non-Executive Directors		
David Turner	Chairman	Full Year
John Anderson	Director	Full Year
Shirish Apte	Director	Full Year
David Higgins	Director (from 1 September 2014)	Part Year
Jane Hemstritch	Director	Full Year
Launa Inman	Director	Full Year
Brian Long	Director	Full Year
Andrew Mohl	Director	Full Year
Wendy Stops	Director (from 9 March 2015)	Part Year
Harrison Young	Director	Full Year
Former Non-Executive Director		
Carolyn Kay	Director (until 31 March 2015)	Part Year
Managing Director and CEO		
Ian Narev	Managing Director and CEO	Full Year
Group Executives		
Kelly Bayer Rosmarin	Group Executive, Institutional Banking and Markets	Full Year
Adam Bennett	Group Executive, Business and Private Banking (from 12 January 2015)	Part Year
David Cohen	Group General Counsel and Group Executive, Group Corporate Affairs	Full Year
Matthew Comyn	Group Executive, Retail Banking Services	Full Year
David Craig	Group Executive, Financial Services and Chief Financial Officer	Full Year
Robert Jesudason	Group Executive, Group Strategic Development (until 31 October 2014) Group Executive, International Financial Services (from 1 November 2014)	Full Year
Melanie Laing	Group Executive, Human Resources	Full Year
Vittoria Shortt	Group Executive, Marketing and Strategy (from 2 March 2015)	Part Year
Annabel Spring	Group Executive, Wealth Management	Full Year
Alden Toevs	Group Chief Risk Officer	Full Year
David Whiteing	Group Executive, Enterprise Services and Chief Information Officer (from 14 July 2014)	Part Year
Former Executives		
Simon Blair	Group Executive, International Financial Services (ceased as KMP on 31 October 2014)	Part Year
Michael Harte	Group Executive, Enterprise Services and Chief Information Officer (resigned 11 July 2014)	Part Year
Grahame Petersen	Group Executive, Business and Private Banking (ceased as KMP 11 January 2015)	Part Year

The report has been prepared and audited against the disclosure requirements of the Corporations Act 2001.

1. Remuneration Governance

1.1 Remuneration Committee

The Remuneration Committee (the Committee) is the main governing body for setting remuneration policy across the Group. The Committee develops the remuneration philosophy, framework and policies, for Board approval.

As at 30 June 2015, the Committee is made up of independent Non-Executive Directors and consists of the following members:

- Jane Hemstritch (Chairman);
- David Higgins;
- Launa Inman;
- Andrew Mohl;
- Wendy Stops; and
- David Turner.

The responsibilities of the Committee are outlined in their Charter, which is reviewed annually by the Board. The Charter is available on the Group's website at www.commbank.com.au/about-us.html.

In summary, the Committee is responsible for recommending to the Board for approval:

- Remuneration arrangements and all reward outcomes for the CEO, senior direct reports to the CEO and other individuals whose roles may affect the financial soundness of the Group;
- Remuneration arrangements for finance, risk and internal control employees;
- Remuneration arrangements for employees who have a significant portion of their total remuneration based on performance; and
- Significant changes in remuneration policy and structure, including superannuation and employee equity plans.

This year, the Committee's key areas of focus were:

- The appointment and relocation arrangements for Robert Jesudason in the role of Group Executive, International Financial Services, effective 1 November 2014;
- The appointment of Adam Bennett to the role of Group Executive, Business and Private Banking, effective 12 January 2015, following the retirement of Grahame Petersen;
- The appointment of Vittoria Shortt to the role of Group Executive, Marketing and Strategy, effective 2 March 2015, following Robert Jesudason's appointment to the role of Group Executive, International Financial Services;
- A review of incentive arrangements for financial advisors within Wealth Management to independently confirm compliance with regulatory requirements;
- The annual review of the Group Remuneration Policy in December 2014, and a subsequent review in June 2015;
- A review of the existing Executive remuneration framework to ensure it continues to deliver long-term value to shareholders and a strong risk culture, while reflecting dynamic business strategies and a changing external landscape;
- A comprehensive review of the Group's reward strategy to ensure it enables talent, culture and business objectives, and can flexibly respond to future needs;
- Ongoing monitoring of regulatory and legislative changes, both locally and offshore, ensuring our policies and practices remain compliant; and
- Continued focus on embedding a remuneration framework that is appropriate for our different businesses with transparency in design, strong governance and risk oversight.

Our Independent Remuneration Consultant

The Committee obtains executive remuneration information directly from its external independent remuneration consultant EY.

Throughout the 2015 financial year, the main information received from the Committee's remuneration consultant related to:

- Regulatory reforms;
- Current market practices; and
- Information to support the Committee's review of existing remuneration arrangements of the CEO and Group Executives.

EY provides information to assist the Committee in making remuneration decisions. EY has not made any remuneration decisions or recommendations during the 2015 financial year. The Committee is solely responsible for making decisions within the terms of its Charter.

1.2 Our Remuneration Philosophy

Our remuneration philosophy is the backbone of our remuneration framework, policies and processes. In summary, our remuneration philosophy for our CEO and Group Executives is to:

- Provide target remuneration which is market competitive, without putting upward pressure on the market;
- Align remuneration with shareholder interests and our business strategy;
- Articulate clearly to Executives the link between individual and Group performance, and individual remuneration;
- Reward superior performance, while managing risks associated with delivering and measuring that performance;
- Provide flexibility to meet changing needs and emerging market practice; and
- Provide appropriate benefits on termination that do not deliver any windfall payments not related to performance.

1.3 Remuneration and Risk Management

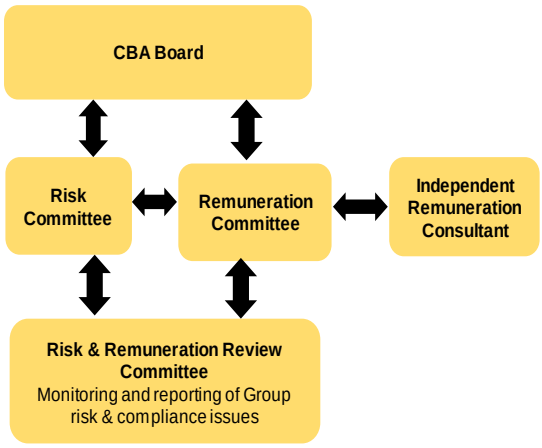
The Committee has a robust framework for the systematic review of risk and compliance issues impacting remuneration. The Committee:

- Takes note of any material risk issues impacting remuneration, with issues raised by the Committee provided to the Board's Risk Committee for noting;
- Considers issues and recommendations raised by the Risk and Remuneration Review Committee, a management committee that monitors material risk and compliance issues throughout the year;

1.3 Remuneration and Risk Management (continued)

- May impose adjustments to remuneration outcomes of Executives before or after awards are made, subject to Board approval; and
- Works closely with the Board's Risk Committee to ensure that any risks associated with remuneration arrangements are managed within the Group's Risk Management Framework.

The following diagram illustrates the Group's remuneration and risk governance framework:



1.4 Non-Executive Directors Remuneration

Non-Executive Directors receive fees to recognise their contribution to the work of the Board and the associated committees that they serve. Non-Executive Directors do not receive any performance-related remuneration.

The Board Performance and Renewal Committee reviews the Non-Executive Directors fee schedule regularly and examines fee levels against the market.

To assist in keeping Non-Executive Directors remuneration arrangements market competitive, following a comprehensive review, the Board approved the following fee increases, effective from 1 January 2015:

- Board Chairman fee increased from $849,800 to $870,000 per annum;
- Board Non-Executive Directors fees increased from $236,400 to $242,000 per annum;
- For both the Audit Committee and Risk Management Committee, the Committee Chairman fee increased from $56,300 to $65,000 per annum and Committee member fees increased from $28,100 to $32,500 per annum;
- For the Remuneration Committee, the Committee Chairman fee increased from $56,300 to $60,000 per annum and Committee member fees increased from $28,100 to $30,000 per annum; and for the Board Performance and Renewal Committee, both Committee Chairman and member fees increased from $11,300 to $11,600 per annum.

Non-Executive Directors fees include statutory superannuation contributions and were last increased in 2012.

The following table outlines the Non-Executive Directors fees for the main Board and the Committees as at 30 June 2015:

	Position	Fees [1] ($)
Board	Chairman	870,000
	Non-Executive Director	242,000
Audit Committee	Chairman	65,000
	Member	32,500
Risk Committee	Chairman	65,000
	Member	32,500
Remuneration	Chairman	60,000
Committee	Member	30,000
Board Performance &	Chairman	11,600
Renewal Committee	Member	11,600

(1) Fees are inclusive of base fees and superannuation. The Chairman does not receive separate Committee fees.

The total amount of Non-Executive Directors fees is capped at a maximum pool that is approved by shareholders. The current fee pool remains at $4 million, which was approved by shareholders at the Annual General Meeting (AGM) on 13 November 2008.

Non-Executive Directors are required to hold 5,000 or more CBA shares. For those Non-Executive Directors who have holdings below this threshold, 20% of their after-tax base fees are used to purchase CBA shares until a holding of 5,000 shares has been reached.

The statutory table on page 57 provides the individual remuneration expense for each Non-Executive Director in relation to the 2015 financial year.

2. Remuneration Framework

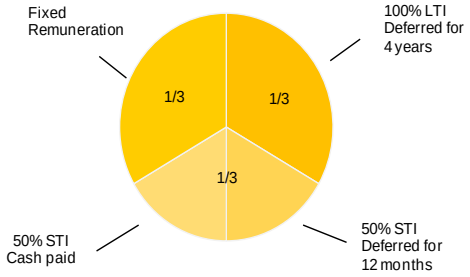
The remuneration arrangements for the CEO and Group Executives are made up of both fixed and at risk remuneration. This is composed of the following three elements:

- Fixed remuneration;
- Short-Term Incentive (STI) at risk; and
- Long-Term Incentive (LTI) at risk.

The at risk components are based on performance against key financial and non-financial measures. More detail on executive remuneration and the link to performance is included in section 3 of this report.

2.1 Total Target Remuneration

The following diagram illustrates the total target mix of the three remuneration elements:



The three remuneration elements are broken down into equal portions of total target remuneration.

In setting target remuneration levels we aim to remain competitive by attracting and retaining highly talented Executives. We do this by considering the experience of

2.1 Total Target Remuneration (continued)

the Executive, the size and scope of role responsibilities, and level of market competitive remuneration sourced from remuneration market surveys and disclosed data.

Each component of remuneration has a specific purpose and direct link to our business strategy as detailed below.

2.2 Fixed Remuneration

- Fixed remuneration is made up of base remuneration and superannuation. Base remuneration includes cash salary and any salary sacrifice items;
- The Board, with recommendations from the Committee, determines an appropriate level of fixed remuneration for the CEO and Group Executives with consideration of incumbent, role and market factors; and
- Fixed remuneration is reviewed annually, following the end of the 30 June performance year. For the 2015 financial year the average fixed remuneration increase for Executives who did not change roles was 1.4%.

2.3 Short-Term Incentive

- The CEO and Group Executives have an STI target equal to 100% of their fixed remuneration. STI outcomes reflect the Executive's performance against a balanced scorecard and CBA's overall performance;
- STI outcomes for the CEO and Group Executives may be awarded between zero and 150% of their STI target depending on performance;
- Executives receive 50% of their STI payment as cash following the Group's year-end results. The remaining 50% of the STI payment is deferred for one year and earns interest at the CBA one year term deposit rate;
- The CEO and Group Executives will forfeit the deferred portion of their STI if they resign or are dismissed from the Group before the end of the deferral period, unless the Board determines otherwise;
- The deferral assists in managing the risk of losing key Executive talent. It also allows the Board to reduce or cancel the deferred component of the STI where business outcomes are materially lower than expected or with consideration of other circumstances; and
- STI payments are made within a funding cap which is determined by the Board after consideration of Group performance in the year. The Board retains discretion to adjust remuneration outcomes up or down to ensure consistency with the Group's remuneration philosophy and to prevent any inappropriate reward outcomes.

See section 3.1 for more detail on STI outcomes and the link to performance.

2.4 Long-Term Incentive

- The CEO and each Group Executive has an LTI target that is equal to 100% of their fixed remuneration, based on the expected values at the end of the performance period, in today's dollars;
- The LTI award has a four year vesting period and is measured against relative Total Shareholder Return (TSR) and relative Customer Satisfaction performance hurdles;
- The performance hurdles are aligned to our key business priorities of Customer Focus and long-term shareholder value creation;
- Executives only receive value if performance hurdles are met at the end of the four years, subject to final Board review;
- Executives receive one CBA share (or cash equivalent) for each right that vests; and
- No dividends are paid while LTI awards are unvested.

See section 3.2 for more detail on how the LTI award operates and its direct link to performance outcomes.

2.5 Mandatory Shareholding Policy

The CEO and each Group Executive are required to accumulate CBA shares over a five year period to the value of 300% of fixed remuneration for the CEO and 200% of fixed remuneration for Group Executives.

2.6 Sign-on and Retention Awards

- Sign-on awards may be offered to new Executives to compensate for existing incentive arrangements that they will forgo due to the termination of their non-CBA employment before the end of the vesting period.
- Retention awards are pre-determined future payments that may be awarded to Executives at a defined future date to encourage retention.
- No sign-on or retention awards were made to David Whiteing, Adam Bennett or Vittoria Shortt following their appointment to Executive roles, or to any other Executives during the 2015 performance year.

3. Linking Remuneration to Performance

The remuneration framework is designed to attract and retain high calibre Executives by rewarding them for achieving goals that are aligned to the Group's business strategy and shareholder interests. All our incentives are directly linked to both short-term and long-term performance goals.

3.1 Short-Term Performance 2015

The table below provides the Board's assessment of the Group's overall performance for the year ended 30 June 2015 and highlights key financial and non-financial performance outcomes. Performance categories have been assessed as above, on, or below target.

Overall Group performance, together with an assessment of individual Executive performance through a balanced scorecard approach, determines the individual STI outcomes of Executives. Financial and non-financial objectives and weightings vary by role. The CEO has a 40% weighting on financial outcomes, Executives managing business units typically have a 45% weighting on financial outcomes and Executives managing support functions have a typical weighting of 25% on financial outcomes.

Risk is also an important factor in accounting for short-term performance. We use Profit After Capital Charge, a risk-adjusted measure, as one of our key measures of financial performance. It takes into account not just the profit achieved, but also considers the risk to capital that was taken to achieve it. Executives are also required to comply with the relevant Group or Business Unit Risk Appetite Statement and provide leadership of strong risk culture. STI awards are adjusted downwards where material risk issues occur. Risk is also managed through the compulsory 50% deferral of the CEO and Group Executives' STI awards. Under the Group's Remuneration Policy, the Board has discretion to make adjustments to deferred remuneration in various circumstances. Adjustments can include partial reductions or complete forfeiture of deferred STI awards.

Performance	2015 Key Achievements
Customer Focus	**Continuing to build a vibrant customer focused culture – Above-Target** The Group's continued commitment to its customer focused culture resulted in the Group maintaining the number one major bank ranking for customer satisfaction among retail and business customers. Specifically: ▪ For Retail Banking, CBA finished the financial year ranked number one in Main Financial Institution (MFI) customer satisfaction[(1)]. During this time, CBA equalled the highest score ever recorded by a major bank at 84.2%; ▪ In Business Banking, CBA ended the financial year in equal first position in MFI customer satisfaction[(1)] among the major banks in all of its key business segments; ▪ In Institutional Banking, CBA continues to perform strongly and has ranked either in outright or equal first position in MFI customer satisfaction[(1)] for the past 12 months; and ▪ Wealth Management's platforms were ranked second for adviser satisfaction among the four major banks and other key competitors.
Strength	**Maintain a strong, flexible Balance Sheet – On-Target** ▪ The Group maintained a strong capital position with capital ratios well in excess of regulatory minimum capital requirements and Board approved minimum levels at all times throughout the year ended 30 June 2015; ▪ The group preserved its well-diversified funding base including: – Customer deposits accounting for 63% of total funding at 30 June 2015 (2014: 64%); and – Short-term wholesale funding accounted for 49% of total wholesale funding at 30 June 2015, up from 45% in the prior year. ▪ The Group continues to hold a high quality, well diversified liquid asset portfolio of $132 billion at 30 June 2015, to prudently meet Balance Sheet liquidity needs and regulatory requirements introduced from 1 January 2015; and ▪ The Group continues to manage growth by assessing opportunities that will generate sustainable returns for the long-term, demonstrated in the 2015 financial year by a 5% increase in profit after tax including: – A 5% increase in net interest income; and – Low levels of lending losses for the period.
Productivity	**Group-wide commitment to continually improving and streamlining processes with a focus on simplicity and an enhanced experience for the Group's customers and employees - On-Target** ▪ Having built substantial productivity capability and scale over the past three years, central team resources are now transferred and embedded into business and support units to ensure productivity efforts directly contribute to business and support unit expense goals. Business and support unit initiatives and improvement projects are part of a rolling two year Productivity Plan that includes minimum expense benefit targets set by the Group and embedded in overall business plans; ▪ Productivity capability has grown through the acceleration of leadership-focused courses to assist managers in the full utilisation of embedded resources and expert capability, as well as continually refreshed Productivity training for new and existing employees;

Productivity (continued)	▪ Four Productivity Habits are established as a foundation across the Group, supported by an accreditation process to encourage continued evolution and capability of business and support units in making things simpler and easier for the Group's customers and employees; and ▪ Projects continue to be executed across all business and support units delivering financial and customer benefit, as well as an increased focus on simplifying and standardising processes to support the Group's process centricity and digitisation efforts.
Technology	**Technology programs designed to enhance the customer experience through more innovative systems and processes, and improve efficiency levels – Above-Target** Commonwealth Bank continued to provide new and innovative technology services to our customers both in Australia as well as overseas. **For consumers we provided:** ▪ The ability to cancel and replace cards via the CommBank app or NetBank; ▪ International Money Transfer to an existing payee or transfer to a new payee in the CommBank app; ▪ The ability for Android customers to use their device and the CommBank app to Tap & Pay; ▪ Touch-ID for Apple iPhone customers to login to CommBank app; ▪ Smartwatch applications for the CommBank and CommSec apps; and ▪ The ability to conduct a full property settlement on the new PEXA platform, the first bank in Australia to provide this. **For our business clients we:** ▪ Launched our new Albert EFTPOS payments terminal; and ▪ Launched the ability to access and manage trade finance, foreign exchange and cash management positions through our leading CommBiz online platform. **Internationally in Indonesia we introduced:** ▪ Cashflow app that helps entrepreneurs manage their customers, suppliers and cash; ▪ BizLoan app to simplify borrowing for entrepreneurs; ▪ Workflow app (in Indonesia and Vietnam) that helps entrepreneurs manage employees, track employee loans and simplify payroll; and ▪ We also completed the two-year build of the Indonesian banking technology platform, covering mobile banking, internet banking, branch teller and core banking platforms, as well as a new data warehouse. In addition to these, we opened our new Innovation Lab in Sydney allowing our people to work on new products and services for our customers. We acquired TYME (Take Your Money Everywhere), a South African company that provides access to regulated bank accounts using the latest technology to under-serviced customers.
People	**Continuing to build an effective workforce, aligned to business need, performing at its best – Above-Target** ▪ Our people continued to be highly engaged during the 2015 financial year, with the Group employee engagement score remaining at 81%; ▪ The Group remains committed to gender diversity and as at 30 June 2015, the Group achieved its target of 35% of women in leadership roles. To continue the Group's focus on increasing the percentage of women in executive roles, a new gender diversity target will be set; ▪ In January 2015, the 2015-2017 Diversity and Inclusion Strategy was launched. The strategy has been cascaded to each business unit. We are strengthening our approach to deliver the strategy through a combination of self-determination by the respective employee communities whilst embedding diversity into everyday business with a focus on enhancing a culture of inclusion; ▪ To support our culture, the Group has continued to invest in leadership development at every level of the organisation, embedding its long-term customer-centric culture and adding stronger productivity and risk lenses; ▪ A number of technology initiatives were implemented during 2015 making people processes simple and easy for our employees. These include Sidekick, a global mobile app enabling real-time access to HR data, dashboards and services, and HR Now, a digital solution for people-related transactions providing easy access anytime anywhere; and ▪ The Group remains committed to not offshoring jobs.

(1) Customer satisfaction is measured by three separate surveys. For the Retail Bank, it is measured by Roy Morgan Research. Roy Morgan Research MFI Retail Customer Satisfaction measures the percentage of the Australian population 14+, % "Very Satisfied" or "Fairly Satisfied" with their relationship with that MFI, based on a 6 month rolling average to June 2015. CBA excludes Bankwest. Rank refers to CBA's position relative to NAB, ANZ and Westpac. For Business Banking and Institutional Banking, MFI customer satisfaction is measured by DBM Business Financial Services Monitor which takes the average satisfaction rating of business customers' MFI, using an 11 point scale where 0 is Extremely Dissatisfied and 10 is Extremely Satisfied based on a 6 month rolling average to June 2015. Institutional Banking includes businesses with turnover of $100 million and above. For Wealth Management, customer satisfaction is measured by the Wealth Insights 2015 Service Level Report, Platforms. This survey measures satisfaction with the service of master trusts/wraps in Australia, by financial advisers. It includes Colonial First State's FirstChoice and FirstWrap platforms.

3.2 Long-Term Performance

The executive remuneration structure also focuses on driving performance and creating shareholder alignment in the longer term, by providing Executives with LTI awards in the form of Reward Rights with a four year vesting period. CEO and Group Executives' current LTI awards are issued under the Group Leadership Reward Plan (GLRP). Vesting is subject to performance against relative TSR and relative Customer Satisfaction hurdles.

2012 GLRP Award

The GLRP award granted during the 2012 financial year reached the end of its four year performance period on 30 June 2015. The 2012 GLRP award was weighted against two performance hurdles, relative TSR (75% of the award) and relative Customer Satisfaction (25% of the award). At the end of the performance period, the results against these measures were strong and included:

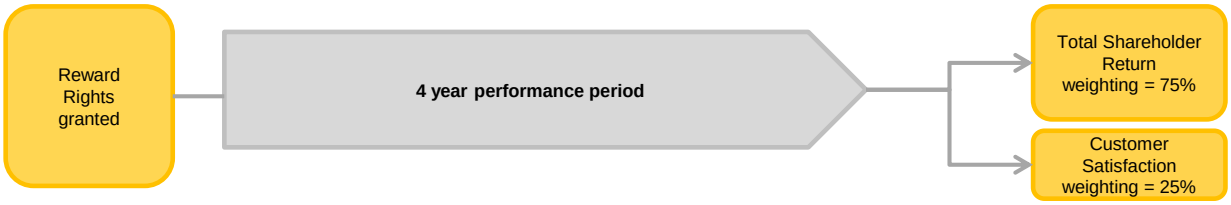
- 90% vesting against the TSR hurdle;
- 75% vesting against the Customer Satisfaction hurdle;
- In line with the plan rules for this award, 86.25% of the total award vested; and
- The Board reviewed the measurement outcomes of this award and concluded that the above vesting appropriately reflects performance over the four year performance period.

Overview of Unvested LTI Awards

Equity Plan	Performance Period Ends	Performance Hurdles
2013 GLRP	30 June 2016	Each reward is split and tested: ▪ 75% TSR ranking relative to peer group ▪ 25% Customer Satisfaction average ranking relative to peer group
2014 GLRP	30 June 2017	
2015 GLRP	30 June 2018	

2015 GLRP Award

The CEO and Group Executives were granted LTI awards during the 2015 financial year under the 2015 GLRP. The awards granted may deliver value to Executives at the end of the four year performance period, subject to meeting performance hurdles as set out in the diagram below:



The following table provides the key features of the 2015 GLRP award:

Feature	Description
Instrument	Reward Rights. Each Reward Right entitles the Executive to receive one CBA share in the future, subject to meeting the performance hurdles set out below. The number of rights that vest will not be known until the end of the performance period.
Determining the number of Reward Rights	The number of Reward Rights allocated depends on each Executive's LTI Target (see diagram on page 47 for explanation of target remuneration). The number of Reward Rights allocated aligns the Executive's LTI Target to the expected value at the end of the performance period, in today's dollars.
Performance Period	The performance period commences at the beginning of the financial year in which the award is granted. For the GLRP award granted in the 2015 financial year, the performance period started on 1 July 2014 and ends after four years on 30 June 2018. Any vesting will result in participants receiving shares during the first available trading window following the end of the performance period.
Performance Hurdles	▪ 75% of each award is subject to a performance hurdle, that measures the Group's TSR performance relative to a set peer group.[1] This is made up of the 20 largest companies on the Australian Securities Exchange (ASX) by market capitalisation at the beginning of the performance period, excluding resources companies and Commonwealth Bank of Australia. The next five largest companies listed on the ASX by market capitalisation will form a reserve bench of companies. A reserve bench company will be substituted (in order of market capitalisation as at the beginning of the performance period) into the peer group when a peer group Company ceases to be listed on the ASX as a result of an acquisition, merger or other relevant corporate action or delisting; and ▪ 25% of each award is subject to a performance hurdle that measures the Group's Customer Satisfaction outcomes relative to a peer group of Australia & New Zealand Banking Group Limited (ANZ), National Australia Bank Limited (NAB), Westpac Banking Corporation (WBC), and other key competitors for the wealth business.

Vesting Framework	TSR (75% of the award) ▪ 100% vesting is achieved if the Group's TSR is ranked in the top quarter of the peer group (i.e. 75th percentile or higher) [(1)]; ▪ If the Group is ranked at the median, 50% of the Reward Rights will vest; ▪ Vesting occurs on a sliding scale if the Group is ranked between the median and the 75th percentile; and ▪ No Reward Rights in this part of the award will vest if the Group's TSR is ranked below the median of the peer group. Customer Satisfaction (25% of the award) ▪ 100% vesting applies if the weighted average ranking for the Group over the performance period is 1st; ▪ 50% will vest if the Group's weighted average ranking is 2nd; ▪ Vesting of between 50% and 100% will occur on a pro-rata straight line basis if the Group's weighted average ranking is between 2nd and 1st; and ▪ No Reward Rights in this part of the award will vest if the Group's weighted average ranking is less than 2nd.
Calculation of the Performance Results	▪ TSR is calculated independently by Orient Capital. ▪ Customer Satisfaction is measured with reference to the three independent surveys below: – Roy Morgan Research (measuring customer satisfaction across Retail Banking); – DBM, Business Financial Services Monitor (measuring customer satisfaction across Business Banking); and – Wealth Insights Service Level Report, Platforms (measuring customer satisfaction across Wealth Management).
Board Discretion	The Board also retains sole discretion to determine the amount and form of any award that may vest (if any) to prevent any unintended outcomes, or in the event of a corporate restructuring or capital event.
Expiry	At the end of the applicable performance period, any Reward Rights that have not vested will expire.

(1) The peer group (at the beginning of the performance period) for the TSR performance hurdle (at the time of grant) comprised Amcor Limited, AMP Limited, Australia and New Zealand Banking Group Limited, Brambles Limited, Crown Limited, CSL Limited, Insurance Australia Group Limited, Macquarie Group Limited, National Australia Bank Limited, QBE Insurance Group Limited, Ramsey Health Care Limited, Scentre Group, Suncorp Group Limited, Sydney Airport, Telstra Corporation Limited, Transurban Group, Wesfarmers Limited, Westfield Corporation, Westpac Banking Corporation and Woolworths Limited. The reserve bench comprised AGL Energy Limited, Goodman Group, Lend Lease Group, Orica Limited and Stockland.

Hedging of Unvested Equity Awards

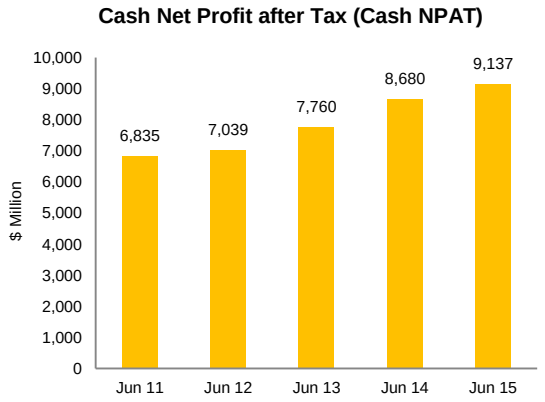
Employees are prohibited from hedging their unvested CBA equity awards, including shares or rights. Executives controlling their exposure to risk in relation to their unvested awards is prohibited. Executives are also prohibited from using instruments or arrangements for margin borrowing, short selling or stock lending of any Bank securities or the securities of any other member of the Group. All hedging restrictions are included in the Group's Securities Trading Policy.

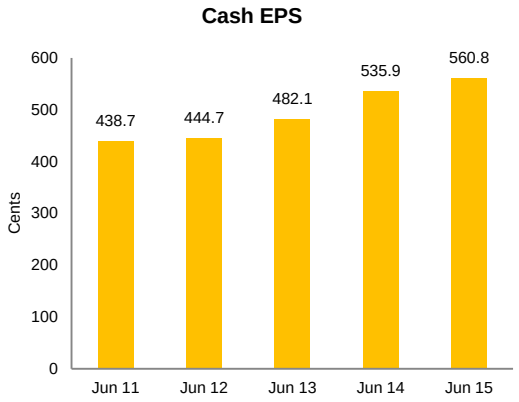
Long-Term Performance against Key Measures.

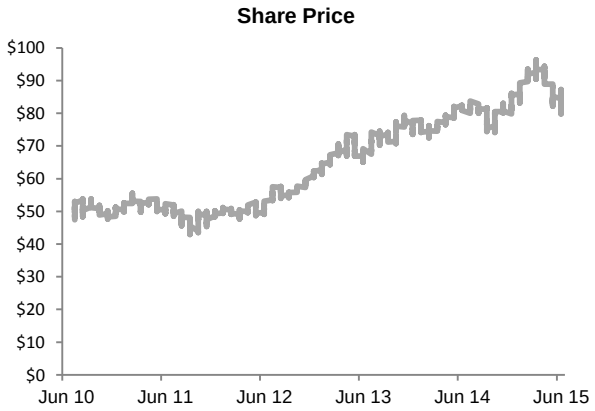
As detailed above, long-term incentive arrangements are designed to align Executives with the Group's long-term strategy and shareholder interests. The remainder of this section illustrates performance against key related metrics over time.

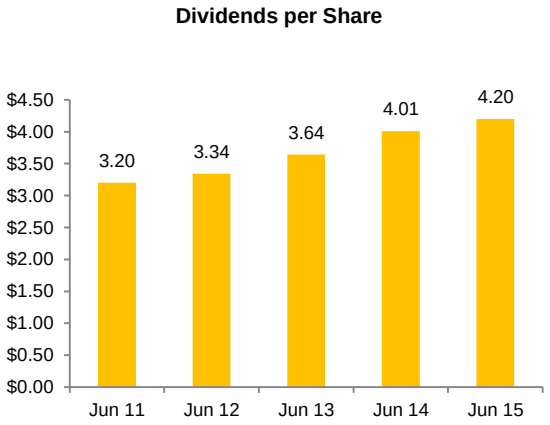
Financial Performance

The following graphs show the Group's cash Net Profit after Tax (cash NPAT), cash Earnings per Share (cash EPS), share price movement and full-year dividend results over the past five financial years (including 2015). The solid performance has delivered sound returns to shareholders.



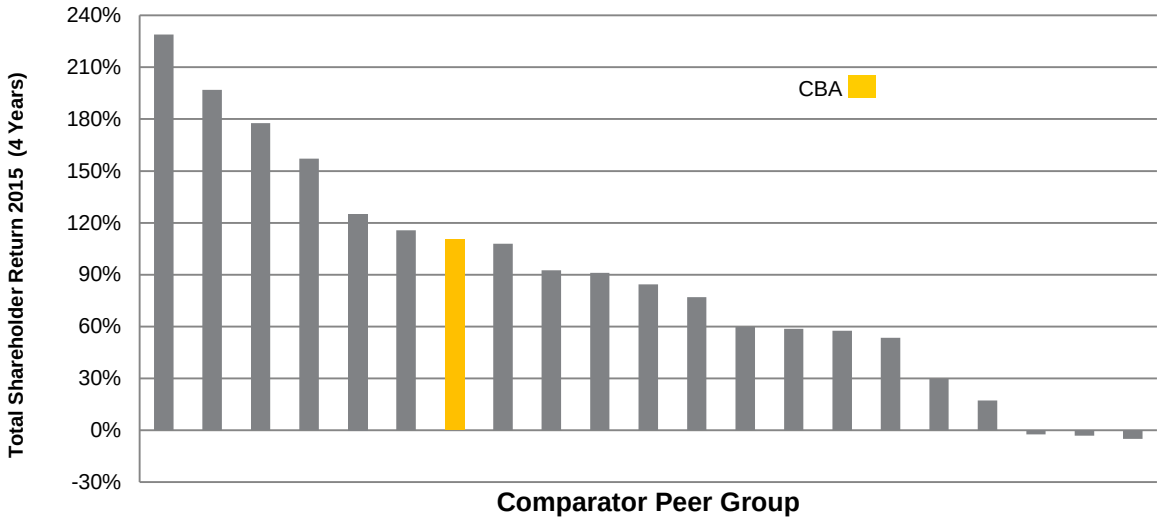






Relative TSR Performance against the Group's Peers

The graph below represents CBA's TSR performance against the comparator peer group for the period 1 July 2011 to 30 June 2015. The Group was ranked at the 70th percentile of the peer group(1) at the end of the period. TSR is calculated by Orient Capital.

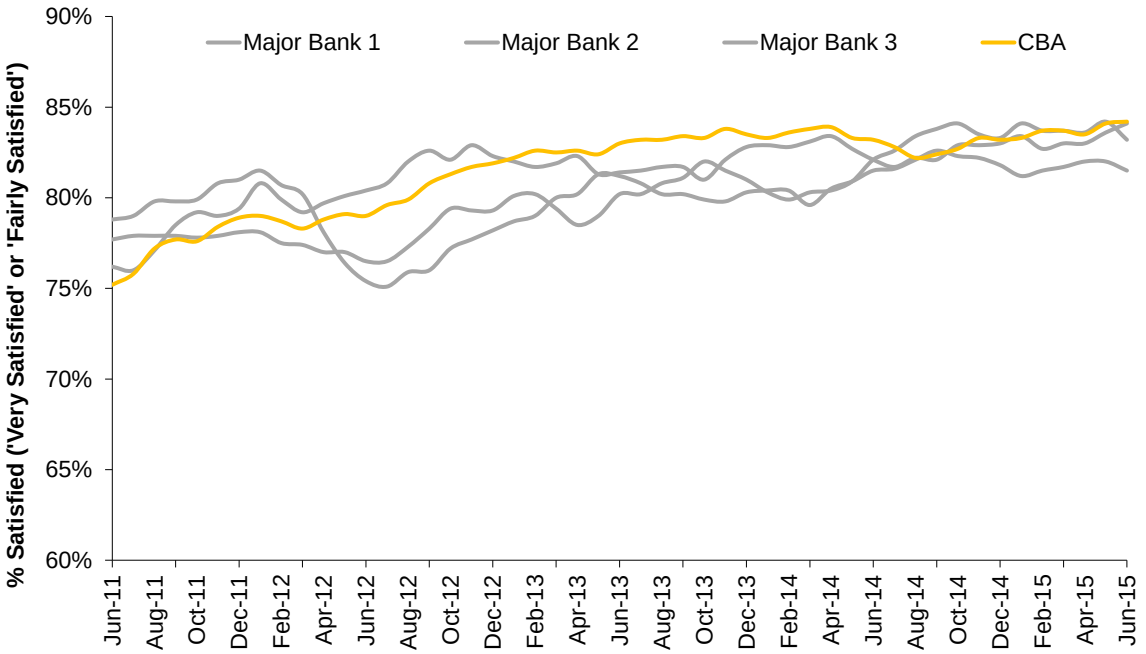


(1) For the 2012 GLRP, the peer group (at the end of the performance period) for the TSR performance hurdle comprised Amcor Limited, AMP Limited, Australia and New Zealand Banking Group Limited, Brambles Limited, CIMIC Group Limited, Coca-Cola Amatil Limited, Crown Limited, CSL Limited, Insurance Australia Group Limited, Macquarie Group Limited, National Australia Bank Limited, Orica Limited, QBE Insurance Group Limited, Stockland, Suncorp Group Limited, Telstra Corporation Limited, Transurban Group, Wesfarmers Limited, Westpac Banking Corporation and Woolworths Limited.

Performance against Customer Satisfaction

The following graphs show CBA's customer satisfaction performance across Retail, Business and Wealth Management. As at 30 June 2015, CBA maintained the number one ranking among the major banks in MFI customer satisfaction and ended the financial year in equal first position in MFI customer satisfaction among the major banks in all of its key business segments. The Wealth Management results ranked the Group second for adviser satisfaction among the four major banks and other key competitors.

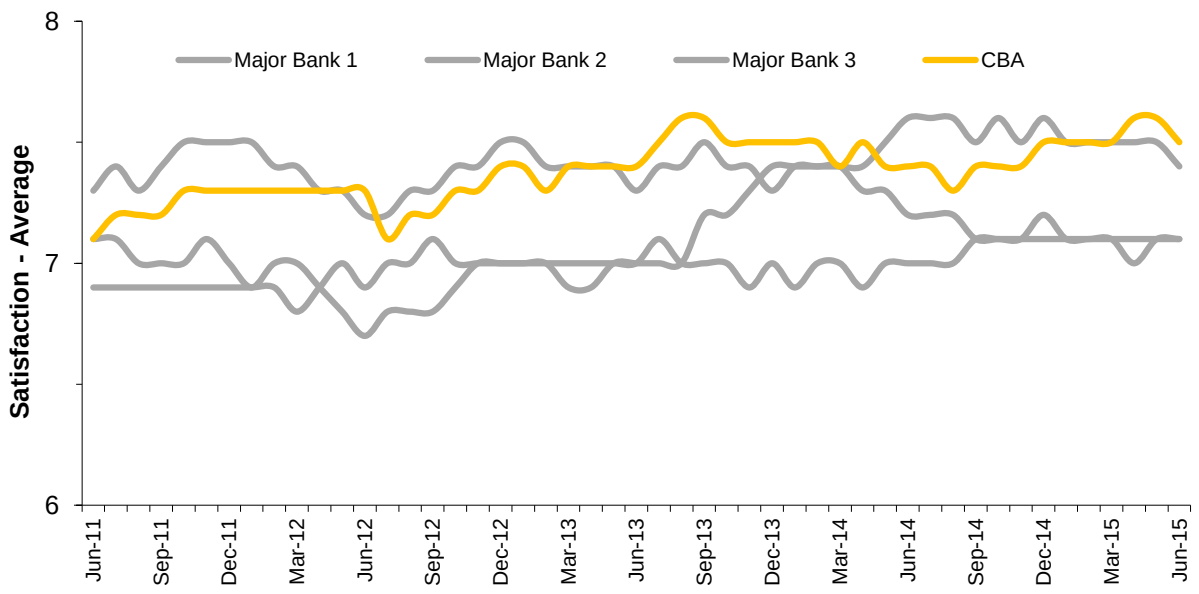
Retail Main Financial Institution Customer Satisfaction - Competitive Context



Source: Roy Morgan Research
6 month rolling average(1)

(1) Roy Morgan Research Main Financial Institution (MFI) Retail Customer Satisfaction. Australian population 14+, % "Very Satisfied" or "Fairly Satisfied" with relationship with that MFI. 6 month rolling average to June 2015. CBA excludes Bankwest. Rank refers to CBA's position relative to NAB, ANZ and Westpac.

Business Main Financial Institution Customer Satisfaction - Competitive Context [1]



Source: DBM, Business Financial Services Monitor 6 month rolling average[2]

(1) CBA and Major Bank 1 are ranked equal 1st (DBM Business Financial Services Monitor, June 2015) as the difference in average satisfaction rating is not considered to be statistically significant.
(2) DBM Business Financial Services Monitor (June 2015), average satisfaction rating of each financial institution's MFI business customers across all Australian businesses, 6 month rolling average.

Wealth Management Customer Satisfaction

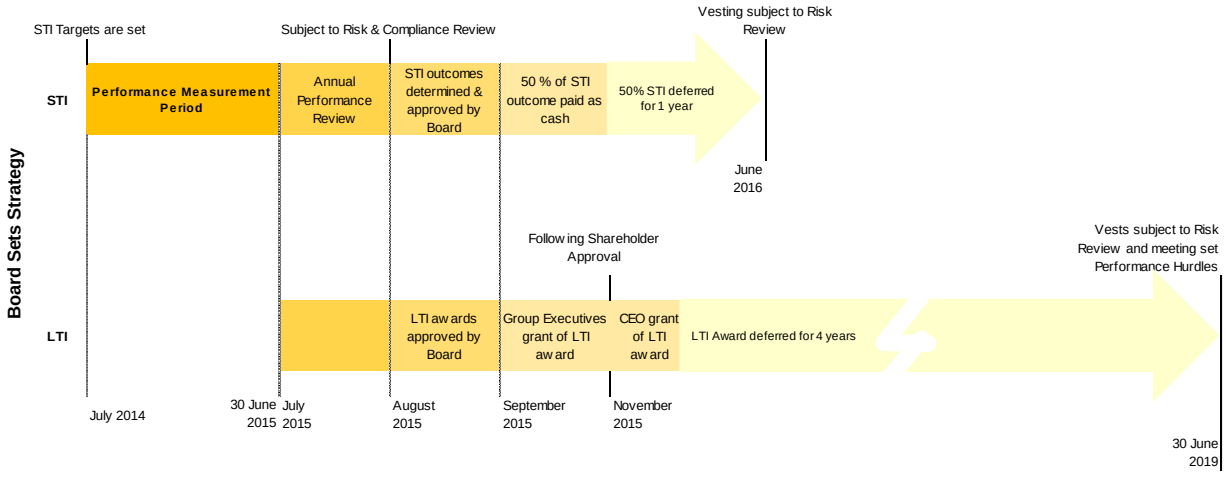
	30-Jun-15	30-Jun-14	30-Jun-13	30-Jun-12 [1]	30-Jun-11 [2]
Score [3]	**7.75**	7.94	8.32	7.86	7.74
CBA Rank	**2nd**	1st	1st	1st	1st

(1) In the 2012 year, the satisfaction score was calculated on a straight average of FirstChoice and FirstWrap. Due to the change in calculation of the satisfaction score in 2013, historical results have been restated. As a result, the score and ranking for 2012 has changed from 7.69 (2nd) to 7.86 (1st). For remuneration purposes the ranking of 2nd has been applied.
(2) For 2011 the ranking remains unchanged but average satisfaction result changed from 7.79 to 7.74. Prior to 2011, results remain unchanged despite change in calculation methodology.
(3) For Wealth Management, customer satisfaction is measured by the Wealth Insights 2015 Service Level Report, Platforms.

3.3 Performance Timeline of At Risk Remuneration Outcomes

The Performance Management framework supports decisions in awarding appropriate annual STI outcomes for Executives. The balanced scorecard performance objectives are communicated to Executives at the beginning of the financial year. Executive annual performance evaluations are conducted following the end of the financial year. For 2015, the evaluations were conducted in July 2015.

The following diagram outlines the timing of the STI and LTI awards made to the Executives over the relevant performance periods. All awards are subject to risk and compliance reviews.



3.4 CEO and Group Executive Remuneration Received in the year ended 30 June 2015

The incentives awarded to the CEO and Group Executives are linked to the Group's and individual financial and non-financial performance.

Total statutory remuneration recognised for the CEO and Group Executives for the 2015 financial year was $41.3 million and is the total of the values for each executive shown in the statutory remuneration table on page 58. Statutory remuneration disclosures are prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards. Total cash remuneration received by the CEO and Group Executives in relation to the 2015 performance year was $20.7 million. The total cash remuneration received is used to present a clear view of the Group's remuneration payments made to the CEO and Group Executives during the performance year.

Table (a) below shows remuneration received in relation to the 2015 financial year. The total cash payments received are made up of base remuneration and superannuation (fixed remuneration), and the portion of the 2015 STI award which is not deferred. This table also includes the value of previous years' deferred STI and LTI awards which vested during 2015.

(a) Remuneration in relation to the 2015 Financial Year

	Fixed Remuneration [1]	Cash STI [2]	Total cash in relation to 2015	Previous years' deferred cash awards vested during 2015 [3]	Previous years' deferred equity awards vested during 2015 [3]	Total remuneration received during 2015	Previous years' awards forfeited or lapsed during 2015 [4]
	$	$	$	$	$	$	$
Managing Director and CEO							
Ian Narev	2,650,000	1,590,000	4,240,000	1,525,681	2,200,502	7,966,183	(62,860)
Current Executives [5]							
Kelly Bayer Rosmarin	1,020,000	612,957	1,632,957	340,642	476,834	2,450,433	-
Adam Bennett [6]	456,438	253,580	710,018	-	-	710,018	-
David Cohen	900,000	582,750	1,482,750	476,445	2,115,050	4,074,245	(60,346)
Matthew Comyn	1,030,000	618,966	1,648,966	695,798	612,083	2,956,847	-
David Craig	1,380,000	852,150	2,232,150	917,186	3,300,844	6,450,180	(94,250)
Robert Jesudason [7]	947,767	575,295	1,523,062	592,948	-	2,116,010	-
Melanie Laing	845,000	495,382	1,340,382	521,752	-	1,862,134	-
Vittoria Shortt [6]	280,123	166,674	446,797	-	-	446,797	-
Annabel Spring	1,030,000	662,084	1,692,084	640,734	662,922	2,995,741	-
Alden Toevs	1,430,000	845,488	2,275,488	961,469	3,423,023	6,659,980	(97,738)
David Whiteing [6]	916,164	531,375	1,447,539	-	-	1,447,539	-

(1) Fixed remuneration includes base remuneration and superannuation.
(2) This is the 50% of the 2015 STI for performance during the 12 months to 30 June 2015 (payable September 2015). The remaining 50% is deferred until 1 July 2016. Deferred STI awards are subject to Board review at the time of payment.
(3) The value of all deferred cash and/or equity awards that vested during 2015 financial year. This includes the value of the award that vested, plus any interest and/or dividends accrued during the vesting period. A portion of Ian Narev's deferred equity award was delivered in the form of cash, which was paid to registered charities pursuant to an option that the Board made available.
(4) The value of any deferred cash and/or equity awards that were forfeited/lapsed during the 2015 financial year.
(5) Group Executives as at 30 June 2015.
(6) David Whiteing commenced in the KMP role on 14 July 2014, Adam Bennett commenced in the KMP role on 12 January 2015 and Vittoria Shortt commenced in the KMP role on 2 March 2015. Remuneration reflects time in the KMP role.
(7) Robert Jesudason was in the Group Executive, Group Strategic Development role from 1 July 2014 to 31 October 2014 and was appointed to the Group Executive, International Financial Services role from 1 November 2014. Robert's 2015 remuneration reflects an increase received on changing roles.

(b) CEO Reconciliation Table of Cash Payments from Table (a) and Statutory Remuneration Table on Page 58

		2015 $	Financial Year Award Vests
Cash remuneration received in relation to 2015 - refer to table (a) above		4,240,000	n/a
2015 STI deferred for 12 months at risk		1,590,000	FY2016
Annual leave and long service leave accruals		137,005	n/a
Other Payments		59,812	n/a
Share based payments: accounting expense for 2015 for LTI awards made over the past 4 years			
2012 GLRP:	Expense for 1 award that may vest subject to customer satisfaction performance	(169,330)	FY2016
2012 GLRP:	Expense for 1 award that may vest subject to relative TSR performance	533,272	FY2016
2013 GLRP:	Expense for 1 award that may vest subject to customer satisfaction performance	179,791	FY2017
2013 GLRP:	Expense for 1 award that may vest subject to relative TSR performance	509,212	FY2017
2014 GLRP:	Expense for 1 award that may vest subject to customer satisfaction performance	150,360	FY2018
2014 GLRP:	Expense for 1 award that may vest subject to relative TSR performance	643,999	FY2018
2015 GLRP:	Expense for 1 award that may vest subject to customer satisfaction performance	110,912	FY2019
2015 GLRP:	Expense for 1 award that may vest subject to relative TSR performance	333,255	FY2019
Total Statutory Remuneration as per page 58		**8,318,288**	

4. KMP Disclosure Tables

4.1 Non-Executive Directors Statutory Remuneration

The statutory table below details individual statutory remuneration for the Non-Executive Directors for the year ended 30 June 2015 and the previous financial year.

	Short-Term Benefits	Post Employment Benefits	Share Based payments	
	Cash [1] $	Super-annuation [2] $	Non-Executive Directors' Share Plan [3] $	Total Statutory Remuneration $
Chairman				
David Turner				
2015	**841,034**	**18,783**	**-**	**859,817**
2014	832,025	17,775	-	849,800
Non-Executive Directors				
John Anderson				
2015	**289,173**	**18,783**	**-**	**307,956**
2014	258,025	17,775	-	275,800
Shirish Apte				
2015	**296,395**	**4,753**	**-**	**301,148**
2014	13,704	886	-	14,590
Jane Hemstritch				
2015	**308,810**	**18,783**	**-**	**327,593**
2014	303,025	17,775	-	320,800
David Higgins [4]				
2015	**217,848**	**15,593**	**-**	**233,441**
Launa Inman				
2015	**251,185**	**18,783**	**28,533**	**298,501**
2014	245,419	17,775	29,406	292,600
Brian Long				
2015	**311,290**	**18,783**	**-**	**330,073**
2014	303,025	17,775	-	320,800
Andrew Mohl				
2015	**279,718**	**18,783**	**-**	**298,501**
2014	274,825	17,775	-	292,600
Wendy Stops [4]				
2015	**79,087**	**5,867**	**-**	**84,954**
Harrison Young				
2015	**322,739**	**18,783**	**-**	**341,522**
2014	314,325	17,775	-	332,100
Former Non-Executive Director				
Carolyn Kay [5]				
2015	**211,718**	**14,100**	**-**	**225,818**
2014	302,925	17,775	-	320,700

(1) Cash includes Board and Committee fees received as cash. For Shirish Apte this also includes payments in relation to tax advice and includes minor adjustments made in relation to the prior year.
(2) Superannuation contributions are capped at the superannuation maximum contributions base as prescribed under the Superannuation Guarantee legislation. For Shirish Apte, superannuation is paid on the Australian portion of his fees and includes minor adjustments made in relation to the prior year.
(3) The values shown in the table represent the post-tax portion of fees received as shares.
(4) David Higgins was appointed as a Non-Executive Director on 1 September 2014 and Wendy Stops was appointed as a Non-Executive Director on 9 March 2015. Their remuneration has been prorated accordingly. To comply with the Non-Executive Director shareholding requirement, shares for both David Higgins and Wendy Stops were purchased during the 2015 financial year.
(5) Carolyn Kay retired from the Group on 31 March 2015 and her remuneration has been prorated accordingly.

4.2 Executive Statutory Remuneration

The following statutory tables detail the statutory accounting expense of all remuneration related items for the CEO and all Group Executives. This includes remuneration costs in relation to both the 2014 and 2015 performance years. The tables are different to the cash table on page 56, which shows the remuneration received in 2015 rather than the accrual amounts on the statutory accounting basis, as outlined in these statutory tables.

The tables have been developed and audited against the relevant accounting standards. Refer to the footnotes below each table for more detail on each remuneration component.

4.2 Executive Statutory Remuneration (continued)

	Fixed Remuneration [1]			Other Short-Term Benefits			Long-Term Benefits	Share Based Payments	
	Base Remuner-ation [2] $	Superan-nuation $	Non Monetary [3] $	Cash STI (at risk) [4] $	Deferred STI (at risk) [5] $	Other [6] $	Long-Term [7] $	Reward Rights (at risk) [8] $	Total Statutory Remuneration [9] $
Managing Director and CEO									
Ian Narev									
2015	**2,625,000**	**25,000**	**14,756**	**1,590,000**	**1,590,000**	**59,021**	**123,040**	**2,291,471**	**8,318,288**
2014	2,550,000	25,000	14,600	1,480,625	1,480,625	(21,633)	18,140	2,375,294	7,922,651
Group Executives									
Kelly Bayer Rosmarin									
2015	**995,000**	**25,000**	**14,756**	**612,957**	**612,957**	**5,228**	**354,416**	**329,371**	**2,949,685**
2014	515,438	13,494	7,880	330,582	330,582	(1,150)	226,913	63,510	1,487,249
Adam Bennett [10]									
2015	**444,794**	**11,644**	**7,041**	**253,580**	**253,580**	**33,624**	**250,647**	**56,549**	**1,311,459**
David Cohen									
2015	**875,000**	**25,000**	**14,756**	**582,750**	**582,750**	**32,072**	**34,785**	**737,041**	**2,884,154**
2014	875,000	25,000	14,600	462,375	462,375	39,387	(19,559)	987,395	2,846,573
Matthew Comyn									
2015	**1,005,000**	**25,000**	**13,652**	**618,966**	**618,966**	**48,121**	**132,653**	**703,776**	**3,166,134**
2014	975,000	25,000	13,486	675,250	675,250	38,336	247,359	508,664	3,158,345
David Craig									
2015	**1,355,000**	**25,000**	**14,756**	**852,150**	**852,150**	**86,446**	**55,686**	**1,129,795**	**4,370,983**
2014	1,355,000	25,000	14,600	890,100	890,100	35,173	(30,865)	1,517,052	4,696,160
Robert Jesudason [11]									
2015	**930,552**	**17,215**	**6,050**	**575,295**	**575,295**	**230,592**	**164,243**	**594,821**	**3,094,063**
2014	800,000	25,000	14,600	575,437	575,437	2,080	365,520	417,265	2,775,339
Melanie Laing									
2015	**820,000**	**25,000**	**14,756**	**495,382**	**495,382**	**50,875**	**16,155**	**705,309**	**2,622,859**
2014	800,000	25,000	14,600	506,344	506,344	(5,800)	27,648	671,452	2,545,588
Vittoria Shortt [10]									
2015	**271,835**	**8,288**	**5,025**	**166,674**	**166,674**	**8,272**	**108,772**	**10,885**	**746,425**
Annabel Spring									
2015	**1,005,000**	**25,000**	**13,652**	**662,084**	**662,084**	**38,164**	**28,352**	**838,730**	**3,273,066**
2014	975,000	25,000	13,486	621,812	621,812	38,859	153,511	795,932	3,245,412
Alden Toevs									
2015	**1,405,000**	**25,000**	**14,756**	**845,488**	**845,488**	**(7,527)**	**60,989**	**1,170,640**	**4,359,834**
2014	1,405,000	25,000	14,600	933,075	933,075	47,396	(39,018)	1,577,942	4,897,070
David Whiteing [10]									
2015	**898,049**	**18,115**	**13,167**	**531,375**	**531,375**	**16,211**	**61,424**	**158,131**	**2,227,847**
Former Executives									
Simon Blair									
2015	**278,014**	**8,425**	**4,864**	**133,767**	**133,767**	**39,176**	**37,392**	**184,331**	**819,736**
2014	825,000	25,000	14,600	527,425	527,425	7,264	(23,146)	915,947	2,819,515
Michael Harte									
2015	**31,644**	**753**	**-**	**n/a**	**(194,094)**	**4,313**	**(167,924)**	**(1,612,313)**	**(1,937,621)**
2014	1,050,000	25,000	13,486	665,694	665,694	105,106	17,794	1,183,807	3,726,581
Grahame Petersen [12]									
2015	**614,384**	**13,356**	**7,813**	**326,896**	**326,896**	**17,665**	**39,036**	**1,762,454**	**3,108,500**
2014	1,150,000	25,000	14,600	644,928	644,928	(27,955)	34,290	1,295,598	3,781,389

(1) Fixed Remuneration comprises Base Remuneration and Superannuation (post-employment benefit). From 23 February 2015, superannuation contributions for Robert Jesudason are made in line with Hong Kong Mandatory Provident Fund regulations.
(2) Base Remuneration is the total cost of salary including cash salary, short-term compensated absences and any salary sacrificed benefits.
(3) Non-Monetary represents the cost of car parking (including associated fringe benefits tax).
(4) This is 50% of the 2015 STI for performance during the 12 months to 30 June 2015 (payable September 2015).
(5) Deferred STI represents 50% of the 2015 STI award that is deferred until 1 July 2016. Deferred STI awards are subject to Board review at the time of payment. For Michael Harte, this reflects partial forfeiture of the 2014 deferred STI award following his resignation.
(6) Other short-term benefits relate to company funded benefits (including associated fringe benefits tax where applicable). This item also includes interest accrued and adjustments in relation to the 2014 STI deferred award, which vested on 1 July 2015, and the net change in accrued annual leave over the year. For Robert Jesudason, costs in relation to his relocation to Hong Kong in February 2015 are also included.
(7) Includes long service entitlements accrued during the year as well as the impact of changes to long service leave valuation assumptions, which are determined in line with Australian Accounting Standards. For Kelly Bayer Rosmarin, Adam Bennett, Matthew Comyn, Robert Jesudason, Vittoria Shortt and David Whiteing this also includes amounts relating to deferred STI payments awarded under Executive General Manager arrangements and/or equity sign-on awards. These equity awards are subject to forfeiture if the Executive ceases to be employed by the Group due to his or her resignation in any circumstances.

4.2 Executive Statutory Remuneration (continued)

(8) This includes the 2015 expense for Reward Rights awarded during the 2012, 2013, 2014 and 2015 financial years under the GLRP. For Michael Harte, this value reflects forfeitures of awards upon resignation.

(9) The percentage of 2015 remuneration related to performance was: Ian Narev 66%, Kelly Bayer Rosmarin 53%, Adam Bennett 43%, David Cohen 66%, Matthew Comyn 61%, David Craig 65%, Robert Jesudason 56%, Melanie Laing 65%, Vittoria Shortt 46%, Annabel Spring 66%, Alden Toevs 66%, David Whiteing 55%, Simon Blair 55%, Michael Harte 0% and Grahame Petersen 78%.

(10) David Whiteing commenced in the KMP role on 14 July 2014, Adam Bennett commenced in the KMP role on 12 January 2015 and Vittoria Shortt commenced in the KMP role on 2 March 2015. Remuneration reflects time in the KMP role.

(11) Robert Jesudason was in the Group Executive, Group Strategic Development role from 1 July 2014 to 31 October 2014 and was appointed to the Group Executive, International Financial Services role from 1 November 2014. Robert's 2015 remuneration reflects an increase received on changing roles.

(12) Grahame Petersen ceased as a KMP on 11 January 2015 and his remuneration has been prorated accordingly. The LTI Reward Rights value reflects the disclosable accruals for all previously granted LTI awards that remain unvested following Grahame Petersen's retirement on 6 February 2015 up to the end of each performance period. This means that up to three years of each unvested LTI award has been disclosed in the 2015 financial year, including those amounts which would otherwise have been included in future year disclosures. These LTI awards may or may not vest and still remain subject to the relevant performance hurdles. No new LTI grants have been or will be made to Grahame Petersen following his retirement from the Group.

4.3 Executive STI Allocations for 2015

	STI Target	Maximum STI (1)	Cash STI (2)		Deferred STI (3)	
	$	%	%	$	%	$
Managing Director and CEO						
Ian Narev	2,650,000	150%	50%	1,590,000	50%	1,590,000
Group Executives						
Kelly Bayer Rosmarin	1,020,000	150%	50%	612,957	50%	612,957
Adam Bennett (4)	456,438	150%	50%	253,580	50%	253,580
David Cohen	900,000	150%	50%	582,750	50%	582,750
Matthew Comyn	1,030,000	150%	50%	618,966	50%	618,966
David Craig	1,380,000	150%	50%	852,150	50%	852,150
Robert Jesudason (5)	947,767	150%	50%	575,295	50%	575,295
Melanie Laing	845,000	150%	50%	495,382	50%	495,382
Vittoria Shortt (4)	280,123	150%	50%	166,674	50%	166,674
Annabel Spring	1,030,000	150%	50%	662,084	50%	662,084
Alden Toevs	1,430,000	150%	50%	845,488	50%	845,488
David Whiteing (4)	916,164	150%	50%	531,375	50%	531,375
Former Executives (6)						
Simon Blair	286,439	150%	50%	133,767	50%	133,767
Grahame Petersen	627,740	150%	50%	326,896	50%	326,896

(1) The maximum STI is represented as a percentage of fixed remuneration. The minimum STI is zero.

(2) Includes 50% of the annual STI award payable as cash in recognition of performance for the year ended 30 June 2015.

(3) This represents 50% of the STI award that is deferred until 1 July 2016. The deferred awards are subject to Board review at the time of payment.

(4) David Whiteing commenced in the KMP role on 14 July 2014, Adam Bennett commenced in the KMP role on 12 January 2015 and Vittoria Shortt commenced in the KMP role on 2 March 2015. STI allocations reflect time in the KMP role.

(5) The STI target for Robert Jesudason has been prorated to reflect the respective STI targets of both the Group Executive, Group Strategic Development and the Group Executive, International Financial Services roles held during the 2015 performance year.

(6) Simon Blair ceased as a KMP on 31 October 2014 and Grahame Petersen ceased as a KMP from the Group on 11 January 2015. The STI award for these former executives is in recognition of the portion of the 2015 performance year served in the KMP role. Michael Harte ceased as KMP on 11 July 2014 and is not eligible for an STI award for the 2015 performance year.

4.4 Equity Awards Received as Remuneration

The table below details the value and number of all equity awards that were granted or forfeited/lapsed to Executives during their time in a KMP role in 2015. It also shows the number of previous year's awards that vested during the 2015 performance year (some of which relate to past non-KMP roles).

		Granted during 2015 (1) (2)		Previous Years' Awards Vested during 2015 (3)	Forfeited or Lapsed during 2015 (4)	
Name	**Class**	**Units**	**$**	**Units**	**Units**	**$**
Managing Director and CEO						
Ian Narev	Reward Rights	58,131	3,150,900	24,026	(775)	(62,860)
Group Executives						
Kelly Bayer Rosmarin	Reward Rights	22,376	1,037,270	-	-	-
	Deferred Shares/Rights	2,604	210,976	5,440	-	-
Adam Bennett (5)	Reward Rights	10,013	616,409	-	-	-
David Cohen	Reward Rights	19,744	915,262	23,093	(744)	(60,346)
Matthew Comyn	Reward Rights	22,595	1,047,422	-	-	-
	Deferred Shares/Rights	-	-	6,983	-	-
David Craig	Reward Rights	30,272	1,403,293	36,040	(1,162)	(94,250)
Robert Jesudason	Reward Rights	20,792	981,549	-	-	-
	Deferred Shares/Rights	-	-	9,728	-	-
Melanie Laing	Reward Rights	18,537	859,317	-	-	-
Vittoria Shortt (5)	Reward Rights	6,146	291,631	-	-	-
Annabel Spring	Reward Rights	22,595	1,047,422	-	-	-
	Deferred Shares/Rights	-	-	7,563	-	-
Alden Toevs	Reward Rights	31,369	1,454,124	37,374	(1,205)	(97,738)
David Whiteing (5)	Reward Rights	20,840	966,058	-	-	-
	Deferred Shares/Rights	1,941	157,260	-	-	-
Former Executives						
Simon Blair	Reward Rights	-	-	21,358	(688)	(55,804)
Michael Harte	Reward Rights	-	-	28,031	(93,215)	(7,567,130)
Grahame Petersen	Reward Rights	-	-	30,700	(990)	(80,299)

(1) This represents the maximum number of Reward Rights that may vest to each Executive. The value represents the fair value at grant date. For Ian Narev, the grant date for his Reward Rights was 13 November 2014. For Adam Bennett the grant date for his Reward Rights was 12 February 2015 and for Vittoria Shortt the grant date for her Reward Rights was 7 May 2015. For all other Executives the grant date for Reward Rights was 18 September 2014. The minimum potential LTI outcome is zero.

(2) As at 1 July 2014 (reflecting the beginning of the performance period), the maximum value of Reward Rights granted during 2015, based on the volume weighted average price of the Group's ordinary shares over the five trading days up to and including 1 July 2014 was: Ian Narev $4,713,843, Kelly Bayer Rosmarin $1,814,470, Adam Bennett $811,954, David Cohen $1,601,041, Matthew Comyn $1,832,229, David Craig $2,454,756, Robert Jesudason $1,686,023, Melanie Laing $1,503,165, Vittoria Shortt $498,379, Annabel Spring $1,832,229, Alden Toevs $2,543,712 and David Whiteing $1,689,916.

(3) Previous years' awards that vested include LTI and other deferred equity awards.

(4) This includes the portion of the LTI award that vested during 2015 that did not meet the performance hurdle and was forfeited. For Michael Harte, this also includes 92,311 Reward Rights that were forfeited as a result of his resignation from the Group in July 2014. The value of the lapsed award is calculated using the Volume Weighted Average Closing Price (VWACP) for the five days preceding the transaction date.

(5) David Whiteing commenced in the KMP role on 14 July 2014, Adam Bennett commenced in the KMP role on 12 January 2015 and Vittoria Shortt commenced in the KMP role on 2 March 2015. The number of Reward Rights granted to David Whiteing reflects annual LTI target. The number of Reward Rights granted to Adam Bennett and Vittoria Shortt reflects time in the KMP role.

4.5 Fair Value Assumptions for Unvested Equity Awards

For the Customer Satisfaction component of all LTI awards, the fair value is the closing market price of a CBA share as at the grant date. For the TSR component of the LTI awards, the fair value has been calculated using a Monte Carlo simulation method using the following assumptions:

			Assumptions					
Equity Plan	Grant Date	Fair Value $	Exercise Price $	Performance Period End	Expected Life (Years)	Expected Dividend Yield [1] %	Expected Volatility %	Risk Free Rate %
2015 GLRP [2]	07/05/2015	83.11	Nil	30/06/2018	n/a	n/a	n/a	n/a
2015 GLRP [3]	07/05/2015	34.90	Nil	30/06/2018	3.2	Nil	15	2.4
2015 GLRP [2]	12/02/2015	91.18	Nil	30/06/2018	n/a	n/a	n/a	n/a
2015 GLRP [3]	12/02/2015	51.14	Nil	30/06/2018	3.4	Nil	15	2.3
2015 GLRP [2]	13/11/2014	81.27	Nil	30/06/2018	n/a	n/a	n/a	n/a
2015 GLRP [3]	13/11/2014	44.68	Nil	30/06/2018	3.6	Nil	15	3.0
2015 GLRP [2]	18/09/2014	77.58	Nil	30/06/2018	n/a	n/a	n/a	n/a
2015 GLRP [3]	18/09/2014	35.37	Nil	30/06/2018	3.8	Nil	15	3.3
2014 GLRP [2]	13/02/2014	75.75	Nil	30/06/2017	n/a	n/a	n/a	n/a
2014 GLRP [3]	13/02/2014	41.63	Nil	30/06/2017	3.4	Nil	20	3.3
2014 GLRP [2]	11/11/2013	78.35	Nil	30/06/2017	n/a	n/a	n/a	n/a
2014 GLRP [3]	11/11/2013	47.79	Nil	30/06/2017	3.6	Nil	20	3.6
2014 GLRP [2]	23/09/2013	73.51	Nil	30/06/2017	n/a	n/a	n/a	n/a
2014 GLRP [3]	23/09/2013	44.42	Nil	30/06/2017	3.8	Nil	20	3.5
2013 GLRP [2]	05/11/2012	57.40	Nil	30/06/2016	n/a	n/a	n/a	n/a
2013 GLRP [3]	05/11/2012	31.49	Nil	30/06/2016	3.7	Nil	20	3.2
2013 GLRP [2]	04/10/2012	56.55	Nil	30/06/2016	n/a	n/a	n/a	n/a
2013 GLRP [3]	04/10/2012	30.76	Nil	30/06/2016	3.7	Nil	20	3.0
2012 GLRP [2]	15/02/2012	50.23	Nil	30/06/2015	n/a	n/a	n/a	n/a
2012 GLRP [3]	15/02/2012	31.87	Nil	30/06/2015	3.4	Nil	30	4.4
2012 GLRP [2]	15/11/2011	49.15	Nil	30/06/2015	n/a	n/a	n/a	n/a
2012 GLRP [3]	15/11/2011	31.60	Nil	30/06/2015	3.6	Nil	30	4.2
2012 GLRP [2]	29/08/2011	47.96	Nil	30/06/2015	n/a	n/a	n/a	n/a
2012 GLRP [3]	29/08/2011	32.23	Nil	30/06/2015	3.8	Nil	30	4.7

(1) For the TSR component of the GLRP awards, a zero dividend yield has been assumed given that dividends are incorporated into the fair value of the rights.
(2) The performance hurdle for this portion of the GLRP award is Customer Satisfaction relative to the Group's peers.
(3) The performance hurdle for this portion of the GLRP award is TSR relative to the Group's peers.

4.6 Termination Arrangements

The table below provides the termination arrangements included in all Executive contracts for our current KMP.

	Contract Type [1]	Notice	Severance [2]
Managing Director & CEO			
Ian Narev	Permanent	12 months	n/a
Group Executives			
Kelly Bayer Rosmarin	Permanent	6 months	6 months
Adam Bennett	Permanent	6 months	6 months
David Cohen	Permanent	6 months	6 months
Matthew Comyn	Permanent	6 months	6 months
David Craig	Permanent	6 months	6 months
Robert Jesudason	Permanent	6 months	6 months
Melanie Laing	Permanent	6 months	6 months
Vittoria Shortt	Permanent	6 months	6 months
Annabel Spring	Permanent	6 months	6 months
Alden Toevs	Permanent	6 months	n/a
David Whiteing	Permanent	6 months	6 months

(1) Permanent contracts are ongoing until notice is given by either party.
(2) Severance applies where the termination is initiated by the Group, other than for misconduct or unsatisfactory performance.

The termination entitlements are appropriate and do not deliver windfall payments on termination that are not related to performance. As part of these arrangements, Executives who resign or are dismissed will forfeit all their unvested deferred awards (including cash and equity awards), unless the Board determines otherwise, and will generally not be entitled to a STI payment for that year. At the Board's discretion, where an Executive's exit is related to retrenchment, retirement or death, the Executive may be entitled to an STI payment and any outstanding LTI awards continue unchanged with performance measured at the end of the performance period related to each award. The Board has ultimate discretion over the amount of awards that may vest.

4.6 Termination Arrangements (continued)

KMP that left the Group during the 2015 financial year were Michael Harte and Grahame Petersen.

4.7 Equity Holdings of KMP

Shareholdings

Details of the shareholdings of KMP (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power) are set out below. For details of Director and Executive equity plans refer to the Financial Statements Note 24 Share Based Payments.

(a) Shares held by Directors

All shares were acquired by Directors on normal terms and conditions or through the Non-Executive Director's Share Plan.

Directors	Class	Balance 1 July 2014	Shares Acquired [1]	Net Change Other [2]	Balance 30 June 2015
Non-Executive Directors					
David Turner	Ordinary	11,840	-	-	**11,840**
	PERLS [6]	380	-	-	**380**
John Anderson	Ordinary	18,186	-	-	**18,186**
Shirish Apte	Ordinary	-	7,500	-	**7,500**
Jane Hemstritch	Ordinary	25,775	-	-	**25,775**
	PERLS [6]	9,300	3,000	(500)	**11,800**
	Other securities [7]	5,000	-	-	**5,000**
David Higgins [3]	Ordinary	n/a	5,023	-	**5,023**
Launa Inman [4]	Ordinary	2,646	934	-	**3,580**
Brian Long	Ordinary	12,425	45	-	**12,470**
	PERLS [6]	400	800	(400)	**800**
Andrew Mohl	Ordinary	59,840	7,390	-	**67,230**
Wendy Stops [3]	Ordinary	n/a	-	13,000	**13,000**
Harrison Young	Ordinary	26,764	-	-	**26,764**
Former Non-Executive Director					
Carolyn Kay [5]	Ordinary	12,388	-	-	**n/a**
	PERLS [6]	-	2,800	-	**n/a**

(1) Shares Acquired incorporates shares purchased during the year. Non-Executive Directors who hold less than 5,000 Commonwealth Bank shares are required to receive 20% of their total post-tax annual fees as Commonwealth Bank shares. These shares are subject to a 10 year trading restriction (the shares will be released earlier if the director leaves the Board).
(2) Net Change Other incorporates changes resulting from sales of securities and appointment of Non-Executive Directors during the year.
(3) David Higgins was appointed as a Non-Executive Director on 1 September 2014 and Wendy Stops was appointed as a Non-Executive Director on 9 March 2015. Their shareholdings have not been included in the opening balance as at 1 July 2014.
(4) Opening balance has been restated to include a correction to CBA ordinary shares.
(5) Carolyn Kay retired from the Group on 31 March 2015 and her shareholdings are not included in the balance as at 30 June 2015.
(6) PERLS: Include cumulative holdings of all PERLS securities issued by the Group.
(7) Other securities: As at 30 June 2015 Jane Hemstritch held CNGHA notes (2014: CNGHA notes).

(b) Shares held by the CEO and Group Executives

	Class [1]	Balance 1 July 2014	Granted as Remuneration	Acquired/ Previous Years' Awards Vested during 2015 [2]	Net Change Other [3]	Balance 30 June 2015
Managing Director and CEO						
Ian Narev	Ordinary	74,969	-	-	18,752	**93,721**
	Reward Rights	248,068	58,131	(24,026)	(775)	**281,398**
Group Executives						
Kelly Bayer Rosmarin	Ordinary	12,457	-	-	1,561	**14,018**
	Reward Rights	12,935	22,376	-	-	**35,311**
	Deferred Shares/Rights	16,370	2,604	(5,440)	-	**13,534**
Adam Bennett [4]	Ordinary	n/a	-	-	8,303	**8,303**
	Reward Rights	n/a	10,013	-	-	**10,013**
	Deferred Shares/Rights	n/a	3,456	(4,808)	12,857	**11,505**
David Cohen	Ordinary	45,752	-	-	(19,615)	**26,137**
	Reward Rights	101,122	19,744	(23,093)	(744)	**97,029**
Matthew Comyn	Ordinary	16,397	-	-	6,983	**23,380**
	Reward Rights	55,297	22,595	-	-	**77,892**
	Deferred Shares/Rights	13,102	-	(6,983)	-	**6,119**
David Craig	Ordinary	134,581	-	-	40	**134,621**
	Reward Rights	155,702	30,272	(36,040)	(1,162)	**148,772**
Robert Jesudason	Ordinary	13,595	-	-	9,728	**23,323**
	Reward Rights	45,354	20,792	-	-	**66,146**
	Deferred Shares/Rights	14,023	-	(9,728)	-	**4,295**
Melanie Laing	Ordinary	11,936	-	-	-	**11,936**
	Reward Rights	69,308	18,537	-	-	**87,845**
Vittoria Shortt [4]	Ordinary	n/a	-	-	3,561	**3,561**
	Reward Rights	n/a	6,146	-	-	**6,146**
	Deferred Shares/Rights	n/a	2,675	(3,561)	8,698	**7,812**
Annabel Spring	Ordinary	11,643	-	-	3,863	**15,506**
	Reward Rights	84,639	22,595	-	-	**107,234**
	Deferred Shares/Rights	7,563	-	(7,563)	-	**-**
Alden Toevs	Ordinary	75,638	-	-	12,374	**88,012**
	Reward Rights	161,371	31,369	(37,374)	(1,205)	**154,161**
David Whiteing [4]	Ordinary	n/a	-	-	-	**-**
	Reward Rights	n/a	20,840	-	-	**20,840**
	Deferred Shares/Rights	n/a	1,941	-	-	**1,941**
Former Executives [5]						
Simon Blair	Ordinary	26,417	-	-	21,358	**n/a**
	Reward Rights	93,808	-	(21,358)	(688)	**n/a**
Michael Harte	Ordinary	-	-	-	28,031	**n/a**
	Reward Rights	121,246	-	(28,031)	(93,215)	**n/a**
Grahame Petersen	Ordinary	60,385	-	-	-	**n/a**
	Reward Rights	132,587	-	(30,700)	(990)	**n/a**

(1) Reward Rights represent rights granted under the GLRP which are subject to performance hurdles. Deferred Shares/Rights represent the deferred STI awarded under Executive General Manager arrangements, sign-on and retention awards received as restricted shares/rights.
(2) Reward Rights and Deferred Shares/Rights become ordinary shares upon vesting. A portion of Ian Narev's vested equity award was delivered in the form of cash, which was paid to registered charities pursuant to an option that the Board made available.
(3) Net Change Other incorporates changes resulting from purchases, sales, forfeitures and appointment or departure of Executives during the year.
(4) David Whiteing commenced in the KMP role on 14 July 2014, Adam Bennett commenced in the KMP role on 12 January 2015 and Vittoria Shortt commenced in the KMP role on 2 March 2015. The number of Reward Rights granted to David Whiteing reflects annual LTI target. The number of Reward Rights granted to Adam Bennett and Vittoria Shortt reflects time in the KMP role.
(5) Michael Harte ceased as a KMP on 11 July 2014, Simon Blair ceased as a KMP on 31 October 2014 and Grahame Petersen ceased as a KMP on 11 January 2015. Shareholdings for former executives are not included in the balance as at 30 June 2015.

4.8 Loans to KMP

All loans to KMP (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned held significant voting power) have been provided on an arm's length commercial basis including the term of the loan, security required and the interest rate (which may be fixed or variable). There has been no write down of loans during the period.

4.9 Total Loans to KMP

	2015
	$
Opening Balance [1]	**14,878,088**
Closing Balance	**10,130,233**
Interest Charged	**501,271**

(1) The opening balance has been restated from $14,187,609.

4.10 Loans to KMP Exceeding $100,000 in Aggregate

	Balance 1 July 2014	Interest Charged	Interest Not Charged	Write-off	Balance 30 June 2015	Highest Balance in Period [1]
	$	$	$	$	$	$
Kelly Bayer Rosmarin [2]	4,020,338	128,522	-	-	2,744,784	4,034,034
David Cohen	556,025	27,146	-	-	522,505	570,528
Matthew Comyn [2]	2,610,457	72,329	-	-	2,131,212	3,730,020
Michael Harte [2] [3]	2,914,196	11,741	-	-	n/a	2,970,923
Robert Jesudason	4,075,680	120,033	-	-	95	4,111,223
Melanie Laing [2]	577,750	23,335	-	-	429,061	597,820
Vittoria Shortt [3]	n/a	32,006	-	-	2,261,178	2,269,177
David Whiteing [3]	n/a	85,591	-	-	1,917,959	4,233,371
Total	**14,754,446**	**500,703**	**-**	**-**	**10,006,794**	**22,517,096**

(1) Represents the highest balance per individual of loans outstanding at any point during the year ended 30 June 2015.
(2) Opening balance has been restated to reflect actual drawn balance.
(3) David Whiteing commenced in the KMP role on 14 July 2014 and Vittoria Shortt commenced in the KMP role on 2 March 2015. The loan values disclosed relate to the period from KMP commencement date to 30 June 2015. Michael Harte resigned from the Group effective 11 July 2014 and his loan balance has not been included in the balance as at 30 June 2015.

4.11 Other Transactions of KMP

Financial Instrument Transactions

Financial instrument transactions (other than loans and shares disclosed within this report) of KMP occur in the ordinary course of business on an arm's length basis.

Disclosure of financial instrument transactions regularly made as part of normal banking operations is limited to disclosure of such transactions with KMP and entities controlled or significantly influenced by them.

All such financial instrument transactions that have occurred between entities within the Group and their KMP were in the nature of normal personal banking and deposit transactions.

Transactions other than Financial Instrument Transactions of Banks

All other transactions with KMP and their related entities and other related parties are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions. These transactions principally involve the provision of financial and investment services by entities not controlled by the Group. A related party of an executive has also been employed by the Group, and is remunerated in a manner consistent with normal employee relationships.

Glossary of Key Terms

To assist readers, key terms and abbreviations used in the remuneration report as they apply to the Group are set out below.

Term	Definition
Base Remuneration	Cash and non-cash remuneration, including any salary sacrifice items, paid regularly with no performance conditions.
Board	The Board of Directors of the Group.
Deferred Shares/Rights	Shares/rights subject to forfeiture on resignation. These are used for deferred STI awarded under Executive General Manager arrangements, sign-on and retention awards.
Executives	The CEO and Group Executives are collectively referenced as 'Executives'.
Fixed Remuneration	Consists of Base Remuneration plus employer contributions to superannuation.
Group	Commonwealth Bank of Australia and its subsidiaries.
Group Executive	Key Management Personnel who are also members of the Group's Executive Committee.
Group Leadership Reward Plan (GLRP)	The Group's long-term incentive plan for the CEO and Group Executives.
Key Management Personnel (KMP)	Persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.
Long-Term Incentive (LTI)	A remuneration arrangement which grants benefits to participating executives that may vest over a period of three or more years if, and to the extent that, performance hurdles are met . The Group's long-term incentive plan is the GLRP.
NPAT	Net profit after tax.
Remuneration Received	Represents all forms of consideration paid by the Group or on behalf of the Group during the current performance year ending 30 June 2015, in exchange for services previously rendered to the Group.
Reward Rights	Rights to ordinary shares in CBA granted under the GLRP and subject to performance hurdles.
Salary Sacrifice	An arrangement where an employee agrees to forgo part of his or her cash component of Base Remuneration in return for non-cash benefits of a similar value.
Short-Term Incentive (STI)	Remuneration paid with direct reference to the Group's and the individual's performance over one financial year.
Statutory Remuneration	All forms of consideration paid, payable or provided by the Group, or on behalf of the Group, in exchange for services rendered to the Group. In reading this report, the term "remuneration" means the same as the term "compensation" for the purposes of the Corporations Act 2001 and the accounting standard AASB124.
Total Shareholder Return (TSR)	TSR measures a company's share price movement, dividend yield and any return of capital over a specific period.

Non-Audit Services

Amounts paid or payable to PricewaterhouseCoopers (PwC) for audit and non-audit services provided during the year, as set out in Note 28 to the Financial Statements are as follows:

	2015 $'000
Project assurance services	1,354
Taxation services	3,171
Risk management, compliance and controls related work	3,601
Other	1,578
Total non-audit services (1)	**9,704**
Total audit and related services	**34,405**

(1) An additional amount of $1,958,469 was paid to PwC for non-audit services provided to entities not consolidated into the Financial Statements.

Auditor's Independence Declaration

We have obtained an independence declaration from our external auditor as presented on the following page.

Auditor Independence

The Bank has in place an Independent Auditor Services Policy, details of which are set out in the Corporate Governance Statement that can be viewed at www.commbank.com.au/about-us/shareholders/corporate-profile/corporate-governance, to assist in ensuring the independence of the Group's external auditor.

The Audit Committee has considered the provision, during the year, of non-audit services by PwC and has concluded that the provision of those services did not compromise the auditor independence requirements of the Corporations Act 2001.

The Audit Committee advised the Board accordingly and, after considering the Committee's advice, the Board of Directors agreed that it was satisfied that the provision of the non-audit services by PwC during the year was compatible with the general standard of independence imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of the non-audit services during the year did not compromise the auditor independence requirements of the Corporations Act 2001. The reasons for this are as follows:

- The operation of the Independent Auditor Services Policy during the year to restrict the nature of non-audit service engagements, to prohibit certain services and to require Audit Committee pre-approval for all such engagements; and
- The relative quantum of fees paid for non-audit services compared to the quantum for audit and audit related services.

The above Directors' statements are in accordance with the advice received from the Audit Committee.

Incorporation of Additional Material

This Report incorporates the Chairman's and Chief Executive Officer's Statements (pages 2 to 8), Highlights (pages 9 to 12), Group Performance Analysis (pages 13 to 22), Group Operations and Business Settings (pages 23 to 31) and Shareholding Information (pages 182 to 185) sections of this Annual Report.

Signed in accordance with a resolution of the Directors.

D J Turner
Chairman
11 August 2015

I M Narev
Managing Director and Chief Executive Officer
11 August 2015

Auditor's Independence Declaration

As lead auditor for the audit of Commonwealth Bank of Australia for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Commonwealth Bank of Australia and the entities it controlled during the year.

Marcus Laithwaite
Partner
Pricewaterhouse Coopers

Sydney
11 August 2015

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Five Year Financial Summary

	2015	2014 [1]	2013 [1]	2012	2011
	$M	$M	$M	$M	$M
Net interest income	**15,799**	15,091	13,944	13,157	12,645
Other operating income [2]	**7,779**	7,310	6,877	6,319	7,014
Total operating income	**23,578**	22,401	20,821	19,476	19,659
Operating expenses	**(9,993)**	(9,499)	(9,010)	(8,627)	(8,891)
Impairment expense	**(988)**	(953)	(1,082)	(1,089)	(1,280)
Net profit before tax	**12,597**	11,949	10,729	9,760	9,488
Corporate tax expense	**(3,439)**	(3,250)	(2,953)	(2,705)	(2,637)
Non-controlling interests	**(21)**	(19)	(16)	(16)	(16)
Net profit after tax "cash basis"	**9,137**	8,680	7,760	7,039	6,835
Treasury shares valuation adjustment	**(28)**	(41)	(53)	(15)	(22)
Hedging and IFRS volatility	**6**	6	27	124	(265)
Gain/(loss) on disposal of controlled entities/investments	**-**	17	-	-	(7)
Bankwest non-cash items	**(52)**	(56)	(71)	(89)	(147)
Count Financial acquisition costs	**-**	-	-	(43)	-
Bell Group litigation	**-**	25	(45)	-	-
Net profit after income tax attributable to Equity holders of the Bank "statutory basis"	**9,063**	8,631	7,618	7,016	6,394
Contributions to profit (after tax)					
Retail Banking Services	**3,867**	3,678	3,089	2,703	2,854
Business and Private Banking	**1,459**	1,321	1,474	1,513	1,030
Institutional Banking and Markets	**1,268**	1,252	1,195	1,098	1,004
Wealth Management	**650**	789	679	629	642
New Zealand	**865**	742	621	541	470
Bankwest	**752**	675	561	527	463
IFS and Other	**276**	223	141	28	372
Net profit after tax "cash basis"	**9,137**	8,680	7,760	7,039	6,835
Investment experience after tax	**(150)**	(197)	(105)	(89)	(81)
Net profit after tax "underlying basis"	**8,987**	8,483	7,655	6,950	6,754
Balance Sheet					
Loans, bills discounted and other receivables	**639,262**	597,781	556,648	525,682	500,057
Total assets	**873,446**	791,451	753,857	718,839	667,899
Deposits and other public borrowings	**543,231**	498,352	459,429	437,655	401,147
Total liabilities	**820,453**	742,103	708,320	677,219	630,612
Shareholders' Equity	**52,993**	49,348	45,537	41,620	37,287
Net tangible assets	**41,522**	38,080	33,638	29,869	26,217
Risk weighted assets - Basel III (APRA)	**368,721**	337,715	329,158	n/a	n/a
Risk weighted assets - Basel II (APRA)	**n/a**	n/a	n/a	302,787	281,711
Average interest earning assets	**754,872**	705,371	653,637	629,685	597,406
Average interest bearing liabilities	**714,159**	661,733	609,557	590,654	559,095
Assets (on Balance Sheet) - Australia	**741,249**	669,293	644,043	621,965	581,695
Assets (on Balance Sheet) - New Zealand	**72,299**	69,110	61,578	55,499	54,993
Assets (on Balance Sheet) - Other	**59,898**	53,048	48,236	41,375	31,211

(1) Comparative information has been restated to reflect the creation of a Small Business customer channel within Retail Banking Services, and minor refinements to the allocation of customer balances and associated revenue and expenses between business segments.

(2) Includes investment experience.

Five Year Financial Summary

	2015	2014	2013	2012	2011
Shareholder summary					
Dividends per share - fully franked (cents)	**420**	401	364	334	320
Dividend cover - statutory (times)	**1. 3**	1. 3	1. 3	1. 3	1. 3
Dividend cover - cash (times)	**1. 3**	1. 3	1. 3	1. 3	1. 4
Earnings per share (cents)					
Basic					
Statutory	**557.0**	533.8	474.2	444.2	411.2
Cash basis	**560.8**	535.9	482.1	444.7	438.7
Fully diluted					
Statutory	**542.7**	521.9	461.0	428.5	395.1
Cash basis	**546.3**	524.0	468.6	429.0	420.6
Dividend payout ratio (%)					
Statutory	**75.7**	75.5	77.4	76.0	78.3
Cash basis	**75.1**	75.1	75.9	75.8	73.2
Net tangible assets per share ($)	**25. 5**	23. 5	20. 9	18. 8	16. 8
Weighted average number of shares (statutory basic) (M)	**1,618**	1,608	1,598	1,570	1,545
Weighted average number of shares (statutory fully diluted) (M)	**1,702**	1,681	1,686	1,674	1,668
Weighted average number of shares (cash basic) (M)	**1,620**	1,611	1,601	1,573	1,548
Weighted average number of shares (cash fully diluted) (M)	**1,704**	1,684	1,689	1,677	1,671
Number of shareholders	**787,969**	791,564	786,437	792,906	792,765
Share prices for the year ($)					
Trading high	**96.69**	82.68	74.18	53.80	55.77
Trading low	**73.57**	67.49	53.18	42.30	47.05
End (closing price)	**85.13**	80.88	69.18	53.10	52.30
Performance ratios (%)					
Return on average Shareholders' equity					
Statutory	**18.2**	18.7	18.0	18.5	18.4
Cash basis	**18.2**	18.7	18.2	18.4	19.5
Return on average total assets					
Statutory	**1.1**	1.1	1.0	1.0	1.0
Cash basis	**1.1**	1.1	1.1	1.0	1.0
Capital adequacy - Common Equity Tier 1 - Basel III (APRA)	**9. 1**	9. 3	8.2	n/a	n/a
Capital adequacy - Tier 1 - Basel III (APRA)	**11. 2**	11. 1	10.3	n/a	n/a
Capital adequacy - Tier 2 - Basel III (APRA)	**1. 5**	0. 9	0.9	n/a	n/a
Capital adequacy - Total - Basel III (APRA)	**12. 7**	12. 0	11.2	n/a	n/a
Capital adequacy - Tier One - Basel II	**n/a**	n/a	n/a	10. 0	10. 0
Capital adequacy - Tier Two - Basel II	**n/a**	n/a	n/a	1. 0	1. 7
Capital adequacy - Total - Basel II	**n/a**	n/a	n/a	11. 0	11. 7
Net interest margin	**2. 09**	2. 14	2. 13	2. 09	2. 12
Other information (numbers)					
Full-time equivalent employees	**45,948**	44,329	44,969	44,844	46,060
Branches/services centres (Australia)	**1,147**	1,150	1,166	1,167	1,160
Agencies (Australia)	**3,670**	3,717	3,764	3,818	3,795
ATM's	**4,440**	4,340	4,304	4,213	4,173
EFTPOS terminals (active)	**208,202**	200,733	181,227	175,436	170,855
Productivity (1)					
Total income per full-time (equivalent) employee ($)	**508,578**	500,034	459,583	430,983	424,186
Employee expense/Total income (%)	**24. 9**	25. 0	25. 3	26. 1	24. 5
Total operating expenses/Total income (%)	**42. 8**	42. 9	43. 6	44. 6	45. 5

(1) The productivity metrics have been calculated on a “cash basis”.

Financial Statements

Income Statements

For the year ended 30 June 2015

				Group		Bank
		2015	2014	2013	2015	2014
	Note	$M	$M	$M	$M	$M
Interest income	2	**34,100**	33,645	34,739	**34,937**	34,860
Interest expense	2	**(18,305)**	(18,544)	(20,805)	**(21,006)**	(21,494)
Net interest income		**15,795**	15,101	13,934	**13,931**	13,366
Other banking income		**4,856**	4,320	4,172	**6,847**	6,378
Net banking operating income		**20,651**	19,421	18,106	**20,778**	19,744
Funds management income		**2,396**	2,356	2,147	**-**	-
Investment revenue		**618**	840	942	**-**	-
Claims, policyholder liability and commission expense		**(1,011)**	(1,162)	(1,242)	**-**	-
Net funds management operating income	2	**2,003**	2,034	1,847	**-**	-
Premiums from insurance contracts		**2,797**	2,604	2,353	**-**	-
Investment revenue		**543**	547	449	**-**	-
Claims, policyholder liability and commission expense from insurance contracts		**(2,326)**	(2,118)	(1,879)	**-**	-
Net insurance operating income	2	**1,014**	1,033	923	**-**	-
Total net operating income before impairment and operating expenses	2	**23,668**	22,488	20,876	**20,778**	19,744
Loan impairment expense	2,13	**(988)**	(918)	(1,146)	**(837)**	(871)
Operating expenses	2	**(10,068)**	(9,573)	(9,085)	**(8,271)**	(7,866)
Net profit before income tax	2	**12,612**	11,997	10,645	**11,670**	11,007
Corporate tax expense	4	**(3,429)**	(3,221)	(2,899)	**(2,694)**	(2,565)
Policyholder tax expense	4	**(99)**	(126)	(112)	**-**	-
Net profit after income tax		**9,084**	8,650	7,634	**8,976**	8,442
Non-controlling interests		**(21)**	(19)	(16)	**-**	-
Net profit attributable to Equity holders of the Bank		**9,063**	8,631	7,618	**8,976**	8,442

The above Income Statements should be read in conjunction with the accompanying notes.

				Group
		2015	2014	2013
	Note	Cents per share		
Earnings per share:				
Basic	6	**557.0**	533.8	474.2
Fully diluted	6	**542.7**	521.9	461.0

Statements of Comprehensive Income

For the year ended 30 June 2015

	Group			Bank	
	2015 $M	2014 $M	2013 $M	2015 $M	2014 $M
Net profit after income tax for the financial year	**9,084**	8,650	7,634	**8,976**	8,442
Other comprehensive income:					
Items that may be reclassified subsequently to profit/(loss):					
Foreign currency translation reserve net of tax	**398**	385	466	**171**	-
Gains and (losses) on cash flow hedging instruments net of tax	**39**	(144)	(276)	**106**	(84)
Gains and (losses) on available-for-sale investments net of tax	**(45)**	338	364	**(84)**	453
Total of items that may be reclassified	**392**	579	554	**193**	369
Items that will not be reclassified to profit or loss:					
Actuarial gains and losses from defined benefit superannuation plans net of tax	**311**	42	367	**311**	42
Gains and losses on liabilities at fair value due to changes in own credit risk net of tax	**(3)**	6	-	**(3)**	6
Revaluation of properties net of tax	**15**	26	3	**11**	24
Total of Items that will not be reclassified	**323**	74	370	**319**	72
Other comprehensive income net of income tax	**715**	653	924	**512**	441
Total comprehensive income for the financial year	**9,799**	9,303	8,558	**9,488**	8,883
Total comprehensive income for the financial year is attributable to:					
Equity holders of the Bank	**9,778**	9,284	8,542	**9,488**	8,883
Non-controlling interests	**21**	19	16	**-**	-
Total comprehensive income net of income tax	**9,799**	9,303	8,558	**9,488**	8,883

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

				Group
		2015	2014	2013
	Note	Cents per share		
Dividends per share attributable to shareholders of the Bank:				
Ordinary shares	5	**420**	401	364
Trust preferred securities		**7,387**	6,498	5,767

Balance Sheets

As at 30 June 2015

		Group		Bank	
	Note	2015 $M	2014 $M	2015 $M	2014 $M
Assets					
Cash and liquid assets	7	**33,116**	26,409	**31,683**	24,108
Receivables due from other financial institutions	8	**11,540**	8,065	**9,720**	7,457
Assets at fair value through Income Statement:	9				
Trading		**26,424**	21,459	**25,135**	20,572
Insurance		**14,088**	15,142	**-**	-
Other		**1,278**	760	**989**	561
Derivative assets	10	**46,154**	29,247	**45,607**	29,615
Available-for-sale investments	11	**74,684**	66,137	**72,304**	131,577
Loans, bills discounted and other receivables	12	**639,262**	597,781	**573,435**	535,247
Bank acceptances of customers		**1,944**	5,027	**1,908**	4,984
Shares in and loans to controlled entities	38	**-**	-	**143,756**	64,086
Property, plant and equipment	14	**2,833**	2,816	**1,509**	1,467
Investment in associates and joint ventures	36	**2,637**	1,844	**1,245**	1,029
Intangible assets	15	**9,970**	9,792	**4,700**	4,555
Deferred tax assets	4	**455**	586	**771**	796
Other assets	16	**9,061**	6,386	**7,405**	4,823
Total assets		**873,446**	791,451	**920,167**	830,877
Liabilities					
Deposits and other public borrowings	17	**543,231**	498,352	**497,625**	457,571
Payables due to other financial institutions		**36,416**	24,978	**35,516**	24,599
Liabilities at fair value through Income Statement	18	**8,493**	7,508	**7,323**	5,152
Derivative liabilities	10	**35,213**	27,259	**39,636**	29,341
Bank acceptances		**1,944**	5,027	**1,908**	4,984
Due to controlled entities		**-**	-	**126,496**	118,920
Current tax liabilities		**661**	688	**578**	612
Deferred tax liabilities	4	**351**	366	**-**	-
Other provisions (1)	19	**1,726**	1,363	**1,254**	1,084
Insurance policy liabilities	27	**12,911**	13,166	**-**	-
Debt issues	20	**154,429**	142,219	**130,359**	119,548
Managed funds units on issue		**1,149**	1,214	**-**	-
Bills payable and other liabilities (1)	21	**11,105**	10,369	**14,361**	10,662
		807,629	732,509	**855,056**	772,473
Loan capital	22	**12,824**	9,594	**13,364**	9,969
Total liabilities		**820,453**	742,103	**868,420**	782,442
Net assets		**52,993**	49,348	**51,747**	48,435
Shareholders' Equity					
Share capital:					
Ordinary share capital	23	**27,619**	27,036	**27,894**	27,323
Other equity instruments	23	**939**	939	**1,895**	1,895
Reserves	23	**2,345**	2,009	**3,195**	3,011
Retained profits	23	**21,528**	18,827	**18,763**	16,206
Shareholders' Equity attributable to Equity holders of the Bank		**52,431**	48,811	**51,747**	48,435
Non-controlling interests	36	**562**	537	**-**	-
Total Shareholders' Equity		**52,993**	49,348	**51,747**	48,435

(1) Comparative information has been reclassified to conform to presentation in the current year.

The above Balance Sheets should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

For the year ended 30 June 2015

							Group
	Ordinary share capital $M	Other equity instruments $M	Reserves $M	Retained profits $M	Shareholders' Equity attributable to Equity holders of the Bank $M	Non-controlling interests $M	Total Shareholders' Equity $M
As at 30 June 2013	26,323	939	1,333	16,405	**45,000**	537	**45,537**
Net profit after income tax	-	-	-	8,631	**8,631**	19	**8,650**
Net other comprehensive income	-	-	605	48	**653**	-	**653**
Total comprehensive income for the financial year	-	-	605	8,679	**9,284**	19	**9,303**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(6,174)	**(6,174)**	-	**(6,174)**
Dividends paid on other equity instruments	-	-	-	(32)	**(32)**	-	**(32)**
Dividend reinvestment plan (net of issue costs)	707	-	-	-	**707**	-	**707**
Other equity movements:							
Share based payments	-	-	(7)	-	**(7)**	-	**(7)**
Purchase of treasury shares	(813)	-	-	-	**(813)**	-	**(813)**
Sale and vesting of treasury shares	819	-	-	-	**819**	-	**819**
Other changes	-	-	78	(51)	**27**	(19)	**8**
As at 30 June 2014	27,036	939	2,009	18,827	**48,811**	537	**49,348**
Net profit after income tax	-	-	-	9,063	**9,063**	21	**9,084**
Net other comprehensive income	-	-	407	308	**715**	-	**715**
Total comprehensive income for the financial year	-	-	407	9,371	**9,778**	21	**9,799**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(6,744)	**(6,744)**	-	**(6,744)**
Dividends paid on other equity instruments	-	-	-	(36)	**(36)**	-	**(36)**
Dividend reinvestment plan (net of issue costs)	571	-	-	-	**571**	-	**571**
Other equity movements:							
Share based payments	-	-	(3)	-	**(3)**	-	**(3)**
Purchase of treasury shares	(790)	-	-	-	**(790)**	-	**(790)**
Sale and vesting of treasury shares	802	-	-	-	**802**	-	**802**
Other changes	-	-	(68)	110	**42**	4	**46**
As at 30 June 2015	27,619	939	2,345	21,528	**52,431**	562	**52,993**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Changes in Equity (continued)

For the year ended 30 June 2015

	Ordinary share capital $M	Other equity instruments $M	Reserves $M	Retained profits $M	Bank Shareholders' Equity attributable to Equity holders of the Bank $M
As at 30 June 2013	26,619	1,895	2,641	13,874	**45,029**
Net profit after income tax	-	-	-	8,442	**8,442**
Net other comprehensive income	-	-	393	48	**441**
Total comprehensive income for the financial year	-	-	393	8,490	**8,883**
Transactions with equity holders in their capacity as equity holders:					
Dividends paid on ordinary shares	-	-	-	(6,174)	**(6,174)**
Dividend reinvestment plan (net of issue costs)	704	-	-	-	**704**
Other equity movements:					
Share based payments	-	-	(7)	-	**(7)**
Other changes	-	-	(16)	16	**-**
As at 30 June 2014	27,323	1,895	3,011	16,206	**48,435**
Net profit after income tax	-	-	-	8,976	**8,976**
Net other comprehensive income	-	-	204	308	**512**
Total comprehensive income for the financial year	-	-	204	9,284	**9,488**
Transactions with Equity holders in their capacity as Equity holders:					
Dividends paid on ordinary shares	-	-	-	(6,744)	**(6,744)**
Dividend reinvestment plan (net of issue costs)	571	-	-	-	**571**
Other equity movements:					
Share based payments	-	-	(3)	-	**(3)**
Other changes	-	-	(17)	17	**-**
As at 30 June 2015	27,894	1,895	3,195	18,763	**51,747**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows [1]

For the year ended 30 June 2015

		Group			Bank	
	Note	2015 $M	2014 $M	2013 $M	2015 $M	2014 $M
Cash flows from operating activities						
Interest received		**34,067**	33,623	34,868	**34,668**	34,827
Interest paid		**(17,425)**	(18,160)	(21,056)	**(20,215)**	(21,085)
Other operating income received		**5,467**	5,138	5,047	**3,715**	3,630
Expenses paid		**(8,740)**	(8,377)	(7,819)	**(7,368)**	(6,852)
Income taxes paid		**(3,444)**	(3,763)	(2,940)	**(3,093)**	(3,467)
Net inflows/(outflows) from assets at fair value through Income Statement (excluding life insurance)		**1,457**	5,188	(756)	**4,494**	4,871
Net inflows/(outflows) from liabilities at fair value through Income Statement:						
Insurance:						
Investment income		**118**	394	2,551	**-**	-
Premiums received [2]		**2,910**	2,899	2,106	**-**	-
Policy payments and commission expense [2]		**(3,307)**	(3,080)	(4,516)	**-**	-
Other liabilities at fair value through Income Statement		**738**	(1,619)	1,503	**1,969**	1,815
Cash flows from operating activities before changes in operating assets and liabilities		**11,841**	12,243	8,988	**14,170**	13,739
Changes in operating assets and liabilities arising from cash flow movements						
Movement in available-for-sale investments:						
Purchases		**(60,967)**	(49,468)	(45,429)	**(67,619)**	(48,489)
Proceeds		**53,569**	44,130	47,090	**53,052**	44,027
Net increase in loans, bills discounted and other receivables		**(41,768)**	(36,795)	(28,035)	**(35,870)**	(33,355)
Net (increase)/decrease in receivables due from other financial institutions and regulatory authorities		**(2,676)**	(245)	3,538	**(1,572)**	(368)
Net (increase)/decrease in securities purchased under agreements to resell		**(6,174)**	1,119	(699)	**(6,483)**	970
Insurance business:						
Purchase of insurance assets at fair value through Income Statement		**(2,741)**	(3,156)	(2,591)	**-**	-
Proceeds from sale/maturity of insurance assets at fair value through Income Statement		**4,789**	3,804	3,832	**-**	-
Net (increase)/decrease in other assets		**(1,084)**	298	(265)	**(1,077)**	325
Net increase in deposits and other public borrowings		**41,229**	29,419	17,243	**34,258**	26,114
Net increase/(decrease) in payables due to other financial institutions		**8,598**	(1,812)	2,123	**8,147**	(1,246)
Net increase in securities sold under agreements to repurchase		**3,015**	4,389	327	**3,090**	4,419
Net (decrease)/increase in other liabilities		**(448)**	37	455	**3,108**	(3,278)
Changes in operating assets and liabilities arising from cash flow movements		**(4,658)**	(8,280)	(2,411)	**(10,966)**	(10,881)
Net cash provided by operating activities	39 (a)	**7,183**	3,963	6,577	**3,204**	2,858
Cash flows from investing activities						
Net proceeds from disposal of controlled entities	39 (d)	**-**	531	-	**-**	569
Payments for acquisition of controlled entities	39 (e)	**(29)**	-	-	**(29)**	-
Net proceeds from disposal of entities and businesses (net of cash disposals)		**72**	481	-	**-**	414
Dividends received		**71**	70	82	**1,972**	1,944
Net amounts received from controlled entities [3]		**-**	-	-	**2,564**	3,362
Proceeds from sale of property, plant and equipment and assets held for sale		**69**	68	32	**67**	54
Purchases of property, plant and equipment		**(578)**	(513)	(642)	**(380)**	(212)
Payments for acquisitions of investments in associates/joint ventures		**(270)**	(36)	(264)	**(220)**	-
Net purchase of intangible assets		**(550)**	(400)	(464)	**(494)**	(346)
Net cash (used in)/provided by investing activities		**(1,215)**	201	(1,256)	**3,480**	5,785

(1) It should be noted that the Group does not use these accounting Statements of Cash Flows in the internal management of its liquidity positions.
(2) Represents gross premiums and policy payments before splitting between policyholders and shareholders.
(3) Amounts received from and paid to controlled entities are presented in line with how they are managed and settled.

Statements of Cash Flows [1] (continued)

For the year ended 30 June 2015

		Group			Bank	
		2015	2014	2013	2015	2014
	Note	$M	$M	$M	$M	$M
Cash flows from financing activities						
Proceeds from issue of shares (net of issue costs)		**-**	-	193	**-**	-
Dividends paid (excluding Dividend Reinvestment Plan)		**(6,200)**	(5,491)	(4,860)	**(6,164)**	(5,458)
Proceeds from issuance of debt securities		**68,655**	87,554	92,250	**61,142**	76,482
Redemption of issued debt securities		**(73,377)**	(79,776)	(93,691)	**(66,424)**	(72,677)
Purchase of treasury shares		**(790)**	(813)	(664)	**-**	-
Sale of treasury shares		**744**	760	634	**-**	-
Issue of loan capital		**6,184**	358	1,977	**6,164**	-
Redemption of loan capital		**(2,971)**	(500)	(2,215)	**(2,899)**	(500)
Other		**(120)**	(157)	218	**176**	(58)
Net cash (used in)/provided by financing activities		**(7,875)**	1,935	(6,158)	**(8,005)**	(2,211)
Net (decrease)/increase in cash and cash equivalents		**(1,907)**	6,099	(837)	**(1,321)**	6,432
Effect of foreign exchange rates on cash and cash equivalents		**2,049**	411	852	**2,008**	298
Cash and cash equivalents at beginning of year		**19,128**	12,618	12,603	**17,478**	10,748
Cash and cash equivalents at end of year	39 (b)	**19,270**	19,128	12,618	**18,165**	17,478

(1) It should be noted that the Group does not use these accounting Statements of Cash Flows in the internal management of its liquidity positions.

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Note 1 Accounting Policies

The Financial Statements of the Commonwealth Bank of Australia (the Bank) and the Bank and its subsidiaries (the Group) for the year ended 30 June 2015, were approved and authorised for issue by the Board of Directors on 11 August 2015. The Directors have the power to amend and reissue the Financial Statements.

The Bank is incorporated and domiciled in Australia. It is a company limited by shares that are publicly traded on the Australian Securities Exchange. The address of its registered office is Ground Floor, Tower 1, 201 Sussex Street, Sydney, NSW 2000, Australia.

The Group is one of Australia's leading providers of integrated financial services, including retail, business and institutional banking, funds management, superannuation, life insurance, general insurance, broking services and finance company activities.

The principal accounting policies adopted in the preparation of this financial report and that of the previous financial year are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The assets and liabilities are presented in order of liquidity on the Balance Sheet.

Basis of Preparation

(a) Basis of Accounting

This General Purpose Financial Report for the year ended 30 June 2015 has been prepared in accordance with Australian Accounting Standards (the standards), which include Australian Interpretations by virtue of AASB 1048 'Interpretation and Application of Standards', and the requirements of the Corporations Act 2001. The Bank is a for-profit entity for the purposes of preparing this report.

The Financial Statements also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC).

(b) Historical Cost Convention

This financial report has been prepared under the historical cost convention, except for certain assets and liabilities (including derivative instruments) measured at fair value. A more detailed discussion on measurement basis is outlined within this note.

(c) Use of Estimates and Assumptions

The preparation of the financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are discussed further in Note 1 Critical Judgements and Estimates section.

(d) Rounding of Amounts

The amounts in this financial report have been rounded in accordance with ASIC Class Order 98/0100 to the nearest million dollars, unless otherwise indicated.

The financial report is presented in Australian dollars.

(e) Segment Reporting

Operating segments are reported based on the Group's organisational and management structures. Senior management review the Group's internal reporting based around these segments, in order to assess performance and allocate resources.

All transactions between segments are conducted on an arm's length basis, with inter-segment revenue and costs being eliminated in "Other".

(f) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of:

AASB 132 Offsetting

The Group has adopted the amended AASB 132 'Financial Instruments: Presentation'. It clarified the conditions for offsetting financial assets and financial liabilities in the Balance Sheet, including:

- what constitutes a current legally enforceable right of set-off; and
- the circumstances in which gross settlement systems may be considered equivalent to net settlement.

The amendments were applied retrospectively and did not impact the comparative financial statements of the Group.

Comparatives

Where necessary, comparative information has been restated to conform to changes in presentation in the current year. All comparative changes made have been footnoted throughout the financial statements.

(g) Principles of Consolidation

Subsidiaries

The consolidated financial report comprises the financial report of the Bank and its subsidiaries. Subsidiaries are entities (including structured entities) over which the Bank has control. The Bank controls another entity when it has:

- power over the relevant activities of the entity, for example through voting or other rights;
- exposure to, or rights to, variable returns from the Bank's involvement with the entity; and
- the ability to use its power over the entity to affect the Bank's returns from the entity.

The effects of all transactions between subsidiaries in the Group are eliminated in full. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, and Balance Sheet.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Subsidiaries are accounted for at cost less accumulated impairments at the Bank level.

Business Combinations

Business combinations are accounted for using the acquisition method. Cost is measured as the aggregate of the fair values of assets given, equity instruments issued, or liabilities incurred or assumed at the date of exchange.

Note 1 Accounting Policies (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at fair value on the acquisition date. Goodwill is recorded as the excess of the total consideration transferred, the carrying amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the net identifiable assets acquired. If there is a deficit instead, this discount on acquisition is recognised directly in the consolidated Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Interests in Associates and Joint Ventures Accounted for Using the Equity Method

Associates and joint ventures are entities over which the Group has significant influence or joint control, but not control, and are accounted for under the equity method. The equity method of accounting is applied in the consolidated financial report and involves the recognition of the Group's share of its associates' and joint ventures' post-acquisition profits or losses in the Income Statement, and its share of post-acquisition movements in other comprehensive income 'OCI'. Associates and joint ventures are accounted for at cost less accumulated impairments at the Bank level.

The Group assesses, at each Balance Sheet date, whether there is any objective evidence of impairment. The main indicators of impairment are as for equity securities classified as available for sale (Note 1(u)). If there is an indication that an investment in an associate or joint venture may be impaired, then the entire carrying amount of the investment in associate or joint venture is tested for impairment by comparing the recoverable amount (higher of value in use and fair value less disposal costs) with its carrying amount. Impairment losses recognised in the Income Statement for investments in associates and joint ventures are subsequently reversed through the Income Statement if there has been a change in the estimates used to determine recoverable amount since the impairment loss was recognised.

(h) Foreign Currency Translation

Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars, which is the Bank's functional and presentation currency. The Group's foreign operations (including subsidiaries, branches, associates, and joint ventures) will have different functional currencies based on the currency of the main economy to which each operation is exposed.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the date of each transaction.

Monetary assets and liabilities resulting from foreign currency transactions are subsequently translated at the spot rate at reporting date. Exchange differences arising upon settling or translating monetary items at different rates to those at which they were initially recognised or previously reported, are recognised in the Income Statement.

Foreign Operations

Assets and liabilities of the Group's foreign operations that have a functional currency different from the Group's presentation currency are translated at the prevailing exchange rate at Balance Sheet date.

Revenue and expenses of each foreign operation are translated at the average exchange rate for the period, unless this average is not a reasonable approximation of the rate prevailing on transaction date, in which case revenue and expenses are translated at the exchange rate at transaction date.

All resulting exchange differences are recognised in the foreign currency translation reserve.

When a foreign operation is disposed of, exchange differences are recognised in the Income Statement as part of the gain or loss on sale. No Group entities have a functional currency of a hyperinflationary economy.

(i) Offsetting

Income and expenses are only offset in the Income Statement if permitted under the relevant accounting standard. Examples of offsetting include gains and losses from foreign exchange exposures and trading operations.

Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(j) Fair Value Measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities at fair value through Income Statement, available-for-sale investments and all derivative instruments are initially recognised and subsequently measured at fair value.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. Assets and long positions are measured at a quoted bid price; liabilities and short positions are measured at a quoted asking price. Where the Group has positions with offsetting market risks, mid-market prices are used to measure the offsetting risk positions and a quoted bid or asking price adjustment is applied only to the net open position as appropriate.

Non-market quoted financial instruments are mostly valued using valuation techniques based on observable inputs, except for a limited number of instances where observable market data is unavailable. In this instance, the financial instrument is initially recognised at the transaction price, which is generally the best indicator of fair value. This may differ from the value obtained from the valuation model. The timing of the recognition in the Income Statement of this initial difference in fair value depends on the individual facts and circumstances of each transaction, but is never later than when the market data becomes observable. The difference may be either amortised over the life of the transaction, recognised when the inputs become observable or on derecognition of the instrument, as appropriate.

Income Statement

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for each major revenue stream as follows:

Note 1 Accounting Policies (continued)

(k) Interest Income

Interest income is brought to account using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Fees and transaction costs associated with loans are capitalised and included in the effective interest rate and recognised in the Income Statement, over the expected life of the instrument. Interest income on finance leases is brought to account progressively over the life of the lease, consistent with the outstanding investment and unearned income balance.

(l) Fee and Commission Income

Fees and commissions that relate to the execution of a significant act (for example, advisory or arrangement services, placement fees and underwriting fees) are recognised when the significant act has been completed.

Fees charged for providing ongoing services (for example, maintaining, managing and administering existing facilities and funds) are recognised as income over the period the service is provided.

Fees and commissions, which include commitment fees to originate a loan that is unlikely to be drawn down, are recognised as fee income as the facility is provided.

(m) Other Income

Trading income represents both realised and unrealised gains and losses from changes in the fair value of trading assets, liabilities and derivatives.

Translation differences on non-monetary items, such as derivatives measured at fair value through the Income Statement, are reported as part of the fair value gain or loss on these items. Translation differences on non-monetary items measured at fair value through equity, such as equities classified as available-for-sale financial assets, are recognised in equity through OCI.

Insurance income recognition is outlined in Note 1(ff).

(n) Interest Expense

Interest expense on financial liabilities measured at amortised cost is recognised in the Income Statement using the effective interest rate method.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the liability and amortised over the expected life using the effective interest rate method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are direct and incremental costs related to the issue of a financial asset. It also includes payments made under a liquidity facility arrangement with the Reserve Bank of Australia and other financing charges.

(o) Operating Expenses

Operating expenses are recognised as the relevant service is rendered or once a liability is incurred.

Staff expenses are recognised over the period the employee renders the service to receive the benefit.

Staff expenses include share based remuneration which may be cash settled or equity settled. The fair value of equity settled remuneration is calculated at grant date and amortised to the Income Statement over the vesting period, with a corresponding increase in the employee compensation reserve. Market vesting conditions, such as share price performance conditions, are taken into account when estimating the fair value. Non–market vesting conditions, such as service conditions, are taken into account by adjusting the number of the equity instruments included in the measurement of the expense.

Cash settled share based remuneration is recognised as a liability and remeasured to fair value until settled, with changes in the fair value recognised as an expense.

Occupancy and equipment expenses include the depreciation and lease rentals that are outlined in Note 1(y) and Note 1(v) respectively.

IT expenses are recognised as incurred unless they qualify for capitalisation as an asset due to the related service generating probable future economic benefits. If capitalised the asset is subsequently amortised per Note 1(z).

(p) Income Tax Expense

Income tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in OCI, in which case it is recognised in the Statement of Comprehensive Income. Income tax on the profit or loss for the period comprises current and deferred tax.

(q) Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

(r) Deferred Tax

Deferred tax is calculated using the Balance Sheet method where temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base are recognised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities (i.e. through use or through sale), using tax rates which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

A deferred tax asset is recognised only when it is probable that future taxable profits will be available for it to be used against. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are set off where they relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities within the same taxable group.

(s) The Tax Consolidated Group

Tax consolidation legislation allows Australian resident entities to elect to consolidate and be treated as a single entity for Australian tax purposes. The Bank, as the head of the tax consolidated group, and its wholly-owned Australian subsidiaries, elected to be taxed as a single entity under this regime with effect from 1 July 2002.

Note 1 Accounting Policies (continued)

The members of the tax consolidated group have entered into tax funding and tax sharing agreements, which set out the funding obligations of members of the tax consolidated group in respect of tax amounts.

Any current tax liabilities/assets and deferred tax assets arising from unused tax losses from subsidiaries are recognised in conjunction with any tax funding arrangement amounts by the Bank legal entity (as the head of the tax consolidated group).

The measurement and disclosure of deferred tax assets and liabilities have been performed in accordance with the principles in AASB 112 'Income Taxes', and on a modified standalone basis under UIG 1052 'Tax Consolidation Accounting'.

Assets

(t) Cash and Liquid Assets

Cash and liquid assets include cash at branches, cash at banks, nostro balances, money at short call with an original maturity of three months or less and securities held under reverse repurchase agreements. They are measured at face value, or the gross value of the outstanding balance. Interest is recognised in the Income Statement using the effective interest method.

For the purposes of the Statements of Cash Flows, cash and cash equivalents include cash and money at short call.

(u) Financial Assets

The Group classifies its financial assets in the following categories:

- financial assets at fair value through the Income Statement;
- derivative assets;
- loans and receivables; and
- available-for-sale investments.

The classification of financial instruments at initial recognition depends on their purpose, characteristics and management's intention when acquiring them.

Financial instruments, except for loans and receivables, are initially recognised by the Group on the trade date, i.e. the date that the Group becomes a party to the contractual provisions of the instruments. This applies to trades transacted in a regular way, i.e. purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and receivables are recognised on settlement date, when funding is advanced to the borrowers.

All financial assets are measured initially at their fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through the Income Statement. Directly attributable transaction costs on these assets are expensed on subsequent fair value measurement.

The Group has not classified any of its financial assets as held to maturity investments.

Financial Assets at Fair Value through the Income Statement

Assets classified at fair value through the Income Statement are further classified into three sub-categories: trading, insurance and other.

Trading assets are those acquired or incurred principally for the purpose of selling or repurchasing in the near term, or if they are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Discounted bills that the Group intends to sell into the market immediately or in the near term also meet the definition of assets held for trading. Due to their nature, such assets are included in loans, bills discounted and other receivables in the Balance Sheet, while being measured at fair value.

Insurance assets are investments that back life insurance contracts and life investment contracts. These are outlined in Note 1(hh).

Other investments include financial assets, which the Group has designated at fair value through Income Statement at inception to: eliminate an accounting mismatch; reflect they are managed on a fair value basis; or where the asset is a contract which contains an embedded derivative.

Subsequent to initial recognition, financial assets are measured at fair value with changes in fair value recognised in other operating income. Dividends earned are recorded in other operating income. Interest earned is recorded within net interest income using the effective interest method.

Derivative Financial Instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variable. They include forward rate agreements, futures, options and interest rate, currency, equity and credit swaps. Derivatives are entered into for trading purposes or for hedging purposes.

Subsequent to initial recognition, gains or losses on derivatives are recognised in the Income Statement, unless they are entered into for hedging purposes and designated into a cash flow hedge.

The Group uses derivatives to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions.

Where derivatives are held for risk management purposes and when transactions meet the required criteria, the Group applies one of three hedge accounting models; fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation as appropriate to the risks being hedged.

(i) Fair Value Hedges

Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the Income Statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The changes in the fair value of the hedged asset or liability shall be adjusted against their carrying value.

If the hedge relationship no longer meets the criteria for hedge accounting, it is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the Income Statement over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the Income Statement.

(ii) Cash Flow Hedges

Changes in fair value associated with the effective portion of a derivative designated as a cash flow hedge are recognised

Note 1 Accounting Policies (continued)

through Other Comprehensive Income in the Cash Flow Hedge Reserve within equity. Ineffective portions are recognised immediately in the Income Statement. Amounts deferred in equity are transferred to the Income Statement in the period in which the hedged forecast transaction takes place.

When a hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified to profit or loss in the period in which the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recycled immediately to the Income Statement.

(iii) Net Investment Hedges

Gains and losses on derivative contracts relating to the effective portion of the net investment hedge are recognised in the foreign currency translation reserve in equity.

Ineffective portions are recognised immediately in the Income Statement. Gains and losses accumulated in equity are included in the Income Statement when the foreign subsidiary or branch is disposed of.

(iv) Embedded Derivatives

In certain instances, a derivative may be embedded within a host contract. If the host contract is not carried at fair value through the Income Statement and the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, the embedded derivative is separated from the host contract. It is then accounted for as a stand-alone derivative instrument at fair value.

Available-for-Sale Investments

Available-for-sale (AFS) investments are non-derivative financial assets that are not classified at fair value through the Income Statement or as loans and receivables. They primarily include public debt securities held as part of the Group's liquidity holdings.

Subsequent to initial recognition, AFS investments are measured at fair value with unrealised gains and losses arising from changes in fair value recognised in the AFS investments' reserve within equity, net of applicable income taxes until such investments are sold, collected, otherwise disposed of, or become impaired. Interest, premiums and dividends are recognised in the Income Statement when earned. Foreign exchange gains and losses on AFS equity instruments are recognised directly in equity.

The Group assesses at each Balance Sheet date, whether there is any objective evidence of impairment.

Impairment exists if there is objective evidence of impairment as a result of one or more events which have an impact on the estimated future cash flows of the available-for-sale securities that can be reliably estimated. For equity securities classified as an AFS investment, the main indicators of impairment are significant changes in the market, economic or legal environment and a significant or prolonged decline in fair value below cost.

If any such evidence exists for available-for-sale securities, cumulative losses are removed from equity and recognised in the Income Statement. If, in a subsequent period, the fair value of an AFS debt security increases and the increase can be linked objectively to an event occurring after the impairment event, the impairment is reversed through the Income Statement. However, impairment losses on AFS equity securities are not reversed.

Upon disposal, the accumulated change in fair value within the AFS investments reserve is transferred to the Income Statement and reported within other operating income.

Financial assets initially designated as AFS investments, that would have otherwise met the definition of loans and other receivables, can be reclassified if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as at the date of reclassification. Fair value becomes the new amortised cost and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Reclassifications during the year are outlined in Note 11 Available-for-Sale Investments.

Loans, Bills Discounted and Other Receivables

Loans, bills discounted and other receivables are non-derivative financial assets, with fixed and determinable payments that are not quoted in an active market.

Loans, bills discounted and other receivables include overdrafts, home loans, credit card and other personal lending, term loans, bill financing, redeemable preference shares, securities, finance leases, and receivables due from other financial institutions (including loans, deposits with regulatory authorities and settlement account balances due from other banks). Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method and are presented net of provisions for impairment.

Discounted bills included in this category due to their nature meet the definition of trading assets and are therefore measured at fair value through Income Statement in line with the accounting policy for assets held for trading.

The Group assesses at each Balance Sheet date whether there is any objective evidence of impairment. If there is objective evidence that an impairment loss on loans and other receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. Short-term balances are not discounted.

Loans and other receivables are presented net of provisions for loan impairment. The Group has individually assessed provisions and collectively assessed provisions. Individually assessed provisions are made against financial assets that are individually significant, or which have been individually assessed as impaired.

Individual provisions for impairment are recognised to reduce the carrying amount of non-performing facilities to the present value of their expected future cash flows. Individually significant provisions are calculated based on discounted cash flows.

The unwinding of the discount, from initial recognition of impairment through to recovery of the written down amount, is recognised as interest income.

Note 1 Accounting Policies (continued)

In subsequent periods, interest in arrears/due on non-performing facilities is recognised in the Income Statement using the original effective interest rate.

All loans and other receivables that do not have an individually assessed provision are assessed collectively for impairment. Collective provisions are maintained to reduce the carrying amount of portfolios of similar loans and advances to the present value of their expected future cash flows at the Balance Sheet date.

The expected future cash flows for portfolios of assets with similar credit risk characteristics are estimated on the basis of historical loss experience. Loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the loss experience is based and to remove the effects of conditions in the period that do not currently exist. Increases or decreases in the provision amount are recognised in the Income Statement.

Derecognition of Financial Assets and Financial Liabilities

The Group derecognises financial assets when the rights to receive cash flows from the asset have expired or when the Group transfers its rights to receive cash flows from the asset together with substantially all the risks and rewards of the asset. The Group enters into certain transactions where it transfers financial assets recognised on its Balance Sheet but retains either all or a majority of the risks and rewards of the transferred financial assets. If all or substantially all risks and rewards are retained, the transferred financial assets are not derecognised from the Balance Sheet. Transactions where transfers of financial assets result in the Group retaining all or substantially all risks and rewards include reverse repurchase transactions, and some of the Group's securitisation and covered bonds programs. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Repurchase and Reverse Repurchase Agreements

Securities sold under repurchase agreements are retained in the financial statements where substantially all the risks and rewards of ownership remain with the Group.

A counterparty liability is recognised within deposits and public borrowings. The difference between the sale price and the repurchase price is accrued over the life of the repurchase agreement and charged to interest expense in the Income Statement.

Securities purchased under agreements to resell, where the Group does not acquire the risks and rewards of ownership, are recorded as receivables in cash and liquid assets. The security is not included in the Balance Sheet as the Group is not exposed to substantially all its risks and rewards. Interest income is accrued on the underlying receivable amount.

Provision for Off Balance Sheet Items

Guarantees and other contingent liabilities are accounted for as off Balance Sheet items. Provisioning for these exposures is calculated under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'.

Loan assets under committed lending facilities are not recognised until the facilities are drawn upon.

The Group has determined that it is appropriate to establish provisions in relation to such facilities where a customer has been downgraded. These provisions are disclosed as other liabilities in the Balance Sheet.

(v) Lease Receivables

Leases are classified as either a finance lease or an operating lease. Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred to the lessee. Under an operating lease, these risks remain with the lessor.

As a lessor, the assets the Group has leased out under finance leases are recognised as lease receivables on the Balance Sheet at an amount equal to the net investment in the lease. Finance lease income reflects a constant periodic return on this net investment and is recognised within interest income in the Income Statement.

The assets the Group has leased out under operating leases continue to be recognised on the Balance Sheet as property, plant and equipment and are depreciated accordingly. Operating lease revenue is recognised in the Income Statement on a straight line basis over the lease term.

As a lessee, the Group engages only in operating leases. Rental expense is recognised on a straight line basis over the lease term.

(w) Shares in and Loans to Controlled Entities

Investments in controlled entities are initially recorded at cost and subsequently held at the lower of cost and recoverable amount. Loans to controlled entities are subsequently recorded at amortised cost less impairment.

(x) Assets Classified as Held for Sale

Assets are classified as held for sale, when their carrying amounts are expected to be recovered principally through sale within 12 months. They are measured at the lower of carrying amount and fair value less costs to sell, unless the nature of the assets require that they be measured in line with another accounting standard.

Assets classified as held for sale are neither amortised nor depreciated.

(y) Property, Plant and Equipment

The Group measures its property assets (land and buildings) at fair value, based on annual independent market valuations.

Revaluation adjustments are reflected in the asset revaluation reserve, except to the extent they reverse a revaluation decrease of the same asset previously recognised in the Income Statement. Upon sale or disposal, realised amounts in the asset revaluation reserve are transferred to retained profits.

Other property, plant and equipment assets are stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and any impairment if required. Subsequent costs are capitalised if these result in an enhancement to the asset. Depreciation is calculated using the straight line method over the asset's estimated useful economic life.

Note 1 Accounting Policies (continued)

The useful lives of major depreciable asset categories are as follows:

Land	Indefinite (not depreciated)
Buildings	Up to 30 years
Equipment	3 – 8 years
Leasehold improvements	Lesser of unexpired lease term or lives as above
Assets under lease	
▪ Aircraft	25 years
▪ Rail	35 – 40 years
▪ Ships	25 – 40 years

The Group assesses at each Balance Sheet date useful lives and residual values and whether there is any objective evidence of impairment. If an asset's carrying value is greater than its recoverable amount, the carrying amount is written down immediately to its recoverable amount.

(z) Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance. They are recognised only if it is probable the asset will generate future benefits for the Group. They are measured at cost. Those assets with an indefinite useful life are tested for impairment annually. All intangible assets must be tested for impairment when there is an indication that its carrying amount may be greater than its recoverable amount.

Goodwill

Goodwill arising from business combinations is included in intangible assets on the Balance Sheet and has an indefinite useful life. Goodwill is tested for impairment annually through allocation to a group of Cash Generating Units (CGUs). The CGUs' recoverable amount is then compared to its carrying amount and an impairment is recognised for any excess carrying value. The CGUs and how their recoverable amount is calculated are listed in Note 15.

Computer Software Costs

Certain internal and external costs directly incurred in acquiring and developing software, net of specific project related grants, are capitalised and amortised over the estimated useful life. The majority of software projects are amortised over two to five years. The Core Banking Modernisation software project is amortised over ten years.

Software maintenance is expensed as incurred.

Core Deposits

Core deposits were initially recognised at fair value following the acquisition of Bankwest and represent the value of the deposit base acquired in the business combination. Core deposits are amortised over their estimated useful life of seven years.

Brand Names

Brand names are recognised when acquired in a business combination. Initially recognised at fair value, in general they are considered to have a similar useful life to the period of the brand names existence at the time of purchase or an indefinite useful life. An indefinite useful life is considered appropriate when there is no foreseeable limit to the period over which the brand name is expected to generate cash flows.

Other Intangibles

Other intangibles predominantly comprise customer lists. Customer relationships acquired as part of a business combination are initially measured at fair value at the date of acquisition and subsequently measured at cost less accumulated amortisation and any impairment losses. Amortisation is calculated based on the timing of projected cash flows of the relationships over their estimated useful lives.

Liabilities

(aa) Financial Liabilities

The Group classifies its financial liabilities in the following categories: liabilities at fair value through Income Statement, liabilities at amortised cost and derivative liabilities (refer to previous discussion on derivative financial instruments in Note 1(u)).

Financial liabilities are initially recognised at fair value less directly attributable transaction costs, except in the case of financial liabilities recorded at fair value through Income Statement. Directly attributable transaction costs on these liabilities are expensed on subsequent fair value measurement.

Liabilities at Fair Value through Income Statement

The Group designates certain liabilities at fair value through Income Statement on origination where those liabilities are managed on a fair value basis, where the liabilities eliminate an accounting mismatch, or where they contain embedded derivatives.

Subsequent to initial recognition these liabilities are measured at fair value with changes in fair value recognised in other operating income. Interest incurred is recorded within net interest income using the effective interest method.

Liabilities at Amortised Cost

(i) Deposits From Customers

Deposits from customers include certificates of deposit, term deposits, savings deposits, other demand deposits and debentures. Subsequent to initial recognition they are measured at amortised cost. Interest and yield related fees are recognised on an effective interest basis.

(ii) Payables Due to Other Financial Institutions

Payables due to other financial institutions include deposits, vostro balances and settlement account balances due to other banks. Subsequent to initial recognition they are measured at amortised cost. Interest and yield related fees are recognised using the effective interest method.

(iii) Debt Issues

Debt issues are short and long-term debt issues of the Group, including commercial paper, notes, term loans and medium term notes issued by the Group. Commercial paper, floating, fixed and structured debt issues are recorded at cost or amortised cost using the effective interest method.

Premiums, discounts and associated issue expenses are recognised in the Income Statement using the effective interest method from the date of issue, to ensure that securities attain their redemption values by maturity date.

Note 1 Accounting Policies (continued)

Interest is recognised in the Income Statement using the effective interest method. Any profits or losses arising from redemption prior to maturity are taken to the Income Statement in the period in which they are realised.

Where the Group has designated debt instruments at fair value through Income Statement, the changes in fair value are recognised in the Income Statement.

The Group hedges interest rate and foreign currency risk on certain debt issues. When fair value hedge accounting is applied to fixed rate debt issues, the carrying values are adjusted for changes in fair value related to the hedged risks, rather than carried at amortised cost.

(iv) Loan Capital

Loan capital is debt issued by the Group with terms and conditions that qualify for inclusion as capital, under APRA Prudential Standards. It is initially recorded at fair value, plus directly attributable transaction costs and thereafter at amortised cost using the effective interest method.

(v) Bank Acceptances of Customers - Liability

These are bills of exchange initially accepted and discounted by the Group and subsequently sold into the market. They are recognised at amortised cost. The market exposure is recognised as a liability. An asset of equal value is recognised to reflect the offsetting claim against the drawer of the bill.

Bank acceptances generate interest and fee income that is recognised in the Income Statement when earned.

(vi) Financial Guarantees and Credit Commitments

In the ordinary course of business, the Group gives financial guarantees consisting of letters of credit, guarantees and acceptances. Financial guarantees are recognised within other liabilities in the financial statements initially at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Income Statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to financial guarantees is recorded in the Income Statement. The premium received is recognised in the Income Statement in other operating income on a straight line basis over the life of the guarantee.

Loan commitments are defined amounts (unutilised credit lines or undrawn portions of credit lines) against which clients can borrow money under defined terms and conditions. Loan commitments that are cancellable by the Group are not recognised on the Balance Sheet. Upon a loan drawdown by the counterparty, the amount of the loan is accounted for in accordance with accounting policies for loans and receivables. Irrevocable loan commitments are not recorded in the Balance Sheet, but a provision is recognised if it is probable that a loss has been incurred and a reliable estimate of the amount can be made.

(bb) Employee Benefits

Annual Leave

The provision for annual leave represents the current outstanding liability to employees for annual leave entitlements at Balance Sheet date.

Long Service Leave

The provision for long service leave is discounted to the present value and is set based on actuarial assumptions. The assumptions and provision balance are subject to semi-annual internal actuarial review.

Other Employee Benefits

The provision for other employee entitlements represents liabilities for a subsidy to a registered health fund with respect to retired and current employees, and employee incentives under employee share plans and bonus schemes.

Defined Benefit Superannuation Plans

The Group currently sponsors two defined benefit superannuation plans for its employees.

The net defined benefit liability or asset recognised in the Balance Sheet is the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of plan assets. The defined benefit obligation is calculated by independent fund actuaries.

In each reporting period, the movement in the net defined benefit liability or asset is treated as follows:

- The net movement relating to the current period service cost, net interest cost (income), past service and other costs (such as the effects of any curtailments and settlements) is recognised as an employee expense in the Income Statement;
- Remeasurements relating to actuarial gains and losses and the difference between interest income and the return on plan assets are recognised directly in retained profits through OCI;
- Contributions made by the Group are recognised directly against the net defined benefit liability or asset; and
- Net interest cost (income) is determined by multiplying the rate of high quality corporate bonds by the net defined benefit obligation (asset) at the beginning of the reporting period and adjusted for changes in the net defined benefit liability (asset) due to contributions and benefit payments.

Defined Contribution Superannuation Plans

The Group sponsors a number of defined contribution superannuation plans. The Group recognises contributions due in respect of the accounting period in the Income Statement. Any contributions unpaid at the Balance Sheet date are included as a liability.

(cc) Provisions

Provisions are recognised when a probable obligation has arisen as a result of a past event that can be reliably measured. Note 19 Other Provisions contains a description of provisions held.

Equity

(dd) Shareholders' Equity

Ordinary shares are recognised at the amount paid up per ordinary share, net of directly attributable issue costs.

Where the Bank or other members of the Group purchase shares in the Bank, the consideration paid is deducted from total Shareholders' Equity and the shares are treated as treasury shares until they are subsequently sold, reissued or cancelled. Where such shares are sold or reissued, any consideration received is included in Shareholders' Equity.

Note 1 Accounting Policies (continued)

(ee) Reserves

General Reserve

The general reserve is derived from revenue profits and is available for dividend payments except for undistributable profits in respect of the Group's life insurance businesses.

Capital Reserve

The capital reserve held by the Bank relates to historic internal Group restructuring performed at fair value. The capital reserve is eliminated on consolidation.

Asset Revaluation Reserve

The asset revaluation reserve is used to record revaluation adjustments on the Group's property assets. Where an asset is sold or disposed of, any balance in the reserve in relation to the asset is transferred directly to retained profits.

Foreign Currency Translation Reserve

Exchange differences arising on translation of the Group's foreign operations are accumulated in the foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the foreign investment is disposed of or wound up.

Cash Flow Hedge Reserve

The cash flow hedge reserve is used to record fair value gains or losses associated with the effective portion of designated cash flow hedging instruments. Amounts are reclassified to profit or loss when the hedged transaction impacts profit or loss.

Employee Compensation Reserve

The employee compensation reserve is used to recognise the fair value of shares and other equity instruments issued to employees under the employee share plans and bonus schemes.

Available-for-sale Investment Reserve

The available-for-sale investment reserve includes changes in the fair value of available-for-sale financial assets. These changes are transferred to profit or loss when the asset is derecognised or impaired.

Life and General Insurance Business

The Group's consolidated financial statements include the assets, liabilities, income and expenses of the life and general insurance businesses conducted by various subsidiaries of the Bank.

Insurance contracts involve the acceptance of significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The insured benefit is either not linked or only partly linked to the market value of the investments held, and the financial risks are substantially borne by the insurer.

General insurance contracts are insurance contracts that are not life insurance contracts.

Life investment contracts involve the origination of one or more financial instruments and may involve the provision of management services. Life investment contracts do not meet the definition of insurance contracts as they do not involve an acceptance of significant insurance risk by the Group's life insurers. The financial risks are substantially borne by the policyholder. Shareholders can only receive a distribution when the capital adequacy requirements of the Life Insurance Act 1995 are met.

(ff) Revenue

Life insurance premiums received for providing services and bearing risks are recognised as revenue. Premiums with a regular due date are recognised as revenue on a due and receivable basis. Premiums with no due date are recognised on a cash received basis.

Life investment premiums received include the management fee portion recognised as revenue over the period the service is provided and the deposit portion recognised as an increase in investment contract liabilities. Premiums with no due date are recognised on a cash received basis.

General insurance premium comprises amounts charged to policyholders, including fire service levies, but excludes taxes collected on behalf of third parties. The earned portion of premiums received and receivable is recognised as revenue. Premium revenue is earned from the date of attachment of risk and over the term of the policies written, based on actuarial assessment of the likely pattern in which risk will emerge. The portion not yet earned based on the pattern assessment is recognised as unearned premium liability.

Returns on all investments controlled by life and general insurance businesses are recognised as revenue.

(gg) Expenses

Life and general insurance contract claims are recognised as an expense when a liability has been established.

Acquisition costs (which include commission costs) are the costs associated with obtaining and recording insurance contracts. Acquisition costs are deferred or capitalised when they relate to the acquisition of new business. These costs are amortised on the same basis as the earning pattern of the premium, over the life of the contract. The amount deferred is limited to the extent that they are deemed recoverable from the expected future profits.

(hh) Investment Assets

Assets backing insurance liabilities are carried at fair value through Income Statement.

Investments held in the life insurance funds are subject to the restrictions imposed under the Life Act.

(ii) Policy Liabilities

Life insurance contract liabilities are measured at the net present value of future receipts from and payments to policyholders using a risk free discount rate (or expected fund earning rate where benefits are contractually linked to the asset performance), and are calculated in accordance with the principles of Margin on Services profit reporting as set out in Prudential Standard LPS 340 'Valuation of Policy Liabilities' issued by APRA.

Life investment contract liabilities are measured at fair value in accordance with AASB 139. The balance is no less than the contract surrender value.

General insurance policy liabilities comprise two components: unearned premium liability and outstanding claims liability.

The unearned premium liability is subject to a liability adequacy test.

Any deficiency will be recognised as an expense in the Income Statement by first writing down any related deferred

Note 1 Accounting Policies (continued)

acquisition costs, with any excess being recorded on the Balance Sheet as an unexpired risk liability.

The provision for outstanding claims is measured as the central estimate of the present value of expected future claims payments plus a risk margin. The expected future payments include those in relation to claims reported but not yet paid; claims incurred but not reported; claims incurred but not enough reported; and estimated claims handling costs.

Other

(jj) Managed Funds Units on Issue – Held by Non-controlling Unit-Holders

The life insurance and other funds include controlling interests in trusts and companies which are recognised in the Group's consolidated Financial Statements.

When a controlled unit trust is consolidated, the amounts due to external unit-holders remain as managed funds units on issue liabilities in the Group's consolidated Balance Sheet. In the Income Statement, the net profit or loss of the controlled entities relating to non-controlling interests is excluded from the Group's net profit or loss.

(kk) Asset Securitisation

The Group packages and sells asset backed securities to investors through an asset securitisation program.

The Group is entitled to any residual income of the program after all payments due to investors and costs of the program have been met. The Group also directs any decisions over relevant activities of the program and therefore controls the entities through which asset securitisation is conducted and so it consolidates these entities.

Liabilities associated with asset securitisation entities and related issue costs are accounted for on an amortised cost basis using the effective interest method. Interest rate swaps and liquidity facilities are provided at arm's length to the program by the Group in accordance with APRA Prudential Guidelines.

Derivatives return the risks and rewards of ownership of the securitised assets to the Group, resulting in their continued recognition by the Group. An imputed borrowing is recognised by the Bank inclusive of the derivative and any related fees.

(ll) Fiduciary Activities

Certain controlled entities within the Group act as Responsible Entity, Trustee and/or Manager for a number of wholesale, superannuation and investment funds, trusts and approved deposit funds.

The assets and liabilities of these trusts and funds are not included in the consolidated Financial Statements as the Group does not have direct or indirect control of the trusts and funds. Commissions and fees earned in respect of the activities are included in the Income Statement of the Group.

Critical Judgements and Estimates

The application of the Group's accounting policies requires the use of judgement, estimates and assumptions. If different assumptions or estimates were applied, the resulting values would change, impacting the Group's net assets and income.

(mm) Provisions for Impairment of Financial Assets

Provisions for impairment of financial assets are raised where there is objective evidence of impairment at an individual or collective basis, at an amount adequate to cover assessed credit related losses.

Credit losses arise primarily from loans, but also from other credit instruments such as bank acceptances, contingent liabilities, guarantees and other financial instruments.

Individually Assessed Provisions

Individually assessed provisions are raised where there is objective evidence of impairment (where the Group does not expect to receive all of the cash flows contractually due).

Individually assessed provisions are made against individual risk rated credit facilities where a loss of $20,000 or more is expected. The provisions are established based primarily on estimates of the realisable (fair) value of collateral taken and are measured as the difference between a financial asset's carrying amount and the present value of the expected future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. Short-term balances are not discounted.

Collective Provision

Loans and receivables that do not have an individually assessed provision are assessed collectively for impairment.

The collective provision is maintained to reduce the carrying amount of portfolios of similar loans and receivables to their estimated recoverable amounts at the Balance Sheet date.

The evaluation process is subject to a series of estimates and judgements. In the risk rated segment, the risk rating system, including the frequency of default and loss given default rates, loss history, and the size, structure and diversity of individual borrowers are considered. Current developments in portfolios (industry, geographic and term) are reviewed.

In the statistically managed (retail) segment, the history of defaults and losses, and the size, structure and diversity of portfolios are considered.

In addition, management considers overall indicators of portfolio performance, quality and economic conditions.

Changes in these estimates could have a direct impact on the level of provision determined.

The amount required to bring the collective provision to the level assessed is recognised in the Income Statement as set out in Note 13.

(nn) Provisions (Other than Loan Impairment)

Provisions are held in respect of a range of future obligations as outlined in Note 19. Provisions carried for long service leave are calculated based on actuarial models and subject to semi-annual review based on changes in underlying assumptions. Some of the provisions involve significant judgement about the likely outcome of various events and estimated future cash flows.

The measurement of these obligations involves the exercise of management judgements about the ultimate outcomes of the transactions. Payments which are expected to be incurred later than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

Note 1 Accounting Policies (continued)

(oo) Life Insurance Policyholder Liabilities

The determination of life insurance policyholder liabilities involves the following key actuarial assumptions:

- Business assumptions including amount, timing and duration of claims/policy payments, policy lapse rates and acquisition and maintenance expense levels;
- Long-term economic assumptions for discount, interest, inflation and market earnings rates; and
- Selection of methodology, either projection or accumulation method. The selection of the method is generally governed by the product type.

The determination of assumptions relies on making judgements on variances from long-term assumptions. Where experience differs from long-term assumptions:

- Recent results may be a statistical aberration; or
- There may be a commencement of a new paradigm requiring a change in long-term assumptions.

The Group's actuaries arrive at conclusions regarding the statistical analysis using their experience and judgement. Further detail on the financial position on performance of the Group's Life Insurance operations is set out in Note 27.

(pp) Consolidation of Special Purpose Entities

The Group exercises judgement at inception and periodically, to assess whether a structured entity should be consolidated based on the Bank's power over the relevant activities of the entity and the significance of its exposure to variable returns of the structured entity. Such assessments are predominantly required for the Group's securitisation program, structured transactions, and involvement with investment funds.

(qq) Financial Instruments at Fair Value

A significant portion of financial instruments are carried at fair value on the Balance Sheet.

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Group establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Valuation techniques include using recent arm's length market transactions between knowledgeable willing parties (if available), reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Group uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Data inputs that the Group relies upon when valuing financial instruments relate to counterparty credit risk, volatility, correlation and extrapolation.

Periodically, the Group calibrates its valuation techniques and tests them for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) and any other available observable market data. Note 40 includes details of non-observable inputs used to fair value financial instruments.

(rr) Goodwill

Goodwill is allocated to CGUs whose recoverable amount is calculated for the purpose of impairment testing. The recoverable amount calculation relies primarily on publicly available earnings multiples. Note 15 includes the details of the inputs used in recoverable amount calculations.

(ss) Taxation

Provisions for taxation require significant judgement with respect to outcomes that are uncertain. For such uncertainties, the Group has estimated its tax provisions based on its expected outcomes.

(tt) Superannuation Obligations

The Group's defined benefit plans are described in Note 35. Actuarial valuations of the plan's obligations and the fair value of the plan's assets are performed semi-annually.

The actuarial valuation of plan obligations is dependent upon a series of assumptions, including price inflation, discount rates, salary growth, mortality, morbidity and investment returns assumptions. Different assumptions could significantly alter the amount of the difference between plan assets and obligations, and the superannuation cost charged.

Future Accounting Developments

AASB 9 'Financial Instruments' amends the classification, measurement and impairment of financial instruments and general hedge accounting requirements.

AASB 9 is not mandatory until 1 July 2018 for the Group. Other than the own credit requirements, which were early adopted from 1 January 2014, the Group does not intend to early adopt the standard.

AASB 15 'Revenue from Contracts with Customers' contains new requirements for the recognition of revenue and additional disclosures. AASB 15 is not mandatory until 1 July 2017, however the IASB has deferred adoption to 1 July 2018. The AASB is also expected to make a similar amendment.

The potential financial impact of the above to the Group is not yet possible to determine.

The following amendments to existing standards are not yet mandatory and they are not expected to result in significant changes to the Group's accounting policies:

- 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements';
- 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture';
- 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle';
- 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'; and
- 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'.

Note 2 Profit

Profit before income tax has been determined as follows:

	Group			Bank	
	2015	2014	2013	2015	2014
	$M	$M	$M	$M	$M
Interest Income					
Loans and bills discounted	**31,431**	31,154	32,020	**27,667**	27,805
Other financial institutions	**73**	69	64	**60**	60
Cash and liquid assets	**268**	251	187	**206**	201
Assets at fair value through Income Statement	**518**	447	450	**468**	409
Available-for-sale investments	**1,810**	1,724	2,018	**1,694**	4,221
Controlled entities	**-**	-	-	**4,842**	2,164
Total interest income (1)	**34,100**	33,645	34,739	**34,937**	34,860
Interest Expense					
Deposits	**12,953**	13,338	15,070	**11,415**	12,053
Other financial institutions	**220**	228	233	**186**	205
Liabilities at fair value through Income Statement	**188**	206	198	**113**	107
Debt issues	**4,372**	4,343	4,869	**3,458**	3,571
Loan capital	**572**	429	435	**547**	421
Controlled entities	**-**	-	-	**5,287**	5,137
Total interest expense (2)	**18,305**	18,544	20,805	**21,006**	21,494
Net interest income	**15,795**	15,101	13,934	**13,931**	13,366
Other Operating Income					
Lending fees	**1,050**	1,083	1,053	**973**	1,015
Commissions	**2,226**	2,130	1,990	**1,860**	1,783
Trading income	**1,005**	922	863	**940**	850
Net gain/(loss) on non-trading financial instruments (3)	**251**	(49)	17	**254**	(83)
Net gain/(loss) on sale of property, plant and equipment	**(8)**	(12)	(14)	**(4)**	(9)
Net hedging ineffectiveness	**(95)**	(21)	(25)	**(67)**	(25)
Dividends - Controlled entities	**-**	-	-	**1,919**	1,894
Dividends - Other	**16**	12	9	**53**	50
Net funds management operating income	**2,003**	2,034	1,847	**-**	-
Insurance contracts income	**1,014**	1,033	923	**-**	-
Share of profit of associates and joint ventures net of impairment	**285**	150	165	**-**	-
Other (4)	**126**	105	114	**919**	903
Total other operating income	**7,873**	7,387	6,942	**6,847**	6,378
Total net operating income before impairment and operating expense	**23,668**	22,488	20,876	**20,778**	19,744
Impairment Expense					
Loan impairment expense	**988**	918	1,146	**837**	871
Total impairment expense (Note 13)	**988**	918	1,146	**837**	871

(1) Total interest income for financial assets that are not at fair value through profit or loss is $33,163 million (2014: $33,081 million, 2013: $34,289 million) for the Group and $34,050 million (2014: $34,334 million) for the Bank.

(2) Total interest expense for financial liabilities that are not at fair value through profit or loss is $18,117 million (2014: $18,338 million, 2013: $20,607 million) for the Group and $20,893 million (2014: $21,387 million) for the Bank.

(3) Inclusive of non-trading derivatives that are held for risk management purposes.

(4) Includes depreciation in relation to operating leases where the Group is the lessor of $80 million (30 June 2014: $77 million, 30 June 2013: $65 million) and $18 million (30 June 2014: $17 million) where the Bank is the lessor.

Note 2 Profit (continued)

	Group			Bank	
	2015	2014	2013	2015	2014
	$M	$M	$M	$M	$M
Staff Expenses					
Salaries and related on-costs [1]	**5,321**	5,089	4,786	**3,918**	3,732
Share-based compensation [1]	**96**	99	100	**92**	107
Superannuation	**399**	354	346	**311**	279
Total staff expenses	**5,816**	5,542	5,232	**4,321**	4,118
Occupancy and Equipment Expenses					
Operating lease rentals	**620**	607	580	**535**	526
Depreciation of property, plant and equipment	**253**	244	234	**208**	197
Other occupancy expenses [1]	**213**	202	204	**172**	155
Total occupancy and equipment expenses	**1,086**	1,053	1,018	**915**	878
Information Technology Services					
Application, maintenance and development	**430**	412	439	**390**	375
Data processing [1]	**183**	175	196	**182**	174
Desktop	**110**	101	100	**96**	89
Communications	**190**	189	202	**169**	169
Amortisation of software assets	**308**	328	245	**264**	290
Software write-offs	**11**	70	-	**10**	68
IT equipment depreciation	**60**	62	77	**56**	59
Total information technology services	**1,292**	1,337	1,259	**1,167**	1,224
Other Expenses					
Postage and stationery	**195**	188	199	**170**	165
Transaction processing and market data [1]	**153**	156	134	**116**	136
Fees and commissions:					
Professional fees	**390**	257	230	**358**	232
Other [1]	**97**	99	120	**360**	316
Advertising, marketing and loyalty	**522**	477	463	**407**	391
Amortisation of intangible assets (excluding software and merger related amortisation)	**16**	19	20	**-**	-
Non-lending losses	**118**	97	67	**108**	92
Other [1]	**308**	274	268	**274**	240
Total other expenses	**1,799**	1,567	1,501	**1,793**	1,572
Total expenses	**9,993**	9,499	9,010	**8,196**	7,792
Investment and Restructuring					
Merger related amortisation [2]	**75**	74	75	**75**	74
Total investment and restructuring	**75**	74	75	**75**	74
Total operating expenses	**10,068**	9,573	9,085	**8,271**	7,866
Profit before income tax	**12,612**	11,997	10,645	**11,670**	11,007
Net hedging ineffectiveness comprises:					
Gain/(loss) on fair value hedges:					
Hedging instruments	**(568)**	59	(614)	**(731)**	(315)
Hedged items	**493**	(71)	617	**660**	305
Cash flow hedge ineffectiveness	**(20)**	(9)	(28)	**4**	(15)
Net hedging ineffectiveness	**(95)**	(21)	(25)	**(67)**	(25)

(1) Comparative information has been reclassified to conform with presentation in the current year.
(2) Merger related amortisation relates to Bankwest core deposits and customer lists.

Note 3 Average Balances and Related Interest

The following tables have been produced using Statutory Balance Sheet and Income Statement categories. The tables list the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate (predominantly daily averages). Interest is accounted for based on product yield.

Where assets or liabilities are hedged, the amounts are shown net of the hedge, however individual items not separately hedged may be affected by movements in exchange rates. The overseas component comprises overseas branches of the Bank and overseas domiciled controlled entities. Non-accrual loans are included in interest earning assets under Loans, bills discounted and other receivables. The official cash rate in Australia decreased by 50 basis points, while rates in New Zealand remained unchanged during the year.

	2015			2014			Group 2013		
Interest earning assets	**Average Balance $M**	**Interest $M**	**Average Rate %**	**Average Balance $M**	**Interest $M**	**Average Rate %**	**Average Balance $M**	**Interest $M**	**Average Rate %**
Cash and liquid assets									
Australia	**8,951**	**174**	**1. 9**	8,179	169	2. 1	5,459	116	2. 1
Overseas	**21,500**	**94**	**0. 4**	17,840	82	0. 5	12,787	71	0. 6
Receivables due from other financial institutions									
Australia	**3,418**	**20**	**0. 6**	5,070	29	0. 6	3,405	35	1. 0
Overseas	**6,262**	**53**	**0. 8**	4,334	40	0. 9	5,888	29	0. 5
Assets at fair value through Income Statement - Trading and Other									
Australia	**17,367**	**396**	**2. 3**	16,259	352	2. 2	10,551	362	3. 4
Overseas	**4,618**	**122**	**2. 6**	6,053	95	1. 6	6,035	88	1. 5
Available-for-sale investments									
Australia	**58,338**	**1,656**	**2. 8**	54,026	1,635	3. 0	52,680	1,933	3. 7
Overseas	**10,094**	**154**	**1. 5**	7,702	89	1. 2	6,822	85	1. 2
Loans, bills discounted and other receivables (1)									
Australia (2)	**542,138**	**27,078**	**5. 0**	512,894	27,371	5. 3	491,160	28,840	5. 9
Overseas	**82,186**	**4,353**	**5. 3**	73,014	3,783	5. 2	58,850	3,180	5. 4
Total interest earning assets and interest income	**754,872**	**34,100**	**4. 5**	705,371	33,645	4. 8	653,637	34,739	5. 3

(1) Loans, bills discounted and other receivables include bank acceptances.
(2) Excludes amortisation of acquisition related fair value adjustments made to fixed interest financial instruments.

	2015	2014	Group 2013
Non-interest earning assets	**Average Balance $M**	**Average Balance $M**	**Average Balance $M**
Assets at fair value through Income Statement - Insurance			
Australia	**12,531**	12,141	12,464
Overseas	**2,574**	2,413	2,177
Property, plant and equipment			
Australia	**2,531**	2,506	2,380
Overseas	**249**	237	210
Other assets			
Australia	**61,855**	51,448	52,036
Overseas	**12,580**	10,824	9,986
Provisions for impairment			
Australia	**(3,524)**	(4,027)	(4,516)
Overseas	**(288)**	(269)	(234)
Total non-interest earning assets	**88,508**	75,273	74,503
Total assets	**843,380**	780,644	728,140
Percentage of total assets applicable to overseas operations (%)	**16.6**	15.6	14.1

Note 3 Average Balances and Related Interest (continued)

Interest bearing liabilities [1]	2015 Average Balance $M	2015 Interest $M	2015 Average Rate %	2014 Average Balance $M	2014 Interest $M	2014 Average Rate %	Group 2013 Average Balance $M	Group 2013 Interest $M	Group 2013 Average Rate %
Time deposits									
Australia	**209,820**	**7,080**	**3. 4**	211,571	8,032	3. 8	211,064	9,680	4. 6
Overseas	**38,706**	**1,097**	**2. 8**	36,516	931	2. 5	35,602	954	2. 7
Savings deposits									
Australia	**158,232**	**3,076**	**1. 9**	135,276	2,905	2. 1	118,896	3,130	2. 6
Overseas	**14,821**	**439**	**3. 0**	12,897	395	3. 1	8,740	274	3. 1
Other demand deposits									
Australia	**82,609**	**1,123**	**1. 4**	71,902	980	1. 4	64,659	960	1. 5
Overseas	**5,916**	**138**	**2. 3**	5,024	95	1. 9	3,988	72	1. 8
Payables due to other financial institutions									
Australia	**11,661**	**139**	**1. 2**	9,520	116	1. 2	7,518	117	1. 6
Overseas	**20,030**	**81**	**0. 4**	16,829	112	0. 7	13,768	116	0. 8
Liabilities at fair value through Income Statement									
Australia	**4,398**	**108**	**2. 5**	4,306	102	2. 4	2,433	97	4. 0
Overseas	**2,696**	**80**	**3. 0**	4,105	104	2. 5	4,399	101	2. 3
Debt issues [2]									
Australia	**132,766**	**3,823**	**2. 9**	129,101	4,000	3. 1	118,295	4,666	3. 9
Overseas	**21,023**	**549**	**2. 6**	15,183	343	2. 3	10,257	203	2. 0
Loan capital									
Australia	**6,715**	**301**	**4. 5**	5,959	259	4. 3	5,846	283	4. 8
Overseas	**4,766**	**271**	**5. 7**	3,544	170	4. 8	4,092	152	3. 7
Total interest bearing liabilities and interest expense	**714,159**	**18,305**	**2. 6**	661,733	18,544	2. 8	609,557	20,805	3. 4

(1) Certain comparative information has been restated to conform to presentation in the current year.
(2) Debt issues include bank acceptances.

Non-interest bearing liabilities	2015 Average Balance $M	2014 Average Balance $M	Group 2013 Average Balance $M
Deposits not bearing interest			
Australia	**10,173**	8,878	7,895
Overseas	**2,589**	2,328	1,903
Insurance policy liabilities			
Australia	**11,811**	11,648	11,799
Overseas	**1,471**	1,389	1,255
Other liabilities			
Australia	**40,077**	37,386	42,945
Overseas	**11,929**	9,975	9,332
Total non-interest bearing liabilities	**78,050**	71,604	75,129
Total liabilities	**792,209**	733,337	684,686
Shareholders' Equity	**51,171**	47,307	43,454
Total liabilities and Shareholders' Equity	**843,380**	780,644	728,140
Total liabilities applicable to overseas operations (%)	**15.6**	14.7	13.6

Changes in Net Interest Income: Volume and Rate Analysis

The following tables show the movement in interest income and expense due to changes in volume and interest rates. Volume variances reflect the change in interest from the prior year due to movement in the average balance. Rate variance reflects the change in interest from the prior year due to changes in interest rates.

Note 3 Average Balances and Related Interest (continued)

Volume and rate variance for total interest earning assets and interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

Changes in net interest income:	June 2015 vs June 2014			June 2014 vs June 2013		
Volume and rate analysis	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Interest Earning Assets						
Cash and liquid assets						
Australia	**15**	**(10)**	**5**	57	(4)	53
Overseas	**16**	**(4)**	**12**	26	(15)	11
Receivables due from other financial institutions						
Australia	**(10)**	**1**	**(9)**	13	(19)	(6)
Overseas	**17**	**(4)**	**13**	(11)	22	11
Assets at fair value through Income Statement - Trading and Other						
Australia	**25**	**19**	**44**	160	(170)	(10)
Overseas	**(30)**	**57**	**27**	-	7	7
Available-for-sale investments						
Australia	**126**	**(105)**	**21**	45	(343)	(298)
Overseas	**32**	**33**	**65**	11	(7)	4
Loans, bills discounted and other receivables						
Australia	**1,511**	**(1,804)**	**(293)**	1,218	(2,687)	(1,469)
Overseas	**481**	**89**	**570**	750	(147)	603
Changes in interest income	**2,299**	**(1,844)**	**455**	2,609	(3,703)	(1,094)
Interest Bearing Liabilities and Loan Capital [1]						
Time deposits						
Australia	**(63)**	**(889)**	**(952)**	21	(1,669)	(1,648)
Overseas	**59**	**107**	**166**	24	(47)	(23)
Savings deposits						
Australia	**470**	**(299)**	**171**	391	(616)	(225)
Overseas	**58**	**(14)**	**44**	129	(8)	121
Other demand deposits						
Australia	**146**	**(3)**	**143**	103	(83)	20
Overseas	**19**	**24**	**43**	19	4	23
Payables due to other financial institutions						
Australia	**26**	**(3)**	**23**	28	(29)	(1)
Overseas	**17**	**(48)**	**(31)**	23	(27)	(4)
Liabilities at fair value through Income Statement						
Australia	**2**	**4**	**6**	60	(55)	5
Overseas	**(39)**	**15**	**(24)**	(7)	10	3
Debt issues						
Australia	**110**	**(287)**	**(177)**	381	(1,047)	(666)
Overseas	**142**	**64**	**206**	104	36	140
Loan capital						
Australia	**33**	**9**	**42**	5	(29)	(24)
Overseas	**64**	**37**	**101**	(23)	41	18
Changes in interest expense	**1,406**	**(1,645)**	**(239)**	1,621	(3,882)	(2,261)
Changes in net interest income	**1,048**	**(354)**	**694**	1,105	62	1,167

(1) Certain comparative information has been restated to conform to presentation in the current year.

Note 4 Income Tax

The income tax expense for the year is determined from the profit before income tax as follows:

	Group			Bank	
	2015 $M	2014 $M	2013 $M	2015 $M	2014 $M
Profit before Income Tax	**12,612**	11,997	10,645	**11,670**	11,007
Prima facie income tax at 30%	**3,784**	3,599	3,193	**3,501**	3,302
Effect of amounts which are non-deductible/ (assessable) in calculating taxable income:					
Taxation offsets and other dividend adjustments	**(6)**	(6)	(3)	**(582)**	(574)
Tax adjustment referable to policyholder income	**69**	89	79	**-**	-
Tax losses not previously brought to account	**(9)**	(21)	(18)	**(6)**	(15)
Offshore tax rate differential	**(116)**	(99)	(89)	**(35)**	(21)
Offshore banking unit	**(39)**	(30)	(33)	**(39)**	(30)
Effect of changes in tax rates	**2**	3	-	**1**	3
Income tax (over) provided in previous years	**(163)**	(121)	(50)	**(151)**	(77)
Other	**6**	(67)	(68)	**5**	(23)
Total income tax expense	**3,528**	3,347	3,011	**2,694**	2,565
Corporate tax expense	**3,429**	3,221	2,899	**2,694**	2,565
Policyholder tax expense	**99**	126	112	**-**	-
Total income tax expense	**3,528**	3,347	3,011	**2,694**	2,565
Effective tax rate (%) (1)	**27.4**	27.1	27.5	**23.1**	23.3

Income tax expense attributable to profit from ordinary activities	Group 2015 $M	2014 $M	2013 $M	Bank 2015 $M	2014 $M
Australia					
Current tax expense	**2,865**	2,433	2,392	**2,591**	2,214
Deferred tax expense	**124**	389	192	**9**	247
Total Australia	**2,989**	2,822	2,584	**2,600**	2,461
Overseas					
Current tax expense	**547**	670	425	**78**	84
Deferred tax expense/(benefit)	**(8)**	(145)	2	**16**	20
Total overseas	**539**	525	427	**94**	104
Total income tax expense	**3,528**	3,347	3,011	**2,694**	2,565

(1) Policyholder tax is excluded from both profit before income tax and tax expense for the purpose of calculating the Group's effective tax rate as it is not incurred directly by the Group.

Note 4 Income Tax (continued)

	Group			Bank	
	2015 $M	2014 $M	2013 $M	2015 $M	2014 $M
Deferred tax asset balances comprise temporary differences attributable to:					
Amounts recognised in the Income Statement:					
Provision for employee benefits	**453**	437	414	**369**	360
Provisions for impairment on loans, bills discounted and other receivables	**1,008**	1,044	1,177	**944**	986
Other provisions not tax deductible until expense incurred	**283**	160	175	**234**	134
Financial instruments	**36**	9	9	**1**	2
Defined benefit superannuation plan	**293**	265	199	**293**	265
Other [1]	**207**	233	231	**184**	206
Total amount recognised in the Income Statement	**2,280**	2,148	2,205	**2,025**	1,953
Amounts recognised directly in Other Comprehensive Income:					
Cash flow hedge reserve	**155**	99	77	**7**	6
Other reserves [1]	**6**	2	6	**3**	3
Total amount recognised directly in Other Comprehensive Income	**161**	101	83	**10**	9
Total deferred tax assets (before set off) [2]	**2,441**	2,249	2,288	**2,035**	1,962
Set off to tax pursuant to set-off provisions in Note 1(r)	**(1,986)**	(1,663)	(1,372)	**(1,264)**	(1,166)
Net deferred tax assets	**455**	586	916	**771**	796
Deferred tax liability balances comprise temporary differences attributable to:					
Amounts recognised in the Income Statement:					
Impact of TOFA adoption	**-**	-	11	**-**	-
Lease financing	**341**	381	370	**170**	187
Intangible assets	**123**	45	73	**118**	37
Financial instruments	**235**	184	142	**11**	15
Other	**600**	624	587	**61**	151
Total amount recognised in the Income Statement	**1,299**	1,234	1,183	**360**	390
Amounts recognised directly in Other Comprehensive Income:					
Revaluation of properties	**76**	85	82	**76**	84
Foreign currency translation reserve	**40**	-	-	**-**	-
Cash flow hedge reserve	**293**	193	259	**223**	179
Defined benefit superannuation plan	**365**	229	180	**365**	229
Available-for-sale investments reserve	**264**	288	139	**240**	284
Total amount recognised directly in Other Comprehensive Income	**1,038**	795	660	**904**	776
Total deferred tax liabilities (before set off) [3]	**2,337**	2,029	1,843	**1,264**	1,166
Set off to tax pursuant to set-off provisions in Note 1(r)	**(1,986)**	(1,663)	(1,372)	**(1,264)**	(1,166)
Net deferred tax liabilities	**351**	366	471	**-**	-
Deferred tax assets opening balance:	**586**	916	960	**796**	1,044
Movement in temporary differences during the year:					
Provisions for employee benefits	**16**	23	33	**9**	13
Provisions for impairment on loans, bills discounted and other receivables	**(36)**	(133)	(87)	**(42)**	(135)
Other provisions not tax deductible until expense incurred	**123**	(15)	(17)	**100**	(11)
Financial instruments	**87**	19	(32)	**(1)**	(55)
Defined benefit superannuation plan	**28**	66	58	**28**	66
Other [1]	**(26)**	1	19	**(21)**	(11)
Set off to tax pursuant to set-off provisions in Note 1(r)	**(323)**	(291)	(18)	**(98)**	(115)
Deferred tax assets closing balance	**455**	586	916	**771**	796

(1) Comparatives have been aggregated to conform to presentation in the current year.
(2) The following amounts are expected to be recovered within 12 months of the Balance Sheet date for the Group $1,220 million (2014: $1,151 million) and for the Bank $1,083 million (2014: $1,031 million).
(3) The following amounts are expected to be settled within 12 months of the Balance Sheet date for the Group $552 million (2014: $366 million) and for the Bank $139 million (2014: $189 million).

Note 4 Income Tax (continued)

	Group			Bank	
	2015 $M	2014 $M	2013 $M	2015 $M	2014 $M
Deferred tax liabilities opening balance:	**366**	471	338	**-**	-
Movement in temporary differences during the year:					
Impact of TOFA adoption	**-**	(11)	2	**-**	(11)
Lease financing	**(40)**	11	5	**(17)**	5
Defined benefit superannuation plan	**136**	49	126	**136**	49
Intangible assets	**78**	(28)	(54)	**81**	(25)
Financial instruments	**167**	125	46	**(4)**	105
Other [1]	**(33)**	40	26	**(98)**	(8)
Set off to tax pursuant to set-off provisions in Note 1(r)	**(323)**	(291)	(18)	**(98)**	(115)
Deferred tax liabilities closing balance	**351**	366	471	**-**	-

(1) Comparatives have been aggregated to conform to presentation in the current year.

Deferred tax assets have not been recognised in respect of the following items because it is not considered probable that future taxable profit will be available against which they can be realised:

	Group			Bank	
Deferred tax assets not taken to account	2015 $M	2014 $M	2013 $M	2015 $M	2014 $M
Tax losses and other temporary differences on revenue account:					
Expire under current legislation	**83**	50	83	**62**	39
Do not expire under current legislation	**-**	12	11	**-**	-
Total	**83**	62	94	**62**	39

Tax Consolidation

The Bank has recognised a tax consolidation contribution to the wholly-owned tax consolidated entity of $98 million (2014: $97 million).

The amount receivable by the Bank under the tax funding agreement was $200 million as at 30 June 2015 (2014: $252 million receivable). This balance is included in 'Other assets' in the Bank's separate Balance Sheet.

Taxation of Financial Arrangements (TOFA)

The new tax regime for financial instruments TOFA began to apply to the Tax Consolidated Group from 1 July 2010. The regime allows a closer alignment of the tax and accounting recognition and measurement of financial arrangements and their related flows. Following adoption, deferred tax balances from financial arrangements progressively reverse over a four year period.

Note 5 Dividends

	Group			Bank	
	2015	2014	2013	2015	2014
	$M	$M	$M	$M	$M
Ordinary Shares					
Interim ordinary dividend (fully franked) (2015: 198 cents; 2014: 183 cents; 2013: 164 cents)					
Interim ordinary dividend paid - cash component only	**2,636**	2,243	2,639	**2,636**	2,243
Interim ordinary dividend paid - Dividend Reinvestment Plan	**574**	707	-	**574**	707
Total dividend paid	**3,210**	2,950	2,639	**3,210**	2,950
Other Equity Instruments					
Dividend paid	**52**	45	40	**-**	-
Total dividend provided for, reserved or paid	**3,262**	2,995	2,679	**3,210**	2,950
Other provision carried	**82**	73	65	**82**	73
Dividend proposed and not recognised as a liability (fully franked) (2015: 222 cents; 2014: 218 cents; 2013: 200 cents) (1)	**3,613**	3,534	3,224	**3,613**	3,534
Provision for dividends					
Opening balance	**73**	65	52	**73**	65
Provision made during the year	**6,744**	6,174	5,831	**6,744**	6,174
Provision used during the year	**(6,735)**	(6,166)	(5,818)	**(6,735)**	(6,166)
Closing balance (Note 19)	**82**	73	65	**82**	73

(1) The 2015 final dividend will be satisfied in full by cash disbursements with the Dividend Reinvestment Plan (DRP) anticipated will be satisfied by the issue of shares of approximately $700 million. The 2014 final dividend was satisfied by cash disbursements of $3,534 million with the DRP satisfied in full by an on market purchase of shares. The 2013 final dividend was satisfied by cash disbursements of $3,224 million with the DRP satisfied in full by an on market purchase of shares.

Final Dividend

The Directors have declared a franked final dividend of 222 cents per share amounting to $3,613 million. The dividend will be payable on 1 October 2015 to shareholders on the register at 5pm AEST on 20 August 2015. The ex-dividend date is 18 August 2015.

The Board determines the dividends based on the Group's net profit after tax ("cash basis") per share, having regard to a range of factors including:

- Current and expected rates of business growth and the mix of business;
- Capital needs to support economic, regulatory and credit ratings requirements;
- Investments and/or divestments to support business development;
- Competitors comparison and market expectations; and
- Earnings per share growth.

The Bank expects the DRP for the final dividend for the year 30 June 2015 will be satisfied by the issue of shares of approximately $700 million.

Dividend Franking Account

After fully franking the final dividend to be paid for the year, the amount of credits available, at the 30% tax rate as at 30 June 2015 to frank dividends for subsequent financial years, is $569 million (2014: $533 million). This figure is based on the franking accounts of the Bank at 30 June 2015, adjusted for franking credits that will arise from the payment of income tax payable on profits for the year, franking debits that will arise from the payment of dividends proposed, and franking credits that the Bank may be prevented from distributing in subsequent financial periods.

The Bank expects that future tax payments will generate sufficient franking credits for the Bank to be able to continue to fully frank future dividend payments. These calculations have been based on the taxation law as at 30 June 2015.

Dividend History

Half year ended	Cents Per Share	Payment Date	Half-year Payout Ratio (1) %	Full Year Payout Ratio (1) %	DRP Price $	DRP Participation Rate (2) %
31 December 2012	164	05/04/2013	73. 1	-	68. 76	22. 7
30 June 2013	200	03/10/2013	81. 3	77. 4	73. 42	22. 4
31 December 2013	183	03/04/2014	70. 5	-	75. 26	24. 0
30 June 2014	218	02/10/2014	80. 3	75. 5	80. 39	19. 9
31 December 2014	198	02/04/2015	71. 2	-	91. 26	17. 9
30 June 2015	222	01/10/2015	80. 3	75. 7	-	-

(1) Dividend Payout Ratio: dividends divided by statutory earnings (earnings are net of dividends on other equity instruments).
(2) DRP Participation Rate: the percentage of total issued share capital participating in the DRP.

Note 6 Earnings Per Share

	Group		
	2015	2014	2013
Earnings per ordinary share	Cents per Share		
Basic	**557. 0**	533. 8	474. 2
Fully diluted	**542. 7**	521. 9	461. 0

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares on issue during the year, excluding the number of ordinary shares purchased and held as treasury shares.

Diluted earnings per share amounts are calculated by dividing net profit attributable to ordinary equity holders of the Bank (after deducting interest on the convertible redeemable loan capital instruments) by the weighted average number of ordinary shares issued during the year (adjusted for the effects of dilutive options and dilutive convertible non-cumulative redeemable loan capital instruments).

	Group		
	2015	2014	2013
Reconciliation of earnings used in calculation of earnings per share	$M	$M	$M
Profit after income tax	**9,084**	8,650	7,634
Less: Other equity instrument dividends	**(52)**	(45)	(40)
Less: Non-controlling interests	**(21)**	(19)	(16)
Earnings used in calculation of basic earnings per share	**9,011**	8,586	7,578
Add: Profit impact of assumed conversions of loan capital	**225**	190	193
Earnings used in calculation of fully diluted earnings per share	**9,236**	8,776	7,771

	Number of Shares		
	2015	2014	2013
	M	M	M
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**1,618**	1,608	1,598
Effect of dilutive securities - executive share plans and convertible loan capital instruments	**84**	73	88
Weighted average number of ordinary shares used in the calculation of fully diluted earnings per share	**1,702**	1,681	1,686

Note 7 Cash and Liquid Assets

	Group		Bank	
	2015	2014	2015	2014
	$M	$M	$M	$M
Notes, coins and cash at banks	**15,683**	12,490	**14,821**	11,089
Money at short call	**3,478**	6,482	**3,286**	6,302
Securities purchased under agreements to resell	**13,846**	7,281	**13,518**	6,630
Bills received and remittances in transit	**109**	156	**58**	87
Total cash and liquid assets	**33,116**	26,409	**31,683**	24,108

Note 8 Receivables Due from Other Financial Institutions

	Group		Bank	
	2015	2014	2015	2014
	$M	$M	$M	$M
Placements with and loans to other financial institutions	**11,328**	7,885	**9,687**	7,429
Deposits with regulatory authorities [(1)]	**212**	180	**33**	28
Total receivables due from other financial institutions	**11,540**	8,065	**9,720**	7,457

(1) Required by law for the Group to operate in certain regions.

The majority of the above amounts are expected to be recovered within 12 months of the Balance Sheet date.

Note 9 Assets at Fair Value through Income Statement

Assets at Fair Value through Income Statement	Group 2015 $M	Group 2014 $M	Bank 2015 $M	Bank 2014 $M
Trading				
Government bonds, notes and securities	**11,486**	10,453	**11,042**	10,311
Corporate/financial institution bonds, notes and securities	**6,444**	7,216	**6,026**	6,477
Shares and equity investments	**2,623**	1,791	**2,196**	1,791
Commodities	**5,871**	1,999	**5,871**	1,993
Total trading assets	**26,424**	21,459	**25,135**	20,572
Insurance (1)				
Investments backing life risk contracts				
Equity security investments	**844**	925	**-**	-
Debt security investments	**3,135**	3,440	**-**	-
Property investments	**136**	282	**-**	-
Other assets	**555**	409		-
Investments backing life investment contracts				
Equity security investments	**4,670**	4,822	**-**	-
Debt security investments	**3,182**	3,450	**-**	-
Property investments	**297**	665	**-**	-
Other assets	**1,269**	1,149	**-**	-
Total life insurance investment assets	**14,088**	15,142	**-**	**-**
Other (2)				
Government securities	**95**	192	**-**	137
Receivables due from other financial institutions	**1,183**	568	**989**	424
Total other assets at fair value through Income Statement	**1,278**	760	**989**	561
Total assets at fair value through Income Statement (3)	**41,790**	37,361	**26,124**	21,133
Maturity Distribution of assets at fair value through income statement				
Less than twelve months	**27,577**	23,576	**26,124**	21,133
More than twelve months	**14,213**	13,785	**-**	-
Total assets at fair value through Income Statement	**41,790**	37,361	**26,124**	21,133

(1) Investments held in the Australian statutory funds may only be used within the restrictions imposed under the Life Insurance Act 1995.
(2) Designated at Fair Value through Income Statement at inception as they are managed by the Group on a fair value basis or to eliminate an accounting mismatch.
(3) In addition to the assets above, the Group also measures bills discounted that are intended to be sold into the market at fair value. These are classified within Loans, bills discounted and other receivables (refer to Note 12).

Note 10 Derivative Financial Instruments

Derivative Contracts

Derivatives are classified as “Held for Trading” or “Held for Hedging”. Held for Trading derivatives are contracts entered into in order to meet customers’ needs, to undertake market making and positioning activities, or for risk management purposes that do not qualify for hedge accounting. Held for Hedging derivatives are instruments held for risk management purposes, which meet the criteria for hedge accounting.

Derivatives Transacted for Hedging Purposes

There are three types of allowable hedging relationships: fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation. For details on the accounting treatment of each type of hedging relationship refer to Note 1(u).

Fair Value Hedges

Fair value hedges are used by the Group to manage exposure to changes in the fair value of an asset, liability or unrecognised firm commitment. Changes in fair values can arise from fluctuations in interest or foreign exchange rates. The Group principally uses interest rate swaps, cross currency swaps and futures to protect against such fluctuations.

All gains and losses associated with the ineffective portion of fair value hedge relationships are recognised immediately as ‘Other operating income’ in the Income Statement.

Cash Flow Hedges

Cash flow hedges are used by the Group to manage exposure to volatility in future cash flows, which may result from fluctuations in interest or exchange rates on financial assets, liabilities or highly probable forecast transactions. The Group principally uses interest rate and cross currency swaps to protect against such fluctuations.

Note 10 Derivative Financial Instruments (continued)

Amounts accumulated in Other Comprehensive Income in respect of cash flow hedges are recycled to the Income Statement when the forecast transaction occurs. Underlying cash flows from cash flow hedges are discounted to calculate deferred gains and losses which are expected to occur in the following periods:

	Group Total		Bank Total	
	2015 $M	2014 $M	2015 $M	2014 $M
Within 6 months	(39)	98	(8)	37
6 months - 1 year	(5)	34	28	(9)
1 - 2 years	97	269	174	278
2 - 5 years	591	313	690	521
After 5 years	(267)	(395)	(128)	(222)
Net deferred gains/(losses)	**377**	**319**	**756**	**605**

Net Investment Hedges

The Group uses foreign exchange forward transactions to minimise its exposure to the currency translation risk of certain net investments in foreign operations. In the current and prior year, there have been no material gains or losses as a result of ineffective net investment hedges.

The fair value of derivative financial instruments is set out in the following tables:

	Group			
	2015		2014	
Derivatives assets and liabilities	Fair Value Asset $M	Fair Value Liability $M	Fair Value Asset $M	Fair Value Liability $M
Held for trading				
Exchange rate related contracts:				
Forward contracts	7,019	(6,472)	3,666	(3,784)
Swaps	7,299	(7,808)	4,200	(4,536)
Futures	7	-	15	-
Options purchased and sold	736	(773)	391	(373)
Total exchange rate related contracts	15,061	(15,053)	8,272	(8,693)
Interest rate related contracts:				
Forward contracts	1	(1)	-	-
Swaps	9,120	(7,226)	11,103	(10,163)
Futures	5	(2)	7	(4)
Options purchased and sold	824	(844)	620	(580)
Total interest rate related contracts	9,950	(8,073)	11,730	(10,747)
Credit related swaps	28	(33)	33	(38)
Equity related contracts:				
Swaps	165	(9)	65	(9)
Options purchased and sold	66	(62)	34	(53)
Total equity related contracts	231	(71)	99	(62)
Commodity related contracts:				
Swaps	291	(359)	136	(205)
Options purchased and sold	59	(55)	14	(14)
Total commodity related contracts	350	(414)	150	(219)
Identified embedded derivatives	193	(258)	6	(82)
Total derivative assets/(liabilities) held for trading	**25,813**	**(23,902)**	20,290	(19,841)

Note 10 Derivative Financial Instruments (continued)

				Group
		2015		2014
	Fair Value Asset $M	Fair Value Liability $M	Fair Value Asset $M	Fair Value Liability $M
Fair value hedges				
Exchange rate related contracts:				
Forward contracts	-	-	2	-
Swaps	12,238	(5,393)	4,481	(2,516)
Total exchange rate related contracts	12,238	(5,393)	4,483	(2,516)
Interest rate related swaps	932	(3,182)	938	(3,101)
Equity related swaps	-	-	33	(1)
Total fair value hedges	13,170	(8,575)	5,454	(5,618)
Cash flow hedges				
Exchange rate related swaps	4,329	(1,080)	983	(640)
Interest rate related swaps	2,831	(1,656)	2,518	(1,160)
Total cash flow hedges	7,160	(2,736)	3,501	(1,800)
Net investment hedges				
Exchange rate related forward contracts	11	-	2	-
Total net investment hedges	11	-	2	-
Total derivative assets/(liabilities) held for hedging	20,341	(11,311)	8,957	(7,418)

Held for trading derivatives are expected to be recovered or due to be settled within 12 months of the Balance Sheet date. The majority of hedging derivatives are expected to be recovered or due to be settled more than 12 months after the Balance Sheet date.

				Bank
		2015		2014
	Fair Value Asset	Fair Value Liability	Fair Value Asset	Fair Value Liability
Derivatives assets and liabilities	$M	$M	$M	$M
Held for trading				
Exchange rate related contracts:				
Forward contracts	6,900	(6,430)	3,642	(3,733)
Swaps	7,484	(7,800)	4,272	(4,469)
Futures	7	-	15	-
Options purchased and sold	730	(772)	391	(372)
Derivatives held with controlled entities	850	(3,647)	744	(2,081)
Total exchange rate related contracts	15,971	(18,649)	9,064	(10,655)
Interest rate related contracts:				
Forward contracts	1	(1)	-	-
Swaps	8,898	(6,896)	10,890	(9,828)
Futures	-	(1)	3	(4)
Options purchased and sold	823	(842)	619	(578)
Derivatives held with controlled entities	132	(241)	98	(251)
Total interest rate related contracts	9,854	(7,981)	11,610	(10,661)
Credit related swaps	28	(33)	33	(38)
Equity related contracts:				
Swaps	165	(9)	64	(9)
Options purchased and sold	66	(62)	34	(53)
Total equity related contracts	231	(71)	98	(62)
Commodity related contracts:				
Swaps	291	(359)	136	(205)
Options purchased and sold	59	(55)	14	(14)
Total commodity related contracts	350	(414)	150	(219)
Identified embedded derivatives	193	(258)	6	(82)
Total derivative assets/(liabilities) held for trading	26,627	(27,406)	20,961	(21,717)

Note 10 Derivative Financial Instruments (continued)

	2015		Bank 2014	
	Fair Value Asset $M	Fair Value Liability $M	Fair Value Asset $M	Fair Value Liability $M
Fair value hedges				
Exchange rate related contracts:				
Forward contracts	-	-	2	-
Swaps	11,717	(5,210)	4,313	(2,351)
Derivatives held with controlled entities	47	(1,367)	162	(271)
Total exchange rate related contracts	11,764	(6,577)	4,477	(2,622)
Interest rate related contracts:				
Swaps	823	(3,002)	826	(3,027)
Derivatives held with controlled entities	-	(177)	27	(139)
Total interest rate related contracts	823	(3,179)	853	(3,166)
Equity related swaps	-	-	33	(1)
Total fair value hedges	12,587	(9,756)	5,363	(5,789)
Cash flow hedges				
Exchange rate related contracts:				
Swaps	3,808	(1,059)	946	(475)
Derivatives held with controlled entities	1	(90)	30	(290)
Total exchange rate related contracts	3,809	(1,149)	976	(765)
Interest rate related contracts:				
Swaps	2,583	(1,320)	2,305	(1,066)
Derivatives held with controlled entities	1	(5)	10	(4)
Total interest rate related contracts	2,584	(1,325)	2,315	(1,070)
Total cash flow hedges	6,393	(2,474)	3,291	(1,835)
Total derivative assets/(liabilities) held for hedging	18,980	(12,230)	8,654	(7,624)

Held for trading derivatives are expected to be recovered or due to be settled within 12 months of the Balance Sheet date. The majority of hedging derivatives are expected to be recovered or due to be settled more than 12 months after the Balance Sheet date.

Note 11 Available-for-Sale Investments

	Group		Bank	
	2015	2014	2015	2014
	$M	$M	$M	$M
Government bonds, notes and securities	**36,100**	32,727	**35,708**	32,017
Corporate/financial institution bonds, notes and securities	**22,272**	22,098	**22,027**	21,894
Shares and equity investments	**1,155**	948	**726**	805
Covered bonds, mortgage backed securities and SSA [(1) (2)]	**15,157**	10,364	**13,843**	76,861
Total available-for-sale investments	**74,684**	66,137	**72,304**	131,577

(1) Supranational, Sovereign and Agency Securities (SSA).

(2) On 31 March 2015 internal residential mortgage backed securities (internal RMBS) issued to the Bank by controlled entities of $75,041 million were reclassified to Loans to controlled entities. They were reclassified prospectively at their fair value of $75,041 million. As at the date of reclassification the available for sale reserve was nil. The fair value of the internal RMBS as at 30 June 2015 was $74,959 million, as disclosed in Note 40.

The following amounts are expected to be recovered within 12 months of the Balance Sheet date for the Group $20,350 million (2014: $17,928 million) and for Bank $20,812 million (2014: $17,373 million).

Proceeds received from settlement at or close to maturity of Available-for-sale investments for the Group were $47,752 million (2014: $41,527 million) and for the Bank were $47,235 million (2014: $41,424 million).

Proceeds from the sale of available-for-sale investments for the Group were $5,817 million (2014: $2,603 million) and for the Bank were $5,817 million (2014: $2,603 million).

Maturity Distribution and Weighted Average Yield

	Group Maturity Period at 30 June 2015									
	0 to 1 Year		1 to 5 Years		5 to 10 Years		10 or more Years		Non-Maturing	Total
	$M	%	$M	%	$M	%	$M	%	$M	$M
Government bonds, notes and securities	**6,254**	**1.09**	**11,830**	**2.33**	**15,390**	**2.93**	**2,626**	**3.52**	**-**	**36,100**
Corporate/financial institution bonds, notes and securities	**12,367**	**2.17**	**9,872**	**3.25**	**33**	**4.73**	**-**	**-**	**-**	**22,272**
Shares and equity investments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,155**	**1,155**
Covered bonds, mortgage backed securities and SSA	**1,585**	**2.55**	**5,618**	**2.97**	**844**	**2.96**	**7,110**	**2.96**	**-**	**15,157**
Total available-for-sale investments	**20,206**	**-**	**27,320**	**-**	**16,267**	**-**	**9,736**	**-**	**1,155**	**74,684**

	Group Maturity Period at 30 June 2014									
	0 to 1 Year		1 to 5 Years		5 to 10 Years		10 or more Years		Non-Maturing	Total
	$M	%	$M	%	$M	%	$M	%	$M	$M
Government bonds, notes and securities	4,403	2.02	11,424	3.81	12,189	4.92	4,711	4.81	-	32,727
Corporate/financial institution bonds, notes and securities	12,534	2.65	9,559	3.48	5	4.65	-	-	-	22,098
Shares and equity investments	-	-	-	-	-	-	-	-	948	948
Covered bonds, mortgage backed securities and SSA	851	4.70	4,469	4.40	518	4.81	4,526	3.43	-	10,364
Total available-for-sale investments	17,788	-	25,452	-	12,712	-	9,237	-	948	66,137

The maturity tables are based on contractual terms.

Note 12 Loans, Bills Discounted and Other Receivables

	Group		Bank	
	2015 $M	2014 $M	2015 $M	2014 $M
Australia				
Overdrafts	**22,353**	23,350	**22,353**	23,350
Home loans [1]	**383,174**	360,218	**379,500**	358,343
Credit card outstandings	**11,887**	11,736	**11,887**	11,736
Lease financing	**4,485**	4,162	**3,053**	3,024
Bills discounted [2]	**14,847**	19,244	**14,847**	19,244
Term loans	**123,489**	107,380	**123,363**	107,140
Other lending	**823**	348	**823**	347
Total Australia	**561,058**	526,438	**555,826**	523,184
Overseas				
Overdrafts	**1,373**	1,230	**139**	222
Home loans [1]	**39,677**	39,467	**522**	481
Credit card outstandings	**816**	803	**-**	-
Lease financing	**335**	339	**49**	59
Term loans	**40,969**	34,823	**21,325**	16,114
Total overseas	**83,170**	76,662	**22,035**	16,876
Gross loans, bills discounted and other receivables	**644,228**	603,100	**577,861**	540,060
Less				
Provisions for Loan Impairment (Note 13):				
Collective provision	**(2,739)**	(2,739)	**(2,530)**	(2,547)
Individually assessed provisions	**(879)**	(1,127)	**(824)**	(1,087)
Unearned income:				
Term loans	**(756)**	(802)	**(753)**	(798)
Lease financing	**(592)**	(651)	**(319)**	(381)
	(4,966)	(5,319)	**(4,426)**	(4,813)
Net loans, bills discounted and other receivables	**639,262**	597,781	**573,435**	535,247

(1) Home loans balance includes residential mortgages that have been assigned to securitisation vehicles and covered bond trusts. Further detail on these residential mortgages is disclosed in Note 41.

(2) The Group measures bills discounted intended to be sold into the market at fair value and includes these within loans, bills discounted and other receivables to reflect the nature of the lending arrangement.

The following amounts, based on behavioural terms and current market conditions, are expected to be recovered within 12 months of the Balance Sheet date for Group $187,536 million (2014: $172,321 million), and for Bank $159,429 million (2014: $141,976 million). The maturity tables below are based on contractual terms.

Finance Lease Receivables

The Group and the Bank provide finance leases to a broad range of clients to support financing needs in acquiring transportation assets such as trains, aircraft, ships and major production and manufacturing equipment.

Finance lease receivables are included within loans, bills discounted and other receivables to customers.

	2015			Group 2014		
	Gross Investment in Finance Lease Receivable $M	Unearned Income $M	Present Value of Minimum Lease Payment Receivable $M	Gross Investment in Finance Lease Receivable $M	Unearned Income $M	Present Value of Minimum Lease Payment Receivable $M
Not later than one year	**1,051**	**(147)**	**904**	1,050	(142)	908
One year to five years	**3,138**	**(353)**	**2,785**	2,824	(365)	2,459
Over five years	**631**	**(92)**	**539**	627	(144)	483
	4,820	**(592)**	**4,228**	4,501	(651)	3,850

Note 12 Loans, Bills Discounted and Other Receivables (continued)

	2015			Bank 2014		
	Gross Investment in Finance Lease Receivable $M	Unearned Income $M	Present Value of Minimum Lease Payment Receivable $M	Gross Investment in Finance Lease Receivable $M	Unearned Income $M	Present Value of Minimum Lease Payment Receivable $M
Not later than one year	759	(65)	694	789	(66)	723
One year to five years	1,948	(182)	1,766	1,898	(197)	1,701
Over five years	395	(72)	323	396	(118)	278
	3,102	(319)	2,783	3,083	(381)	2,702

	Group Maturity Period at 30 June 2015			
Industry [1]	Maturing 1 Year or Less $M	Maturing Between 1 and 5 Years $M	Maturing After 5 Years $M	Total $M
Australia				
Sovereign	4,815	438	268	5,521
Agriculture	2,212	3,224	822	6,258
Bank and other financial	8,477	6,312	368	15,157
Home loans	18,070	36,111	328,993	383,174
Construction	1,186	1,116	420	2,722
Other personal	7,739	13,525	1,049	22,313
Asset financing	2,781	5,426	149	8,356
Other commercial and industrial	40,565	66,281	10,711	117,557
Total Australia	85,845	132,433	342,780	561,058
Overseas				
Sovereign	5,496	6,512	921	12,929
Agriculture	1,411	2,598	3,981	7,990
Bank and other financial	2,729	2,690	2,153	7,572
Home loans	6,382	4,134	29,161	39,677
Construction	174	113	120	407
Other personal	1,094	33	1	1,128
Asset financing	11	79	468	558
Other commercial and industrial	5,447	4,396	3,066	12,909
Total overseas	22,744	20,555	39,871	83,170
Gross loans, bills discounted and other receivables	108,589	152,988	382,651	644,228

(1) The industry split has been prepared on an industry exposure basis.

Interest rate	Maturing 1 Year or Less $M	Maturing Between 1 and 5 Years $M	Maturing After 5 Years $M	Total $M
Australia	76,053	112,989	293,596	482,638
Overseas	15,082	13,277	17,649	46,008
Total variable interest rates	91,135	126,266	311,245	528,646
Australia	9,792	19,444	49,184	78,420
Overseas	7,662	7,278	22,222	37,162
Total fixed interest rates	17,454	26,722	71,406	115,582
Gross loans, bills discounted and other receivables	108,589	152,988	382,651	644,228

The maturity tables are based on contractual terms.

Note 12 Loans, Bills Discounted and Other Receivables (continued)

	Group			
	Maturity Period at 30 June 2014			
Industry [1]	Maturing 1 Year or Less $M	Maturing Between 1 and 5 Years $M	Maturing After 5 Years $M	Total $M
Australia				
Sovereign	5,074	547	299	5,920
Agriculture	2,336	2,470	1,058	5,864
Bank and other financial	4,970	4,817	392	10,179
Home loans	8,574	27,679	323,965	360,218
Construction	1,286	975	418	2,679
Other personal	7,608	13,138	2,301	23,047
Asset financing	2,452	5,391	235	8,078
Other commercial and industrial	43,496	55,476	11,481	110,453
Total Australia	75,796	110,493	340,149	526,438
Overseas				
Sovereign	6,206	4,679	1,424	12,309
Agriculture	1,344	2,074	3,971	7,389
Bank and other financial	2,089	1,595	1,802	5,486
Home loans	6,748	4,094	28,625	39,467
Construction	166	104	108	378
Other personal	1,044	39	2	1,085
Asset financing	16	82	229	327
Other commercial and industrial	4,186	3,777	2,258	10,221
Total overseas	21,799	16,444	38,419	76,662
Gross loans, bills discounted and other receivables	97,595	126,937	378,568	603,100

(1) The industry split has been prepared on an industry exposure basis.

Interest rate	Maturing 1 Year or Less $M	Maturing Between 1 and 5 Years $M	Maturing After 5 Years $M	Total $M
Australia	65,755	92,588	273,965	432,308
Overseas	14,525	10,245	18,602	43,372
Total variable interest rates	80,280	102,833	292,567	475,680
Australia	10,041	17,905	66,184	94,130
Overseas	7,274	6,199	19,817	33,290
Total fixed interest rates	17,315	24,104	86,001	127,420
Gross loans, bills discounted and other receivables	97,595	126,937	378,568	603,100

The maturity tables are based on contractual terms.

Note 13 Provisions for Impairment

Provisions for impairment losses	Group 2015 $M	Group 2014 $M	Group 2013 $M	Bank 2015 $M	Bank 2014 $M
Collective provision					
Opening balance	**2,779**	2,858	2,837	**2,587**	2,659
Net collective provision funding	**589**	497	559	**528**	495
Impairment losses written off	**(770)**	(753)	(695)	**(718)**	(717)
Impairment losses recovered	**176**	165	154	**155**	148
Other	**(12)**	12	3	**1**	2
Closing balance	**2,762**	2,779	2,858	**2,553**	2,587
Individually assessed provisions					
Opening balance	**1,127**	1,628	2,008	**1,087**	1,585
Net new and increased individual provisioning	**659**	726	937	**550**	630
Write-back of provisions no longer required	**(260)**	(305)	(350)	**(241)**	(254)
Discount unwind to interest income	**(38)**	(51)	(90)	**(38)**	(51)
Impairment losses written off	**(709)**	(1,060)	(1,194)	**(639)**	(1,010)
Other	**108**	189	317	**113**	187
Closing balance	**887**	1,127	1,628	**832**	1,087
Total provisions for impairment losses	**3,649**	3,906	4,486	**3,385**	3,674
Less: Provision for Off Balance Sheet exposures	**(31)**	(40)	(31)	**(31)**	(40)
Total provisions for loan impairment	**3,618**	3,866	4,455	**3,354**	3,634

Provision ratios	Group 2015 %	Group 2014 %	Group 2013 %	Bank 2015 %	Bank 2014 %
Total provisions for impaired assets as a % of gross impaired assets	**35. 94**	37. 60	40. 62	**38. 85**	40. 61
Total provisions for impairment losses as a % of gross loans and acceptances	**0. 56**	0. 64	0. 79	**0. 58**	0. 67

Loan impairment expense	Group 2015 $M	Group 2014 $M	Group 2013 $M	Bank 2015 $M	Bank 2014 $M
Net collective provision funding	**589**	497	559	**528**	495
Net new and increased individual provisioning	**659**	726	937	**550**	630
Write-back of individually assessed provisions	**(260)**	(305)	(350)	**(241)**	(254)
Total loan impairment expense	**988**	918	1,146	**837**	871

Note 13 Provisions for Impairment (continued)

Individually assessed provisions by industry classification	2015 $M	2014 $M	2013 $M	2012 $M	2011 $M
					Group
Australia					
Sovereign	-	-	-	-	-
Agriculture	133	123	168	89	87
Bank and other financial	36	68	217	235	254
Home loans	148	151	182	256	202
Construction	20	29	89	152	133
Other personal	10	14	14	11	11
Asset financing	28	30	23	14	37
Other commercial and industrial	400	620	871	1,163	1,307
Total Australia	775	1,035	1,564	1,920	2,031
Overseas					
Sovereign	-	-	-	-	-
Agriculture	14	3	16	7	11
Bank and other financial	-	15	5	6	1
Home loans	10	11	17	28	25
Construction	1	1	-	-	-
Other personal	-	-	-	-	-
Asset financing	10	-	-	-	-
Other commercial and industrial	77	62	26	47	57
Total overseas	112	92	64	88	94
Total individually assessed provisions	887	1,127	1,628	2,008	2,125

Loans written off by industry classification	2015 $M	2014 $M	2013 $M	2012 $M	2011 $M
					Group
Australia					
Sovereign	-	-	-	-	-
Agriculture	65	138	30	32	10
Bank and other financial	36	122	79	51	107
Home loans	72	113	217	88	84
Construction	14	52	139	45	89
Other personal	686	677	622	657	567
Asset financing	45	37	25	38	26
Other commercial and industrial	404	568	686	884	989
Total Australia	1,322	1,707	1,798	1,795	1,872
Overseas					
Sovereign	-	-	-	-	-
Agriculture	3	3	4	5	17
Bank and other financial	69	-	10	1	1
Home loans	8	13	21	24	26
Construction	-	-	-	-	1
Other personal	42	30	25	19	22
Asset financing	-	-	-	-	-
Other commercial and industrial	35	60	31	33	36
Total overseas	157	106	91	82	103
Gross loans written off	1,479	1,813	1,889	1,877	1,975
Recovery of amounts previously written off					
Australia	165	148	144	216	199
Overseas	11	17	10	12	7
Total amounts recovered	176	165	154	228	206
Net loans written off	1,303	1,648	1,735	1,649	1,769

Note 13 Provisions for Impairment (continued)

Loans recovered by industry classification	2015 $M	2014 $M	2013 $M	2012 $M	Group 2011 $M
Australia					
Sovereign	-	-	-	-	-
Agriculture	-	-	-	-	-
Bank and other financial	9	6	8	17	3
Home loans	3	4	4	5	43
Construction	-	-	-	-	-
Other personal	125	106	113	147	134
Asset financing	4	5	6	17	2
Other commercial and industrial	24	27	13	30	17
Total Australia	165	148	144	216	199
Overseas					
Sovereign	-	-	-	-	-
Agriculture	-	3	-	-	-
Bank and other financial	-	3	1	-	-
Home loans	1	1	1	-	-
Construction	-	-	-	-	-
Other personal	10	8	8	8	7
Asset financing	-	-	-	-	-
Other commercial and industrial	-	2	-	4	-
Total overseas	11	17	10	12	7
Total loans recovered	176	165	154	228	206

Note 14 Property, Plant and Equipment

	Group 2015 $M	Group 2014 $M	Bank 2015 $M	Bank 2014 $M
Land and Buildings (1)				
At 30 June valuation	463	499	416	448
Total land and buildings	463	499	416	448
Leasehold Improvements				
At cost	1,513	1,392	1,282	1,180
Accumulated depreciation	(904)	(803)	(786)	(693)
Closing balance	609	589	496	487
Equipment				
At cost	1,691	1,621	1,336	1,268
Accumulated depreciation	(1,313)	(1,266)	(1,032)	(995)
Closing balance	378	355	304	273
Assets Under Lease				
At cost	1,662	1,603	373	331
Accumulated depreciation	(279)	(230)	(80)	(72)
Closing balance	1,383	1,373	293	259
Total property, plant and equipment	2,833	2,816	1,509	1,467

(1) Had land and buildings been measured using the cost model rather than fair value, the carrying value would have been $210 million (2014: $224 million) for Group and $190 million (2014: $203 million) for Bank.

The majority of the above amounts have expected useful lives longer than 12 months after the Balance Sheet date.

There are no significant items of property, plant and equipment that are currently under construction.

Land and buildings are carried at fair value based on independent valuations performed during the year; refer to Note 1(y).

These fair values fall under the Level 3 category of the fair value hierarchy as defined in Note 40.

Note 14 Property, Plant and Equipment (continued)

Reconciliation of the carrying amounts of Property, Plant and Equipment is set out below:

	Group		Bank	
	2015 $M	2014 $M	2015 $M	2014 $M
Land and Buildings				
Carrying amount at the beginning of the year	**499**	533	**448**	476
Additions	**13**	7	**13**	7
Disposals	**(35)**	(41)	**(30)**	(34)
Net revaluations	**19**	27	**16**	26
Depreciation	**(32)**	(29)	**(31)**	(27)
Foreign currency translation adjustment	**(1)**	2	**-**	-
Carrying amount at the end of the year	**463**	499	**416**	448
Leasehold Improvements				
Carrying amount at the beginning of the year	**589**	644	**487**	539
Additions	**168**	86	**139**	74
Disposals	**(6)**	(16)	**(6)**	(14)
Net revaluations	**-**	(2)	**-**	-
Depreciation	**(142)**	(130)	**(124)**	(112)
Foreign currency translation adjustment	**-**	7	**-**	-
Carrying amount at the end of the year	**609**	589	**496**	487
Equipment				
Carrying amount at the beginning of the year	**355**	343	**273**	261
Additions	**174**	161	**149**	131
Disposals	**(11)**	(8)	**(9)**	(2)
Depreciation	**(139)**	(147)	**(109)**	(117)
Foreign currency translation adjustment	**(1)**	6	**-**	-
Carrying amount at the end of the year	**378**	355	**304**	273
Assets Under Lease				
Carrying amount at the beginning of the year	**1,373**	1,198	**259**	282
Additions	**223**	260	**80**	-
Disposals	**(179)**	(5)	**(28)**	(6)
Depreciation	**(80)**	(77)	**(18)**	(17)
Foreign currency translation adjustment	**46**	(3)	**-**	-
Carrying amount at the end of the year	**1,383**	1,373	**293**	259

Note 15 Intangible Assets

	Group		Bank	
	2015 $M	2014 $M	2015 $M	2014 $M
Goodwill				
Purchased goodwill at cost	**7,599**	7,566	**2,522**	2,522
Closing balance	**7,599**	7,566	**2,522**	2,522
Computer Software Costs				
Cost	**3,359**	2,913	**2,982**	2,580
Accumulated amortisation	**(1,270)**	(1,059)	**(1,038)**	(856)
Closing balance	**2,089**	1,854	**1,944**	1,724
Core Deposits (1)				
Cost	**495**	495	**495**	495
Accumulated amortisation	**(461)**	(390)	**(461)**	(389)
Closing balance	**34**	105	**34**	106
Brand Names (2)				
Cost	**190**	190	**186**	186
Accumulated amortisation	**(1)**	(1)	**-**	-
Closing balance	**189**	189	**186**	186
Other Intangibles (3)				
Cost	**162**	256	**38**	38
Accumulated amortisation	**(103)**	(178)	**(24)**	(21)
Closing balance	**59**	78	**14**	17
Total intangible assets	**9,970**	9,792	**4,700**	4,555

(1) Core deposits represent the value of the Bankwest deposit base compared to the avoided cost of alternative funding sources such as securitisation and wholesale funding. This asset was acquired on 19 December 2008 with a useful life of seven years based on the weighted average attrition rates of the Bankwest deposit portfolio.

(2) Brand names predominantly represent the value of royalty costs foregone by the Group through acquiring the Bankwest brand name. The royalty costs that would have been incurred by an entity using the Bankwest brand name are based on an annual percentage of income generated by Bankwest. The Bankwest brand name has an indefinite useful life. It is not subject to amortisation, but is subject to annual impairment testing. No impairment was required as a result of this test. The balance also includes the Count Financial Limited brand name ($4 million) that is amortised over the estimated useful life of 20 years.

(3) Other intangibles include the value of credit card relationships acquired from Bankwest and Count franchise relationships. This value represents future net income generated from the relationships that existed at Balance Sheet date. The assets have a useful life of 10 years based on the attrition rates of customers. Management rights were disposed of as part of the internalisation of the management of CFS Retail Property Trust Group (CFX) during the 2014 financial year.

Impairment Tests for Goodwill and Intangible Assets with Indefinite Lives

To assess whether goodwill and other assets with indefinite useful lives are impaired, the carrying amount of a cash-generating unit or a group of cash-generating units are compared to the recoverable amount. The recoverable amount is determined based on fair value less cost to sell, using an earnings multiple applicable to that type of business. The category of this fair value is Level 3 as defined in Note 40.

Earnings multiples relating to the Group's Banking and Wealth Management cash-generating units are sourced from publicly available data associated with Australian businesses displaying similar characteristics to those cash-generating units, and are applied to current earnings. The key assumption is the Price-Earnings (P/E) multiple observed for these businesses, which for the Banking businesses (excluding IFS in the current year) were in the range of 12.1 – 13.0 (2014: 12.4 – 14.2), for the IFS businesses 7.4 – 17.2 and for Wealth Management businesses were in the range of 12.7 – 17.1 (2014: 11.4 – 19.1).

Note 15 Intangible Assets (continued)

Goodwill Allocation to the following Cash-Generating Units

	Group	
	2015 $M	2014 $M
Retail Banking Services	**4,149**	4,149
Business and Private Banking	**297**	297
Wealth Management	**2,410**	2,410
New Zealand	**679**	691
IFS and Other	**64**	19
Total	**7,599**	7,566

Reconciliation of the carrying amounts of Intangible Assets is set out below:

	Group		Bank	
	2015 $M	2014 $M	2015 $M	2014 $M
Goodwill				
Opening balance	**7,566**	7,723	**2,522**	2,522
Additions	**43**	-	**-**	-
Transfers/disposals	**-**	(171)	**-**	-
Foreign currency translation adjustments	**(10)**	14	**-**	-
Closing balance	**7,599**	7,566	**2,522**	2,522
Computer Software Costs				
Opening balance	**1,854**	1,923	**1,724**	1,807
Additions:				
From purchases	**7**	17	**-**	12
From internal development	**547**	312	**494**	263
Amortisation and write-offs	**(319)**	(398)	**(274)**	(358)
Closing balance	**2,089**	1,854	**1,944**	1,724
Core Deposits				
Opening balance	**105**	177	**106**	177
Amortisation	**(71)**	(72)	**(72)**	(71)
Closing balance	**34**	105	**34**	106
Management Fee Rights				
Opening balance	**-**	316	**-**	-
Transfers/disposals	**-**	(316)	**-**	-
Closing balance	**-**	-	**-**	-
Brand Names				
Opening balance	**189**	190	**186**	186
Amortisation	**-**	(1)	**-**	-
Closing balance	**189**	189	**186**	186
Other Intangibles				
Opening balance	**78**	94	**17**	21
Additions	**2**	7	**-**	-
Disposals	**(1)**	-	**-**	-
Amortisation	**(20)**	(23)	**(3)**	(4)
Closing balance	**59**	78	**14**	17

Note 16 Other Assets

	Group		Bank	
	2015 $M	2014 $M	2015 $M	2014 $M
Accrued interest receivable	**2,164**	2,167	**2,988**	2,737
Accrued fees/reimbursements receivable	**1,247**	1,313	**147**	155
Securities sold not delivered	**2,483**	1,264	**1,874**	908
Intragroup current tax receivable	**-**	-	**200**	252
Current tax assets	**15**	7	**-**	-
Prepayments	**1,729**	606	**1,648**	519
Life insurance other assets	**497**	455	**37**	40
Defined benefit superannuation plan surplus	**276**	-	**276**	-
Other	**650**	574	**235**	212
Total other assets	**9,061**	6,386	**7,405**	4,823

Except for the defined benefits superannuation plan surplus, the above amounts are expected to be recovered within 12 months of the Balance Sheet date.

Note 17 Deposits and Other Public Borrowings

	Group		Bank	
	2015 $M	2014 $M	2015 $M	2014 $M
Australia				
Certificates of deposit	**46,083**	43,912	**47,802**	44,900
Term deposits	**143,285**	150,406	**143,481**	150,712
On-demand and short-term deposits	**266,849**	227,555	**267,027**	227,739
Deposits not bearing interest	**11,339**	9,971	**11,321**	9,971
Securities sold under agreements to repurchase	**12,964**	9,925	**13,036**	9,958
Total Australia	**480,520**	441,769	**482,667**	443,280
Overseas				
Certificates of deposit	**7,060**	6,286	**4,980**	6,016
Term deposits	**30,812**	28,703	**8,508**	8,000
On-demand and short term deposits	**22,159**	19,054	**1,382**	198
Deposits not bearing interest	**2,668**	2,504	**76**	77
Securities sold under agreements to repurchase	**12**	36	**12**	-
Total overseas	**62,711**	56,583	**14,958**	14,291
Total deposits and other public borrowings	**543,231**	498,352	**497,625**	457,571

The majority of the amounts are due to be settled within 12 months of the Balance Sheet date as shown in the maturity analysis table below.

					Group At 30 June 2015
	Maturing Three Months or Less $M	Maturing Between Three and Six Months $M	Maturing Between Six and Twelve Months $M	Maturing after Twelve Months $M	Total $M
Australia					
Certificates of deposit [1]	**22,797**	**11,920**	**-**	**11,366**	**46,083**
Term deposits	**64,920**	**31,183**	**38,903**	**8,279**	**143,285**
Total Australia	**87,717**	**43,103**	**38,903**	**19,645**	**189,368**
Overseas					
Certificates of deposit [1]	**4,494**	**688**	**1,679**	**199**	**7,060**
Term deposits	**16,829**	**6,650**	**4,473**	**2,860**	**30,812**
Total overseas	**21,323**	**7,338**	**6,152**	**3,059**	**37,872**
Total certificates of deposits and term deposits	**109,040**	**50,441**	**45,055**	**22,704**	**227,240**

(1) All certificates of deposit issued by the Group are for amounts greater than $100,000.

Note 17 Deposits and Other Public Borrowings (continued)

	Group At 30 June 2014				
	Maturing Three Months or Less $M	Maturing Between Three and Six Months $M	Maturing Between Six and Twelve Months $M	Maturing after Twelve Months $M	Total $M
Australia					
Certificates of deposit [1]	22,942	6,305	2,598	12,067	43,912
Term deposits	86,350	26,938	28,515	8,603	150,406
Total Australia	109,292	33,243	31,113	20,670	194,318
Overseas					
Certificates of deposit [1]	2,359	1,245	2,622	60	6,286
Term deposits	15,437	6,362	4,501	2,403	28,703
Total overseas	17,796	7,607	7,123	2,463	34,989
Total certificates of deposits and term deposits	127,088	40,850	38,236	23,133	229,307

(1) All certificates of deposit issued by the Group are for amounts greater than $100,000.

Note 18 Liabilities at Fair Value through Income Statement

	Group		Bank	
	2015 $M	2014 $M	2015 $M	2014 $M
Deposits and other borrowings [1]	**2,789**	1,333	**2,639**	203
Debt instruments [1]	**1,266**	1,563	**256**	343
Trading liabilities	**4,438**	4,612	**4,428**	4,606
Total liabilities at fair value through Income Statement	**8,493**	7,508	**7,323**	5,152

(1) These liabilities have been initially designated at fair value through the Income Statement. Refer to note 1(aa).

Of the above amounts, trading liabilities are expected to be settled within 12 months of the Balance Sheet date for the Group and the Bank. For the Group, the majority of the other amounts are expected to be settled within 12 months of the Balance Sheet date. For the Bank, the majority of debt instruments are expected to be settled more than 12 months after the Balance Sheet date.

The amount that would be contractually required to be paid at maturity to the holders of the financial liabilities designated at fair value through Income Statement for the Group is $8,448 million (2014: $7,450 million) and for the Bank is $7,279 million (2014: $5,100 million).

Note 19 Other Provisions

		Group [1]		Bank [1]	
	Note	2015 $M	2014 $M	2015 $M	2014 $M
Employee entitlements		**750**	725	**660**	642
General insurance claims		**314**	161	**-**	-
Self insurance and non-lending losses		**198**	112	**181**	109
Dividends	5	**82**	73	**82**	73
Compliance, programs and regulation		**193**	49	**193**	49
Restructuring costs		**43**	60	**41**	57
Other		**146**	183	**97**	154
Total other provisions		**1,726**	1,363	**1,254**	1,084

Maturity Distribution of Other Provisions

	Group [1]		Bank [1]	
	2015 $M	2014 $M	2015 $M	2014 $M
Less than twelve months	**1,159**	971	**711**	721
More than twelve months	**567**	392	**543**	363
Total other provisions	**1,726**	1,363	**1,254**	1,084

(1) Comparatives have been reclassified to conform to presentation in the current year and the nature of provisions outlined below.

Note 19 Other Provisions (continued)

Reconciliation	Group 2015 $M	Group 2014 $M	Bank 2015 $M	Bank 2014 $M
General insurance claims:				
Opening balance	**161**	159	**-**	-
Additional provisions [1]	**615**	397	**-**	-
Amounts utilised during the year [1]	**(462)**	(395)	**-**	-
Closing balance	**314**	161	**-**	-
Self insurance and non-lending losses: [2]				
Opening balance	**112**	52	**109**	49
Additional provisions	**90**	80	**76**	80
Amounts utilised during the year	**(4)**	(16)	**(4)**	(16)
Release of provision	**-**	(4)	**-**	(4)
Closing balance	**198**	112	**181**	109
Compliance, programs and regulation: [2]				
Opening balance	**49**	-	**49**	-
Additional provisions	**218**	49	**218**	49
Amounts utilised during the year	**(74)**	-	**(74)**	-
Release of provision	**-**	-	**-**	-
Closing balance	**193**	49	**193**	49
Restructuring:				
Opening balance	**60**	41	**57**	41
Additional provisions	**3**	37	**3**	34
Amounts utilised during the year	**(20)**	(18)	**(19)**	(18)
Closing balance	**43**	60	**41**	57
Other: [2]				
Opening balance	**183**	203	**154**	186
Additional provisions	**22**	5	**2**	3
Amounts utilised during the year	**(21)**	(11)	**(21)**	(22)
Release of provision	**(38)**	(14)	**(38)**	(13)
Closing balance	**146**	183	**97**	154

(1) Comparatives have been restated to conform to presentation in the current period.
(2) Comparatives have been reclassified to conform to presentation in the current year and the nature of provisions outlined below.

Provision Commentary

General Insurance Claims

This provision is to cover future claims on general insurance contracts that have been incurred but not reported. The provision will be realised upon settlement of claims whose maturities were uncertain at the reporting date.

Self Insurance and Non-Lending Losses

Self insurance provision relates to non-transferred insurance risks on lending products the Group originates. The self insurance provision is reassessed annually in accordance with actuarial advice.

This provision covers certain non-lending losses, including customer remediation, and represents losses that have not arisen as a consequence of an impaired credit decision.

Compliance, Programs and Regulation

This provision relates to project and other administrative costs associated with certain compliance and regulatory programs of the Group.

Restructuring

Provisions are recognised for restructuring activities when a detailed plan has been developed and a valid expectation that the plan will be carried out is held by those affected by it. The majority of the provision is expected to be used within 12 months of the Balance Sheet date.

Open Advice Review Program and Licence Conditions

The Group is currently undertaking the Open Advice Review program for customers of Commonwealth Financial Planning Limited (CFPL) and Financial Wisdom Limited (FWL), who received advice between 1 September 2003 and 1 July 2012. Expressions of interest for the program closed on 3 July 2015. Customers who lodged an expression of interest before this date have 12 months to formally register for the program.

Since its announcement, the Group has established an Independent Review Panel and appointed Independent Customer Advocates. The Group also appointed Promontory Financial Group ('Promontory') as an Independent Expert to oversee the Open

Note 19 Other Provisions (continued)

Advice Review program. Promontory has delivered two public reports in December 2014 and May 2015. Customer file assessments and remediation have commenced and are ongoing.

On 8 August 2014, variations to CFPL's and FWL's Australian Financial Services Licences (AFSL) were finalised. ASIC subsequently appointed KordaMentha Forensic as the compliance expert under the varied AFSL conditions to produce three reports. The first report was issued in April 2015. The report compares the process steps undertaken in previous remediation programs.

Following receipt of the first report, the Group issued 4,329 letters to financial planning customers and offered to pay up to $5,000 to have their advice assessment reviewed independently, to send customers copies of their files and for the Group to do a further review of the advice the customer received.

The Group has provided for the cost of running these programs, together with anticipated remediation costs. Key assumptions in determining the remediation and program cost provisions include customer registrations and responses, remediation rates and amounts, case complexity and program design. These have been developed considering historical evidence, current information available and the exercise of judgement. As the nature of these estimates and assumptions are uncertain, the provisions may change. The Group considers that provisions held are adequate and represent our best estimate of the anticipated future costs.

The Group will re-evaluate the assumptions underpinning the provisions at each reporting date as more information becomes available.

Note 20 Debt Issues

		Group		Bank	
	Note	2015 $M	2014 $M	2015 $M	2014 $M
Medium-term notes		**76,039**	72,608	**68,329**	65,635
Commercial paper		**37,032**	32,905	**36,025**	31,181
Securitisation notes	41	**12,603**	11,426	**-**	-
Covered bonds	41	**28,755**	25,280	**26,005**	22,732
Total debt issues		**154,429**	142,219	**130,359**	119,548
Short Term Debt Issues by currency					
USD		**36,543**	32,155	**35,536**	30,430
EUR		**-**	178	**-**	178
AUD		**267**	164	**267**	164
GBP		**169**	333	**169**	333
Other currencies		**53**	75	**53**	76
Total short term debt issues (1)		**37,032**	32,905	**36,025**	31,181
Long Term Debt Issues by currency (1) (2)					
USD		**43,049**	39,996	**42,897**	39,313
EUR		**26,247**	23,166	**23,795**	20,985
AUD		**21,167**	19,728	**6,827**	6,913
GBP		**9,195**	7,314	**7,295**	6,075
NZD		**3,670**	4,019	**1,008**	1,280
JPY		**6,448**	6,353	**6,395**	6,301
Other currencies		**7,169**	8,292	**5,665**	7,054
Offshore loans (all JPY)		**452**	446	**452**	446
Total long term debt issues		**117,397**	109,314	**94,334**	88,367
Maturity Distribution of Debt Issues (3)					
Less than twelve months		**59,532**	53,280	**54,644**	47,322
Greater than twelve months		**94,897**	88,939	**75,715**	72,226
Total debt issues		**154,429**	142,219	**130,359**	119,548

(1) Comparatives have been reclassified to conform to this presentation in the current period.
(2) Long-term debt disclosed relates to debt issues which have a maturity at inception of 12 months or greater.
(3) Represents the remaining contractual maturity of the underlying instrument.

The Bank's long-term debt issues include notes issued under the: USD70 billion Euro Medium Term Note Program; the USD50 billion US Medium Term Note Program; the USD30 billion Covered Bond Program; the USD25 billion CBA New York Branch Medium Term Note Program; and other applicable debt documentation. Notes issued under debt programs are both fixed and variable rate. Interest rate risk associated with the notes is incorporated within the Bank's interest rate risk framework.

Note 20 Debt Issues (continued)

Short term borrowings by program	Group 2015	2014	2013
	$M (except where indicated)		
Total			
Outstanding at year-end [1]	**37,032**	32,905	34,602
Maximum amount outstanding at any month end [2]	**39,774**	33,174	34,602
Average amount outstanding [2]	**35,621**	31,096	28,178
US Commercial Paper Program			
Outstanding at year-end [1]	**35,754**	31,158	33,492
Maximum amount outstanding at any month end [2]	**38,147**	32,405	33,492
Average amount outstanding [2]	**34,018**	29,667	25,515
Weighted average interest rate on:			
Average amount outstanding	**0.3%**	0.2%	0.3%
Outstanding at year end	**0.3%**	0.2%	0.3%
Euro Commercial Paper Program			
Outstanding at year-end [1]	**1,278**	1,747	1,110
Maximum amount outstanding at any month end [2]	**2,327**	1,983	6,642
Average amount outstanding [2]	**1,603**	1,429	2,663
Weighted average interest rate on:			
Average amount outstanding	**0.7%**	0.4%	0.6%
Outstanding at year end	**0.9%**	0.4%	0.5%

(1) The amount outstanding at year end is measured at amortised cost.
(2) The maximum and average amounts over the year are reported on a face value basis because the carrying values of these amounts are not available. Any differences between face value and carrying value would not be significant given the short-term nature of the borrowings.

Exchange rates utilised [1]	Currency	As At 30 June 2015	As At 30 June 2014
AUD 1.00 =	USD	**0.7681**	0.9405
	EUR	**0.6880**	0.6892
	GBP	**0.4893**	0.5525
	NZD	**1.1283**	1.0762
	JPY	**94.0578**	95.4517

(1) End of day, Sydney time.

Guarantee Arrangement

Commonwealth Bank of Australia

Guarantee under the Commonwealth Bank Sale Act

Historically, the due payment of all monies payable by the Bank was guaranteed by the Commonwealth of Australia under section 117 of the Commonwealth Banks Act 1959 (as amended) at 30 June 1996. With the sale of the Commonwealth's shareholding in the Bank this guarantee has been progressively phased out under transitional arrangements found in the Commonwealth Bank Sale Act 1995.

Demand deposits are no longer guaranteed by the Commonwealth under this guarantee. However, debt issues payable by the Bank under a contract entered into prior to 19 July 1996 and outstanding at 19 July 1999 remain guaranteed until maturity.

Note 21 Bills Payable and Other Liabilities

	Note	Group 2015 $M	Group 2014 $M	Bank 2015 $M	Bank 2014 $M
Bills payable		**917**	912	**870**	862
Accrued interest payable		**2,971**	2,957	**2,220**	2,290
Accrued fees and other items payable [1]		**2,718**	2,369	**1,822**	1,592
Defined benefit superannuation plan deficit	35	**57**	191	**57**	191
Securities purchased not delivered		**2,357**	1,552	**1,707**	1,197
Unearned income		**913**	870	**531**	505
Life insurance other liabilities and claims payable		**236**	315	**24**	48
Other		**936**	1,203	**7,130**	3,977
Total bills payable and other liabilities		**11,105**	10,369	**14,361**	10,662

(1) Comparative information has been reclassified to conform to presentation in the current year.

Other than the defined benefit superannuation plan deficit, the majority of the amounts are expected to be settled within 12 months of the Balance Sheet date.

Note 22 Loan Capital

		Currency Amount (M)	Footnotes	Group 2015 $M	Group 2014 $M	Bank 2015 $M	Bank 2014 $M
Tier 1 Loan Capital							
Undated	FRN	USD 100	(1)	**130**	106	**130**	106
Undated	TPS	USD 550	(2)	**-**	585	**-**	584
Undated	PERLS III	AUD 1,166	(3)	**1,164**	1,162	**1,163**	1,162
Undated	PERLS V	AUD 2,000	(4)	**-**	1,997	**-**	1,997
Undated	PERLS VI	AUD 2,000	(5)	**1,986**	1,982	**1,986**	1,982
Undated	PERLS VII	AUD 3,000	(5)	**2,961**	-	**2,961**	-
Undated	TPS	USD 700	(6)	**-**	-	**908**	741
Total Tier 1 Loan Capital				**6,241**	5,832	**7,148**	6,572
Tier 2 Loan Capital							
AUD denominated			(7)	**1,024**	300	**1,024**	300
USD denominated			(8)	**455**	372	**455**	372
JPY denominated			(9)	**627**	618	**627**	618
GBP denominated			(10)	**306**	270	**306**	270
NZD denominated			(11)	**349**	362	**-**	-
EUR denominated			(12)	**3,256**	1,446	**3,256**	1,446
Other currencies denominated			(13)	**209**	-	**209**	-
Total Tier 2 Loan Capital				**6,226**	3,368	**5,877**	3,006
Fair value hedge adjustments				**357**	394	**339**	391
Total Loan Capital				**12,824**	9,594	**13,364**	9,969

As at the reporting date, there is one security of the Group and the Bank (the JPY30 billion (AUD equivalent $319 million) subordinated EMTN due October 2015) that is contractually due for redemption in the next 12 months (note the Group has the right to call some securities earlier than the contractual maturity date). The Group has a right to redeem PERLS III in the next 12 months subject to APRA's approval; the Bank has a right to redeem TPS 2006 in the next 12 months subject to APRA's approval.

[1] USD100 million Floating Rate Notes

On 15 October 1986, the State Bank of Victoria issued USD125 million of floating rate notes current outstanding balance of USD100 million. The floating rate notes are perpetual but were able to be redeemed from October 1991. They were assigned to the Bank on 1 January 1991.

The Bank entered into an agreement with the Commonwealth of Australia on 31 December 1991 which provides that, if certain events occur, the Bank may either issue CBA ordinary shares to the Commonwealth of Australia, or (with the consent of the Commonwealth of Australia) conduct a renounceable rights issue for CBA ordinary shares to all shareholders. The capital raised must be used to pay any amounts due and payable on the floating rate notes.

The floating rate notes were issued into the international markets and are subject to English law. They qualify as Additional Tier 1 Capital of the Bank under the Basel III transitional arrangements for capital instruments as implemented by APRA.

[2] TPS 2003

On 6 August 2003, a wholly owned entity of the Bank (CBA Capital Trust) issued USD550 million of Trust Preferred Securities (TPS 2003).

All TPS 2003 were redeemed for cash on 30 June 2015.

Note 22 Loan Capital (continued)

(3) PERLS III

On 6 April 2006, a wholly owned entity of the Bank (Preferred Capital Limited or "PCL") issued $1,166 million of Perpetual Exchangeable Repurchaseable Listed Shares (PERLS III). PERLS III are preference shares which may be exchanged for CBA ordinary shares or $200 cash each (or a combination of both) on 6 April 2016. PCL is not required to make a decision on exchange until 22 business days prior to 6 April 2016 and the decision to exchange will be subject to market conditions at that time as well as APRA approval. If PCL does not elect to exchange PERLS III, the margin on the distributions payable on PERLS III will increase by 1.00% per annum. PERLS III will automatically be exchanged for CBA preference shares no later than 10 business days prior to 6 April 2046.

PERLS III are listed on the ASX and are subject to New South Wales law. They qualify as Additional Tier 1 Capital of the Bank under the Basel III transitional arrangements for capital instruments as implemented by APRA.

(4) PERLS V

On 14 October 2009, the Bank issued $2,000 million of Perpetual Exchangeable Resaleable Listed Securities (PERLS V). PERLS V are stapled securities comprising an unsecured subordinated note issued by the Bank's New Zealand branch and a preference share issued by the Bank. All PERLS V were bought back by the Bank during the year and subsequently cancelled.

(5) PERLS VI and PERLS VII

On 17 October 2012, the Bank issued $2,000 million of Perpetual Exchangeable Resaleable Listed Securities (PERLS VI). On 1 October 2014, the Bank issued $3,000 million of CommBank PERLS VII Capital Notes (PERLS VII). PERLS VI and PERLS VII are subordinated, unsecured notes.

PERLS VI and PERLS VII may be redeemed or resold to a third party for $100 cash each on 15 December 2018 and 15 December 2022 respectively. If not redeemed or resold, the Bank will be required to exchange PERLS VI and/or PERLS VII for CBA ordinary shares on 15 December 2020 and 15 December 2024 respectively.

PERLS VI and PERLS VII are listed on the ASX and are subject to New South Wales law. They qualify as Additional Tier 1 Capital of the Bank under Basel III as implemented by APRA.

(6) TPS 2006

On 15 March 2006, a wholly owned entity of the Bank (CBA Capital Trust II) issued USD700 million of Trust Preferred Securities (TPS 2006) which may be redeemed for cash, CBA Tier 1 Capital securities or CBA preference shares on 15 March 2016. CBA Capital Trust II is not required to make a decision on redemption until 30 days prior to 15 March 2016 and the decision to redeem will be subject to market conditions at that time as well as APRA approval. If CBA Capital Trust II does not elect to redeem TPS 2006, the fixed distribution rate payable on TPS 2006 will change to a floating distribution rate. TPS 2006 will automatically be exchanged for CBA preference shares on 15 March 2056.

TPS 2006 were issued into the US capital markets and are subject to Delaware law. They qualify as Additional Tier 1 Capital of the Bank under the Basel III transitional arrangements for capital instruments as implemented by APRA.

(7) AUD denominated Tier 2 Loan Capital issuances

- $275 million extendible floating rate notes, issued December 1989 and redeemed in December 2014;
- $25 million subordinated floating rate notes, issued April 1999, due April 2029; and
- $1,000 million subordinated notes issued November 2014.

As at 30 June 2015, all $1,000 million subordinated notes remain outstanding and the Groups's liability remains at $1,000 million. The subordinated notes may be redeemed on 5 November 2019, and if not redeemed, are due on 5 November 2024. The subordinated notes may be exchanged for CBA ordinary shares (subject to a maximum number of 64,465,471 CBA ordinary shares) if the Bank is deemed to be non-viable by APRA. No payment will be made by the Bank in respect of the exchange.

(8) USD denominated Tier 2 Loan Capital issuances

- USD350 million subordinated fixed rate notes, issued June 2003, due June 2018.

(9) JPY denominated Tier 2 Loan Capital issuances

- JPY20 billion perpetual subordinated EMTN (Euro Medium Term Notes), issued February 1999;
- JPY30 billion subordinated EMTN, issued October 1995, due October 2015; and
- JPY9 billion perpetual subordinated notes, issued May 1996.

(10) GBP denominated Tier 2 Loan Capital issuances

- GBP150 million subordinated EMTN, issued June 2003, due December 2023.

(11) NZD denominated Tier 2 Loan Capital issuances

- On 17 April 2014, a wholly owned entity of the Bank (ASB Bank Limited) issued NZD400 million subordinated, unsecured notes (ASB Notes) with a face value of NZD1 each. As at 30 June 2015, all 400 million ASB Notes remain outstanding and ASB's liability remains at NZD400 million. ASB Notes may be redeemed on 15 June 2019, and, if not redeemed, are due on 15 June 2024. ASB Notes may be exchanged for CBA ordinary shares (subject to a maximum number of 24,278,502 CBA ordinary shares) if either ASB is deemed non-viable by the Reserve Bank of New Zealand (RBNZ) (including if ASB is made subject to statutory management) or the Bank is deemed to be non-viable by APRA. No payment will be made by either ASB or the Bank in respect of the exchange.

  ASB Notes are listed on the New Zealand Stock Exchange (NZX) debt market and are subject to New South Wales and New Zealand law. They qualify as Tier 2 Capital of the Bank and ASB under Basel III as implemented by APRA and the RBNZ.

Note 22 Loan Capital (continued)

[12] EUR denominated Tier 2 Loan Capital Issuances

- EUR1,000 million subordinated notes, issued August 2009, due August 2019; and
- EUR1,250 million subordinated notes issed April 2015.

As at 30 June 2015, all EUR1,250 million subordinated notes remain outstanding and the Group's liability remains at EUR1,250 million. The subordinated notes may be redeemed on 22 April 2022, and if not redeemed, are due on 22 April 2027. The subordinated notes may be exchanged for CBA ordinary shares (subject to a maximum number of 93,130,812 CBA ordinary shares) if the Bank is deemed to be non-viable by APRA. No payment will be made by the Bank in respect of the exchange.

[13] Other foreign currency denominated Tier 2 Loan Capital Issuances

- CNY1,000 million subordinated notes issued March 2015.

As at 30 June 2015, all CNY1,000 million subordinated notes remain outstanding and the Group's liability remains at CNY1,000 million. The subordinated notes may be redeemed on 11 March 2020, and if not redeemed, are due on 11 March 2025. The subordinated notes may be exchanged for CBA ordinary shares (subject to a maximum number of 11,241,075 CBA ordinary shares) if the Bank is deemed to be non-viable by APRA. No payment will be made by the Bank in respect of the exchange.

All Tier 2 Capital securities issued prior to 1 January 2013 (other than the $275 million extendible floating rate notes which have been redeemed) qualify as Tier 2 Capital of the Bank under the Basel III transitional arrangements for capital instruments as implemented by APRA. All Tier 2 Capital securities issued after 1 January 2013 qualify as Tier 2 Capital of the Bank under Basel III as implemented by APRA.

Note 23 Shareholders' Equity

	Group		Bank	
	2015	2014	2015	2014
	$M	$M	$M	$M
Ordinary Share Capital				
Shares on issue:				
Opening balance	**27,327**	26,620	**27,323**	26,619
Issue of shares	**-**	-	**-**	-
Dividend reinvestment plan (net of issue costs)[1] [2]	**571**	707	**571**	704
	27,898	27,327	**27,894**	27,323
Less treasury shares:				
Opening balance	**(291)**	(297)	**-**	-
Purchase of treasury shares [3]	**(790)**	(813)	**-**	-
Sale and vesting of treasury shares [3]	**802**	819	**-**	-
	(279)	(291)	**-**	-
Closing balance	**27,619**	27,036	**27,894**	27,323

(1) The determined dividend includes an amount attributable to Dividend Reinvestment Plan (DRP) of $574 million (interim 2014/2015) and $707 million (interim 2013/2014) with $571 million and $707 million ordinary shares being issued under plan rules respectively which include the carry forward of DRP balance from previous dividends.

(2) The DRP in respect of 2012/2013 and 2013/2014 final dividends were satisfied in full through the on-market purchase and transfer of 9,829,242 and 8,749,607 shares to participating shareholders.

(3) The movement in treasury shares held within Life Insurance Statutory Funds, and 1,127,468 shares acquired at an average price of $80.81 for the purpose of satisfying the Company's obligations under various equity settled share plans. Other than shares purchased as part of the Non-Executive Director fee sacrifice arrangements disclosed in Note 24, shares purchased were not on behalf of or initially allocated to a director.

	Group		Bank	
	2015	2014	2015	2014
Number of shares on issue	Shares	Shares	Shares	Shares
Opening balance (excluding treasury shares deduction)	**1,621,319,194**	1,611,928,836	**1,621,319,194**	1,611,928,836
Issue of shares	**-**	-	**-**	-
Dividend reinvestment plan issues:				
2012/2013 Final dividend fully paid ordinary shares $73.42 [1]	**-**	-	**-**	-
2013/2014 Interim dividend fully paid ordinary shares $75.26	**-**	9,390,358	**-**	9,390,358
2013/2014 Final dividend fully paid ordinary shares $80.39 [1]	**-**	-	**-**	-
2014/2015 Interim dividend fully paid ordinary shares $91.26	**6,273,519**	-	**6,273,519**	-
Closing balance (excluding treasury shares deduction)	**1,627,592,713**	1,621,319,194	**1,627,592,713**	1,621,319,194
Less: treasury shares [2]	**(4,654,277)**	(5,516,035)	**-**	-
Closing balance	**1,622,938,436**	1,615,803,159	**1,627,592,713**	1,621,319,194

(1) The DRP in respect of 2012/2013 and 2013/2014 final dividends were satisfied in full through the on market purchase and transfer of 9,829,242 and 8,749,607 shares to participating shareholders.

(2) Relates to Treasury shares held within the life insurance statutory funds and the employees' share scheme trust.

Note 23 Shareholders' Equity (continued)

Ordinary shares have no par value and the Company does not have a limited amount of share capital.

Ordinary shares entitle holders to receive dividends payable to ordinary shareholders and to participate in the proceeds available to ordinary shareholders on winding up of the Company in proportion to the number of fully paid ordinary shares held.

On a show of hands every holder of fully paid ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll one vote for each share held.

Other Equity Instruments

	Group		Bank	
	2015	2014	2015	2014
Other equity instruments	$M	$M	$M	$M
Issued and paid up	**939**	939	**1,895**	1,895
	Shares	Shares	Shares	Shares
Number of shares	**700,000**	700,000	**1,400,000**	1,400,000

Trust Preferred Securities 2006

On 15 March 2006, a wholly owned entity of the Bank (CBA Capital Trust II) issued USD700 million of Trust Preferred Securities (TPS 2006) into the US capital markets. They qualify as Additional Tier 1 Capital under the Basel III transitional arrangements for capital instruments as implemented by APRA.

A related instrument was issued by the Bank to a subsidiary for $956 million and eliminates on consolidation.

Retained Profits and Reserves

		Group		Bank	
		2015	2014	2015	2014
Retained Profits	Note	$M	$M	$M	$M
Opening balance		**18,827**	16,405	**16,206**	13,874
Actuarial gains and losses from defined benefit superannuation plans		**311**	42	**311**	42
Gains and losses on liabilities at fair value due to changes in own credit risk		**(3)**	6	**(3)**	6
Realised gains and dividend income on treasury shares		**42**	27	**-**	-
Operating profit attributable to Equity holders of the Bank		**9,063**	8,631	**8,976**	8,442
Total available for appropriation		**28,240**	25,111	**25,490**	22,364
Transfers (to)/from general reserve		**47**	(101)	**(1)**	-
Transfers from capital reserve		**-**	-	**-**	-
Transfers from asset revaluation reserve		**21**	23	**18**	16
Transfers from employee compensation reserve		**-**	-	**-**	-
Interim dividend - cash component		**(2,636)**	(2,243)	**(2,636)**	(2,243)
Interim dividend - Dividend Reinvestment Plan		**(574)**	(707)	**(574)**	(707)
Final dividend - cash component		**(3,534)**	(3,224)	**(3,534)**	(3,224)
Final dividend - Dividend Reinvestment Plan		**-**	-	**-**	-
Other dividends [1]		**(36)**	(32)	**-**	-
Closing balance		**21,528**	18,827	**18,763**	16,206

(1) Dividends relating to equity instruments on issue other than ordinary shares.

Note 23 Shareholders' Equity (continued)

Retained Profits and Reserves (continued)

	Group		Bank	
	2015	2014	2015	2014
Reserves	$M	$M	$M	$M
General Reserve				
Opening balance	**866**	765	**573**	573
Appropriation from/(to) retained profits	**(47)**	101	**1**	-
Closing balance	**819**	866	**574**	573
Capital Reserve				
Opening balance	**-**	-	**1,254**	1,254
Revaluation surplus on sale of property	**-**	-	**-**	-
Transfer to retained profits	**-**	-	**-**	-
Closing balance	**-**	-	**1,254**	1,254
Asset Revaluation Reserve				
Opening balance	**197**	194	**172**	164
Revaluation of properties	**19**	28	**16**	27
Transfers on sale of properties	**-**	-	**-**	-
Transfer to retained profits	**(21)**	(23)	**(18)**	(16)
Tax on revaluation of properties	**(4)**	(2)	**(5)**	(3)
Closing balance	**191**	197	**165**	172
Foreign Currency Translation Reserve				
Opening balance	**(42)**	(427)	**(178)**	(178)
Currency translation adjustments of foreign operations	**439**	405	**176**	3
Currency translation on net investment hedge	**(3)**	(6)	**(5)**	(3)
Tax on translation adjustments	**(38)**	(14)	**-**	-
Closing balance	**356**	(42)	**(7)**	(178)
Cash Flow Hedge Reserve				
Opening balance	**224**	368	**424**	508
Gains and losses on cash flow hedging instruments:				
Recognised in other comprehensive income	**706**	338	**802**	492
Transferred to Income Statement:				
Interest income	**(1,135)**	(1,294)	**(1,125)**	(1,249)
Interest expense	**488**	698	**475**	635
Tax on cash flow hedging instruments	**(20)**	114	**(46)**	38
Closing balance	**263**	224	**530**	424
Employee Compensation Reserve				
Opening balance	**125**	132	**125**	132
Current period movement	**(3)**	(7)	**(3)**	(7)
Closing balance	**122**	125	**122**	125
Available-for-Sale Investments Reserve				
Opening balance	**639**	301	**641**	188
Net gains and losses on revaluation of available-for-sale investments	**140**	509	**82**	671
Net gains and losses on available-for-sale investments transferred to Income Statement on disposal	**(223)**	(12)	**(218)**	(12)
Tax on available-for-sale investments	**38**	(159)	**52**	(206)
Closing balance	**594**	639	**557**	641
Total Reserves	**2,345**	2,009	**3,195**	3,011

Note 24 Share Based Payments

The Group operates a number of cash and equity settled share plans as detailed below.

Group Leadership Reward Plan (GLRP)

The GLRP is the Group's long-term incentive plan for the CEO and Group Executives. The GLRP focuses on driving performance and shareholder alignment in the longer term.

Participants are awarded a maximum number of Reward Rights, which may convert into CBA shares on a 1-for-1 basis. The Board has discretion to apply a cash equivalent.

The Reward Rights may vest at the end of a performance period of up to four years subject to the satisfaction of performance hurdles as follows:

- 25% of the award is assessed against Customer Satisfaction compared to ANZ, NAB, Westpac and other key competitors for the Group's wealth management business by reference to independent external surveys; and
- 75% of the award is assessed against TSR compared to the 20 largest companies listed on the ASX (by market capitalisation) at the beginning of each respective performance period, excluding resource companies and CBA.

Each performance hurdle is independent, such that the total number of Reward Rights that vest will be the aggregate of rights that vest against the Customer Satisfaction and the TSR hurdles at the end of the performance period.

A scale is applied to each performance hurdle, to determine the portion of each award that vests as follows:

Hurdle	Scale
Customer satisfaction	▪ For the 2012 financial year award: 100% vests if CBA is ranked 1st across three surveys, 75% if CBA is ranked 1st across two surveys, and 50% if CBA is ranked 2nd across the three surveys at the end of the performance period. The Board will exercise discretion where CBA's Customer Satisfaction has improved over the performance period, but in a different combination. Where the Board determines that the overall performance is worse at the end of the performance period than at the beginning, none of this portion will vest. ▪ From the 2013 financial year onwards: 100% vests where the weighted average ranking for CBA over the performance period is 1st (i.e. 1.00), 50% where CBA's weighted average ranking is 2nd (i.e. 2.00). If CBA's weighted average ranking is between 1st and 2nd (i.e. between 1.00 and 2.00), vesting occurs on a sliding scale between 100% and 50% on a pro-rata straight line basis. If CBA's weighted average ranking is lower than 2nd (i.e. greater than 2.00), none of this portion will vest.
TSR	▪ Full vesting applies where CBA is ranked in the top quartile of the peer group at the end of the performance period, 50% will vest if CBA is ranked at the median, with vesting on a sliding scale between the median and 75th percentile. If the Group's TSR is ranked below the median of the peer group, none of this portion will vest.

The 2011 financial year award reached the end of its performance period on 30 June 2014 and in line with the plan rules 96.88% of the awarded rights vested.

The following table provides details of outstanding awards of performance rights granted under the GLRP.

Period	Outstanding 1 July	Granted	Vested	Forfeited	Outstanding 30 June	Expense ($M)
2015	1,423,773	283,410	(338,512)	(103,225)	1,265,446	10
2014	1,654,754	331,689	(416,896)	(145,774)	1,423,773	12

The weighted average fair value at the grant date of all Reward Rights issued during the year was $75.25 per right (2014: $74.52). The fair value of TSR hurdled Reward Rights granted during the period has been independently calculated at grant date using a Monte-Carlo pricing model. The assumptions included in the valuation of the 2015 financial year award includes a risk-free interest rate ranging from 2.27% to 3.25%, a nil dividend yield on the Bank's ordinary shares and a volatility in the Bank share price of 15.0%. The fair value for customer satisfaction hurdled Reward Rights granted during the period is the closing price of CBA shares on the grant date.

Group Rights Plan (GRP)

The GRP facilitates mandatory short-term incentive deferral, sign-on incentives and retention awards. Participants are awarded rights to shares, that vest on a 1-for-1 basis, provided the participant remains in employment of the Group until vesting date. The Board has discretion to apply a cash equivalent.

The following table provides details of outstanding awards of shares granted under the GRP.

Period	Outstanding 1 July	Granted	Vested	Forfeited	Outstanding 30 June	Expense ($M)
2015	654,116	708,577	(80,271)	(43,448)	1,238,974	40
2014	-	675,469	(3,624)	(17,729)	654,116	20

The weighted average fair value at grant date of the awards issued during the year was $81.44 (2014: $73.00).

Employee Share Acquisition Plan (ESAP)

Under the ESAP eligible employees have the opportunity to receive up to $1,000 worth of shares each year if the Group meets the required performance hurdle of growth in the Group's net profit after tax ("cash basis") of greater than 5%. If the hurdle is not met, the Board has discretion to determine whether a full award, a partial award or no award is made.

Note 24 Share Based Payments (continued)

The number of shares a participant receives is calculated by dividing the award amount by the average price paid for CBA shares purchased during the purchase period preceding the grant date. Shares granted are restricted from sale until the earlier of three years or until such time as the participant ceases employment with the Group. Participants receive full dividend entitlements and voting rights attached to those shares.

The Group achieved the performance target for 2014 resulting in shares being awarded to each eligible employee during the financial year ended 30 June 2015. The following table provides details of shares granted under the ESAP.

Period	Allocation date	Participants	Number of Shares Allocated by Participant	Total Number of Shares Allocated	Issue Price $	Total Fair Value $
2015	19 Sep 2014	32,092	12	385,104	80.39	30,958,511
2014	23 Sep 2013	32,749	13	425,737	73.42	31,257,610

It is estimated that approximately $34 million of CBA shares will be purchased on market at the prevailing market price for the 2015 grant.

Other Employee Awards

A number of other plans are operated by the Group, including:

- The Employee Share (Performance Unit) Plan, which is the cash-based version of the GRP;
- The International Employee Share Acquisition Plan, which is the cash-based version of the ESAP; and
- The Employee Share Plan and Group Employee Rights Plan, which are predecessors to the GRP, and closed to new awards.

The following table provides a summary of the movement in awards during the year.

Period	Outstanding 1 July	Granted	Vested	Forfeited	Outstanding 30 June	Expense ($M)
2015	1,423,891	105,323	(811,721)	(39,785)	677,708	18
2014	2,283,293	149,263	(967,725)	(40,940)	1,423,891	36

The weighted average fair value at grant date of the awards issued during the year was $81.46 (2014: $70.00).

Salary Sacrifice Arrangements

The Group facilitates the purchase of CBA shares via salary sacrifice as follows:

Type	Arrangements
Australian-based employees (ESSSP)	▪ Can elect to sacrifice between $2,000 and $5,000 p.a. of their fixed remuneration and/or annual STI ▪ Restricted from sale for a minimum of two years and a maximum of seven years or earlier, if the employee ceases employment with the Group.
Non-executive directors	▪ Required to defer 20% of post-tax fees until a minimum shareholding requirement of 5,000 shares is reached. ▪ Restricted from sale for ten years or earlier if the Non-Executive Director retires from the Board.

Shares are purchased on market at the prevailing market price at that time and receive full dividend entitlements and voting rights. The following table provides details of shares granted under the ESSSP.

Period	Participants	Number of shares purchased	Average purchase price $	Total purchase consideration $
2015	557	22,059	84.53	1,864,604
2014	395	17,610	75.62	1,331,652

During the year, one (2014: one) Non-Executive Director applied $28,502 in fees (2014: $32,067) to purchase 341 shares (2014: 419 shares).

Note 25 Capital Adequacy

Capital Management

The Bank is an Authorised Deposit-taking Institution (ADI) and is subject to regulation by APRA under the authority of the Banking Act 1959. APRA has set minimum regulatory capital requirements for banks based on the Basel Committee on Banking Supervision (BCBS) guidelines.

The Basel III measurement and monitoring of capital has been effective from 1 January 2013. APRA has adopted a more conservative approach than the minimum standards published by the BCBS and a more accelerated timetable. The requirements define what is acceptable as capital and provide methods of measuring the risks incurred by the Bank.

The regulatory capital requirements are measured for the Extended Licence Entity Group (known as "Level One", comprising the Bank and APRA approved subsidiaries) and for the Bank and all of its banking subsidiaries, which includes ASB Bank (known as "Level Two" or the "Group").

All entities which are consolidated for accounting purposes are included within the Group capital adequacy calculations except for:

- The insurance and funds management operations; and
- The entities through which securitisation of Group assets are conducted.

Regulatory capital is divided into Common Equity Tier 1 (CET1), Tier 1 and Tier 2 Capital. CET1 primarily consists of Shareholders' Equity, less goodwill and other prescribed adjustments. Tier 1 Capital is comprised of CET1 plus other capital instruments acceptable to APRA. Tier 2 Capital is comprised primarily of hybrid and debt instruments acceptable to APRA. Total Capital is the aggregate of Tier 1 and Tier 2 Capital.

The tangible component of the investment in the insurance and funds management operations are deducted 100% from CET1.

Capital adequacy is measured by means of a risk based capital ratio. The capital ratios reflect capital (CET1, Tier 1, Tier 2 or Total Capital) as a percentage of total Risk Weighted Assets (RWA). RWA represents an allocation of risks associated with the Group's assets and other related exposures.

The Group has a range of instruments and methodologies available to effectively manage capital including share issues and buybacks, dividend and Dividend Reinvestment Plan policies, hybrid capital raising and dated and undated subordinated loan capital issues. All major capital related initiatives require approval of the Board.

The Group's capital position is monitored on a continuous basis and reported monthly to both the Executive Committee and the Asset and Liability Committee (ALCO). Three-year capital forecasts are conducted on a quarterly basis with a detailed capital and strategic plan presented to the Board annually.

The Group's capital ratios throughout the 2014 and 2015 financial years were in compliance with both APRA minimum capital adequacy requirements and the Board Approved minimums. The Bank is required to inform APRA immediately of any breach or potential breach of its minimum prudential capital adequacy requirements, including details of remedial action taken or planned to be taken.

Note 26 Financial Reporting by Segments

The principal activities of the Group are carried out in the business segments below. These segments are based on the distribution channels through which the customer relationship is being managed.

During the year, the Group transferred all non-relationship managed business clients from the Business and Private Banking segment to a new Small Business customer channel within Retail Banking Services. Comparative information has been restated to reflect this change.

The primary sources of revenue are interest and fee income (Retail Banking Services, Institutional Banking and Markets, Business and Private Banking, Bankwest, New Zealand, IFS and Other Divisions) and insurance premium and funds management income (Wealth Management, New Zealand, IFS and Other Divisions).

Revenues and expenses occurring between segments are subject to transfer pricing arrangements. All intra-group profits are eliminated on consolidation.

Business segments are managed on the basis of net profit after income tax ("cash basis"). Management uses "cash basis" to assess performance and it provides the basis for the determination of the Bank's dividends. The "cash basis" presents a clear view of the Group's underlying operating results, excluding a number of items that introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently year on year and do not discriminate between positive and negative adjustments.

(i) Retail Banking Services

Retail Banking Services provides home loan, consumer finance and retail deposit products and servicing to all Retail bank customers and non-relationship managed small business customers. In addition, commission is received for the distribution of Wealth Management products through the retail distribution network.

(ii) Business and Private Banking

Business and Private Banking provides specialised banking services to relationship managed business and Agribusiness customers, private banking to high net worth individuals and margin lending and trading through CommSec.

(iii) Institutional Banking and Markets

Institutional Banking and Markets services the Group's major corporate, institutional and government clients using a relationship management model based on industry expertise and local insights. The client offering includes debt and equity capital raising, financial and commodities price risk management and transactional banking capabilities. Institutional Banking and Markets has international operations in London, New York, Houston, Japan, Singapore, Malta, Hong Kong, New Zealand, Beijing and Shanghai.

(iv) Wealth Management

Wealth Management includes the Global Asset Management (including operations in Asia and Europe), Platform Administration and Life and General Insurance businesses of the Australian operations.

(v) New Zealand

New Zealand includes the Banking, Funds Management and Insurance businesses operating in New Zealand (excluding the international business of Institutional Banking and Markets).

(vi) Bankwest

Bankwest is active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products.

(vii) IFS and Other Divisions

The following parts of the business are included in the IFS and Other Divisions:

- International Financial Services incorporates the Asian retail and SME banking operations (Indonesia, China, India and Vietnam), investments in Chinese and Vietnamese banks, the joint venture Chinese life insurance business, the life insurance operations in Indonesia and investment in a South African based financial services technology company. It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia;
- Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Strategy, Secretariat and Treasury; and
- Group wide Eliminations/Unallocated includes intra-group elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.

Note 26 Financial Reporting by Segments (continued)

	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	2015 Total $M
Net interest income	7,691	2,827	1,452	-	1,536	1,594	699	**15,799**
Other banking income	1,746	809	1,367	-	253	217	447	**4,839**
Total banking income	9,437	3,636	2,819	-	1,789	1,811	1,146	**20,638**
Funds management income	-	-	-	1,846	71	-	21	**1,938**
Insurance income	-	-	-	503	232	-	57	**792**
Total operating income	9,437	3,636	2,819	2,349	2,092	1,811	1,224	**23,368**
Investment experience [1]	-	-	-	226	12	-	(28)	**210**
Total net operating income before impairment and operating expense	9,437	3,636	2,819	2,575	2,104	1,811	1,196	**23,578**
Operating expenses	(3,293)	(1,397)	(1,013)	(1,726)	(861)	(785)	(918)	**(9,993)**
Loan impairment expense	(626)	(152)	(167)	-	(83)	50	(10)	**(988)**
Net profit before income tax	5,518	2,087	1,639	849	1,160	1,076	268	**12,597**
Corporate tax expense	(1,651)	(628)	(371)	(199)	(295)	(324)	29	**(3,439)**
Non-controlling interests	-	-	-	-	-	-	(21)	**(21)**
Net profit after tax "cash basis" [2]	3,867	1,459	1,268	650	865	752	276	**9,137**
Hedging and IFRS volatility	-	-	-	-	43	-	(37)	**6**
Other non-cash items	-	-	-	(28)	-	(52)	-	**(80)**
Net profit after tax "statutory basis"	3,867	1,459	1,268	622	908	700	239	**9,063**
Additional information								
Amortisation and depreciation	(20)	(22)	(57)	(26)	(78)	(89)	(420)	**(712)**
Balance Sheet								
Total assets	310,313	98,392	181,919	20,792	69,608	79,141	113,281	**873,446**
Total liabilities	221,018	71,138	162,054	24,652	62,488	49,499	229,604	**820,453**

(1) Investment experience is presented on a pre-tax basis.
(2) This balance excludes non-cash items, including unrealised gains and losses relating to hedging and IFRS volatility ($6 million gain), Bankwest non-cash items ($52 million expense) and treasury shares valuation adjustment ($28 million expense).

Note 26 Financial Reporting by Segments (continued)

	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Total $M
2014 [1]								
Net interest income	7,307	2,695	1,404	-	1,378	1,577	730	15,091
Other banking income	1,695	764	1,262	-	192	206	204	4,323
Total banking income	9,002	3,459	2,666	-	1,570	1,783	934	19,414
Funds management income	-	-	-	1,836	60	-	37	1,933
Insurance income	-	-	-	575	202	-	42	819
Total operating income	9,002	3,459	2,666	2,411	1,832	1,783	1,013	22,166
Investment experience [2]	-	-	-	202	5	-	28	235
Total net operating income before impairment and operating expense	9,002	3,459	2,666	2,613	1,837	1,783	1,041	22,401
Operating expenses	(3,173)	(1,338)	(943)	(1,593)	(805)	(806)	(841)	(9,499)
Loan impairment expense	(582)	(237)	(61)	-	(51)	(11)	(11)	(953)
Net profit before income tax	5,247	1,884	1,662	1,020	981	966	189	11,949
Corporate tax expense	(1,569)	(563)	(410)	(231)	(239)	(291)	53	(3,250)
Non-controlling interests	-	-	-	-	-	-	(19)	(19)
Net profit after tax "cash basis" [3]	3,678	1,321	1,252	789	742	675	223	8,680
Hedging and IFRS volatility	-	-	-	-	10	-	(4)	6
Other non-cash items	-	-	25	(24)	-	(56)	-	(55)
Net profit after tax "statutory basis"	3,678	1,321	1,277	765	752	619	219	8,631
Additional information								
Amortisation and depreciation	(31)	(35)	(61)	(22)	(74)	(106)	(398)	(727)
Balance Sheet								
Total assets	290,773	94,455	149,500	20,759	65,736	76,795	93,433	791,451
Total liabilities	203,384	62,135	146,482	24,133	58,149	45,671	202,149	742,103

(1) Comparative information has been restated to conform to presentation in the current period. This re-segmentation primarily relates to the transfer of non-relationship managed business clients from Business and Private Banking into the newly created small business customer channel in Retail Banking Services.
(2) Investment experience is presented on a pre-tax basis.
(3) This balance excludes non-cash items, including unrealised gains and losses relating to hedging and IFRS volatility ($6 million gain), Bankwest non-cash items ($56 million expense), treasury shares valuation adjustment ($41 million expense), Bell Group litigation ($25 million gain) and the gain on sale of management rights ($17 million gain).

Note 26 Financial Reporting by Segments (continued)

Products and Services Information

Revenue from external customers by product or service is disclosed in Note 2. No single customer amounted to greater than 10% of the Group's revenue.

Geographical Information

	Group Year Ended 30 June					
	2015		2014		2013	
Financial performance and position	**$M**	**%**	**$M**	**%**	**$M**	**%**
Income						
Australia	**37,673**	**83. 2**	37,603	84. 8	39,119	87. 3
New Zealand	**5,181**	**11. 4**	4,633	10. 5	3,890	8. 7
Other locations [1]	**2,456**	**5. 4**	2,076	4. 7	1,793	4. 0
Total income	**45,310**	**100. 0**	44,312	100. 0	44,802	100. 0
Non-Current Assets [2]						
Australia	**14,149**	**91. 7**	13,199	91. 3	14,211	92. 2
New Zealand	**994**	**6. 4**	1,057	7. 3	1,023	6. 6
Other locations [1]	**297**	**1. 9**	196	1. 4	188	1. 2
Total non-current assets	**15,440**	**100. 0**	14,452	100. 0	15,422	100. 0

(1) Other locations include: United Kingdom, United States, Japan, Singapore, Malta, Hong Kong, Indonesia, China, India, Vietnam and South Africa.
(2) Non-current assets include Property, plant and equipment, Investments in associates and joint ventures and Intangibles.

The geographical segment represents the location in which the transaction was recognised.

Note 27 Insurance Businesses

Life Insurance

The following information is provided to disclose the statutory life insurance business transactions contained in the Group Financial Statements and the underlying methods and assumptions used in their calculations.

All financial assets within the life statutory funds have been determined to support either life insurance or life investment contracts. Refer to Note 1(ff) – (ii). The insurance segment result is prepared on a business segment basis.

	Life Insurance Contracts		Life Investment Contracts		Group	
Summarised Income Statement	**2015 $M**	**2014 $M**	**2015 $M**	**2014 $M**	**2015 $M**	**2014 $M**
Net premium income and related revenue	**1,967**	1,843	**243**	216	**2,210**	2,059
Outward reinsurance premiums expense	**(296)**	(289)	**-**	-	**(296)**	(289)
Claims expense	**(1,421)**	(1,277)	**(73)**	(40)	**(1,494)**	(1,317)
Reinsurance recoveries	**256**	223	**-**	-	**256**	223
Investment revenue (excluding investments in subsidiaries)	**488**	455	**777**	1,062	**1,265**	1,517
Increase in contract liabilities	**(151)**	(242)	**(718)**	(946)	**(869)**	(1,188)
Operating income	**843**	713	**229**	292	**1,072**	1,005
Acquisition expenses	**(95)**	(96)	**(1)**	(2)	**(96)**	(98)
Maintenance expenses	**(204)**	(192)	**(57)**	(56)	**(261)**	(248)
Management expenses	**(10)**	(8)	**(11)**	(10)	**(21)**	(18)
Net profit before income tax	**534**	417	**160**	224	**694**	641
Corporate tax expense	**(103)**	(72)	**(36)**	(40)	**(139)**	(112)
Policy holder tax expense	**(83)**	(53)	**(16)**	(73)	**(99)**	(126)
Net profit after income tax	**348**	292	**108**	111	**456**	403

Note 27 Insurance Businesses (continued)

Sources of life insurance net profit	Life Insurance Contracts 2015 $M	Life Insurance Contracts 2014 $M	Life Investment Contracts 2015 $M	Life Investment Contracts 2014 $M	Group 2015 $M	Group 2014 $M
The net profit after income tax is represented by:						
Emergence of planned profit margins	**257**	219	**108**	94	**365**	313
Difference between actual and planned experience	**(20)**	(38)	**-**	16	**(20)**	(22)
Effects of changes to underlying assumptions	**1**	6	**-**	-	**1**	6
Reversal of previously recognised losses or loss recognition on groups of related products	**1**	4	**(1)**	-	**-**	4
Investment earnings on assets in excess of policyholder liabilities	**107**	101	**1**	1	**108**	102
Other movements	**2**	-	**-**	-	**2**	-
Net profit after income tax	**348**	292	**108**	111	**456**	403
Life insurance premiums received and receivable	**2,377**	2,238	**433**	602	**2,810**	2,840
Life insurance claims paid and payable	**1,478**	1,348	**1,296**	1,386	**2,774**	2,734

The disclosure of the components of net profit after income tax is required to be separated between policyholders' and shareholders' interests. As policyholder profits are an expense of the Group and not attributable to shareholders, no such disclosure is required.

Reconciliation of movements in policy liabilities	Life Insurance Contracts 2015 $M	Life Insurance Contracts 2014 $M	Life Investment Contracts 2015 $M	Life Investment Contracts 2014 $M	Group 2015 $M	Group 2014 $M
Contract policy liabilities						
Gross policy liabilities opening balance	**3,631**	3,415	**9,535**	9,589	**13,166**	13,004
Movement in policy liabilities reflected in the Income Statement	**183**	305	**718**	946	**901**	1,251
Contract contributions recognised in policy liabilities	**7**	7	**140**	328	**147**	335
Contract withdrawals recognised in policy liabilities	**(55)**	(68)	**(1,224)**	(1,349)	**(1,279)**	(1,417)
Non-cash movements	**(19)**	(18)	**-**	-	**(19)**	(18)
FX translation adjustment	**5**	(10)	**(10)**	21	**(5)**	11
Gross policy liabilities closing balance	**3,752**	3,631	**9,159**	9,535	**12,911**	13,166
Liabilities ceded under reinsurance						
Opening balance	**(325)**	(261)	**-**	-	**(325)**	(261)
Increase in reinsurance assets	**(32)**	(64)	**-**	-	**(32)**	(64)
Closing balance	**(357)**	(325)	**-**	-	**(357)**	(325)
Net policy liabilities						
Expected to be realised within 12 months	**574**	512	**1,538**	1,668	**2,112**	2,180
Expected to be realised in more than 12 months	**2,821**	2,794	**7,621**	7,867	**10,442**	10,661
Total net insurance policy liabilities	**3,395**	3,306	**9,159**	9,535	**12,554**	12,841

Capital Adequacy of The Group's Life Insurance Company

Under the Life Insurance Act 1995, life insurers are required to hold reserves in excess of the amount of policy liabilities. These additional reserves are necessary to support the life insurer's capital requirements under its business plan and to provide a cushion against adverse experience in managing long-term risks. APRA has issued Life Prudential Standard (LPS) 110 'Capital Adequacy' for determining the level of capital reserves. LPS110 prescribes the minimum capital requirement for each statutory fund and the minimum level of assets required to be held in each statutory fund.

The table below shows the Capital Adequacy Multiple representing the ratio or assets available for capital over the capital reserve.

Capital Adequacy Multiple	2015 Times	2014 Times
The Colonial Mutual Life Assurance Society Limited, Australia	**1. 68**	1. 88

Note 28 Remuneration of Auditors

During the financial year, the following fees were paid or payable for services provided by the auditor of the Group and the Bank, and its network firms:

	Group		Bank	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
a) Audit and audit related services				
Audit services				
PricewaterhouseCoopers Australian firm	**15,575**	14,719	**11,469**	10,438
Network firms of PricewaterhouseCoopers Australian firm	**5,154**	3,997	**637**	577
Total remuneration for audit services	**20,729**	18,716	**12,106**	11,015
Audit related services				
PricewaterhouseCoopers Australian firm	**3,403**	3,232	**2,299**	2,700
Network firms of PricewaterhouseCoopers Australian firm	**569**	788	**90**	93
Total remuneration for audit related services	**3,972**	4,020	**2,389**	2,793
Total remuneration for audit and audit related services	**24,701**	22,736	**14,495**	13,808
b) Non-audit services				
Taxation services				
PricewaterhouseCoopers Australian firm	**1,808**	1,665	**1,721**	1,487
Network firms of PricewaterhouseCoopers Australian firm	**1,363**	1,522	**732**	677
Total remuneration for tax related services	**3,171**	3,187	**2,453**	2,164
Other Services				
PricewaterhouseCoopers Australian firm	**6,443**	3,370	**5,508**	2,766
Network firms of PricewaterhouseCoopers Australian firm	**90**	21	**-**	-
Total remuneration for other services	**6,533**	3,391	**5,508**	2,766
Total remuneration for non-audit services	**9,704**	6,578	**7,961**	4,930
Total remuneration for audit and non-audit services (1)	**34,405**	29,314	**22,456**	18,738

(1) An additional amount of $8,254,111 (2014: $9,106,912) was paid to PricewaterhouseCoopers by way of fees for entities not consolidated into the Financial Statements. Of this amount, $6,295,642 (2014: $8,249,653) relates to audit and audit-related services.

The Audit Committee has considered the non-audit services provided by PricewaterhouseCoopers and is satisfied that the services and the level of fees are compatible with maintaining auditors' independence. All such services were approved by the Audit Committee in accordance with pre-approved policies and procedures.

Audit related services principally includes assurance and attestation reviews of the Group's foreign disclosures for overseas investors, services in relation to regulatory requirements, acquisition accounting advice as well as reviews of internal control systems and financial or regulatory information.

Taxation services included assistance and training in relation to tax legislation and developments.

Other services include project assurance, reviews of compliance with legal and regulatory frameworks, review of governance, risk and control frameworks as well as benchmarking reviews.

Note 29 Lease Commitments

	Group		Bank	
	2015 $M	2014 $M	2015 $M	2014 $M
Lease Commitments - Property, Plant and Equipment				
Due within one year	**573**	561	**521**	509
Due after one year but not later than five years	**1,570**	1,453	**1,398**	1,300
Due after five years	**881**	994	**659**	753
Total lease commitments - property, plant and equipment	**3,024**	3,008	**2,578**	2,562

Lease Arrangements

Operating leases are entered into to meet the business needs of entities in the Group. Leases are primarily over commercial and retail premises and plant and equipment.

Lease rentals are determined in accordance with market conditions when leases are entered into or on rental review dates.

The total expected future sublease payments to be received are $114 million as at 30 June 2015 (2014: $127 million).

Note 30 Contingent Liabilities, Contingent Assets and Commitments

Details of contingent liabilities and off Balance Sheet business are presented below. The face (contract) value represents the maximum potential amount that could be lost if the counterparty fails to meet its financial obligations. The credit commitments shown in the table below also constitute contingent assets. These commitments would be classified as loans and other assets in the Balance Sheet on the occurrence of the contingent event.

	Group			
	Face Value		Credit Equivalent	
	2015	2014	2015	2014
Credit risk related instruments	**$M**	**$M**	**$M**	**$M**
Guarantees [1]	**6,181**	6,121	**6,181**	6,121
Documentary letters of credit [2]	**1,764**	4,729	**1,621**	4,546
Performance related contingents [3]	**2,007**	1,585	**1,881**	1,409
Commitments to provide credit [4]	**165,511**	151,135	**157,387**	143,270
Other commitments [5]	**2,113**	2,362	**1,852**	1,901
Total credit risk related instruments	**177,576**	165,932	**168,922**	157,247

	Bank			
	Face Value		Credit Equivalent	
	2015	2014	2015	2014
Credit risk related instruments	**$M**	**$M**	**$M**	**$M**
Guarantees [1]	**5,778**	5,724	**5,778**	5,724
Documentary letters of credit [2]	**1,704**	4,637	**1,573**	4,499
Performance related contingents [3]	**2,007**	1,585	**1,881**	1,409
Commitments to provide credit [4]	**152,772**	140,209	**145,935**	133,469
Other commitments [5]	**1,468**	1,228	**1,438**	1,189
Total credit risk related instruments	**163,729**	153,383	**156,605**	146,290

(1) Guarantees are unconditional undertakings given to support the obligations of a customer to third parties.
(2) Documentary letters of credit are undertakings by the Group and Bank to pay or accept drafts drawn by a supplier of goods against presentation of documents in the event of payment default by a customer.
(3) Performance related contingents are undertakings that oblige the Group and Bank to pay third parties should a customer fail to fulfil a contractual non-monetary obligation.
(4) Commitments to provide credit include all obligations on the part of the Group and Bank to provide credit facilities. As facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.
(5) Other commitments include underwriting facilities, commitments with certain drawdowns, standby letters of credit and bill endorsements.

Contingent Credit Liabilities

The Group and Bank is party to a range of financial instruments that give rise to contingent and/or future liabilities. These transactions are a consequence of the Group's normal course of business to meet the financing needs of its customers and in managing its own risk. These financial instruments include guarantees, letters of credit, bill endorsements and other commitments to provide credit.

These transactions combine varying levels of credit, interest rate, foreign exchange and liquidity risk. In accordance with Bank policy, exposures to any of these transactions (net of collateral) are not carried at a level that would have a material adverse effect on the financial condition of the Bank and its controlled entities.

Commitments to provide credit include both fixed and variable facilities. Fixed rate or fixed spread commitments extended to customers that allow net settlement of the change in the value of the commitment are written options and are recorded at fair value. Other commitments include the Group's and Bank's obligations under sale and repurchase agreements, outright forward purchases, forward deposits and underwriting facilities. Other commitments also include obligations not otherwise disclosed above to extend credit, which are irrevocable because they cannot be withdrawn at the discretion of the Group or Bank without the risk of incurring significant penalty or expense. In addition, commitments to purchase or sell loans are included in other commitments.

These transactions are categorised and credit equivalents calculated under APRA guidelines for the risk-based measurement of capital adequacy. The credit equivalent amounts are a measure of potential loss to the Group in the event of non-performance by the counterparty.

Under the Basel III advanced internal ratings based approach for credit risk, the credit equivalent amount is the face value of the transaction, on the basis that at default the exposure is the amount fully advanced. Only when approved by APRA may an exposure less than that fully-advanced amount be used as the credit equivalent exposure amount.

Note 30 Contingent Liabilities, Contingent Assets and Commitments (continued)

Contingent Credit Liabilities

As the potential loss depends on counterparty performance, the Group utilises the same credit policies in making commitments and conditional obligations as it does for on-Balance Sheet instruments. The Group and Bank takes collateral where it is considered necessary to support off Balance Sheet financial instruments with credit risk. If an event has occurred that gives rise to a present obligation and it is probable a loss will eventuate, then provisions are raised.

Failure to Settle Risk

The Group is subject to a credit risk exposure in the event that another financial institution fails to settle for its payments clearing activities, in accordance with the regulations and procedures of the following clearing systems of the Australian Payments Clearing Association Limited: The Australian Paper Clearing System, The Bulk Electronic Clearing System, The Consumer Electronic Clearing System and the High Value Clearing System (only if operating in "fallback mode"). This credit risk exposure is unquantifiable in advance, but is well understood, and is extinguished upon settlement following each exchange during the business day or at 9am next business day.

Litigation related Contingent Liabilities

The Group is not engaged in any litigation or claim which is likely to have a materially adverse effect on the business, financial condition or operating results of the Group. For all litigation exposure where some loss is probable and can be reliably estimated an appropriate provision has been made. Litigation related contingent liabilities at 30 June 2015 included:

Storm Financial

Class action proceedings were commenced in the Federal Court against the Group in relation to Storm Financial on 1 July 2010. The hearing of the proceedings concluded in November 2013 and judgement was reserved.

The parties exchanged a Deed of Settlement in an attempt to resolve the class action on 27 February 2015, and the Federal Court approved the proposed settlement on 7 July 2015. Any appeals of the Court's decision must be filed by 18 August 2015.

Pursuant to the Deed of Settlement, the Group has committed to make an amount of approximately $34 million (inclusive of compensation and legal costs) available under the settlement. The Group holds adequate provisions to cover this.

Exception Fee Class Actions

In May 2011, Maurice Blackburn announced that it intended to sue various Australian banks with respect to exception fees. Proceedings were issued against Commonwealth Bank of Australia in December 2011 and against Bankwest in April 2012. Neither claim has been progressed and both have been stayed since issue, and currently until December 2015, pending the outcome of similar proceedings against another bank where an appeal process to the High Court has been commenced. The Group denies the claims and the financial impact, if any, is not anticipated to have a material impact on the Group.

Other Contingent Liabilities

Fiduciary Activities

The Group conducts investment management and other fiduciary activities as responsible entity, trustee, custodian, adviser or manager for investment funds and trusts, including superannuation and approved deposit funds, wholesale and retail trusts. These funds and trusts are not consolidated as the Group does not have direct or indirect control. Where the Group incurs liabilities in respect of these activities, and the primary obligation is incurred in an agency capacity, for the fund or trust rather than on its own account, a right of indemnity exists against the assets of the applicable fund or trust. As these assets are sufficient to cover the liabilities and it is therefore not probable that the Group will be required to settle the liabilities, the liabilities are not included in the financial statements.

Services Agreements

The maximum contingent liability for termination benefits in respect of service agreements with the Chief Executive Officer and other Group Key Management Personnel at 30 June 2015 was $4.9 million (2014: $4.9 million).

Note 31 Risk Management

Risk Management Framework

Managing financial risks, especially credit risk, and non-financial risks is a fundamental part of the Group's business activities.

The Group has an integrated Risk Management Framework in place to manage risks (including identifying, measuring, assessing, reporting and mitigating risks) and risk-adjusted returns on a consistent and reliable basis.

The Framework incorporates the requirements of APRA's prudential standard for risk management (CPS 220), and is structured around the interaction and integration of its key documentary components:

- The Group's Risk Appetite Statement (RAS) articulates the type and degree of risk the Board is prepared to tolerate.
- The Group's business plan summarises the Group's strategy, including the strategic growth opportunities and capabilities supporting their achievement, and the risks to the strategy. Consideration of risk is an integral part of the Group's strategic planning process both at a Group level and in supporting Business Unit (BU) and Line of Business (LoB) strategic plans.
- The Group's Risk Management Strategy (RMS) is guided by the business plan and RAS, and documents the Group's approach to risk management for each of its material risks and the way that this is operationalised through governance, policy, reporting and infrastructure.

This framework requires each business to plan and manage the outcome of its risk-taking activities. This is supported by an internal risk-adjusted-performance measurement approach that allows for "the costs of risk" and on which results are assessed and incentives are based.

The framework requires that each business:

- proactively manages its risk profile within risk appetite levels;
- uses risk-adjusted outcomes and considerations as part of day-to-day business decision-making processes; and
- establishes and maintains appropriate risk controls.

Risk Governance

Risk Management governance originates at Board level, and cascades through the Group via policies, delegated authorities and committee structures. The Board and its Risk Committee operate under the direction of their respective charters.

The Board sets the foundation for risk management via its articulated RAS. It is also responsible for overseeing the establishment of systems of risk management by approving management's RMS document and the key frameworks and policy components.

The Risk Committee oversees the Group's Risk Management Framework and helps formulate the Group's risk appetite for consideration by the Board. It reviews regular reports from management on the measurement of risk and the adequacy and effectiveness of the Group's risk management and internal controls systems.

The Risk Committee also monitors the health of the Group's risk culture, and reports any significant issues to the Board.

Tax and accounting risks are governed by the Audit Committee.

Risk Infrastructure

Risk management infrastructure incorporates people, processes and systems. A fundamental aspect of this is the internal approach for risk management accountability which is structured according to a "Three Lines of Defence" model:

- Line 1 – Business Management is responsible for managing the risks for its business.
- Line 2 – Risk Management teams provide independent expertise and oversight for Business Management risk-taking activities.
- Line 3 – Group Audit and Assurance provides independent assurance regarding the adequacy and effectiveness of the Group's system of internal controls, risk management procedures and governance processes.

Note 31 Risk Management (continued)

Material Risks

There are a number of material risk types that could adversely affect the achievement of the Group's strategic or financial performance objectives:

Risk Type	Description	Governing Policies and Key Management Forums	Key Limits and Approaches
Credit Risk (refer to Note 32)	Credit risk is the potential of loss arising from failure of a debtor or counterparty to meet their contractual obligations. It arises primarily from lending activities, the provision of guarantees (including letters of credit), commitments to lend, investments in bonds and notes, financial market transactions, providers of credit enhancements (such as credit default swaps and lenders mortgage insurance), securitisations and other associated activities. In the insurance business, credit risk arises from investment in bonds and notes, loans, and reliance on reinsurance. At a portfolio level, credit risk includes concentration risk arising from interdependencies among counterparties and concentration of exposure to countries, geographical regions, industry sectors and products.	▪ The Group Credit Risk Framework and Policies, (including: Aggregation Policy, Portfolio Standards, Product Standards, Large Credit Exposure Policy; Country Risk Exposure Policy; and Industry Sector Concentration Policy) ▪ Key Forum: Executive Risk Committee	▪ Exposures to a single or groups of related counterparties (differentiated by counterparty type including individual, commercial, bank and government client groups; Probability of Default (PD) rating; security cover; and facility maturity); ▪ Industry limits in terms of exposure and risk adjusted concentration; ▪ Country exposure limits to control transfer/cross-border and sovereign default risks; and ▪ Exposures to consumer credit products managed within credit quality boundaries in BU RAS. The measurement of credit risk is based on an internal credit risk-rating system, which uses judgements on individuals or management, supported by analytical tools (including scorecards) to estimate expected and unexpected loss within the credit portfolio.
Market Risk (including Equity Risk) (refer to Note 33)	Market risk is the potential of an adverse impact on the Group's earnings or capital from changes in interest rates, foreign exchange rates, equity and commodity prices, credit spreads, the resale value of assets underlying operating leases at maturity and economic drivers of the Commonwealth Bank Group Super Fund. The Group distinguishes between two main types of market risk: ▪ Traded market risk principally arises from the Group's trading book activities within the Institutional Banking and Markets business and its subsidiary financial institutions. ▪ Non-traded market risk includes interest rate risk arising from the banking book (IRRBB), non-traded equity risk, market risk arising from the insurance business, structural foreign exchange risk and lease residual value risk.	▪ The Group Market Risk Framework (including the Group Market Risk Policy and Trading Book Policy Statement) ▪ Key Forum: Asset and Liability Committee	▪ Traded market risk (VaR and stress testing limits); ▪ IRRBB (Market Value Sensitivity and Net Interest Earnings at Risk limits); ▪ Lease residual value risk limits; ▪ Market risk in insurance business (VaR limits); ▪ Non-traded equity limits; and ▪ Super fund surplus and risk management reviews.
Liquidity and Funding Risk (refer to Note 34)	Liquidity risk is the combined risks of not being able to meet financial obligations as they fall due (funding liquidity risk), and that liquidity in financial markets, such as the market for debt securities, may reduce significantly (market liquidity risk).	▪ Group Liquidity Risk Management Policy and Strategy ▪ Key Forum: Asset and Liability Committee	▪ The Liquidity Coverage Ratio (LCR), which requires liquid assets exceed modelled 30 day stress outflows; ▪ Additional market and idiosyncratic stress test scenarios; and ▪ Limits that set tolerances for the sources and tenor of funding.

Note 31 Risk Management (continued)

Material Risks (continued)

Risk Type	Description	Governing Policies and Key Management Forums	Key Limits and Approaches
Operational Risk	Operational risk is risk of economic loss arising from inadequate or failed internal processes, people, systems or from external events.	▪ Operational Risk Management Framework (ORMF) ▪ Key Forum: Executive Committee	▪ Investigation and reporting of loss and near miss incidents; ▪ Comprehensive risk assessment and control assurance processes; ▪ Quantitative Risk Assessment Framework, ORMF and Capital modelling; ▪ Support from skilled risk professionals embedded across the Group; and ▪ Single integrated operational risk and compliance system (RiskinSite) in use to enable consistent application of the ORMF/CRMF across the Group, transparency and reporting of risk management activities for business management and monitoring, and review activities.
Compliance Risk	Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that the Group may suffer as a result of its failure to comply with requirements of relevant laws, regulatory bodies, industry standards and codes.	▪ Compliance Risk Management Framework (CRMF) ▪ Key Forum: Executive Committee	▪ A structured hierarchy of committees and forums across the Group, each with specified accountabilities, primarily undertaken at the BU level; ▪ Maintaining pro-active relationships with our regulators at all times; ▪ Establishing appropriate policies, processes and procedures; ▪ Undertaking robust and well-informed advocacy and lobbying activities including participation in 'quantitative impact studies' for regulators; and ▪ Employing appropriate management, monitoring and reporting of compliance activities.
Insurance Risk	Insurance risk is the risk of loss due to increases in claim payments arising from variations in the incidence or severity of insured events. In the life insurance business this arises primarily through mortality (death) or morbidity (illness or injury) claims being greater than expected. In the general insurance business, variability arises mainly through weather-related incidents and similar events, as well as general variability in home, motor and travel insurance claim amounts.	▪ Risk Management Frameworks (including RMS and RAS, and underwriting and claims standards) of insurance writing businesses ▪ Key Forum: Executive Committees of insurance writing businesses	The management of insurance risk is an integral part of the operation of the Group's insurance businesses. It is applied on an end-to-end basis, from underwriting to policy termination or claim payment. The major methods of mitigating insurance risk are: ▪ Sound product design and pricing, to ensure that customers understand the extent of their cover and that premiums are sufficient to cover the risk involved; ▪ Underwriting new customers to ensure that the cover provided and the premium rates quoted are appropriate for the level of risk accepted; ▪ Regular review of insurance experience, so that product design, policy liabilities and pricing remain sound; ▪ Claims management to ensure that claims are paid within the agreed policy terms and that these genuine claims are paid as soon as possible after documentation is received and reasonable investigations are undertaken; and ▪ Transferring a proportion of insurance risk to reinsurers to keep within risk appetite.

Note 31 Risk Management (continued)

Material Risks (continued)

Risk Type	Description	Governing Policies and Key Management Forums	Key Limits and Approaches
Strategic Business Risk	Strategic business risk is defined as the risk of economic loss resulting from changes in the business environment caused by macroeconomic conditions, competitive forces at work, technology, regulatory or social trends.	▪ Group RMS ▪ Key Forum: Executive Committee	Elements of other risk type policies and processes in addition to management controls including strategic planning and implementation, and financial management. The Board accepts or amends the Group's overall strategy and each key BU's strategic plans. They do so as they simultaneously consider: ▪ Development and consideration by the Board of the most significant risks (current and emerging); and ▪ BU's RASs, which include references to key risk limits, and changes to the risk profile arising from adopting the strategy.
Reputational Risk	Reputational risk arises from negative perception on the part of customers, counterparties, shareholders, investors, debt holders, market analysts, regulators and other relevant parties of the Group. In many, but not all respects, adverse reputational risk outcomes flow from the failure to manage other types of risk.	▪ Cultural Framework and Statement of Professional Practice ▪ Sustainability Framework ▪ Key Forum: Executive Committee	▪ Risk culture and behavioural standards are set out in the Group's RAS and various other codes of conduct and related standards; ▪ Reinforcing Group-wide requirements on leadership values that support the Group's vision to excel at securing and enhancing the financial wellbeing of people, businesses and communities; and ▪ Elements of other risk type policies and processes in addition to: – Crisis management testing of leadership team; – Support from skilled risk professionals embedded across the Group; – Sustainability framework which supports the Group in managing its Environmental, Social and Governance (ESG) risks.

Note 32 Credit Risk

Credit Risk Management Principles and Portfolio Standards

The Group has clearly defined credit policies for the approval and management of credit risk. Formal credit standards apply to all credit risks, with specific portfolio standards applying to all major lending areas. These set the minimum requirements in assessing the integrity and ability of debtors and/or counterparties to meet their contracted financial obligations for repayment, acceptable forms of collateral and security and the frequency of credit reviews.

The principles and portfolio standards are designed to achieve portfolio outcomes that are consistent with the Group's risk appetite and risk/return expectations.

The Credit Portfolio Assurance unit, part of Group Audit and Assurance, reviews credit portfolios and business unit compliance with policies, portfolio standards, application of credit risk ratings and other key practices on a regular basis.

The credit risk portfolio has two major segments:

(i) Retail Managed Segment

This segment has sub-segments covering housing loans, credit cards, personal loans, some leasing products, some unsecured commercial lending and most secured commercial lending up to $1 million.

Auto-decisioning is used to approve credit applications for eligible customers in this segment. Auto-decisioning uses a scorecard approach based on the Group's historical experience on similar applications, information from a credit reference bureau and/or from the Group's existing knowledge of a customer's behaviour.

Loan applications that do not meet scorecard Auto-decisioning requirements may be referred to a Risk Management Officer with a Personal Credit Approval Authority (PCAA) for manual decisioning.

After loan origination, these portfolios are managed using behavioural scoring systems and on a delinquency band approach, e.g. actions taken when loan payments are greater than 30 days past due differ from actions when payments are greater than 60 days past due, and are reviewed by the relevant Risk Management or Business Credit Support Unit.

(ii) Risk-Rated Segment

This segment comprises commercial exposures, including bank and government exposures. Each exposure is assigned an internal Credit Risk-Rating (CRR) based on Probability of Default (PD) and Loss Given Default (LGD).

For credit risk rated exposures either a PD Rating Tool or expert judgement is used to determine the PD. Expert judgement is used where the complexity of the transaction and/or the debtor is such that it is inappropriate to rely completely on a statistical model. External ratings may be used as inputs into the expert judgement assessment.

The CRR is designed to:

- Aid in assessing changes to the client quality of the Group's credit portfolio;
- Influence decisions on approval, management and pricing of individual credit facilities; and
- Provide the basis for reporting details of the Group's credit portfolio.

Credit risk-rated exposures are generally reviewed on an individual basis, at least annually, although small transactions may be managed on a behavioural basis after their initial rating at origination. Credit risk-rated exposures fall within the following categories:

- "Pass" – these credit facilities qualify for approval of new or increased exposure on normal commercial terms; and
- "Troublesome or Impaired Assets (TIAs)" – these credit facilities are not eligible for new or increased exposure, unless it will protect or improve the Group's position by maximising recovery prospects or to facilitate rehabilitation. Where a client is in default but the facility is well secured, the facility may be classed as troublesome but not impaired. Where a client's facility is not well secured and a loss is expected, the facility is classed as impaired. Restructured facilities, where the original contractual arrangements have been modified to provide concessions for the customer's financial difficulties, are rendered non-commercial to the Group and considered impaired.

Default is usually consistent with one or more of the following:

- The customer is 90 days or more overdue on a scheduled credit obligation repayment; or
- The customer is unlikely to repay their credit obligation to the Group in full without taking action, such as realising on available security.

Credit Risk Measurement

The measurement of credit risk uses analytical tools to calculate both: (i) Expected, and (ii) Unexpected Loss probabilities for the credit portfolio. The use of analytical tools is governed by a Credit Rating Governance Committee.

(i) Expected Loss

Expected Loss (EL) is the product of:

- PD;
- Exposure at Default (EAD); and
- LGD.

The PD, expressed as a percentage, is the estimate of the probability that a client will default within the next 12 months. It reflects a client's ability to generate sufficient cash flows into the future to meet the terms of all their credit obligations with the Group.

The dollar amount of EAD is the estimate of the amount of a facility that will be outstanding in the event of default. Estimates are based on downturn economic conditions.

EAD for committed facilities is measured as a dollar amount based on the drawn and undrawn components 12 months prior to default. It comprises the drawn balance plus an undrawn amount that is expected to convert to drawn in the period leading up to default. For most committed facilities, the Group applies a credit conversion factor of 100% to the undrawn amount.

For uncommitted facilities the EAD will generally be the drawn balance only. For retail exposures, a modelling approach based on limit usage, arrears and loan type is used to segment accounts into homogeneous pools for the calculation.

LGD expressed as a percentage, is the estimated proportion of a facility likely to be lost in the event of default. LGD is impacted by:

- Type and level of any collateral held;
- Liquidity and volatility of collateral;
- Carrying costs (effectively the costs of providing a facility that is not generating an interest return); and
- Realisation costs.

Note 32 Credit Risk (continued)

Credit Risk Measurement (continued)

Various factors are considered when calculating PD, EAD and LGD. Considerations include the potential for default by a borrower due to economic, management, industry and other risks, and the mitigating benefits of any collateral.

(ii) Unexpected Loss

In addition to EL, a more stressed loss amount is calculated. This Unexpected Loss estimate directly affects the calculation of regulatory and internal economic capital requirements. Refer to the Group Operations and Business Settings section and Note 25 for information relating to regulatory capital.

Credit Risk Mitigation, Collateral and Other Credit Enhancements

The Group has policies and procedures in place setting out the circumstances where acceptable and appropriate collateral is to be taken to mitigate credit risk, including valuation parameters, review frequency and independence of valuation.

The general nature and amount of collateral that may be taken by financial asset classes are summarised below.

Cash and Liquid Assets

Collateral is not usually sought on the majority of Cash and liquid asset balances as these types of exposures are generally considered low risk. However, securities purchased under agreement to resell are 100% collateralised by highly liquid debt securities. The collateral related to agreements to resell has been legally transferred to the Group subject to an agreement to return them for a fixed price.

The Group's cash and liquid asset balance included $16,028 million (2014: $15,815 million) deposited with central banks and considered to carry less credit risk.

Receivables Due from Other Financial Institutions

Collateral is usually not sought on these balances as exposures are generally considered to be of low risk. The exposures are mainly to relatively low risk banks (Rated A+, AA- or better).

Trading Assets at Fair Value through Income Statement and Available-for-Sale (AFS) Investments

These assets are carried at fair value, which accounts for the credit risk. Collateral is not generally sought from the issuer or counterparty. Credit derivatives have been used to a limited extent to mitigate the exposure to credit risk.

Insurance Assets

These assets are carried at fair value, which accounts for the credit risk. Collateral is not generally sought or provided on these types of assets, other than a fixed charge over properties backing Australian mortgage investments.

In most cases the credit risk of insurance assets is borne by policyholders. However, on certain insurance contracts the Group retains exposure to credit risk.

Other Assets at Fair Value through Income Statement

These assets are carried at fair value, which accounts for the credit risk. Credit derivatives used to mitigate the exposure to credit risk are not significant.

Derivative Assets

The Group's use of derivative contracts is outlined in Note 10. The Group is exposed to credit risk on derivative contracts, which arises as a result of counterparty credit risk. The Group's exposure to counterparty credit risk is affected by the nature of the trades, the creditworthiness of the counterparty, netting, and collateral arrangements.

Credit risk from derivatives is mitigated where possible (typically for financial markets counterparties, but less frequently for corporate or government counterparties) through netting agreements, whereby derivative assets and liabilities with the same counterparty can be offset and clearing of trades with Central Counterparties (CCPs). Group policy requires all netting arrangements to be legally documented. The International Swaps and Derivatives Association (ISDA) Master Agreement (or other derivative contracts) are used by the Group as an agreement for documenting Over-the-Counter (OTC) derivatives.

Collateral is obtained against derivative assets, depending on the creditworthiness of the counterparty and/or nature of the transaction. The fair value of collateral held and the potential effect of offset obtained by applying master netting agreements are disclosed in Note 43.

Due from Controlled Entities

Collateral is not generally taken on these intergroup balances.

Credit Commitments and Contingent Liabilities

The Group applies fundamentally the same risk management policies for off Balance Sheet risks as it does for its on Balance Sheet risks. Collateral may be sought depending on the strength of the counterparty and the nature of the transaction. Of the Group's off Balance Sheet exposures, $93,047 million (2014: $85,613 million) are secured.

Loans, Bills Discounted and Other Receivables

The principal collateral types for loans and receivable balances are:

- Mortgages over residential and commercial real estate;
- Charges over business assets such as cash, scrips, inventory, fixed assets and accounts receivables; and
- Guarantees received from third parties.

Collateral security, in the form of real estate or a charge over income or assets, is generally taken except for government, bank and corporate counterparties that are often externally risk-rated and of strong financial standing. Longer term consumer finance, such as housing loans, is generally secured against real estate, while short term revolving consumer credit is generally not secured by formal collateral.

Specifically, the collateral mitigating credit risk of the key lending portfolios is addressed in the table notes in the collateral held against Loans, bills discounted and other receivables section of this note.

Note 32 Credit Risk (continued)

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

The tables below detail the concentration of credit exposure assets by significant geographical locations and counterparty types. Disclosures do not take into account collateral held and other credit enhancements.

										Group At 30 June 2015
	Sovereign $M	Agri-culture $M	Bank and Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financ-ing $M	Other Comm and Indust. $M	Other $M	Total $M
Australia										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	-	-	15,939	-	-	-	-	-	-	15,939
Receivables due from other financial institutions	-	-	3,284	-	-	-	-	-	-	3,284
Assets at fair value through Income Statement:										
Trading	10,477	-	2,087	-	-	-	-	10,267	-	22,831
Insurance	696	-	7,269	-	-	-	-	3,885	-	11,850
Other	95	-	470	-	-	-	-	615	-	1,180
Derivative assets	1,282	115	29,319	-	48	-	-	6,898	-	37,662
Available-for-sale investments	34,795	-	28,510	-	-	-	-	1,040	-	64,345
Loans, bills discounted and other receivables (1)	5,521	6,258	15,157	383,174	2,722	22,313	8,356	117,557	-	561,058
Bank acceptances	2	1,299	61	-	353	-	-	-	-	1,715
Other assets (2)	786	37	6,312	608	70	51	4	959	12,838	21,665
Total on Balance Sheet Australia	53,654	7,709	108,408	383,782	3,193	22,364	8,360	141,221	12,838	741,529
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	109	14	149	45	679	7	-	4,759	-	5,762
Loan commitments	577	1,595	3,845	66,437	3,253	22,605	-	40,482	-	138,794
Other commitments	50	13	1,727	24	874	2	164	2,263	-	5,117
Total Australia	54,390	9,331	114,129	450,288	7,999	44,978	8,524	188,725	12,838	891,202
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	-	-	17,177	-	-	-	-	-	-	17,177
Receivables due from other financial institutions	-	-	8,256	-	-	-	-	-	-	8,256
Assets at fair value through Income Statement:										
Trading	1,010	-	1,358	-	-	-	-	1,225	-	3,593
Insurance	-	-	2,238	-	-	-	-	-	-	2,238
Other	-	-	98	-	-	-	-	-	-	98
Derivative assets	710	24	5,848	-	-	-	-	1,910	-	8,492
Available-for-sale investments	7,092	-	3,133	-	-	-	-	114	-	10,339
Loans, bills discounted and other receivables (1)	12,929	7,990	7,572	39,677	407	1,128	558	12,909	-	83,170
Bank acceptances	-	-	-	-	-	-	-	229	-	229
Other assets (2)	45	-	1,409	1	1	19	54	77	1,685	3,291
Total on Balance Sheet overseas	21,786	8,014	47,089	39,678	408	1,147	612	16,464	1,685	136,883
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	1	3	60	-	69	-	-	286	-	419
Loan commitments	512	989	1,401	5,887	154	1,711	3	16,060	-	26,717
Other commitments	71	-	-	-	5	-	-	691	-	767
Total overseas	22,370	9,006	48,550	45,565	636	2,858	615	33,501	1,685	164,786
Total gross credit risk	76,760	18,337	162,679	495,853	8,635	47,836	9,139	222,226	14,523	1,055,988

(1) Loans, bills discounted and other receivables is presented gross of provisions for impairment and unearned income on lease receivables in line with Note 12.

(2) For the purpose of reconciling to the Balance Sheet, "Other assets" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in Associates and Joint Ventures, Intangible assets, Deferred tax assets and Other assets.

Note 32 Credit Risk (continued)

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements (continued)

Group
At 30 June 2014

	Sovereign $M	Agri-culture $M	Bank & Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financ-ing $M	Other Comm & Indust. $M	Other $M	Total $M
Australia										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	-	-	8,249	-	-	-	-	-	-	8,249
Receivables due from other financial institutions	-	-	3,707	-	-	-	-	-	-	3,707
Assets at fair value through Income Statement:										
Trading	9,026	-	1,517	-	-	-	-	7,049	-	17,592
Insurance	767	-	7,425	-	-	-	-	4,816	-	13,008
Other	54	-	372	-	-	-	-	-	-	426
Derivative assets	414	48	21,989	-	19	-	-	3,268	-	25,738
Available-for-sale investments	32,097	-	24,795	-	-	-	-	947	-	57,839
Loans, bills discounted and other receivables (1)	5,920	5,864	10,179	360,218	2,679	23,047	8,078	110,453	-	526,438
Bank acceptances	2	2,226	128	-	536	-	-	2,092	-	4,984
Other assets (2)	77	16	4,794	642	7	76	9	393	12,868	18,882
Total on Balance Sheet Australia	48,357	8,154	83,155	360,860	3,241	23,123	8,087	129,018	12,868	676,863
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	103	26	214	-	806	-	-	4,555	-	5,704
Loan commitments	808	1,701	2,577	64,904	1,832	21,551	7	36,316	-	129,696
Other commitments	57	20	4,634	-	490	-	147	2,056	-	7,404
Total Australia	49,325	9,901	90,580	425,764	6,369	44,674	8,241	171,945	12,868	819,667
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	-	-	18,160	-	-	-	-	-	-	18,160
Receivables due from other financial institutions	-	-	4,358	-	-	-	-	-	-	4,358
Assets at fair value through Income Statement:										
Trading	1,426	-	571	-	-	-	-	1,870	-	3,867
Insurance	-	-	2,134	-	-	-	-	-	-	2,134
Other	138	-	196	-	-	-	-	-	-	334
Derivative assets	181	10	2,589	-	-	-	-	729	-	3,509
Available-for-sale investments	5,703	-	2,594	-	-	-	-	1	-	8,298
Loans, bills discounted and other receivables (1)	12,309	7,389	5,486	39,467	378	1,085	327	10,221	-	76,662
Bank acceptances	-	11	-	-	-	-	-	32	-	43
Other assets (2)	35	-	761	1	1	4	49	43	1,648	2,542
Total on Balance Sheet overseas	19,792	7,410	36,849	39,468	379	1,089	376	12,896	1,648	119,907
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	1	3	50	-	82	-	-	281	-	417
Loan commitments	491	547	722	5,598	543	1,689	-	11,849	-	21,439
Other commitments	73	-	-	-	6	-	-	1,193	-	1,272
Total overseas	20,357	7,960	37,621	45,066	1,010	2,778	376	26,219	1,648	143,035
Total gross credit risk	69,682	17,861	128,201	470,830	7,379	47,452	8,617	198,164	14,516	962,702

(1) Loans, bills discounted and other receivables is presented gross of provisions for impairment and unearned income on lease receivables in line with Note 12.

(2) For the purpose of reconciling to the Balance Sheet, "Other assets" predominantly comprises assets which do not give rise to credit exposure, including Property, plant and equipment, Investment in Associates and Joint Ventures, Intangible assets, Deferred tax assets and Other assets.

Note 32 Credit Risk (continued)

Large Exposures

Concentrations of exposure to any debtor or counterparty group are controlled by a large credit exposure policy, which defines a graduated limit framework that restricts credit limits based on the internally assessed risk of the client, the type of client and the security cover and facility tenor. All exposures outside the policy limits require approval by the Executive Risk Committee and are reported to the Risk Committee.

The following table shows the aggregated number of the Group's Corporate and Industrial counterparty exposures (including direct and contingent exposures), which individually were greater than 5% of the Group's capital resources (Tier 1 and Tier 2 capital):

	Group	
	2015	2014
	Number	Number
5% to less than 10% of the Group's capital resources	2	2
10% to less than 15% of the Group's capital resources	-	-

The Group has a high quality, well diversified credit portfolio, with 59% of the gross loans and other receivables in domestic mortgage loans and a further 6% in overseas mortgage loans, primarily in New Zealand. Overseas loans account for 13% of loans and advances.

Distribution of Financial Assets by Credit Classification

When doubt arises as to the collectability of a credit facility, the financial instrument is classified and reported as impaired. Provisions for impairment are raised where there is objective evidence of impairment and for an amount adequate to cover assessed credit related losses. The Group regularly reviews its financial assets and monitors adherence to contractual terms. Credit risk-rated portfolios are assessed, at least at each Balance Sheet date, to determine whether the financial asset or portfolio of assets is impaired.

Distribution of Financial Instruments by Credit Quality

The table below segregates financial instruments into neither past due nor impaired, past due but not impaired and impaired. An asset is considered to be past due when any payment under the contractual terms has been missed. The amount included as past due is the entire contractual balance, rather than the overdue portion.

The split in the tables below does not reflect the basis by which the Group manages credit risk.

						Group 2015
	Neither Past Due nor Impaired $M	Past due but not Impaired $M	Impaired Assets $M	Gross $M	Total Provisions for Impairment Losses $M	Net $M
Cash and liquid assets	33,116	-	-	33,116	-	33,116
Receivables due from other financial institutions	11,540	-	-	11,540	-	11,540
Assets at fair value through Income Statement:						
Trading	26,424	-	-	26,424	-	26,424
Insurance	14,088	-	-	14,088	-	14,088
Other	1,278	-	-	1,278	-	1,278
Derivative assets	46,154	-	-	46,154	-	46,154
Available-for-sale investments	74,684	-	-	74,684	-	74,684
Loans, bills discounted and other receivables:						
Australia	545,448	13,402	2,208	561,058	(3,322)	557,736
Overseas	80,290	2,396	484	83,170	(296)	82,874
Bank acceptances	1,944	-	-	1,944	-	1,944
Credit related commitments	177,413	-	163	177,576	(31)	177,545
Total	1,012,379	15,798	2,855	1,031,032	(3,649)	1,027,383

Note 32 Credit Risk (continued)

Distribution of Financial Instruments by Credit Quality (continued)

Group 2014

	Neither Past Due nor Impaired $M	Past Due but not Impaired $M	Impaired Assets $M	Gross $M	Total Provisions for Impairment Losses $M	Net $M
Cash and liquid assets	26,409	-	-	26,409	-	26,409
Receivables due from other financial institutions	8,065	-	-	8,065	-	8,065
Assets at fair value through Income Statement:						
Trading	21,459	-	-	21,459	-	21,459
Insurance	15,142	-	-	15,142	-	15,142
Other	760	-	-	760	-	760
Derivative assets	29,213	-	34	29,247	-	29,247
Available-for-sale investments	66,137	-	-	66,137	-	66,137
Loans, bills discounted and other receivables:						
Australia	511,154	12,665	2,619	526,438	(3,599)	522,839
Overseas	73,188	2,923	551	76,662	(267)	76,395
Bank acceptances	5,027	-	-	5,027	-	5,027
Credit related commitments	165,769	-	163	165,932	(40)	165,892
Total	922,323	15,588	3,367	941,278	(3,906)	937,372

Bank 2015

	Neither Past Due nor Impaired $M	Past Due but not Impaired $M	Impaired Assets $M	Gross $M	Total Provisions for Impairment Losses $M	Net $M
Cash and liquid assets	**31,683**	**-**	**-**	**31,683**	**-**	**31,683**
Receivables due from other financial institutions	**9,720**	**-**	**-**	**9,720**	**-**	**9,720**
Assets at fair value through Income Statement:						
Trading	**25,135**	**-**	**-**	**25,135**	**-**	**25,135**
Insurance	**-**	**-**	**-**	**-**	**-**	**-**
Other	**989**	**-**	**-**	**989**	**-**	**989**
Derivative assets	**45,607**	**-**	**-**	**45,607**	**-**	**45,607**
Available-for-sale investments	**72,304**	**-**	**-**	**72,304**	**-**	**72,304**
Loans, bills discounted and other receivables:						
Australia	**540,264**	**13,392**	**2,170**	**555,826**	**(3,298)**	**552,528**
Overseas	**21,876**	**11**	**148**	**22,035**	**(56)**	**21,979**
Bank acceptances	**1,908**	**-**	**-**	**1,908**	**-**	**1,908**
Shares in and loans to controlled entities	**143,756**	**-**	**-**	**143,756**	**-**	**143,756**
Credit related commitments	**163,571**	**-**	**158**	**163,729**	**(31)**	**163,698**
Total	**1,056,813**	**13,403**	**2,476**	**1,072,692**	**(3,385)**	**1,069,307**

Bank 2014

	Neither Past Due nor Impaired $M	Past Due but not Impaired $M	Impaired Assets $M	Gross $M	Total Provisions for Impairment Losses $M	Net $M
Cash and liquid assets	24,108	-	-	24,108	-	24,108
Receivables due from other financial institutions	7,457	-	-	7,457	-	7,457
Assets at fair value through Income Statement:						
Trading	20,572	-	-	20,572	-	20,572
Insurance	-	-	-	-	-	-
Other	561	-	-	561	-	561
Derivative assets	29,582	-	33	29,615	-	29,615
Available-for-sale investments	131,577	-	-	131,577	-	131,577
Loans, bills discounted and other receivables:						
Australia	507,950	12,658	2,576	523,184	(3,563)	519,621
Overseas	16,622	21	233	16,876	(71)	16,805
Bank acceptances	4,984	-	-	4,984	-	4,984
Shares in and loans to controlled entities	64,086	-	-	64,086	-	64,086
Credit related commitments	153,226	-	157	153,383	(40)	153,343
Total	960,725	12,679	2,999	976,403	(3,674)	972,729

Note 32 Credit Risk (continued)

Credit Quality of Loans, Bills Discounted and Other Financial Assets which were Neither Past Due nor Impaired

For the analysis below, financial assets that are neither past due nor impaired have been segmented into investment, pass and weak classifications. This segmentation of loans in retail and risk-rated portfolios is based on the mapping of a customer's internally assessed PD to Standard and Poor's ratings, reflecting a client's ability to meet their credit obligations. In particular, retail PD pools have been aligned to the Group's PD grades which are consistent with rating agency views of credit quality segmentation. Investment grade is representative of lower assessed default probabilities with other classifications reflecting progressively higher default risk. No consideration is given to LGD, the impact of any recoveries or the potential benefit of mortgage insurance.

Segmentation of financial assets other than loans is based on external credit ratings of the counterparties and issuers of financial instruments held by the Group and the Bank.

					Group 2015
Credit grading	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial and Industrial $M	Total $M
Australia					
Investment	254,704	4,247	674	93,362	352,987
Pass	107,520	13,046	7,260	50,068	177,894
Weak	9,625	3,722	201	1,019	14,567
Total Australia	371,849	21,015	8,135	144,449	545,448
Overseas (1)					
Investment	9,501	-	273	28,327	38,101
Pass	28,011	836	243	12,643	41,733
Weak	337	-	-	119	456
Total overseas	37,849	836	516	41,089	80,290
Total loans which were neither past due nor impaired	409,698	21,851	8,651	185,538	625,738

					Group 2014
Credit grading	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial and Industrial $M	Total $M
Australia					
Investment	236,487	4,367	597	86,674	328,125
Pass	104,144	13,647	7,060	43,557	168,408
Weak	9,110	3,845	218	1,448	14,621
Total Australia	349,741	21,859	7,875	131,679	511,154
Overseas (1)					
Investment	11,819	-	12	23,802	35,633
Pass	24,979	738	300	11,146	37,163
Weak	264	-	1	127	392
Total overseas	37,062	738	313	35,075	73,188
Total loans which were neither past due nor impaired	386,803	22,597	8,188	166,754	584,342

(1) For New Zealand Housing Loans, PDs reflect Reserve Bank of New Zealand requirements resulting in higher PDs on average and lower grading.

Note 32 Credit Risk (continued)

Credit Quality of Loans, Bills Discounted and Other Financial Assets which were Neither Past Due nor Impaired (continued)

					Bank 2015
Credit grading	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial and Industrial $M	Total $M
Australia					
Investment	256,784	4,443	638	89,964	351,829
Pass	101,794	13,717	7,210	50,890	173,611
Weak	9,606	3,942	201	1,075	14,824
Total Australia	368,184	22,102	8,049	141,929	540,264
Overseas					
Investment	128	-	258	18,659	19,045
Pass	378	19	-	2,416	2,813
Weak	6	-	-	12	18
Total overseas	512	19	258	21,087	21,876
Total loans which were neither past due nor impaired	368,696	22,121	8,307	163,016	562,140

					Bank 2014
Credit grading	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial and Industrial $M	Total $M
Australia					
Investment	236,276	4,366	549	85,772	326,963
Pass	102,495	13,647	7,010	43,277	166,429
Weak	9,103	3,845	217	1,393	14,558
Total Australia	347,874	21,858	7,776	130,442	507,950
Overseas					
Investment	158	-	1	14,645	14,804
Pass	305	13	3	1,497	1,818
Weak	-	-	-	-	-
Total overseas	463	13	4	16,142	16,622
Total loans which were neither past due nor impaired	348,337	21,871	7,780	146,584	524,572

Note 32 Credit Risk (continued)

Other Financial Assets which were Neither Past Due nor Impaired

The majority of all other financial assets of the Group and the Bank that were neither past due nor impaired as of 30 June 2015 and 30 June 2014 were of investment grade.

Age Analysis of Loans, Bills Discounted and Other Receivables that are Past Due but Not Impaired

For the purposes of this analysis an asset is considered to be past due when any payment under the contractual terms has been missed.

Past due loans are not classified as impaired if no loss to the Group is expected or if the loans are unsecured consumer loans and less than 90 days past due.

					Group 2015
Loans which were past due but not impaired	Home Loans $M	Other Personal [1] $M	Asset Financing $M	Other Commercial and Industrial $M	Total $M
Australia					
Past due 1 - 29 days	6,131	691	59	878	7,759
Past due 30 - 59 days	1,835	204	43	204	2,286
Past due 60 - 89 days	839	129	27	156	1,151
Past due 90 - 179 days	956	-	1	218	1,175
Past due 180 days or more	729	8	-	294	1,031
Total Australia	10,490	1,032	130	1,750	13,402
Overseas					
Past due 1 - 29 days	1,410	218	8	324	1,960
Past due 30 - 59 days	177	32	3	12	224
Past due 60 - 89 days	71	12	1	11	95
Past due 90 - 179 days	49	12	1	21	83
Past due 180 days or more	19	5	-	10	34
Total overseas	1,726	279	13	378	2,396
Total loans which were past due but not impaired	12,216	1,311	143	2,128	15,798

					Group 2014
Loans which were past due but not impaired	Home Loans $M	Other Personal [1] $M	Asset Financing $M	Other Commercial and Industrial $M	Total $M
Australia					
Past due 1 - 29 days	5,639	622	66	797	7,124
Past due 30 - 59 days	1,731	185	39	255	2,210
Past due 60 - 89 days	830	111	11	147	1,099
Past due 90 - 179 days	860	-	-	274	1,134
Past due 180 days or more	676	10	-	412	1,098
Total Australia	9,736	928	116	1,885	12,665
Overseas					
Past due 1 - 29 days	1,829	253	9	285	2,376
Past due 30 - 59 days	254	39	2	10	305
Past due 60 - 89 days	95	22	1	3	121
Past due 90 - 179 days	57	15	1	5	78
Past due 180 days or more	27	7	-	9	43
Total overseas	2,262	336	13	312	2,923
Total loans which were past due but not impaired	11,998	1,264	129	2,197	15,588

(1) Included in these balances are credit card facilities and other unsecured portfolio managed facilities up to 90 days past due. At 90 days past due, the loans are classified as impaired.

Note 32 Credit Risk (continued)

Age Analysis of Loans, Bills Discounted and Other Receivables that are Past Due but Not Impaired (continued)

Loans which were past due but not impaired	Home Loans $M	Other Personal [1] $M	Asset Financing $M	Other Commercial and Industrial $M	Total $M
					Bank 2015
Australia					
Past due 1 - 29 days	6,126	691	59	878	7,754
Past due 30 - 59 days	1,834	204	43	204	2,285
Past due 60 - 89 days	838	129	26	156	1,149
Past due 90 - 179 days	955	-	1	218	1,174
Past due 180 days or more	728	8	-	294	1,030
Total Australia	10,481	1,032	129	1,750	13,392
Overseas					
Past due 1 - 29 days	7	-	-	1	8
Past due 30 - 59 days	-	-	-	-	-
Past due 60 - 89 days	-	-	-	-	-
Past due 90 - 179 days	1	-	-	1	2
Past due 180 days or more	-	-	-	1	1
Total overseas	8	-	-	3	11
Total loans which were past due but not impaired	10,489	1,032	129	1,753	13,403

Loans which were past due but not impaired	Home Loans $M	Other Personal [1] $M	Asset Financing $M	Other Commercial and Industrial $M	Total $M
					Bank 2014
Australia					
Past due 1 - 29 days	5,635	622	66	797	7,120
Past due 30 - 59 days	1,729	185	39	255	2,208
Past due 60 - 89 days	829	111	10	147	1,097
Past due 90 - 179 days	860	-	-	274	1,134
Past due 180 days or more	676	10	-	413	1,099
Total Australia	9,729	928	115	1,886	12,658
Overseas					
Past due 1 - 29 days	15	-	-	3	18
Past due 30 - 59 days	1	-	-	-	1
Past due 60 - 89 days	-	-	-	-	-
Past due 90 - 179 days	1	-	-	-	1
Past due 180 days or more	1	-	-	-	1
Total overseas	18	-	-	3	21
Total loans which were past due but not impaired	9,747	928	115	1,889	12,679

(1) Included in these balances are credit card facilities and other unsecured portfolio managed facilities up to 90 days past due. At 90 days past due, the loans are classified as impaired.

Impaired Assets by Classification

Assets in credit risk rated portfolios and retail managed portfolios are assessed for objective evidence that the financial asset is impaired.

Impaired assets are split into the following categories:

- Non-Performing Facilities;
- Restructured Facilities; and
- Unsecured retail products 90 days or more past due.

Non-performing facilities are facilities against which an individually assessed provision for impairment has been raised and facilities where loss of principal or interest is anticipated.

Note 32 Credit Risk (continued)

Impaired Assets by Classification (continued)

Restructured facilities are facilities where the original contractual terms have been modified to non-commercial terms due to financial difficulties of the borrower. Interest on these facilities is taken to the Income Statement. Failure to comply fully with the modified terms will result in immediate reclassification to non-performing.

Unsecured retail products 90 days or more past due are credit cards, personal loans and other unsecured retail products which are 90 days or more past due. These loans are collectively provided for.

The Group does not manage credit risk based solely on arrears categorisation, but also uses credit risk rating principles as described earlier in this note.

					Group
	2015 $M	2014 $M	2013 $M	2012 $M	2011 $M
Australia					
Non-Performing assets:					
Gross balances	**1,940**	2,134	3,316	3,966	4,592
Less individual provisions for impairment	**(775)**	(1,035)	(1,564)	(1,920)	(2,031)
Net non-performing assets	**1,165**	1,099	1,752	2,046	2,561
Restructured assets:					
Gross balances	**144**	361	346	93	38
Less individual provisions for impairment	**-**	-	-	-	-
Net restructured assets	**144**	361	346	93	38
Unsecured retail products 90 days or more past due:					
Gross balances	**251**	236	217	204	202
Less provisions for impairment [1]	**(130)**	(131)	(128)	(120)	(109)
Unsecured retail products 90 days or more past due	**121**	105	89	84	93
Net Australia impaired assets	**1,430**	1,565	2,187	2,223	2,692
Overseas					
Non-Performing assets:					
Gross balances	**454**	377	356	344	467
Less individual provisions for impairment	**(112)**	(92)	(64)	(88)	(94)
Net non-performing assets	**342**	285	292	256	373
Restructured assets:					
Gross balances	**54**	248	87	70	189
Less individual provisions for impairment	**-**	-	-	-	-
Net restructured assets	**54**	248	87	70	189
Unsecured retail products 90 days or more past due:					
Gross balances	**12**	11	8	10	14
Less provisions for impairment [1]	**(9)**	(8)	(3)	(3)	(3)
Unsecured retail products 90 days or more past due	**3**	3	5	7	11
Net overseas impaired assets	**399**	536	384	333	573
Total net impaired assets	**1,829**	2,101	2,571	2,556	3,265

(1) Collective provisions are held for these portfolios.

Impaired Assets by Size

						Group
Impaired assets by size	Australia 2015 $M	Overseas 2015 $M	Total 2015 $M	Australia 2014 $M	Overseas 2014 $M	Total 2014 $M
Less than $1 million	**1,215**	**118**	**1,333**	1,203	160	1,363
$1 million to $10 million	**717**	**126**	**843**	902	125	1,027
Greater than $10 million	**403**	**276**	**679**	626	351	977
Total	**2,335**	**520**	**2,855**	2,731	636	3,367

Note 32 Credit Risk (continued)

Movement in Impaired Assets

Movement in gross impaired assets	2015 $M	2014 $M	2013 $M	2012 $M	Group 2011 $M
Gross impaired assets - opening balance	**3,367**	4,330	4,687	5,502	5,419
New and increased	**2,095**	2,393	3,016	3,389	4,156
Balances written off	**(1,355)**	(1,697)	(1,774)	(1,687)	(1,798)
Returned to performing or repaid	**(1,903)**	(2,303)	(2,165)	(3,040)	(2,740)
Portfolio managed - new/increased/return to performing/repaid	**651**	644	566	523	465
Gross impaired assets - closing balance	**2,855**	3,367	4,330	4,687	5,502

Impaired Assets by Industry and Status

Industry	Total Balance $M	Gross Impaired Assets $M	Total Provisions for Impaired Assets $M	Net Impaired Assets $M	Write-offs [1] $M	Recoveries [1] $M	Group 2015 Net [1] Write-offs $M
Loans - Australia							
Sovereign	**5,521**	**-**	**-**	**-**	**-**	**-**	**-**
Agriculture	**6,258**	**347**	**(133)**	**214**	**65**	**-**	**65**
Bank and other financial	**15,157**	**24**	**(36)**	**(12)**	**36**	**(9)**	**27**
Home loans	**383,174**	**835**	**(148)**	**687**	**72**	**(3)**	**69**
Construction	**2,722**	**30**	**(20)**	**10**	**14**	**-**	**14**
Other personal	**22,313**	**266**	**(140)**	**126**	**686**	**(125)**	**561**
Asset financing	**8,356**	**91**	**(28)**	**63**	**45**	**(4)**	**41**
Other commercial and industrial	**117,557**	**615**	**(400)**	**215**	**404**	**(24)**	**380**
Total loans - Australia	**561,058**	**2,208**	**(905)**	**1,303**	**1,322**	**(165)**	**1,157**
Loans - Overseas							
Sovereign	**12,929**	**-**	**-**	**-**	**-**	**-**	**-**
Agriculture	**7,990**	**146**	**(14)**	**132**	**3**	**-**	**3**
Bank and other financial	**7,572**	**10**	**-**	**10**	**69**	**-**	**69**
Home loans	**39,677**	**102**	**(10)**	**92**	**8**	**(1)**	**7**
Construction	**407**	**5**	**(1)**	**4**	**-**	**-**	**-**
Other personal	**1,128**	**13**	**(9)**	**4**	**42**	**(10)**	**32**
Asset financing	**558**	**29**	**(10)**	**19**	**-**	**-**	**-**
Other commercial and industrial	**12,909**	**179**	**(69)**	**110**	**35**	**-**	**35**
Total loans - overseas	**83,170**	**484**	**(113)**	**371**	**157**	**(11)**	**146**
Total loans	**644,228**	**2,692**	**(1,018)**	**1,674**	**1,479**	**(176)**	**1,303**
Other balances - Australia							
Credit commitments	**149,673**	**127**	**-**	**127**	**-**	**-**	**-**
Derivatives	**37,662**	**-**	**-**	**-**	**-**	**-**	**-**
Total other balances - Australia	**187,335**	**127**	**-**	**127**	**-**	**-**	**-**
Other balances - Overseas							
Credit commitments	**27,903**	**36**	**(8)**	**28**	**-**	**-**	**-**
Derivatives	**8,492**	**-**	**-**	**-**	**-**	**-**	**-**
Total other balances - overseas	**36,395**	**36**	**(8)**	**28**	**-**	**-**	**-**
Total other balances	**223,730**	**163**	**(8)**	**155**	**-**	**-**	**-**
Total	**867,958**	**2,855**	**(1,026)**	**1,829**	**1,479**	**(176)**	**1,303**

(1) Write-offs, recoveries and net write-offs are not recognised against credit commitments or derivatives as these exposures are closed out and converted to loans and receivables on impairment. Write-offs and recoveries take place subsequent to this conversion.

Note 32 Credit Risk (continued)

Impaired Assets by Industry and Status (continued)

Industry	Total Balance $M	Gross Impaired Assets $M	Total Provisions for Impaired Assets $M	Net Impaired Assets $M	Write-offs [1] $M	Recoveries [1] $M	Group 2014 Net [1] Write-offs $M
Loans - Australia							
Sovereign	5,920	-	-	-	-	-	-
Agriculture	5,864	326	(123)	203	138	-	138
Bank and other financial	10,179	73	(68)	5	122	(6)	116
Home loans	360,218	743	(151)	592	113	(4)	109
Construction	2,679	42	(29)	13	52	-	52
Other personal	23,047	260	(145)	115	677	(106)	571
Asset financing	8,078	85	(30)	55	37	(5)	32
Other commercial and industrial	110,453	1,090	(620)	470	568	(27)	541
Total loans - Australia	526,438	2,619	(1,166)	1,453	1,707	(148)	1,559
Loans - Overseas							
Sovereign	12,309	-	-	-	-	-	-
Agriculture	7,389	72	(3)	69	3	(3)	-
Bank and other financial	5,486	30	(15)	15	-	(3)	(3)
Home loans	39,467	143	(11)	132	13	(1)	12
Construction	378	5	(1)	4	-	-	-
Other personal	1,085	11	(8)	3	30	(8)	22
Asset financing	327	2	-	2	-	-	-
Other commercial and industrial	10,221	288	(62)	226	60	(2)	58
Total loans - overseas	76,662	551	(100)	451	106	(17)	89
Total loans	603,100	3,170	(1,266)	1,904	1,813	(165)	1,648
Other balances - Australia							
Credit commitments	142,804	110	-	110	-	-	-
Derivatives	25,738	2	-	2	-	-	-
Total other balances - Australia	168,542	112	-	112	-	-	-
Other balances - Overseas							
Credit commitments	23,128	53	-	53	-	-	-
Derivatives	3,509	32	-	32	-	-	-
Total other balances - overseas	26,637	85	-	85	-	-	-
Total other balances	195,179	197	-	197	-	-	-
Total	798,279	3,367	(1,266)	2,101	1,813	(165)	1,648

(1) Write-offs, recoveries and net write-offs are not recognised against credit commitments or derivatives as these exposures are closed out and converted to loans and receivables on impairment. Write-offs and recoveries take place subsequent to this conversion.

Collateral held against Loans, Bills Discounted and Other Receivables

	Home Loans	Other Personal	Asset Financing	Other Commercial and Industrial	Group 2015 Total
Maximum exposure ($M)	**422,851**	**23,441**	**8,914**	**189,022**	**644,228**
Collateral classification:					
Secured (%)	**99. 3**	**14. 0**	**98. 7**	**40. 2**	**78. 7**
Partially secured (%)	**0. 7**	**-**	**1. 3**	**13. 7**	**4. 5**
Unsecured (%)	**-**	**86. 0**	**-**	**46. 1**	**16. 8**

Note 32 Credit Risk (continued)

Collateral held against Loans, Bills Discounted and Other Receivables (continued)

					Group 2014
	Home Loans	Other Personal	Asset Financing	Other Commercial and Industrial	Total
Maximum exposure ($M)	399,685	24,132	8,405	170,878	603,100
Collateral classification:					
Secured (%)	99. 3	14. 3	99. 0	43. 2	80. 0
Partially secured (%)	0. 7	-	1. 0	13. 5	4. 3
Unsecured (%)	-	85. 7	-	43. 3	15. 7

					Bank 2015
	Home Loans	Other Personal	Asset Financing	Other Commercial and Industrial	Total
Maximum exposure ($M)	**380,022**	**23,419**	**8,307**	**166,113**	**577,861**
Collateral classification:					
Secured (%)	**99. 2**	**14. 5**	**98. 4**	**39. 3**	**78. 7**
Partially secured (%)	**0. 8**	**-**	**1. 6**	**13. 1**	**4. 3**
Unsecured (%)	**-**	**85. 5**	**-**	**47. 6**	**17. 0**

					Bank 2014
	Home Loans	Other Personal	Asset Financing	Other Commercial and Industrial	Total
Maximum exposure ($M)	358,824	23,060	7,979	150,197	540,060
Collateral classification:					
Secured (%)	99. 2	14. 8	98. 9	42. 1	79. 8
Partially secured (%)	0. 8	-	1. 1	12. 8	4. 1
Unsecured (%)	-	85. 2	-	45. 1	16. 1

A facility is determined to be secured where the ratio of the exposure to that facility to the estimated value of the collateral (adjusted for lending margins) is less than or equal to 100%. A facility is deemed to be partly secured when this ratio exceeds 100% but not more than 250%, and unsecured when either no security is held, (e.g. can include credit cards, personal loans, and exposures to highly rated corporate entities), or where the secured loan to estimated value of collateral exceeds 250%.

Home Loans

All home loans are secured by fixed charges over borrowers' residential properties, other properties (including commercial and broad acre), or cash (usually in the form of a charge over a deposit). Further, with the exception of some relatively small portfolios, for loans with a Loan to Valuation (LVR) of higher than 80% either a Low Deposit Premium is levied, or Lenders Mortgage Insurance (LMI) is taken out to cover 100% of the principal amount at default plus interest.

Personal Lending

Personal lending (such as credit cards), is predominantly unsecured.

Asset Finance

The Group leases assets to corporate and retail clients. When the title to the underlying assets is held by the Group as collateral, the balance is deemed fully secured. In other instances, a client's facilities may be secured by collateral valued at less than the carrying amount of credit exposure. These facilities are deemed partly secured or unsecured.

Other Commercial and Industrial Lending

The Group's main collateral types for other commercial and industrial lending consists of secured rights over specified assets of the borrower in the form of: commercial property; land rights; cash (usually in the form of a charge over a deposit); guarantees by company directors supporting commercial lending; a charge over a company's assets (including debtors, stock and work in progress); or a charge over stock or scrip. In other instances, a client's facilities may be secured by collateral with value less than the carrying amount of the credit exposure. These facilities are deemed partly secured or unsecured.

Note 33 Market Risk

Market Risk Measurement

The Group uses Value-at-Risk (VaR) as one of the measures of Traded and Non-traded market risk. VaR is a statistical measure of potential loss using historically observed market movements.

VaR is modelled at a 97.5% confidence level. This means that there is a 97.5% probability that the loss will not exceed the VaR estimate on any given day.

The VaR measured for Traded market risk uses two years of daily movement in market rates. The VaR measure for Non-traded Banking Book market risk uses six years of daily movement in market rates.

A 1-day holding period is used for trading book positions. A 20-day holding period is used for Interest Rate Risk in the Banking Book, insurance business market risk and Non-traded equity risk.

VaR is driven by historical observations and is not an estimate of the maximum loss that the Group could experience from an extreme market event. As a result of this limitation, management also uses additional controls to measure and manage market risk including stress testing, risk sensitivity and position limits.

Total Market Risk VaR (1-day 97.5% confidence)	Average [1] June 2015 $M	As at June 2015 $M	Average [1] June 2014 $M	As at June 2014 $M
Traded Market Risk	**8. 9**	**8. 9**	11. 0	7. 8
Non-Traded Interest Rate Risk [2]	**15. 1**	**16. 7**	11. 9	19. 0
Non-Traded Equity Risk [2]	**14. 3**	**12. 9**	20. 3	15. 6
Non-Traded Insurance Market Risk [2]	**5. 0**	**3. 7**	5. 8	4. 7

(1) Average VaR calculated for each 12 month period.
(2) The risk of these exposures has been represented in this table using a one day holding period. In practice however, these 'non-traded' exposures are managed to a longer holding period.

Traded Market Risk

Traded Market Risk is generated through the Group's participation in financial markets to service its customers. The Group trades and distributes interest rate, foreign exchange, debt, equity and commodity products, and provides treasury, capital markets and risk management services to its customers globally.

The Group maintains access to markets by quoting bid and offer prices with other market makers and carries an inventory of financial instruments, including a broad range of securities and derivatives.

Traded Market Risk VaR (1-day 97.5% confidence)	Average [1] June 2015 $M	As at June 2015 $M	Average [1] June 2014 $M	As at June 2014 $M
Interest rate risk	**5. 8**	**5. 2**	5. 4	4. 4
Foreign exchange risk	**2. 0**	**1. 9**	1. 4	0. 8
Equities risk	**0. 6**	**0. 3**	1. 2	0. 3
Commodities risk	**1. 5**	**2. 3**	2. 3	0. 7
Credit spread risk	**2. 7**	**3. 2**	1. 8	2. 2
Diversification benefit	**(7. 3)**	**(7. 8)**	(6. 2)	(4. 7)
Total general market risk	**5. 3**	**5. 1**	5. 9	3. 7
Undiversified risk	**3. 4**	**3. 7**	4. 9	3. 9
ASB Bank	**0. 2**	**0. 1**	0. 2	0. 2
Total	**8. 9**	**8. 9**	11. 0	7. 8

(1) Average VaR calculated for each 12 month period.

Non-Traded Market Risk

Interest Rate Risk in the Banking Book

Interest rate risk is the current and prospective impact to the Group's financial condition due to adverse changes in interest rates to which the Group's Balance Sheet is exposed. Maturity transformation activities of the Group result in mismatched assets and liabilities positions which direct that the propensity, timing and quantum of interest rate movements have undesired outcomes over both the short-term and long-term. The Group's objective is to manage interest rate risk to achieve stable and sustainable net interest income in the long-term.

The Group measures and manages the impact of interest rate risk in two ways:

(a) Next 12 months' earnings

Interest rate risk from an earnings perspective is the impact based on changes to the net interest income over the next 12 months.

The risk to net interest income over the next 12 months from changes in interest rates is measured on a monthly basis.

Earnings risk is measured through sensitivity analysis, which applies an instantaneous 100 basis point parallel shock in interest rates across the yield curve.

The prospective change to the net interest income is measured by using an Asset and Liability Management simulation model which incorporates both existing and anticipated new business in its assessment. The change in the Balance Sheet product mix, growth, funding and pricing strategies is incorporated. Assets and liabilities that reprice directly from observable market rates are measured based on the full extent of the rate shock that is applied.

Products that are priced based on Group administered or discretionary interest rates and that are impacted by customer behaviour are measured by taking into consideration the historic repricing strategy of the Group and repricing behaviours of customers. In addition to considering how the products have repriced in the past the expected change in price based on both the current and anticipated competitive market forces are also considered in the sensitivity analyses.

The figures in the following table represent the potential unfavourable change to the Group's net interest earnings during the year based on a 100 basis point parallel rate shock.

Note 33 Market Risk (continued)

Non-Traded Market Risk (continued)

Net Interest Earnings at Risk		June 2015 $M	June 2014 $M
Average monthly exposure	AUD	**244. 4**	90. 2
	NZD	**26. 2**	21. 0
High monthly exposure	AUD	**360. 5**	134. 0
	NZD	**35. 7**	29. 6
Low monthly exposure	AUD	**168. 9**	43. 6
	NZD	**19. 4**	12. 3
As at balance date	AUD	**168. 9**	117. 4
	NZD	**35. 7**	28. 4

(b) Economic Value

Interest rate risk from the economic value perspective is based on a 20-day 97.5% VaR measure.

Measuring the change in the economic value of equity is an assessment of the long-term impact to the earnings potential of the Group present valued to the current date. The Group assesses the potential change in its economic value of equity through the application of the VaR methodology. A 20-day 97.5% VaR measure is used to capture the net economic value impact over the long-term or total life of all Balance Sheet assets and liabilities to adverse changes in interest rates. The impact of customer prepayments on the contractual cash flows for fixed rate products is included in the calculation. Cash flows for discretionary priced products are behaviourally adjusted and repriced at the resultant profile.

The figures in the following table represent the net present value of the expected change in the Group's future earnings in all future periods for the remaining term of all existing assets and liabilities.

Non-Traded Interest Rate VaR (20 day 97.5% confidence) [2]	Average [1] June 2015 $M	Average [1] June 2014 $M
AUD Interest rate risk	**67. 3**	53. 1
NZD Interest rate risk [3]	**3. 2**	2. 0

(1) Average VaR calculated for each 12 month period.
(2) VaR is only for entities that have material risk exposure.
(3) ASB data (expressed in NZD) is for the month-end date.

Non-Traded Equity Risk

The Group retains Non-traded equity risk through business activities in divisions including Institutional Banking and Markets, and Wealth Management.

A 20-day, 97.5% confidence VaR is used to measure the economic impact of adverse changes in value.

Non-Traded Equity VaR (20 day 97.5% confidence)	As at June 2015 $M	As at June 2014 $M
VaR	**58. 0**	70. 0

Market Risk in Insurance Businesses

There are two main sources of market risk in the Life Insurance businesses: (i) market risk arising from guarantees made to policyholders; and (ii) market risk arising from the investment of Shareholders' capital.

Guarantees (to Policyholders)

All financial assets within the Life Insurance Statutory Funds directly support either the Group's life insurance or life investment contracts. Market risk arises for the Group on contracts where the liabilities to policyholders are guaranteed by the Group. The Group manages this risk by having an asset and liability management framework which includes the use of hedging instruments. The Group also monitors the risk on a monthly basis.

Shareholders' Capital

A portion of financial assets held within the Insurance business, both within the Statutory Funds and in the Shareholder Funds of the Life Insurance company represents shareholder (Group) capital. Market risk also arises for the Group on the investment of this capital. Shareholders' funds in the Australian Life Insurance businesses are invested 100% in income assets (cash and fixed interest) as at 30 June 2015.

A 20-day 97.5% VaR measure is used to capture the Non-traded market risk exposures.

Non-Traded VaR in Australian Life Insurance Business (20 day 97.5% confidence)	Average [1] June 2015 $M	Average [1] June 2014 $M
Shareholder funds [2]	**13. 1**	18. 9
Guarantees (to Policyholders) [3]	**15. 1**	15. 2

(1) Average VaR calculated for each 12 month period.
(2) VaR in relation to the investment of shareholder funds.
(3) VaR in relation to product portfolios where the Group has guaranteed liabilities to policyholders.

Structural Foreign Exchange Risk

Structural foreign exchange risk is the risk that movements in foreign exchange rates may have an adverse effect on the Group's Australian dollar earnings and economic value when the Group's foreign currency denominated earnings and capital are translated into Australian dollars. The Group's only material exposure to this risk arises from its New Zealand banking and insurance and Asian operations.

Lease Residual Value Risk

The Group takes lease residual value risk on assets such as industrial, mining, rail, aircraft, marine, technology, healthcare and other equipment. A lease residual value guarantee exposes the Group to the movement in second-hand asset prices.

Commonwealth Bank Group Super Fund

The Commonwealth Bank Group Super Fund (the Fund) has a defined benefit portion that creates market risk for the Group. Wealth Risk Management and Human Resources provide oversight of the market risks of the Fund held and managed on behalf of the employees receiving defined benefit pension funds on behalf of the Group (refer to Note 35).

Note 34 Liquidity and Funding Risk

Overview

The Group's liquidity and funding policies are designed to ensure it will meet its obligations as and when they fall due by ensuring it is able to borrow funds on an unsecured basis, has sufficient liquid assets to borrow against on a secured basis, or sell to raise immediate funds without adversely affecting the Group's net asset value.

The Group's liquidity policies are designed to ensure it maintains sufficient cash balances and liquid asset holdings to meet its obligations to customers, in both ordinary market conditions and during periods of extreme stress. These policies are intended to protect the value of the Group's operations during periods of unfavourable market conditions.

The Group's funding policies are designed to achieve diversified sources of funding by product, term, maturity date, investor type, investor location, jurisdiction, currency and concentration, on a cost effective basis. This objective applies to the Group's wholesale and retail funding activities.

Liquidity and Funding Risk Management Framework

The Group's liquidity and funding policies, structured under a formal Group Liquidity and Funding Risk Management Framework, are approved by the Board and agreed with APRA. The Group has an Asset and Liability Committee (ALCO) whose charter includes reviewing the management of assets and liabilities, reviewing liquidity and funding policies and strategies, as well as regularly monitoring compliance with those policies across the Group. Group Treasury manages the Group's liquidity and funding positions in accordance with the Group's liquidity policies and has ultimate authority to execute liquidity decisions should the Group Contingent Funding Plan be activated. Group Risk Management provides oversight of the Group's liquidity and funding risks, compliance with Group policies and manages the Group's relationship with prudential regulators.

Subsidiaries within the Colonial Group apply their own liquidity and funding strategies to address their specific needs. The Group's New Zealand banking subsidiary, ASB Bank, manages its own domestic liquidity and funding needs in accordance with its own liquidity policies and the policies of the Group. ASB's liquidity policy is also overseen by the Reserve Bank of New Zealand. The Group also has a small banking subsidiary in Indonesia that manages its own liquidity and funding on a similar basis. The Group's Board is ultimately responsible for the sound and prudent management of liquidity risk across the Group.

Liquidity and Funding Policies and Management

The Group's liquidity and funding policies provide that:

- An excess of liquid assets over the level prescribed under APRA's Liquidity Coverage Ratio (LCR) requirement is maintained. Australian ADIs are required from 1 January 2015 to meet a 100% LCR, calculated as the ratio of high quality liquid assets to 30 day net cash outflows projected under a prescribed stress scenario;
- Group 'going concern' funding and liquidity metrics are also calculated and stress tests additional to the LCR are run;
- Short and long-term wholesale funding limits are established, monitored and reviewed regularly. The Group's market capacity is regularly assessed and used as a factor in funding strategies;
- Balance Sheet assets that cannot be liquidated quickly are funded with deposits or term borrowings that meet minimum maturity requirements with appropriate liquidity buffers;
- Liquid assets are held in Australian dollar and foreign currency denominated securities in accordance with expected requirements;
- The Group has three categories of liquid assets within its domestic liquid assets portfolio. The first includes cash, government and Australian semi-government securities. The second includes negotiable certificates of deposit, bank bills, bank term securities, supranational bonds and Australian Residential Mortgage-backed Securities (RMBS), securities that meet Reserve Bank of Australia (RBA) criteria for purchases under reverse repo. The final category is internal RMBS, being mortgages that have been securitised but retained by the Bank, that are repo-eligible with the RBA under stress; and
- Offshore branches and subsidiaries adhere to liquidity policies and hold appropriate foreign currency liquid assets as required. All securities are central bank repo-eligible under normal market conditions.

The Group's key funding tools include:

- Its consumer retail funding base, which includes a wide range of retail transaction accounts, savings accounts and term deposits for individual consumers;
- Its small business customer and institutional deposit base; and
- Its wholesale international and domestic funding programs which include its Australian dollar Negotiable Certificates of Deposit; Australian dollar bank bills; Asian Transferable Certificates of Deposit program; Australian, U.S. and Euro Commercial Paper programs; U.S. Extendible Notes programs; Australian dollar Domestic Debt Program; U.S.144a and 3a2 Medium-Term Note Programs; Euro Medium-Term Note Program, multi jurisdiction Covered Bond program, and its Medallion securitisation program.

The Group's key liquidity tools include:

- A regulatory liquidity management reporting system delivering granular customer and product type information to inform business decision making, product development and resulting in a greater awareness of the liquidity risk adjusted value of banking products;
- A liquidity management model similar to a "maturity ladder" or "liquidity gap analysis", that allows forecasting of liquidity needs on a daily basis;
- An additional liquidity management model that implements the agreed prudential liquidity policies. This model is calibrated with a series of "stress" liquidity crisis scenarios, incorporating both systemic and "name" crisis assumptions, such that the Group will have sufficient liquid assets available to ensure it meets all of its obligations as and when they fall due;

Note 34 Liquidity and Funding Risk (continued)

Liquidity and Funding Policies and Management (continued)

- Central bank repurchase agreement facilities including the RBA's open-ended Committed Liquidity Facility that provide the Group with the ability to borrow funds on a secured basis, even when normal funding markets are unavailable; and
- A robust Contingent Funding Plan that is regularly tested so that it can be activated in case of need due to a liquidity event.

The Group's wholesale funding costs experienced generally little change over the course of the financial year as high levels of global liquidity and a generally flat economic global outlook combined to keep credit spreads in domestic and international debt capital markets steady. The Group has managed its debt portfolio to avoid concentrations such as dependence on single sources of funding, by type or by investor, and continues to maintain a diversified funding base and significant funding capacity in the domestic and global unsecured and secured debt markets.

Details of the Group's regulatory capital position and capital management activities are disclosed in Note 25.

Maturity Analysis of Monetary Liabilities

Amounts shown in the tables below are based on contractual undiscounted cash flows for the remaining contractual maturities.

						Group
	Maturity Period as at 30 June 2015					
	0 to 3 Months $M	3 to 12 Months $M	1 to 5 Years $M	Over 5 Years $M	Not Specified $M	Total $M
Monetary liabilities						
Deposits and other public borrowings (1)	441,294	82,068	23,334	139	-	546,835
Payables due to other financial institutions	33,142	3,297	-	-	-	36,439
Liabilities at fair value through Income Statement	3,016	1,404	2,183	1,950	-	8,553
Derivative financial instruments:						
Held for trading	22,765	-	-	-	-	22,765
Held for hedging purposes (net-settled)	66	410	2,418	1,978	-	4,872
Held for hedging purposes (gross-settled):						
Outflows	208	7,382	30,763	11,537	-	49,890
Inflows	(206)	(5,962)	(25,434)	(10,025)	-	(41,627)
Bank acceptances	1,870	74	-	-	-	1,944
Insurance policy liabilities	-	-	-	-	12,911	12,911
Debt issues and loan capital	22,217	42,421	79,059	38,707	-	182,404
Managed funds units on issue	-	-	-	-	1,149	1,149
Other monetary liabilities	6,176	1,320	329	-	54	7,879
Total monetary liabilities	530,548	132,414	112,652	44,286	14,114	834,014
Guarantees (2)	6,181	-	-	-	-	6,181
Loan commitments (2)	165,511	-	-	-	-	165,511
Other commitments (2)	5,884	-	-	-	-	5,884
Total off Balance Sheet items	177,576	-	-	-	-	177,576
Total monetary liabilities and off Balance Sheet items	708,124	132,414	112,652	44,286	14,114	1,011,590

(1) Includes deposits that are contractually at call, customer savings and cheque accounts. Historical experience is that such accounts provide a stable source of long-term funding for the Group.

(2) All off Balance Sheet items are included in the 0 to 3 month maturity band to reflect their earliest possible maturity.

Note 34 Liquidity and Funding Risk (continued)

Maturity Analysis of Monetary Liabilities (continued)

	Group Maturity Period as at 30 June 2014					
	0 to 3 Months $M	3 to 12 Months $M	1 to 5 Years $M	Over 5 Years $M	Not Specified $M	Total $M
Monetary liabilities						
Deposits and other public borrowings [1]	397,538	80,473	23,912	584	-	502,507
Payables due to other financial institutions	23,304	1,358	345	-	-	25,007
Liabilities at fair value through Income Statement	3,171	410	2,971	2,243	-	8,795
Derivative financial instruments:						
Held for trading	19,605	-	-	-	-	19,605
Held for hedging purposes (net-settled)	130	186	1,512	2,461	-	4,289
Held for hedging purposes (gross-settled):						
Outflows	447	8,552	36,502	9,872	-	55,373
Inflows	(333)	(8,130)	(34,180)	(9,300)	-	(51,943)
Bank acceptances	5,017	10	-	-	-	5,027
Insurance policy liabilities	-	-	-	-	13,166	13,166
Debt issues and loan capital	15,527	44,519	74,146	35,154	-	169,346
Managed funds units on issue	-	-	-	-	1,214	1,214
Other monetary liabilities	5,505	1,248	370	-	42	7,165
Total monetary liabilities	469,911	128,626	105,578	41,014	14,422	759,551
Guarantees [2]	6,121	-	-	-	-	6,121
Loan commitments [2]	151,135	-	-	-	-	151,135
Other commitments [2]	8,676	-	-	-	-	8,676
Total off Balance Sheet items	165,932	-	-	-	-	165,932
Total monetary liabilities and off Balance Sheet items	635,843	128,626	105,578	41,014	14,422	925,483

	Bank Maturity Period as at 30 June 2015					
	0 to 3 Months $M	3 to 12 Months $M	1 to 5 Years $M	Over 5 Years $M	Not Specified $M	Total $M
Monetary liabilities						
Deposits and other public borrowings [1]	**409,892**	**70,024**	**20,589**	**139**	**-**	**500,644**
Payables due to other financial institutions	**32,305**	**3,233**	**-**	**-**	**-**	**35,538**
Liabilities at fair value through Income Statement	**2,015**	**1,229**	**2,170**	**1,950**	**-**	**7,364**
Derivative financial instruments:						
Held for trading	**22,527**	**-**	**-**	**-**	**-**	**22,527**
Held for hedging purposes (net-settled)	**27**	**261**	**2,339**	**2,036**	**-**	**4,663**
Held for hedging purposes (gross-settled):						
Outflows	**-**	**6,722**	**41,272**	**20,695**	**-**	**68,689**
Inflows	**-**	**(5,342)**	**(33,776)**	**(17,576)**	**-**	**(56,694)**
Bank acceptances	**1,845**	**63**	**-**	**-**	**-**	**1,908**
Debt issues and loan capital	**20,109**	**37,777**	**62,332**	**35,837**	**-**	**156,055**
Due to controlled entities	**6,501**	**5,678**	**23,365**	**90,964**	**-**	**126,508**
Other monetary liabilities	**5,535**	**6,589**	**70**	**-**	**21**	**12,215**
Total monetary liabilities	**500,756**	**126,234**	**118,361**	**134,045**	**21**	**879,417**
Guarantees [2]	**5,778**	**-**	**-**	**-**	**-**	**5,778**
Loan commitments [2]	**152,772**	**-**	**-**	**-**	**-**	**152,772**
Other commitments [2]	**5,179**	**-**	**-**	**-**	**-**	**5,179**
Total off Balance Sheet items	**163,729**	**-**	**-**	**-**	**-**	**163,729**
Total monetary liabilities and off Balance Sheet items	**664,485**	**126,234**	**118,361**	**134,045**	**21**	**1,043,146**

(1) Includes deposits that are contractually at call, customer savings and cheque accounts. Historical experience is that such accounts provide a stable source of long-term funding for the Group.
(2) All off Balance Sheet items are included in the 0 to 3 month maturity band to reflect their earliest possible maturity.

Note 34 Liquidity and Funding Risk (continued)

Maturity Analysis of Monetary Liabilities (continued)

	Bank Maturity Period as at 30 June 2014					
	0 to 3 Months $M	3 to 12 Months $M	1 to 5 Years $M	Over 5 Years $M	Not Specified $M	Total $M
Monetary liabilities						
Deposits and other public borrowings [1]	368,635	70,084	21,972	593	-	461,284
Payables due to other financial institutions	22,999	1,291	336	-	-	24,626
Liabilities at fair value through Income Statement	852	371	2,954	2,241	-	6,418
Derivative financial instruments:						
Held for trading	19,246	-	-	-	-	19,246
Held for hedging purposes (net-settled)	44	249	1,640	2,493	-	4,426
Held for hedging purposes (gross-settled):						
Outflows	-	6,696	41,422	21,793	-	69,911
Inflows	-	(6,476)	(38,756)	(20,392)	-	(65,624)
Bank acceptances	4,976	8	-	-	-	4,984
Debt issues and loan capital	13,663	39,150	58,450	33,076	-	144,339
Due to controlled entities	7,771	6,455	23,206	81,490	-	118,922
Other monetary liabilities	4,935	3,396	106	-	17	8,454
Total monetary liabilities	443,121	121,224	111,330	121,294	17	796,986
Guarantees [2]	5,724	-	-	-	-	5,724
Loan commitments [2]	140,209	-	-	-	-	140,209
Other commitments [2]	7,450	-	-	-	-	7,450
Total off Balance Sheet items	153,383	-	-	-	-	153,383
Total monetary liabilities and off Balance Sheet items	596,504	121,224	111,330	121,294	17	950,369

(1) Includes deposits that are contractually at call, customer savings and cheque accounts. Historical experience is that such accounts provide a stable source of long-term funding for the Group.
(2) All off Balance Sheet items are included in the 0 to 3 month maturity band to reflect their earliest possible maturity.

Note 35 Retirement Benefit Obligations

Name of Plan	Type	Form of Benefit	Date of Last Actuarial Assessment of the Fund
Commonwealth Bank Group Super	Defined Benefits [1] and Accumulation	Indexed pension and lump sum	30 June 2012
Commonwealth Bank of Australia (UK) Staff Benefits Scheme (CBA (UK) SBS)	Defined Benefits [1] and Accumulation	Indexed pension and lump sum	30 June 2013

(1) The defined benefit formulae are generally comprised of final salary, or final average salary, and service.

Regulatory Framework

Both plans operate under trust law with the assets of the plans held separately in trust. The Trustee of Commonwealth Bank Group Super is Commonwealth Bank Officers Superannuation Corporation Pty Limited. The Trustee of CBA (UK) SBS is Commonwealth Bank of Australia (UK) Staff Benefits Scheme Trustee Company Limited. Both Trustees are wholly owned subsidiaries of the Group. The Trustees do not conduct any business other than trusteeship of the plans. The plans are managed and administered on behalf of the members in accordance with the terms of each trust deed and relevant legislation. The funding of the plans complies with regulations in Australia and the UK respectively.

Funding and Contributions

An actuarial assessment as at 30 June 2012 showed the plan remained in funding surplus at that time, however due to accounting deficit and forecast funding deficit the actuary recommended that the Bank consider recommencing contributions from 1 July 2013. The Bank commenced contributions of $20 million per month in January 2014 to Commonwealth Bank Group Super. Employer contributions paid to the plan are subject to tax at the rate of 15% in the plan.

An actuarial assessment of the CBA (UK) SBS as at 30 June 2013 confirmed a funding deficit of GBP62 million ($127 million at the 30 June 2015 exchange rate). The Bank agreed to continue the deficit recovery contributions of GBP15 million per annum ($31 million at the 30 June 2015 exchange rate) until 31 December 2017 to CBA (UK) SBS in addition to the regular GBP3 million per annum ($6 million at the 30 June 2015 exchange rate) contributions for future defined benefit accruals.

Note 35 Retirement Benefit Obligations (continued)

Funding and Contributions (continued)

The Group's expected contribution to the Commonwealth Bank Group Super and the CBA (UK) SBS for the year ended 30 June 2016 are $240 million and GBP18 million ($37 million at the 30 June 2015 exchange rate) respectively.

Defined Benefit Superannuation Plans

The amounts reported in the Balance Sheet are reconciled as follows:

	Commonwealth Bank Group Super		CBA(UK)SBS		Total	
	2015 $M	2014 $M	2015 $M	2014 $M	2015 $M	2014 $M
Present value of funded obligations	(3,184)	(3,510)	(672)	(544)	(3,856)	(4,054)
Fair value of plan assets	3,460	3,388	615	475	4,075	3,863
Net pension assets/(liabilities) as at 30 June	276	(122)	(57)	(69)	219	(191)
Amounts in the Balance Sheet:						
Assets (Note 16)	276	-	-	-	276	-
Liabilities (Note 21)	-	(122)	(57)	(69)	(57)	(191)
Net assets/(liabilities)	276	(122)	(57)	(69)	219	(191)
The amounts recognised in the Income Statement are as follows:						
Current service cost	(37)	(38)	(4)	(4)	(41)	(42)
Net interest expense	(6)	(8)	(3)	(3)	(9)	(11)
Employer financed benefits within accumulation division [1]	(251)	(231)	-	-	(251)	(231)
Total included in superannuation plan expense	(294)	(277)	(7)	(7)	(301)	(284)
Changes in the present value of the defined benefit obligation are as follows:						
Opening defined benefit obligation	(3,510)	(3,269)	(544)	(472)	(4,054)	(3,741)
Current service cost	(37)	(38)	(4)	(4)	(41)	(42)
Interest cost	(140)	(145)	(24)	(23)	(164)	(168)
Member contributions	(8)	(8)	-	-	(8)	(8)
Actuarial gains/(losses) from changes in demographic assumptions	-	-	-	16	-	16
Actuarial gains/(losses) from changes in financial assumptions	232	(234)	(47)	(30)	185	(264)
Actuarial gains/(losses) from changes in other assumptions	56	(14)	3	(3)	59	(17)
Payments from the plan	223	198	20	19	243	217
Exchange differences on foreign plans	-	-	(76)	(47)	(76)	(47)
Closing defined benefit obligation	(3,184)	(3,510)	(672)	(544)	(3,856)	(4,054)
Changes in the fair value of plan assets are as follows:						
Opening fair value of plan assets	3,388	3,204	475	399	3,863	3,603
Interest income	134	137	21	20	155	157
Return on plan assets (excluding interest income)	164	328	36	4	200	332
Member contributions	8	8	-	-	8	8
Employer contributions	240	140	34	31	274	171
Employer financed benefits within accumulation division	(251)	(231)	-	-	(251)	(231)
Payments from the plan	(223)	(198)	(20)	(19)	(243)	(217)
Exchange differences on foreign plans	-	-	69	40	69	40
Closing fair value of plan assets	3,460	3,388	615	475	4,075	3,863

(1) Represents superannuation contributions required by the Bank to meet its obligations to members of the defined contribution division of Commonwealth Bank Group Super.

Note 35 Retirement Benefit Obligations (continued)

Economic Assumptions

Economic assumptions	Commonwealth Bank Group Super 2015 %	Commonwealth Bank Group Super 2014 %	CBA(UK)SBS 2015 %	CBA(UK)SBS 2014 %
The above calculations were based on the following assumptions:				
Discount rate	**4. 60**	4. 10	**3. 70**	4. 20
Inflation rate	**2. 25**	2. 25	**3. 50**	3. 60
Rate of increases in salary	**3. 50**	3. 75	**4. 50**	4. 60

During the year, the discount rate assumption applied to Commonwealth Bank Group Super changed from a blend of yields on long dated Commonwealth and State government securities with durations exceeding 10 years, to the yield on high quality long dated corporate bonds. The impact of the change was a reduction in the defined benefit obligation of $496 million, which was recorded through other comprehensive income.

In addition to financial assumptions, the mortality assumptions for pensioners can materially impact the defined benefit obligations. These assumptions are age related and allowances are made for future improvement in mortality. The expected life expectancies (longevity) for pensioners are set out below:

Expected life expectancies for pensioners	Commonwealth Bank Group Super 2015 Years	Commonwealth Bank Group Super 2014 Years	CBA(UK)SBS 2015 Years	CBA(UK)SBS 2014 Years
Male pensioners currently aged 60	**29. 6**	29. 5	**28. 5**	28. 4
Male pensioners currently aged 65	**24. 7**	24. 6	**23. 7**	23. 4
Female pensioners currently aged 60	**34. 7**	34. 5	**31. 1**	30. 9
Female pensioners currently aged 65	**29. 5**	29. 4	**26. 1**	25. 9

Sensitivity to Changes in Assumptions

The table below sets out the sensitivities of the present value of defined benefit obligations at 30 June to a change in the principal actuarial assumptions:

Impact of change in assumptions on liabilities	Commonwealth Bank Group Super 2015 %	CBA(UK)SBS 2015 %
0.25% decrease in discount rate	**3. 23**	**4. 70**
0.25% increase in inflation rate	**2. 64**	**3. 00**
0.25% increase to the rate of increases in salary	**0. 35**	**0. 30**
Longevity increase of 1 year	**3. 45**	**3. 10**

Average Duration

The average duration of defined benefit obligation at 30 June is as follows:

	Commonwealth Bank Group Super 2015 Years	CBA(UK)SBS 2015 Years
Average duration at balance date	**12**	**19**

Risk Management

The pension plans expose the Group to longevity risk, currency risk, interest rate risk, inflation risk and market risk. The Trustees perform Asset-Liability Matching (ALM) exercises to ensure the plan assets are well matched to the nature and maturities of the defined benefit obligations.

The Commonwealth Bank Group Super's investment strategy comprises 45% growth and 55% defensive assets. Inflation and interest rate risks are partly mitigated by investing in long dated fixed interest securities which better match the average duration of liabilities and entering into inflation and interest swaps.

Note 35 Retirement Benefit Obligations (continued)

Risk Management (continued)

The allocation of assets backing the defined benefit portion of Commonwealth Bank Group Super is as follows:

	Commonwealth Bank Group Super			
	2015		2014	
Asset allocations	Fair value ($M)	% of plan asset	Fair value ($M)	% of plan asset
Cash	**159**	**4. 6**	224	6. 6
Equities - Australian [1]	**289**	**8. 4**	329	9. 7
Equities - Overseas [1]	**608**	**17. 6**	531	15. 7
Bonds - Commonwealth Government [1]	**595**	**17. 2**	443	13. 1
Bonds - Semi-Government [1]	**1,071**	**31. 0**	1,053	31. 1
Bonds - Corporate and other [1]	**78**	**2. 2**	72	2. 1
Real Estate [2]	**205**	**5. 9**	225	6. 6
Derivatives [2]	**8**	**0. 2**	14	0. 4
Other [3]	**447**	**12. 9**	497	14. 7
Total fair value of plan assets	**3,460**	**100**	3,388	100

(1) Values based on prices or yields quoted in an active market.
(2) Values based on non-quoted information.
(3) These are assets which are not included in the traditional asset classes of equities, fixed interest securities, real estate and cash. They include infrastructure investments as well as high yield and emerging market debt.

The Australian equities fair value includes $134 million of Commonwealth Bank shares. The real estate fair value includes $41 million of property assets leased to the Bank.

Note 36 Investments in Subsidiaries and Other Entities

Subsidiaries

A subsidiary is considered material if the value of the consolidated gross assets at the end of the financial year of the subsidiary and the entities it controls (if any) is more than 0.1% of the total assets of the Group.

The key subsidiaries of the Bank including but not limited to those meeting the criteria above are:

Entity Name	Entity Name
Australia	
(a) Banking	
CBA Covered Bond Trust	Medallion Trust Series 2013-2
CBA International Finance Pty Limited	Medallion Trust Series 2014-1
GT USD Funding Pty Limited	Medallion Trust Series 2014-2
Medallion Trust Series 2007-1G	Medallion Trust Series 2015-1
Medallion Trust Series 2008-1R	Preferred Capital Limited
Medallion Trust Series 2011-1	Residential Mortgage Group Pty Ltd
Medallion Trust Series 2013-1	Series 2008-1D SWAN Trust
	Security Holding Investment Entity Linking Deals Limited Series 50
(b) Insurance and Funds Management	
Capital 121 Pty Limited	Commonwealth Insurance Limited
Colonial Holding Company Limited	The Colonial Mutal Life Assurance Society Limited
Commonwealth Insurance Holdings Limited	

All the above subsidiaries are 100% owned and incorporated in Australia.

Note 36 Investments in Subsidiaries and Other Entities (continued)

Subsidiaries (continued)

Entity Name	Extent of Beneficial Interest if not 100%	Incorporated in
New Zealand		
(a) Banking		
ASB Bank Limited		New Zealand
ASB Covered Bond Trustee Limited		New Zealand
ASB Finance Limited		New Zealand
ASB Holdings Limited		New Zealand
ASB Term Fund		New Zealand
CBA Funding (NZ) Limited		New Zealand
CBA USD Funding Limited		New Zealand
Medallion NZ Series Trust 2009-1R		New Zealand
(b) Insurance and Funds Management		
ASB Group (Life) Limited		New Zealand
Other Overseas		
(a) Banking		
CBA Capital Trust II		USA
CommBank Europe Limited		Malta
Newport Limited		Malta
PT Bank Commonwealth	99%	Indonesia

The Group also consolidates a number of unit trusts as part of the ongoing investment activities of the life insurance and wealth businesses. These investment vehicles are excluded from the above list.

Significant Judgements and Assumptions

Control and Voting Rights

Holding more than 50% of an entity's voting rights typically indicates that the Group has control over the entity. Significant judgement is involved where the Group either holds more than 50% of the voting rights but does not control an entity, which occurs in the case of AHL Holdings Pty Limited (AHL) as outlined below or where the Group is deemed to control an entity despite holding less than 50% of the voting rights.

AHL Holdings Pty Limited (AHL)

Management have determined that the Group does not control AHL despite owning 80% of the issued share capital of this entity. According to the Shareholders Deed agreed between the shareholders of AHL, unanimous consent is required from all parties to the Deed for all key decisions. This results in joint control and hence the Group accounts for its investment in AHL as a joint venture using the equity method.

Agent or principal

The Group is deemed to have power over an investment fund when it holds either the responsible entity (RE) and/or the manager function of that fund. Whether that power translates to control depends on whether the Group is deemed to act as an agent or a principal of that fund. Management have determined that the Group acts as a principal and controls a fund when it cannot be easily removed as a manager or RE by investors and when its economic interest in that fund is substantial compared to the economic interest of other investors. In all other cases the Group acts as agent and does not control the fund.

Non-Controlling Interests

	Group	
	2015 $M	2014 $M
Shareholders' Equity	562	537
Total non-controlling interests	562	537

The share capital above comprises predominantly New Zealand Perpetual Preference Shares (PPS) of AUD505 million. On 10 December 2002, ASB Capital Limited, a New Zealand subsidiary, issued NZD200 million (AUD182 million) of PPS. The PPS were issued into the New Zealand capital markets and are subject to New Zealand law. Such shares are non-redeemable and carry limited voting rights. Dividends are payable quarterly based on the New Zealand one year swap rate plus a margin of 1.3% and are non-cumulative. The payments of dividends are subject to a number of conditions including the satisfaction of solvency tests and the ability of the Board to cancel payments.

On 22 December 2004, ASB Capital No.2 Limited, a New Zealand subsidiary, issued NZD350 million (AUD323 million) of PPS. The PPS were issued into the New Zealand capital markets and are subject to New Zealand law. Such shares are non-redeemable and carry limited voting rights. Dividends are payable quarterly on the New Zealand one year swap rate plus a margin of 1.0% and are non-cumulative. The payments of dividends are subject to a number of conditions including the satisfaction of solvency tests and the ability of the Board to cancel payments.

Note 36 Investments in Subsidiaries and Other Entities (continued)

ASB Capital Limited and ASB Capital No.2 Limited have advanced proceeds from the above public issues to ASB Funding Limited, a New Zealand subsidiary. ASB Funding Limited in turn invested the proceeds in PPS issued by ASB Limited (ASB PPS), also a New Zealand subsidiary. In relation to ASB Capital No.2 Limited, if an APRA Event occurs, the loan to ASB Funding Limited will be repaid and ASB Capital No.2 Limited will become the holder of the corresponding ASB PPS.

The PPS may be purchased by a Commonwealth Bank subsidiary exercising a buy-out right five years or more after issue, or on the occurrence of regulatory or tax events.

Significant Restrictions

There were no significant restrictions on the ability to transfer cash or other assets, pay dividends or other capital distributions, provide or repay loans and advances between the entities within the Group. There were also no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group resulting from protective rights of non-controlling interests.

Associates and Joint Ventures

An associate or joint venture is considered material if the Group's share of the net assets at the end of the financial year of that associate or joint venture is more than 0.5% of the total assets of the Group.

There were no individually significant investments in associates or joint ventures held by the Group as at 30 June 2015 and 30 June 2014. In addition, there were no significant restrictions on the ability of associates or joint ventures to transfer funds to the Bank or its subsidiaries in the form of cash dividends or to repay loans or advances made.

The Group's investments in associates and joint ventures are shown in the table below.

	2015 $M	2014 $M	2015 Ownership Interest %	2014 Ownership Interest %	Principal Activities	Country of Incorporation	Group Balance Date
Aussie Home Loans Pty Limited (1)	**267**	266	**80**	80	Mortgage Broking	Australia	30-Jun
Bank of Hangzhou Co. Limited	**1,282**	772	**20**	20	Commercial Banking	China	31-Dec
First State European Diversified Investment Fund (2)	**198**	161	**9**	11	Funds Management	Luxembourg	31-Dec
Qilu Bank Co. Limited	**420**	254	**20**	20	Commercial Banking	China	31-Dec
Vietnam International Commercial Joint Stock Bank (3)	**197**	164	**20**	20	Financial Services	Vietnam	31-Dec
Other	**273**	227	**Various**	Various	Various	Various	Various
Carrying amount of investments in associates and joint ventures	**2,637**	1,844					

(1) The Group's 80% interest in Aussie Home Loans Pty Limited is jointly controlled as the key financial and operating decisions require the unanimous consent of all directors. Aussie Home Loans Pty Limited is considered a structured entity. The Group's maximum exposure to loss in relation to its investment is its carrying value and the total assets of Aussie Home Loans equals $329 million (2014: $374 million).

(2) $96 million of this investment is carried as Held for Sale, as the carrying amount is expected to be recovered through sale within 12 months, and is therefore measured at the lower of carrying amount and fair value less costs to sell.

(3) An impairment of $50 million was recognised at 30 June 2014.

Share of Associates' and Joint Ventures profits	Group 2015 $M	Group 2014 $M
Operating profits before income tax	**336**	254
Income tax expense	**(68)**	(62)
Operating profits after income tax (1)	**268**	192

(1) This amount is recognised within Note 2 in the share of profits of associates and joint ventures, $268 million for the year ended 30 June 2015 (2014: $150 million) and net funds management operating income, nil for the year ended 30 June 2015 (2014: $42 million) line items.

Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated Structured Entities

The Group has the following contractual arrangements which require it to provide financial support to its structured entities.

Securitisation Structured Entities

The Group provides liquidity facilities to Medallion, Swan and SHIELD 50 Structured Entities. These facilities can only be drawn to cover cash flow shortages relating to mismatches in timing of cash inflows due from securitised asset pools and cash outflows due to note holders. These 'timing mismatch' facilities rank pari passu with other senior secured creditors. The facility limit is $1,970 million.

The Group has no contractual obligations to purchase assets from its Securitisation Structured Entities.

Note 36 Investments in Subsidiaries and Other Entities (continued)

Consolidated Structured Entities (continued)

Covered Bonds Trust

The Bank provides funding and support facilities to the CBA Covered Bond Trust, a bankruptcy remote SPV that guarantees any debt obligations owing under the US$30 billion CBA Covered Bond Programme. The funding facilities allow the Covered Bond Trust to hold sufficient residential mortgage loans to support the guarantee provided to the Covered Bonds. The Bank also provides various swaps to the Covered Bond Trust to hedge any interest rate and currency mismatches.

The Bank, either directly or via its wholly owned subsidiary, Securitisation Advisory Services Pty Limited, provides various services to the Covered Bond Trust including servicing and monitoring of the residential mortgages.

Structured Asset Finance Structured Entities

The Group has no contractual obligation to provide financial support to any of its Structured Asset Finance Structured Entities.

Unconsolidated Structured Entities

The Group has exposure to various securitisation vehicles via Residential Mortgage-backed Securities (RMBS) and Asset-backed Securities (ABS). The Group may also provide derivatives and other commitments to these vehicles. The Group also has exposure to Investment Funds and other financing vehicles.

Securitisations

Securitisations involve transferring assets into an entity that sells beneficial interests to investors through the issue of debt and equity notes with varying levels of subordination. The notes are collateralised by the assets transferred to these vehicles and pay a return based on the returns of those assets, with residual returns paid to the most subordinated investor.

The Group may trade or invest in Residential Mortgage-backed Securities and Asset-backed Securities which are backed by Commercial Properties, Consumer Receivables, Equipment and Auto Finance. The Group may also provide lending, derivatives, liquidity and commitments to these Securitisation entities.

Other Financing

Asset-backed entities are used to provide tailored lending for the purchase or lease of assets transferred by the Group or its clients. The assets are normally pledged as collateral to the lenders. The Group engages in raising finance for assets such as aircraft, trains, vessels and other infrastructure. The Group may also provide lending, derivatives, liquidity and commitments to these entities.

Investment Funds

The Group conducts investment management and other fiduciary activities as responsible entity, trustee, custodian, advisor or manager for investment funds and trusts, including superannuation and approved deposit funds, wholesale and retail trusts. The Groups exposure to Investment Funds includes holding units in the investment funds and trusts, providing lending facilities, derivatives and receiving fees for services.

The nature and extent of the Group's interests in these entities are summarised below. Interests do not include plain vanilla derivatives (e.g. interest rate swaps and currency swaps) and positions where the Group creates rather than absorbs variability of the Structured Entity, for example deposits. These have been excluded from the below table.

					2015
Exposures to unconsolidated structured entities	**RMBS $M**	**ABS $M**	**Other Financing $M**	**Investment Funds $M**	**Total $M**
Assets at fair value through income statement - trading	28	-	-	1,374	1,402
Available-for-sale investments	7,674	1,002	-	186	8,862
Loans, bills and discounted and other receivables	1,809	391	2,555	10,499	15,254
Other assets	-	-	-	210	210
Total on Balance Sheet exposures	9,511	1,393	2,555	12,269	25,728
Total notional amounts of off Balance Sheet exposures (1)	1,571	1,027	157	6,118	8,873
Total maximum exposure to loss	11,082	2,420	2,712	18,387	34,601
Total assets of the entities (2)	52,979	7,373	10,102	293,509	363,963

(1) Relates to undrawn facilities.

(2) Size of the entities is generally the total assets of the entities, except for Real Estate Investment Trusts where the size is based on the Group's credit exposure of $13.7 billion and newly established securitisation vehicles that have no assets where the Group's exposure is represented by undrawn credit facilities of $1,240 million.

Note 36 Investments in Subsidiaries and Other Entities (continued)

Unconsolidated Structured Entities (continued)

Exposures to unconsolidated structured entities	RMBS $M	ABS $M	Other Financing $M	Investment Funds $M	Total $M
					2014 [1]
Assets at fair value through income statement - trading	82	-	-	1,312	1,394
Available-for-sale investments	4,887	678	-	157	5,722
Loans, bills and discounted and other receivables	2,152	541	1,592	9,990	14,275
Other assets	-	-	-	176	176
Total on Balance Sheet exposures	7,121	1,219	1,592	11,635	21,567
Total notional amounts of off Balance Sheet exposures [2]	776	331	262	4,889	6,258
Total maximum exposure to loss	7,897	1,550	1,854	16,524	27,825
Total assets of the entities [3]	46,363	4,364	11,003	265,471	327,201

(1) Comparatives have been restated to align to presentation in the current period.
(2) Relates to undrawn facilities.
(3) Size of the entities is generally the total assets of the entities, except for Real Estate Investment Trusts where the size is based on the Group's credit exposure of $12.9 billion.

The Group's exposure to loss depends on the level of subordination of the interest which indicates the extent to which other parties are obliged to absorb credit losses before the Group. An overview of the Group's interests, relative ranking and external credit rating, for vehicles that have credit subordination in place, is summarised in the table below, and include securitisation vehicles and other financing.

Ranking and credit rating of exposures to unconsolidated structured entities	RMBS $M	ABS $M	Other Financing $M	Total $M
				2015
Senior [1]	**11,025**	**2,406**	**2,679**	**16,110**
Mezzanine [2]	**28**	**14**	**33**	**75**
Subordinated [3]	**29**	**-**	**-**	**29**
Total maximum exposure to loss	**11,082**	**2,420**	**2,712**	**16,214**

(1) $11,025 million of RMBS exposures, $2,406 million of ABS exposures and $1,506 million of other financing exposures are rated investment grade, the remaining $1,173 million exposures are rated sub-investment grade.
(2) All RMBS and ABS exposures are rated investment grade, all other financing exposures are rated sub investment grade.
(3) All exposures are rated sub investment grade.

Ranking and credit rating of exposures to unconsolidated structured entities	RMBS $M	ABS $M	Other Financing $M	Total $M
				2014
Senior [1]	7,844	1,537	1,821	11,202
Mezzanine [2]	26	13	33	72
Subordinated [3]	27	-	-	27
Total maximum exposure to loss	7,897	1,550	1,854	11,301

(1) $7,548 million of RMBS exposures, $1,503 million of ABS exposures and $818 million of other financing exposures are rated investment grade, the remaining $1,333 million exposures are rated sub-investment grade.
(2) All RMBS and ABS exposures are rated investment grade, all other financing exposures are rated sub investment grade.
(3) All exposures are rated sub investment grade.

Sponsored Unconsolidated Structured Entities

For the purposes of this disclosure, the Group sponsors an entity when it manages or advises the entity's program, places securities into the market on behalf of the entity, provides liquidity and/or credit enhancements to the entity, or the Group's name appears in the Structured Entity.

During the year ended 30 June 2015, the Group has sponsored two unconsolidated structured entities being Security Holding Investment Entity Linking Deals Limited (SHIELD) and SHIELD Trust No. 2. A wholly owned subsidiary of the Group, Securitisation Advisory Services Pty Limited (SAS), is the manager of SHIELD and SHIELD is the trustee of SHIELD Trust No. 2. The Group continues to hold an interest in these structured entities.

There has been no income earned or expense incurred directly from these entities during the year ended 30 June 2015. There also have been no assets transferred by all parties to the sponsored entities during the year ended 30 June 2015.

Note 37 Key Management Personnel

Detailed remuneration disclosures by Key Management Personnel are provided in the Remuneration Report of the Directors' Report on pages 56 to 64 and have been audited.

	Group		Bank	
	2015	2014	2015	2014
Key management personnel compensation	**$'000**	**$'000**	**$'000**	**$'000**
Short-term benefits	**34,086**	34,051	**34,086**	34,051
Post-employment benefits	**450**	443	**450**	443
Share-based payments	**9,090**	11,654	**9,090**	11,654
Long-term benefits	**1,300**	708	**1,300**	708
Total	**44,926**	46,856	**44,926**	46,856

Shareholdings

Details of the aggregate shareholdings of Key Management Personnel are set out below.

Equity Holdings of Key Management Personnel	Class	Balance 1 July 2014	Acquired/ Granted as Remuneration	Reward/ Deferred Shares Vested [(1)(2)]	Net Change Other [(3)]	Balance 30 June 2015 [(4)]
Non-Executive Directors	Ordinary [(5)(6)]	169,864	20,892	-	13,000	**191,368**
	PERLS	10,080	6,600	-	(900)	**12,980**
	Other securities [(7)]	5,000	-	-	-	**5,000**
Executives	Ordinary	483,770	-	-	94,939	**442,518**
	Reward Shares/Rights	1,281,437	283,410	(200,622)	(98,779)	**1,092,787**
	Deferred Shares	51,058	10,676	(38,083)	21,555	**45,206**

(1) Reward Rights represent rights granted under the GLRP which are subject to performance hurdles. Deferred Shares/Rights represent the deferred STI awarded under Executive General Manager arrangements, sign-on and retention awards received as restricted shares/rights. PERLS include cumulative holdings of all PERLS securities issued by the Group.
(2) Reward Rights and Deferred Shares/Rights become ordinary shares upon vesting. A portion of Ian Narev's vested equity award was delivered in the form of cash, which was paid to registered charities pursuant to an option that the Board made available.
(3) Net Change Other incorporates changes resulting from purchases, sales, forfeitures and appointment of Executives during the financial year.
(4) 30 June 2015 balances represent aggregate shareholdings of all KMP at balance date. The table is not a complete movement reconciliation as it does not include the impact of KMP departures.
(5) Non-Executive Directors who hold less than 5,000 Commonwealth Bank shares are required to receive 20% of their total post-tax annual fees as Commonwealth Bank shares. These shares are subject to a 10 year trading restriction (the shares will be released earlier if the director leaves the Board).
(6) Opening balances have been restated.
(7) Other securities: As at 30 June 2015 Jane Hemstritch held CNGHA notes (2014: CNGHA notes).

Loans to Key Management Personnel

All loans to Key Management Personnel (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned held significant voting power) have been provided on an arm's length commercial basis including the term of the loan, security required and the interest rate (which may be fixed or variable).

Details of aggregate loans to Key Management Personnel are set out below:

	2015	2014
KMP's	**$'000**	**$'000**
Loans	**10,130**	14,188
Interest Charged	**501**	522

Other transactions of Key Management Personnel

Financial Instrument Transactions

Financial instrument transactions (other than loans and shares disclosed within this report) of Key Management Personnel occur in the ordinary course of business on an arm's length basis.

Disclosure of financial instrument transactions regularly made as part of normal banking operations is limited to disclosure of such transactions with Key Management Personnel and entities controlled or significantly influenced by them.

All such financial instrument transactions that have occurred between entities within the Group and their Key Management Personnel have been trivial or domestic in nature and were in the nature of normal personal banking and deposit transactions.

Transactions other than Financial Instrument Transactions of Banks

All other transactions with Key Management Personnel and their related entities and other related parties are conducted on an arm's length basis in the normal course of business and on commercial terms and conditions. These transactions principally involve the provision of financial and investment services by entities not controlled by the Group. A related party of an executive has also been employed by the Group, and is remunerated in a manner consistent with normal employee relationships.

Note 38 Related Party Disclosures

Commonwealth Bank of Australia, which is incorporated in Australia, is the ultimate parent of the Group.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or a separate party controls both. The definition includes subsidiaries, associates, joint ventures, pension plans as well as other persons.

A number of banking transactions are entered into with related parties in the normal course of business on an arm's length basis. These include loans, deposits and foreign currency transactions, upon which some fees and commissions may be earned. Details of amounts paid or received from related parties, in the form of dividends or interest, are set out in Note 2.

The Bank's aggregate investments in, and loans to controlled entities are disclosed in the table below. Amounts due to controlled entities are disclosed in the Balance Sheet of the Bank.

	Bank	
	2015	2014
	$M	$M
Shares in controlled entities	13,027	14,234
Loans to controlled entities [1]	130,729	49,852
Total shares in and loans to controlled entities	**143,756**	64,086

(1) On 31 March 2015 internal RMBS issued to the Bank by controlled entities of $75,041 million were reclassified to Loans to controlled entities. Refer to Note 11 for further detail.

The Group also receives fees on an arm's length basis of $24 million (2014: $66 million) from funds classified as associates.

The Bank provides letters of comfort to other entities within the Group on standard terms. Guarantees include a $5 million (2014: $5 million) bank guarantee provided to Colonial First State Investments Limited and a $40 million (2014: $40 million) guarantee to AFS license holders in respect of excess compensation claims.

The Bank is the head entity of the tax consolidated group and has entered into tax funding and tax sharing agreements with its eligible Australian resident subsidiaries. The terms and conditions of these agreements are set out in Note 1(s). The amount receivable by the Bank under the tax funding agreement with the tax consolidated entities is $200 million as at 30 June 2015 (2014: $252 million receivable). This balance is included in 'Other assets' in the Bank's separate Balance Sheet.

All transactions between Group entities are eliminated on consolidation.

Note 39 Notes to the Statements of Cash Flows

(a) Reconciliation of Net Profit after Income Tax to Net Cash provided by Operating Activities

	Group			Bank	
	2015 $M	2014 $M	2013 $M	2015 $M	2014 $M
Net profit after income tax	**9,084**	8,650	7,634	**8,976**	8,442
Decrease/(increase) in interest receivable	**3**	(22)	130	**(251)**	(33)
Increase/(decrease) in interest payable	**14**	(295)	(251)	**(70)**	(269)
Net increase in assets at fair value through Income Statement (excluding life insurance)	**(5,490)**	(1,016)	(3,472)	**(4,997)**	(1,433)
Net (gain)/loss on sale of controlled entities and associates	**(13)**	(60)	(7)	**-**	29
Net gain on sale of investments	**-**	(2)	-	**-**	(2)
Net movement in derivative assets/liabilities	**6,180**	5,375	2,372	**9,058**	5,887
Net loss on sale of property, plant and equipment	**8**	12	14	**4**	9
Equity accounting profit	**(268)**	(192)	(210)	**-**	-
Loan impairment expense	**988**	918	1,146	**837**	871
Depreciation and amortisation (including asset write downs)	**803**	874	716	**631**	705
Increase/(decrease) in liabilities at fair value through Income Statement (excluding life insurance)	**975**	(1,674)	1,569	**2,105**	1,788
Increase/(decrease) in other provisions	**354**	7	19	**161**	(14)
(Decrease)/increase in income taxes payable	**(32)**	(617)	45	**(423)**	(1,124)
(Decrease)/increase in deferred tax liabilities	**(15)**	(104)	133	**-**	-
Decrease/(increase) in deferred tax assets	**131**	363	(26)	**25**	281
Decrease/(increase)in accrued fees/reimbursements receivable	**66**	(158)	(272)	**8**	(1)
Increase in accrued fees and other items payable	**349**	94	315	**230**	40
Decrease in life insurance contract policy liabilities	**(1,133)**	(1,082)	(1,401)	**-**	-
Increase/(decrease) in cash flow hedge reserve	**20**	9	27	**(4)**	15
(Gain)/loss on changes in fair value of hedged items	**(493)**	71	(617)	**(660)**	(305)
Dividend received - controlled entities	**-**	-	-	**(1,972)**	(1,944)
Changes in operating assets and liabilities arising from cash flow movements	**(4,658)**	(8,280)	(2,411)	**(10,966)**	(10,881)
Other	**310**	1,092	1,124	**512**	797
Net cash provided by operating activities	**7,183**	3,963	6,577	**3,204**	2,858

(b) Reconciliation of Cash

For the purposes of the Statements of Cash Flows, cash includes cash and money at short call.

	Group			Bank	
	2015 $M	2014 $M	2013 $M	2015 $M	2014 $M
Notes, coins and cash at banks	**15,683**	12,490	7,653	**14,821**	11,089
Other short-term liquid assets	**3,587**	6,638	4,965	**3,344**	6,389
Cash and cash equivalents at end of year	**19,270**	19,128	12,618	**18,165**	17,478

(c) Non-cash Financing and Investing Activities

	Group		
	2015 $M	2014 $M	2013 $M
Shares issued under the Dividend Reinvestment Plan (1)	**571**	707	929

(1) Part of the Dividend Reinvestment Plan paid out in the 2015 financial year was satisfied through the on-market purchase and transfer of $704 million of shares to participating shareholders (2014: $722 million).

(d) Disposal of Controlled Entities - Fair Value of Asset Disposal

The Group disposed of certain CFS GAM operations including Colonial First State Property Management Pty Limited, Commonwealth Management Investments Limited and Colonial First State Management Pty Limited during the 2014 financial year.

	Group		
	2015 $M	2014 $M	2013 $M
Net assets	**-**	440	-
Cash consideration received	**-**	569	-
Cash and cash equivalents held in disposed entities	**-**	38	-

Note 39 Notes to the Statements of Cash Flows (continued)

(e) Acquisition of Controlled Entities

The Group acquired 100% of the issued share capital of the TYME Group and gained control on 26 January 2015. TYME is a South African based global leader in designing, building and operating digital banking systems. This acquisition will support the Group in growing into emerging markets, as well as provide capability to enhance innovation in our core markets.

The fair value of the identifiable assets acquired and liabilities assumed at the acquisition date are as follows:

			Group
	2015	2014	2013
	$M	$M	$M
Net identifiable assets at fair value	(2)	-	-
Add: Goodwill	43	-	-
Purchase consideration transferred	41	-	-
Less: Cash and cash equivalents acquired	-	-	-
	41	-	-
Less: Contingent consideration	(12)	-	-
Net cash outflow on acquisition	29	-	-

Note 40 Disclosures about Fair Values

(a) Valuation

The best evidence of fair value is a quoted market price in an active market. Therefore, where possible, fair value is based on quoted market prices. Where no quoted market price for an instrument is available, the fair value is based on present value estimates or other valuation techniques based on current market conditions. These valuation techniques rely on market observable inputs wherever possible, or in a limited number of instances, rely on inputs which are reasonable assumptions based on market conditions.

Determination of the fair value of Over-the-Counter (OTC) derivatives includes credit valuation adjustments (CVA) for derivative assets to reflect the credit worthiness of the counterparty, and debit valuation adjustment (DVA) for derivative liabilities and other liabilities at fair value to reflect the Group's own credit risk. During the year, the Group revised the valuation methodology for derivatives to incorporate funding valuation adjustments (FVA) into its fair value measurements. This resulted in an initial cost of $74 million when the change was adopted ($81 million year to date). FVA reflect the costs and benefits of funding associated with uncollateralised derivative assets and uncollateralised derivative liabilities. FVA was implemented prospectively as a change in accounting estimate. These adjustments are applied after considering any relevant collateral or master netting arrangements.

The Group utilises various valuation techniques and applies a hierarchy for valuation inputs that maximise the use of observable market data, if available.

Under AASB 13 'Fair Value Measurement' all financial and non-financial assets and liabilities measured or disclosed at fair value are categorised into one of the following three fair value hierarchy levels:

Quoted Prices in Active Markets – Level 1

This category includes assets and liabilities for which the valuation is determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Financial instruments included in this category are liquid government bonds, financial institution and corporate bonds, certificates of deposit, bank bills, listed equities and exchange traded derivatives.

Valuation Technique Using Observable Inputs – Level 2

This category includes assets and liabilities that have been valued using inputs other than quoted prices as described for Level 1, but which are observable for the asset or liability, either directly or indirectly. The valuation techniques include the use of discounted cash flow analysis, option pricing models and other market accepted valuation models.

Financial instruments included in this category are commercial papers, mortgage-backed securities and OTC derivatives including interest rate swaps, cross currency swaps and FX options.

Valuation Technique Using Significant Unobservable Inputs – Level 3

This category includes assets and liabilities the valuation of which incorporates significant inputs that are not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally derived and extrapolated from observable inputs to match the risk profile of the financial instrument, and are calibrated against current market assumptions, historic transactions and economic models, where available. These inputs may include the timing and amount of future cash flows, rates of estimated credit losses, discount rates and volatility.

Financial instruments included in this category for the Group and Bank are certain exotic OTC derivatives and certain asset-backed securities valued using unobservable inputs.

Note 40 Disclosures about Fair Values (continued)

(b) Fair Value Hierarchy for Financial Assets and Liabilities Measured at Fair Value

The classification in the fair value hierarchy of the Group's and the Bank's financial assets and liabilities measured at fair value is presented in the table below:

Group

	Fair Value as at 30 June 2015				Fair Value as at 30 June 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M	$M	$M	$M	$M
Financial assets measured at fair value on a recurring basis								
Assets at fair value through Income Statement:								
Trading	18,623	7,801	-	**26,424**	15,785	5,674	-	21,459
Insurance	5,395	8,693	-	**14,088**	5,451	9,691	-	15,142
Other	95	1,183	-	**1,278**	192	568	-	760
Derivative assets	12	46,062	80	**46,154**	19	29,093	135	29,247
Available-for-sale investments	64,341	10,228	115	**74,684**	58,033	8,007	97	66,137
Bills Discounted	14,847	-	-	**14,847**	19,244	-	-	19,244
Total financial assets measured at fair value	103,313	73,967	195	**177,475**	98,724	53,033	232	151,989
Financial liabilities measured at fair value on a recurring basis								
Liabilities at fair value through Income Statement	4,437	4,056	-	**8,493**	4,612	2,896	-	7,508
Derivative liabilities	-	35,190	23	**35,213**	-	27,245	14	27,259
Life investment contracts	-	9,159	-	**9,159**	-	9,536	-	9,536
Total financial liabilities measured at fair value	4,437	48,405	23	**52,865**	4,612	39,677	14	44,303

Bank

	Fair Value as at 30 June 2015				Fair Value as at 30 June 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M	$M	$M	$M	$M
Financial assets measured at fair value on a recurring basis								
Assets at fair value through Income Statement:								
Trading	18,211	6,924	-	**25,135**	15,764	4,808	-	20,572
Other	-	989	-	**989**	137	424	-	561
Derivative assets	7	45,520	80	**45,607**	18	29,350	247	29,615
Available-for-sale investments [1]	62,435	9,754	115	**72,304**	57,221	6,062	68,294	131,577
Bills Discounted	14,847	-	-	**14,847**	19,244	-	-	19,244
Total financial assets measured at fair value	95,500	63,187	195	**158,882**	92,384	40,644	68,541	201,569
Financial liabilities measured at fair value on a recurring basis								
Liabilities at fair value through Income Statement	4,428	2,895	-	**7,323**	4,606	546	-	5,152
Derivative liabilities	-	39,611	25	**39,636**	-	29,225	116	29,341
Total financial liabilities measured at fair value	4,428	42,506	25	**46,959**	4,606	29,771	116	34,493

(1) At 30 June 2014, level 3 Available-for-sale investments for the Bank included $67,457 million of internal RMBS issues. These were reclassified in the current period to Loans to controlled entities. Refer to Note 11 for further detail.

Note 40 Disclosures about Fair Values (continued)

(c) Analysis of Movements between Fair Value Hierarchy Levels

During the year ended 30 June 2015 the Group and the Bank reclassified $1,379 million of available-for-sale securities and $525 million of trading securities from Level 2 to Level 1 due to changes in the observability of inputs (2014: $172 million of available-for-sale securities and $722 million of trading securities). The table below summarises movements in Level 3 balance during the year. Transfers have been reflected as if they had taken place at the end of the reporting period.

Level 3 Movement Analysis for the year ended 30 June 2015

	Group			
	Derivative Assets $M	Available for Sale Investments $M	Derivative Liabilities $M	Total $M
As at 1 July 2013	69	4	(14)	59
Purchases	1	750	-	751
Sales/Settlements	(18)	(155)	2	(171)
Gains/(losses) in the period:				
Recognised in the Income Statement	(3)	3	1	1
Recognised in the Statement of Comprehensive Income	-	(1)	-	(1)
Transfers in	86	96	(3)	179
Transfers out	-	(600)	-	(600)
As at 30 June 2014	135	97	(14)	218
Gains/(losses) recognised in the Income Statement for financial instruments held as at 30 June 2014	9	-	1	10
As at 1 July 2014	135	97	(14)	218
Purchases	-	8	-	8
Sales/Settlements	(122)	(28)	8	(142)
Gains/(losses) in the period:				
Recognised in the Income Statement	70	3	(13)	60
Recognised in the Statement of Comprehensive Income	-	1	-	1
Transfers in	9	34	(7)	36
Transfers out	(12)	-	3	(9)
As at 30 June 2015	80	115	(23)	172
Gains/(losses) recognised in the Income Statement for financial instruments held as at 30 June 2015	70	-	(14)	56

Note 40 Disclosures about Fair Values (continued)

Level 3 Movement Analysis for the year ended 30 June 2015 (continued)

	Bank			
	Derivative Assets $M	Available for Sale Investments $M	Derivative Liabilities $M	Total $M
As at 1 July 2013	62	68,610	(14)	68,658
Purchases	1	750	-	751
Sales/Settlements	(23)	(738)	2	(759)
Gains/(losses) in the period:				
Recognised in the Income Statement	9	-	1	10
Recognised in the Statement of Comprehensive Income	-	176	-	176
Transfers in	198	96	(105)	189
Transfers out	-	(600)	-	(600)
As at 30 June 2014	247	68,294	(116)	68,425
Gains/(losses) recognised in the Income Statement for financial instruments held as at 30 June 2014	9	-	2	11
As at 1 July 2014	247	68,294	(116)	68,425
Purchases	-	7,967	-	7,967
Sales/Settlements	(235)	(337)	110	(462)
Gains/(losses) in the period:				
Recognised in the Income Statement	71	3	(15)	59
Recognised in the Statement of Comprehensive Income	-	106	-	106
Transfers in	9	34	(7)	36
Transfers out	(12)	(75,952)	3	(75,961)
As at 30 June 2015	80	115	(25)	170
Gains/(losses) recognised in the Income Statement for financial instruments held as at 30 June 2015	71	-	(16)	55

In the current period, Available-for-sale investments of $75,041 million were reclassified to Loans to controlled entities. Refer to Note 11 for further detail. All other transfers in and out of Level 3 were due to changes in the observability of the inputs.

The Group's exposure to financial instruments measured at fair value based in full or in part on non-market observable inputs is restricted to a small number of financial instruments, which comprise an insignificant component of the portfolios to which they belong. As such, the purchases, sales, as well as any change in the assumptions used to value the instruments to a reasonably possible alternative do not have a material effect on the portfolio balance of the Group's results.

Note 40 Disclosures about Fair Values (continued)

(d) Fair Value Information for Financial Instruments not measured at Fair Value

The estimated fair values and fair value hierarchy of the Group's and the Bank's financial instruments not measured at fair value as at 30 June 2015 are presented below:

					Group 30 June 2015
	Carrying value	Fair value			
	Total	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M	$M
Financial assets not measured at fair value on a recurring basis					
Cash and liquid assets	**33,116**	19,270	13,846	-	**33,116**
Receivables due from other financial institutions	**11,540**	-	11,540	-	**11,540**
Loans and other receivables	**624,415**	-	-	625,265	**625,265**
Bank acceptances of customers	**1,944**	-	-	1,944	**1,944**
Other assets	**5,894**	499	5,395	-	**5,894**
Total financial assets	**676,909**	19,769	30,781	627,209	**677,759**
Financial liabilities not measured at fair value on a recurring basis					
Deposits and other public borrowings	**543,231**	-	529,738	14,819	**544,557**
Payables due to other financial institutions	**36,416**	-	36,416	-	**36,416**
Bank acceptances	**1,944**	1,944	-	-	**1,944**
Debt issues	**154,429**	1,010	154,278	-	**155,288**
Managed funds units on issue	**1,149**	1,149	-	-	**1,149**
Bills payable and other liabilities	**8,963**	-	8,963	-	**8,963**
Loan capital	**12,824**	2,852	9,454	-	**12,306**
Total financial liabilities	**758,956**	6,955	738,849	14,819	**760,623**
Financial guarantees, loan commitments and other off Balance Sheet instruments	**175,569**	-	-	175,569	**175,569**

					Group 30 June 2014
	Carrying value	Fair value			
	Total	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M	$M
Financial assets not measured at fair value on a recurring basis					
Cash and liquid assets	26,409	19,128	7,281	-	26,409
Receivables due from other financial institutions	8,065	-	8,065	-	8,065
Loans and other receivables	578,537	-	-	579,070	579,070
Bank acceptances of customers	5,027	-	-	5,027	5,027
Other assets	4,745	509	4,236	-	4,745
Total financial assets	622,783	19,637	19,582	584,097	623,316
Financial liabilities not measured at fair value on a recurring basis					
Deposits and other public borrowings	498,352	-	483,660	15,903	499,563
Payables due to other financial institutions	24,978	-	24,978	-	24,978
Bank acceptances	5,027	5,027	-	-	5,027
Debt issues	142,219	1,032	142,208	135	143,375
Managed funds units on issue	1,214	-	1,214	-	1,214
Bills payable and other liabilities	7,888	-	7,888	-	7,888
Loan capital	9,594	3,259	6,565	-	9,824
Total financial liabilities	689,272	9,318	666,513	16,038	691,869
Financial guarantees, loan commitments and other off Balance Sheet instruments	164,347	-	-	164,347	164,347

Note 40 Disclosures about Fair Values (continued)

(d) Fair Value Information for Financial Instruments not measured at Fair Value (continued)

					Bank 30 June 2015
	Carrying value	Fair value			
	Total	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M	$M
Financial assets not measured at fair value on a recurring basis					
Cash and liquid assets	**31,683**	18,166	13,517	-	**31,683**
Receivables due from other financial institutions	**9,720**	-	9,720	-	**9,720**
Loans and other receivables	**558,588**	-	-	559,366	**559,366**
Bank acceptances of customers	**1,908**	-	-	1,908	**1,908**
Loans to controlled entities	**130,729**	-	-	130,441	**130,441**
Other assets	**5,009**	488	4,521	-	**5,009**
Total financial assets	**737,637**	18,654	27,758	691,715	**738,127**
Financial liabilities not measured at fair value on a recurring basis					
Deposits and other public borrowings	**497,625**	-	484,781	13,660	**498,441**
Payables due to other financial institutions	**35,516**	-	35,516	-	**35,516**
Bank acceptances	**1,908**	1,908	-	-	**1,908**
Due to controlled entities	**126,496**	-	2,483	124,013	**126,496**
Debt issues	**130,359**	-	131,741	-	**131,741**
Bills payable and other liabilities	**6,619**	-	6,619	-	**6,619**
Loan capital	**13,364**	1,703	11,104	-	**12,807**
Total financial liabilities	**811,887**	3,611	672,244	137,673	**813,528**
Financial guarantees, loan commitments and other off Balance Sheet instruments	**161,722**	-	-	161,722	**161,722**

					Bank 30 June 2014
	Carrying value	Fair value			
	Total	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M	$M
Financial assets not measured at fair value on a recurring basis					
Cash and liquid assets	24,108	17,477	6,631	-	24,108
Receivables due from other financial institutions	7,457	-	7,457	-	7,457
Loans and other receivables	516,003	-	-	516,553	516,553
Bank acceptances of customers	4,984	-	-	4,984	4,984
Loans to controlled entities	49,852	-	-	49,732	49,732
Other assets	3,800	496	3,304	-	3,800
Total financial assets	606,204	17,973	17,392	571,269	606,634
Financial liabilities not measured at fair value on a recurring basis					
Deposits and other public borrowings	457,571	-	443,969	14,178	458,147
Payables due to other financial institutions	24,599	-	24,599	-	24,599
Bank acceptances	4,984	4,984	-	-	4,984
Due to controlled entities	118,920	-	3,498	115,422	118,920
Debt issues	119,548	-	120,817	135	120,952
Bills payable and other liabilities	6,039	-	6,039	-	6,039
Loan capital	9,969	2,119	8,061	-	10,180
Total financial liabilities	741,630	7,103	606,983	129,735	743,821
Financial guarantees, loan commitments and other off Balance Sheet instruments	151,798	-	-	151,798	151,798

Note 40 Disclosures about Fair Values (continued)

(d) Fair Value Information for Financial Instruments not measured at Fair Value (continued)

The fair values disclosed above represent estimates of prices at which these instruments could be sold or transferred in an orderly transaction between market participants. However, many of the instruments lack an available trading market and it is the intention to hold to maturity. Thus it is possible that realised amounts may differ to amounts disclosed above. Due to the wide range of valuation techniques and the numerous estimates that must be made, it may be difficult to make a reasonable comparison of the fair value information disclosed here, against that disclosed by other financial institutions.

The fair value estimates disclosed above have been derived as follows:

Loans and Other Receivables

The carrying value of loans and other receivables is net of accumulated collective and individually assessed provisions for impairment. Customer creditworthiness is regularly reviewed in line with the Group's credit policies and where necessary, pricing is adjusted in accordance with individual credit contracts.

For the majority of variable rate loans, excluding impaired loans, the carrying amount is considered a reasonable estimate of fair value. For Institutional variable rate loans, the fair value is calculated using discounted cash flow models with a discount rate reflecting market rates offered on similar loans to customers with similar creditworthiness. The fair value of impaired loans is calculated by discounting estimated future cash flows using the loan's market interest rate.

The fair value of fixed rate loans is calculated using discounted cash flow models where the discount rate reflects market rates offered for loans of similar remaining maturities and creditworthiness as the customer.

Deposits and Other Public Borrowings

Fair value of non-interest bearing, call and variable rate deposits, and fixed rate deposits repricing within six months, approximate their carrying value as they are short-term in nature or payable on demand.

Fair value of term deposits are estimated using discounted cash flows, applying market rates offered for deposits of similar remaining maturities.

Debt Issues and Loan Capital

The fair values are calculated using quoted market prices, where available. Where quoted market prices are not available, discounted cash flow and option pricing models are used. The discount rate applied reflects the terms of the instrument, the timing of the cash flows and is adjusted for any change in the Group's applicable credit rating.

Other Financial Assets and Liabilities

For all other financial assets and liabilities fair value approximates carrying value due to their short-term nature, frequent repricing or high credit rating.

Note 41 Securitisation, Covered Bonds and Transferred Assets

Transfer of Financial Assets

In the normal course of business the Group enters into transactions by which it transfers financial assets to counterparties or directly to Special Purpose Vehicles (SPVs). These transfers do not give rise to derecognition of those financial assets for the Group.

Repurchase Agreements

Securities sold under agreement to repurchase are retained on the Balance Sheet when substantially all the risks and rewards of ownership remain with the Group, and the counterparty liability is included separately on the Balance Sheet when cash consideration is received.

Securitisation Programs

Residential mortgages securitised under the Group's securitisation programs are equitably assigned to bankruptcy remote Special Purpose Vehicles (SPVs). The Group is entitled to any residual income of the securitisation program after all payments due to investors have been met. In addition, where derivatives are transacted between the SPV and the Bank, such that the Bank retains exposure to the variability in cash flows from the transferred residential mortgages, the mortgages will continue to be recognised on the Bank's Balance Sheet. The investors have full recourse only to the residential mortgages segregated into an SPV.

Covered Bonds Programs

To complement the existing wholesale funding sources, the Group has established two global covered bond programs for the Bank and ASB respectively. Certain residential mortgages have been assigned to a bankruptcy remote SPV associated with covered bond programs to provide security for the obligations payable on the covered bonds issued by the Group. Similarly to securitisation programs, the Group is entitled to any residual income after all payments due to covered bonds investors have been met. As the Bank retains substantially all of the risks and rewards associated with the mortgages through derivatives transacted with the SPV, the Bank continues to recognise the mortgages on its Balance Sheet. The covered bond holders have dual recourse to the Bank and the covered pool assets.

Note 41 Securitisation, Covered Bonds and Transferred Assets (continued)

At the Balance Sheet date, transferred financial assets that did not qualify for derecognition and their associated liabilities are as follows:

	Group					
	Repurchase Agreements		Covered Bonds		Securitisation	
	2015 $M	2014 $M	2015 $M	2014 $M	2015 $M	2014 $M
Carrying amount of transferred assets	**12,976**	9,961	**32,316**	34,147	**14,264**	12,982
Carrying amount of associated liabilities [1]	**12,976**	9,961	**28,755**	25,280	**12,603**	11,426
For those liabilities that have recourse only to the transferred assets:						
Fair value of transferred assets					**14,273**	12,992
Fair value of associated liabilities					**12,603**	11,471
Net position					**1,670**	1,521

	Bank					
	Repurchase Agreements		Covered Bonds		Securitisation	
	2015 $M	2014 $M	2015 $M	2014 $M	2015 $M	2014 $M
Carrying amount of transferred assets	**13,048**	9,958	**29,018**	29,216	**93,198**	84,214
Carrying amount of associated liabilities [2]	**13,048**	9,958	**26,005**	22,732	**93,198**	84,214
For those liabilities that have recourse only to the transferred assets:						
Fair value of transferred assets					**93,257**	84,262
Fair value of associated liabilities					**93,198**	84,214
Net position					**59**	48

(1) Securitisation liabilities of the Group include RMBS notes issued by securitisation SPVs and held by external investors.
(2) Securitisation liabilities of the Bank include borrowings from securitisation SPVs, including the SPVs that issue only internally held notes for repurchase with central banks, recognised on transfer of residential mortgages by the Bank.

Note 42 Collateral Arrangements

Collateral Accepted as Security for Assets

The Group takes collateral where it is considered necessary to support both on and off Balance Sheet financial instruments. The Group evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral taken, if deemed necessary, is based on management's credit evaluation of the counterparty. The Group has the right to sell, re-pledge, or otherwise use some of the collateral received. At Balance Sheet date the carrying value of cash accepted as collateral (and recognised on the Group's and the Bank's Balance Sheets) and the fair value of securities accepted as collateral (but not recognised on the Group's or the Bank's Balance Sheets) were as follows:

	Group		Bank	
	2015 $M	2014 $M	2015 $M	2014 $M
Cash	**14,249**	4,648	**13,543**	4,518
Securities	**13,846**	7,282	**13,518**	6,631
Collateral held	**28,095**	11,930	**27,061**	11,149
Collateral held which is re-pledged or sold	**9**	-	**-**	-

Assets Pledged

As part of standard terms of transactions with other banks, the Group has provided collateral to secure liabilities. At Balance Sheet date, the carrying value of assets pledged as collateral to secure liabilities is as follows:

	Group		Bank	
	2015 $M	2014 $M	2015 $M	2014 $M
Cash	**6,687**	3,745	**6,367**	3,477
Securities [1]	**13,113**	10,308	**13,186**	10,306
Assets pledged	**19,800**	14,053	**19,553**	13,783
Asset pledged which can be re-pledged or re-sold by counterparty	**12,976**	9,961	**13,048**	9,958

(1) These balances include assets sold under repurchase agreements. The liabilities related to these repurchase agreements are disclosed in Note 17.

The Group and the Bank have pledged collateral as part of entering repurchase and derivative agreements. These transactions are governed by standard industry agreements.

Note 43 Offsetting Financial Assets and Financial Liabilities

The table below identifies amounts that have been currently offset on the Balance Sheet and amounts that are covered by enforceable netting arrangements or similar agreements that do not qualify for set off. Cash settled derivatives that trade on an exchange are deemed to be economically settled and therefore outside the scope of these disclosures, if the change in fair value of the derivative is economically settled on a daily basis through the cash payment or receipt of variation margins.

								Group 30 June 2015
	Subject to Enforceable Master Netting or Similar Agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial Instruments	Gross Balance Sheet Amount $M	Amount offset $M	Reported on the Balance Sheet [1] $M	Financial Instruments [2] $M	Financial Collateral (Received)/ Pledged [2] $M	Net Amount $M	Not subject to Netting Agreements $M	Total Balance Sheet amount $M
Derivative assets	49,323	(3,169)	46,154	(20,799)	(14,016)	5,123	6,126	**46,154**
Securities purchased under agreements to resell	13,846	-	13,846	(264)	(13,525)	58	-	**13,846**
Securities sold not delivered	1,969	(710)	1,259	-	-	-	-	**1,259**
Total financial assets	65,138	(3,879)	61,259	(21,063)	(27,541)	5,181	6,126	**61,259**
Derivative liabilities	(40,045)	4,832	(35,213)	20,799	6,292	(3,856)	(4,114)	**(35,213)**
Securities sold under agreements to repurchase	(12,976)	-	(12,976)	264	12,712	-	-	**(12,976)**
Securities purchased not delivered	(1,201)	710	(491)	-	-	-	-	**(491)**
Total financial liabilities	(54,222)	5,542	(48,680)	21,063	19,004	(3,856)	(4,114)	**(48,680)**

								Group 30 June 2014
	Subject to Enforceable Master Netting or Similar Agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial Instruments	Gross Balance Sheet Amount $M	Amount offset $M	Reported on the Balance Sheet [1] $M	Financial Instruments [2] $M	Financial Collateral (Received)/ Pledged [2] $M	Net Amount $M	Not subject to Netting Agreements $M	Total Balance Sheet amount $M
Derivative assets	29,247	-	29,247	(18,009)	(4,367)	1,873	4,998	29,247
Securities purchased under agreements to resell	7,281	-	7,281	(180)	(7,062)	39	-	7,281
Securities sold not delivered	928	(516)	412	-	-	-	-	412
Total financial assets	37,456	(516)	36,940	(18,189)	(11,429)	1,912	4,998	36,940
Derivative liabilities	(27,259)	-	(27,259)	18,009	3,128	(2,156)	(3,966)	(27,259)
Securities sold under agreements to repurchase	(9,964)	-	(9,964)	180	9,782	(2)	-	(9,964)
Securities purchased not delivered	(1,035)	515	(520)	-	-	-	-	(520)
Total financial liabilities	(38,258)	515	(37,743)	18,189	12,910	(2,158)	(3,966)	(37,743)

(1) Includes amounts both subject and not subject to netting agreements.
(2) For the purpose of this disclosure, the related amounts of financial instruments and financial collateral not set off on the Balance Sheet have been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/ (liabilities) reported on the Balance Sheet, i.e. over-collateralisation, where it exists, is not reflected in the tables. As a result the above collateral balances will not correspond to the tables on page 175.

Note 43 Offsetting Financial Assets and Financial Liabilities (continued)

Bank
30 June 2015

	Subject to Enforceable Master Netting or Similar Agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial Instruments	**Gross Balance Sheet Amount $M**	**Amount offset $M**	**Reported on the Balance Sheet (1) $M**	**Financial Instruments (2) $M**	**Financial Collateral (Received)/ Pledged (2) $M**	**Net Amount $M**	**Not subject to Netting Agreements $M**	**Total Balance Sheet amount $M**
Derivative assets	48,776	(3,169)	45,607	(21,107)	(13,316)	4,902	6,179	**45,607**
Securities purchased under agreements to resell	13,518	-	13,518	(264)	(13,196)	58	-	**13,518**
Total financial assets	62,294	(3,169)	59,125	(21,371)	(26,512)	4,960	6,179	**59,125**
Derivative liabilities	(44,468)	4,832	(39,636)	21,107	5,979	(8,235)	(4,160)	**(39,636)**
Securities sold under agreements to repurchase	(13,048)	-	(13,048)	264	12,784	-	-	**(13,048)**
Total financial liabilities	(57,516)	4,832	(52,684)	21,371	18,763	(8,235)	(4,160)	**(52,684)**

Bank
30 June 2014

	Subject to Enforceable Master Netting or Similar Agreements							
	Amounts offset on the Balance Sheet			Amounts not offset on the Balance Sheet				
Financial Instruments	**Gross Balance Sheet Amount**	**Amount offset**	**Reported on the Balance Sheet (1) $M**	**Financial Instruments (2) $M**	**Financial Collateral (Received)/ Pledged (2) $M**	**Net Amount $M**	**Not subject to Netting Agreements $M**	**Total Balance Sheet amount $M**
Derivative assets	29,615	-	29,615	(17,618)	(4,246)	1,839	5,912	29,615
Securities purchased under agreements to resell	6,630	-	6,630	(145)	(6,446)	39	-	6,630
Total financial assets	36,245	-	36,245	(17,763)	(10,692)	1,878	5,912	36,245
Derivative liabilities	(29,341)	-	(29,341)	17,618	3,128	(1,745)	(6,850)	(29,341)
Securities sold under agreements to repurchase	(9,961)	-	(9,961)	145	9,814	(2)	-	(9,961)
Total financial liabilities	(39,302)	-	(39,302)	17,763	12,942	(1,747)	(6,850)	(39,302)

(1) Includes amounts both subject and not subject to netting agreements.
(2) For the purpose of this disclosure, the related amounts of financial instruments and financial collateral not set off on the Balance Sheet have been capped by relevant netting agreements so as not to exceed the net amounts of financial assets/ (liabilities) reported on the Balance Sheet, i.e. over-collateralisation, where it exists, is not reflected in the tables. As a result the above collateral balances will not correspond to the tables on page 175.

Note 43 Offsetting Financial Assets and Financial Liabilities including Collateral Arrangements (continued)

Related Amounts not Set Off on the Balance Sheet

Derivative Assets and Liabilities

The "Financial Instruments" column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement. All outstanding transactions with the same counterparty can be offset and close-out netting applied if an event of default or other predetermined events occur. Financial collateral refers to cash and non-cash collateral obtained to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Repurchase and Reverse Repurchase Agreements and Security Lending Agreements

The "Financial Instruments" column identifies financial assets and liabilities that are subject to set off under netting agreements, such as global master repurchase agreements and global master securities lending agreements. Under these netting agreements, all outstanding transactions with the same counterparty can be offset and close-out netting applied if an event of default or other predetermined events occur. Financial collateral typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

Note 44 Subsequent Events

The Board of Directors approved a pro-rata renounceable entitlement offer of new ordinary shares to eligible existing shareholders after close of the ASX on 11 August 2015. This will comprise an accelerated institutional entitlements offer and a retail entitlements offer with retail entitlements trading. This is expected to raise approximately $5 billion and will result in approximately 71 million new ordinary shares representing 4.3% of shares on issue. The capital raised will allow the Bank to meet future requirements including the new APRA capital requirements in relation to residential mortgages being implemented on 1 July 2016.

The Bank expects the DRP for the final dividend for the year ended 30 June 2015 will be satisfied by the issue of shares of approximately $700 million.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

In accordance with a resolution of the Directors of the Commonwealth Bank of Australia (Bank), the Directors declare that:

(a) the Financial Statements and the accompanying notes for the financial year ended 30 June 2015 in relation to the Bank and the consolidated entity (Group) are in accordance with the Corporations Act 2001, including:

  (i) s 296 (which requires the Financial Report, including the Financial Statements and the notes to the Financial Statements, to comply with the accounting standards); and

  (ii) s 297 (which requires the Financial Statements, and the notes to the Financial Statements, to give a true and fair view of the financial position and performance of the Group and the Bank);

(b) in compliance with the accounting standards, the notes to the Financial Statements include an explicit and unreserved statement of compliance with international financial reporting standards (see Note 1(a));

(c) in the opinion of the Directors, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they become due and payable; and

(d) the Directors have been given the declarations required by s 295A in respect of the financial year ended 30 June 2015.

Signed in accordance with a resolution of the Directors.

D J Turner
Chairman
11 August 2015

I M Narev
Managing Director and Chief Executive Officer
11 August 2015

Independent auditor's report to the members of Commonwealth Bank of Australia

Report on the financial report

We have audited the accompanying financial report of Commonwealth Bank of Australia (the Company), which comprises the balance sheets as at 30 June 2015, the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Commonwealth Bank of Australia and the Consolidated Entity. The Consolidated Entity comprises the Company and the entities it controlled at the year-end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors of the Company also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Independent auditor's report to the members of Commonwealth Bank of Australia (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

(a) the financial report of Commonwealth Bank of Australia is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 44 to 65 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Commonwealth Bank of Australia for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

PricewaterhouseCoopers

Marcus Laithwaite
Partner

Sydney
11 August 2015

Shareholding Information

Top 20 Holders of Fully Paid Ordinary Shares as at 7 August 2015

Rank	Name of Holder	Number of Shares	%
1	HSBC Custody Nominees (Australia) Limited	270,757,648	16.64
2	J P Morgan Nominees Australia Limited	168,399,464	10.35
3	National Nominees Limited	127,377,721	7.83
4	Citicorp Nominees Pty Limited	86,227,061	5.30
5	BNP Paribas Noms Pty Ltd	36,846,518	2.26
6	Bond Street Custodians Limited	23,666,301	1.45
7	RBC Dexia Investor Services Australia Nominees Pty Limited	14,324,684	0.88
8	Australian Foundation Investment Company Limited	8,482,900	0.52
9	UBS Wealth Management Australia Nominees Pty Ltd	5,354,366	0.33
10	Navigator Australia Ltd	3,661,180	0.22
11	Milton Corporation Limited	3,034,225	0.19
12	Argo Investments Limited	2,952,895	0.18
13	Dawnraptor Pty Limited	2,747,995	0.17
14	Pacific Custodians Pty Limited	2,356,942	0.14
15	UBS Nominees Pty Ltd	2,221,306	0.14
16	Nulis Nominees (Australia) Limited	2,213,025	0.14
17	Invia Custodian Pty Limited	2,152,627	0.13
18	Questor Financial Services Limited	2,027,086	0.12
19	Mr. Barry Martin Lambert	1,643,613	0.10
20	McCusker Holdings Pty Ltd	1,435,000	0.09

The top 20 shareholders hold 767,882,557 shares which is equal to 47.18% of the total shares on issue.

Stock Exchange Listing

The shares of the Commonwealth Bank of Australia (Bank) are listed on the Australian Securities Exchange under the trade symbol CBA, with Sydney being the home exchange.

Details of trading activity are published in most daily newspapers, generally under the abbreviation of CBA or C'wealth Bank. The Bank is not currently in the market conducting an on market buy-back of its shares.

Range of Shares (Fully Paid Ordinary Shares and Employee Shares) as at 7 August 2015

Range	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Issued Capital
1 – 1,000	582,440	73.77	189,855,444	11.67
1,001 – 5,000	181,143	22.95	378,040,880	23.23
5,001 – 10,000	18,000	2.28	123,072,869	7.56
10,001 – 100,000	7,633	0.97	143,953,570	8.84
100,001 and over	199	0.03	792,669,950	48.70
Total	789,415	100.00	1,627,592,713	100.00
Less than marketable parcel of $500	12,795	1.62	33,832	0.02

Voting Rights

Under the Bank's Constitution, each person who is a voting Shareholder and who is present at a general meeting of the Bank in person or by proxy, attorney or official representative is entitled:

- On a show of hands – to one vote; and
- On a poll – to one vote for each share held or represented.

If a person present at a general meeting represents personally or by proxy, attorney or official representative more than one Equity holder, on a show of hands the person is entitled to one vote even though he or she represents more than one Equity holder.

If an Equity holder is present in person and votes on a resolution, any proxy or attorney of that Equity holder is not entitled to vote.

If more than one official representative or attorney is present for an Equity holder:

- None of them is entitled to vote on a show of hands; and
- On a poll only one official representative may exercise the Equity holder's voting rights and the vote of each attorney shall be of no effect unless each is appointed to represent a specified proportion of the Equity holder's voting rights, not exceeding in aggregate 100%.

If an Equity holder appoints two proxies and both are present at the meeting:

- If the appointment does not specify the proportion or number of the Equity holder's votes each proxy may exercise, then on a poll each proxy may exercise one half of the Equity holder's votes;
- Neither proxy shall be entitled to vote on a show of hands; and
- On a poll each proxy may only exercise votes in respect of those shares or voting rights the proxy represents.

Top 20 Holders of Perpetual Exchangeable Repurchaseable Listed Shares III ("PERLS III") as at 7 August 2015

Rank	Name of Holder	Number of Shares	%
1	UBS Wealth Management Australia	218,283	3.74
2	National Nominees Limited	153,517	2.63
3	AMP Life Limited	135,309	2.32
4	J P Morgan Nominees Australia	125,628	2.15
5	Citicorp Nominees Pty Limited	115,228	1.98
6	HSBC Custody Nominees	72,400	1.24
7	Navigator Australia Ltd	69,261	1.19
8	Nulis Nominees (Australia)	55,758	0.96
9	The Australian National	51,614	0.88
10	Catholic Education Office	49,750	0.85
11	Australian Executor Trustees Limited	41,206	0.71
12	Mutual Trust Pty Ltd	39,338	0.67
13	RBC Dexia Investor Services	37,597	0.64
14	Mr Walter Lawton	35,799	0.61
15	Truckmate (Australia) Pty Ltd	35,000	0.60
16	BNP Paribas Noms Pty Ltd	31,793	0.55
17	Netwealth Investments Limited	27,928	0.48
18	Mifare Pty Ltd	25,000	0.43
19	Fleischmann Holdings Pty Ltd	22,500	0.39
20	UBS Nominees Pty Ltd	22,477	0.39

The top 20 PERLS III shareholders hold 1,365,386 shares which is equal to 23.41% of the total shares on issue.

Stock Exchange Listing

PERLS III are preference shares issued by Preferred Capital Limited (a wholly-owned entity of the Bank). They are listed on the Australian Securities Exchange under the trade symbol PCAPA. Details of trading activity are published in most daily newspapers.

Range of Shares (PERLS III) as at 7 August 2015

Range	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Issued Capital
1 – 1,000	16,857	96.42	2,975,547	51.02
1,001 – 5,000	554	3.17	1,065,895	18.28
5,001 – 10,000	38	0.22	274,466	4.71
10,001 – 100,000	28	0.16	779,324	13.36
100,001 and over	5	0.03	737,049	12.64
Total	17,482	100.00	5,832,281	100.00
Less than marketable parcel of $500	19	0.11	34	0.00

Voting Rights

PERLS III do not confer any voting rights in the Bank but if they are exchanged for or convert into ordinary shares or preference shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on page 182 and the voting rights of the preferences shares will be as set out in the PERLS III prospectus.

Shareholding Information

Top 20 Holders of Perpetual Exchangeable Resaleable Listed Securities VI ("PERLS VI") as at 7 August 2015

Rank	Name of Holder	Number of Securities	%
1	UBS Wealth Management Australia	631,001	3.16
2	Bond Street Custodians Limited	500,756	2.50
3	J P Morgan Nominees Australia Limited	396,781	1.98
4	Questor Financial Services	284,337	1.42
5	HSBC Custody Nominees (Australia) Limited	278,822	1.39
6	National Nominees Limited	257,747	1.29
7	Australian Executor Trustees Limited	184,319	0.92
8	Snowside Pty Ltd	136,318	0.68
9	Netwealth Investments Limited	132,983	0.66
10	Nulis Nominees (Australia)	130,908	0.65
11	BNP Paribas Noms Pty Ltd	130,077	0.65
12	Citicorp Nominees Pty Limited	104,986	0.52
13	Dimbulu Pty Ltd	100,000	0.50
14	Eastcote Pty Limited	100,000	0.50
15	RBC Dexia Investor Services Australia Nominees Pty Limited	89,377	0.45
16	Navigator Australia	84,032	0.42
17	V S Access Pty Ltd	80,000	0.40
18	Invia Custodian Pty Limited	58,282	0.29
19	Marento Pty Ltd	52,916	0.26
20	Junax Capital Pty Ltd	50,000	0.25

The top 20 PERLS VI security holders hold 3,783,642 securities which is equal to 18.92% of the total securities on issue.

Stock Exchange Listing

PERLS VI are subordinated unsecured notes issued by the Bank. They are listed on the Australian Securities Exchange under the trade symbol CBAPC. Details of trading activity are published in most daily newspapers.

Range of Securities (PERLS VI) as at 7 August 2015

Range	Number of Security Holders	Percentage of Security Holders	Number of Securities	Percentage of Issued Capital
1 – 1,000	26,551	90.21	8,506,888	42.53
1,001 – 5,000	2,575	8.75	5,364,480	26.82
5,001 – 10,000	205	0.70	1,547,527	7.74
10,001 – 100,000	89	0.30	2,273,662	11.37
100,001 and over	9	0.04	2,307,443	11.54
Total	29,429	100.00	20,000,000	100.00
Less than marketable parcel of $500	7	0.02	15	0.00

Voting Rights

PERLS VI do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on page 182 for the Bank's ordinary shares.

Top 20 Holders of CommBank PERLS VII Capital Notes ("PERLS VII") as at 7 August 2015

Rank	Name of Holder	Number of Securities	%
1	UBS Wealth Management Australia	1,802,742	6.01
2	Bond Street Custodians Limited	734,347	2.45
3	HSBC Custody Nominees	690,665	2.3
4	National Nominees Limited	484,614	1.62
5	Questor Financial Services	396,931	1.32
6	J P Morgan Nominees Australia Limited	254,392	0.85
7	Citicorp Nominees Pty Limited	241,559	0.81
8	Netwealth Investments Limited	209,736	0.70
9	Australian Executor Trustees Limited	198,149	0.66
10	Navigator Australia	188,196	0.63
11	Nulis Nominees (Australia)	186,105	0.62
12	Avanteos Investments Limited	139,807	0.47
13	Invia Custodian Pty Limited	115,109	0.38
14	Trend Equities Pty Ltd	102,934	0.34
15	Dimbulu Pty Ltd	100,000	0.33
16	RBC Dexia Investor Services Australia Nominees Pty Limited	89,789	0.30
17	Randazzo C & G Developments	84,286	0.28
18	BNP Paribas Noms Pty Ltd	80,227	0.27
19	Tsco Pty Ltd	80,000	0.27
20	JMB Pty Ltd	67,850	0.23

The top 20 PERLS VII security holders hold 6,247,438 securities which is equal to 20.82% of the total securities on issue.

Stock Exchange Listing

PERLS VII are subordinated unsecured notes issued by the Bank. They are listed on the Australian Securities Exchange under the trade symbol CBAPD. Details of trading activity are published in most daily newspapers.

Range of Securities (PERLS VII) as at 7 August 2015

Range	Number of Security holders	Percentage of Security holders	Number of Securities	Percentage of Issued Capital
1 – 1,000	29,388	87.19	10,114,556	33.72
1,001 – 5,000	3,807	11.30	8,198,179	27.33
5,001 – 10,000	299	0.89	2,255,952	7.52
10,001 – 100,000	197	0.58	4,666,503	15.56
100,001 and over	14	0.04	4,764,810	15.88
Total	33,705	100.00	30,000,000	100.00
Less than marketable parcel of $500	7	0.02	29	0.00

Voting Rights

PERLS VII do not confer any voting rights in the Bank but if they are exchanged for ordinary shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on page 182 for the Bank's ordinary shares.

Trust Preferred Securities

700,000 Trust Preferred Securities were issued on 15 March 2006. Cede & Co is registered as the sole holder of these securities.

The Trust Preferred Securities do not confer any voting rights in the Bank but if they are exchanged for or converted into ordinary shares or preference shares of the Bank in accordance with their terms of issue, then the voting rights of the ordinary shares will be as set out on page 182 and the voting rights of the preference shares will be as set out in the Trust Preferred Securities information memorandums.

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Additional Chinese representation
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131 519 CommSec (Commonwealth Securities)

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Annual Report

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