Commonwealth Bank of Australia
U.S. Disclosure Document
For the Full Year ended 30 June 2017

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Section 1 - Disclosures

Disclosures

Introduction

Certain material information about the Group, including information regarding the Group's risk management policies and procedures, use of derivative financial instruments and the market risk attributable to such instruments, liquidity and capital resources and other important information, is included in the Group's 2017 Financial Report and 2016 Financial Report (each as defined below). In particular, Note 31 to the 2017 Financial Report (Note 31 to the 2016 Financial Report) describes certain aspects of the Group's risk management policies and procedures. In addition, the Group prepares a Basel III Pillar 3 Capital Adequacy and Risk Disclosures report, which includes certain information about the Group's capital and assets. As a result, this Annual U.S. Disclosure Document for the Full Year ended 30 June 2017 (this "Document") should be read in conjunction with:

- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2017, which contains the Financial Statements for the years ended 30 June 2015, 2016 and 2017 and as at 30 June 2016 and 2017 (the "2017 Financial Report");
- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2016, which contains the Financial Statements for the years ended 30 June 2014, 2015 and 2016 and as at 30 June 2015 and 2016 (the "2016 Financial Report"); and
- The Commonwealth Bank of Australia Basel III Pillar 3 Capital Adequacy and Risk Disclosures for the Full Year ended 30 June 2017.

In each case, these are found on the U.S. Investor Website located at www.commbank.com.au/usinvestors (the "U.S. Investor Website").

Except as otherwise stated, references within this Document to the "Financial Report" or "Notes to the Financial Statements" are to the 2017 Financial Report and references to the "Financial Reports" are to the 2016 Financial Report and the 2017 Financial Report.

Except as otherwise stated, all figures herein relate to the financial year ended 30 June 2017 and comparatives for the Balance Sheet and Income Statement are to the financial year ended 30 June 2016, '$' and 'AUD' refer to Australian dollars, 'USD' refers to U.S. dollars, references to the "Bank" or "CBA" refer to the Commonwealth Bank of Australia and references to the "Group" refer to the Bank and its subsidiaries on a consolidated basis. The Group's financial years end on June 30 of each year. References to the 2017 financial year or to the "current year" are to the financial year ended 30 June 2017, references to the 2016 financial year are to the financial year ended 30 June 2016, references to the 2015 financial year are to the financial year ended 30 June 2015 and references to the "prior year" are to the Group's prior financial year.

Segment Disclosure

The Group conducts its businesses through seven segments: Retail Banking Services; Business and Private Banking; Institutional Banking and Markets; Wealth Management; New Zealand; Bankwest and International Financial Services ("IFS") and Other.

Balances disclosed in "Divisional Performance", are spot balances, unless otherwise stated. For example the Institutional Banking and Markets segment balances are highly volatile and so the use of average balances is a more appropriate measure. For an overview of each segment, see "Description of Business Environment" in this Document and Note 26 to the 2017 Financial Report.

Special Note Regarding Forward-Looking Statements

Certain statements under the captions “Highlights”, “Risk Factors” “Group Performance Analysis”, “Retail Banking Services”, “Business and Private Banking”, “Institutional Banking and Markets”, “Wealth Management”, “New Zealand”, “Bankwest”, “IFS and Other”, “Group Operations and Business Settings” and elsewhere in this Document constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including economic forecasts and assumptions and business and financial projections, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include general business and economic conditions, disruptions in the global financial markets and associated impacts; a downturn in the Australian and New Zealand economies; liquidity and funding risks; current and future regulatory actions including the risk of fines and sanctions; adverse financial and credit market conditions affecting the Group’s ability to access international and domestic capital markets, and the Group’s ability to maintain adequate levels of liquidity; failure to meet the capital adequacy and liquidity requirements the Group is subject to; the extensive regulation and political scrutiny the Group is subject to; compliance risk; failure to maintain the Group’s credit ratings; failure to hedge effectively against adverse fluctuations in exchange rates; losses associated with the Group’s counterparty exposures; operational risks associated with being a complex financial institution, including ineffective risk management or other processes and strategies; any inappropriate conduct of the Bank’s staff; risks pertaining to the provision of advice, recommendations or guidance about financial products and services in the course of its sales and marketing activities; information security risks, including cyber-attacks; reputational damage; market risks; insurance risks; strategic business risks; the loss of key executives, employees or Board members; competition in the industries in which the Group conducts business; any changes to the Group’s accounting policies and their application; risks related to any acquisitions or divestments that the Group makes or is contemplating; climate change and catastrophic events; legal liability or regulatory action against the Group and various other factors beyond the Group's control. Given these risks, uncertainties and other factors, potential investors are cautioned not to place undue reliance on such forward-looking statements.

Risk factors applicable to the Group are detailed on pages 15 to 25 of this Document.

Financial Information Definitions

Basis of preparation

The consolidated Financial Statements of the Group for the years ended 30 June 2017, 30 June 2016 and 30 June 2015 comply with International Financial Reporting Standards ("IFRS").

This Document and the Financial Reports are presented in Australian Dollars, unless otherwise stated. The accounting policies adopted are consistent with those of the previous financial year.

Non-GAAP Financial Measures

In addition to its statutory financial results reported in this Document and the Financial Reports in accordance with IFRS, the Group reports and describes certain "non-GAAP financial measures" (as defined in SEC Regulation G) of the financial performance and results of the Group. These non-GAAP financial measures are not calculated in accordance with IFRS. This Document contains reconciliations of these non-GAAP financial measures to the Group's financial results prepared in accordance with IFRS.

Net Profit after Tax

The management discussion and analysis in this Document presents Net profit after tax on both a "statutory basis" and a "cash basis".

Net profit after tax ("statutory basis") is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with IFRS.

Net profit after tax ("cash basis") is a non-GAAP financial measure that is defined by management as Net profit after tax and non-controlling interests, before Bankwest non-cash items, the gain/loss on disposal of controlled entities/investments, treasury shares valuation adjustments and unrealised gains and losses related to hedging and IFRS volatility. This measure is used by management to present what it believes to be a clear view of the Group's underlying operating results, excluding certain items that the Group believes introduce volatility and/or one-off distortions of the Group's performance. These items, such as hedging and IFRS volatility, are calculated consistently period on period and do not discriminate between positive and negative adjustments. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report. A list of items excluded from Net profit after tax ("cash basis") and their description is set out on page 8 of this Document.

Other Non-GAAP Financial Measures

Other non-GAAP financial measures included in this Document are:

- Earnings per share ("cash basis") – the Group presents its earnings per share on both a statutory and a cash basis. Earnings per share ("cash basis") is defined by management as Net profit after tax ("cash basis") as described above, divided by the weighted average number of the Group's ordinary shares ("cash basis") over the relevant period. The weighted average number of shares ("cash basis") incorporates an adjustment for the bonus element of any rights issue and excludes treasury shares related to investments in the Bank's shares held by the employee share scheme trust.
- Funds Under Administration ("FUA") represents the market value of funds administered by the Group and excludes Assets Under Management ("AUM"). AUM represents the market value of assets for which the Group acts as appointed manager and manages on behalf of clients. The Group derives fund management fees from FUA and AUM and management believes that the reporting of these measures assists investors in evaluating the Group's funds management operations.
- The dividend payout ratio and dividend cover are presented on both a statutory and cash basis. The dividend payout ratio ("statutory basis") is calculated by dividing the dividends paid on the Group's ordinary shares by the Net profit after tax ("statutory basis"), net of dividends on other equity instruments. The dividend payout ratio ("cash basis") is calculated by dividing the dividends paid on the Group's ordinary shares by Net profit after tax ("cash basis"), net of dividends on other equity instruments. "Dividend cover – statutory" is calculated as Net profit after tax ("statutory basis") net of dividends on other equity instruments, divided by dividends on the Group's ordinary shares for the applicable period. "Dividend cover – cash" is calculated as Net profit after tax ("cash basis") net of dividends on other equity instruments, divided by dividends on the Group's ordinary shares for the applicable period. These ratios are provided on both a statutory and cash basis because Net profit after tax, the primary component of these ratios, is also presented on a statutory and cash basis, for the reasons described above.

Reclassification of certain Income Statement and Balance Sheet Information

The Group has made a number of changes to the financial disclosures within this Document compared to the financial disclosures made for prior periods. Where necessary, comparative information has been restated to conform to changes in presentation in the current period and footnoted throughout this Document. However certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, certain "Restated" customer segment figures are presented for the 2017 financial year and the 2016 financial year and "As reported" customer segment figures are presented for the 2016 financial year and 2015 financial year. A description of these changes and their impact on each segment's Net profit after tax ("statutory basis"), Balance Sheet and cost to income ratios for the comparative periods is set out in Appendix C to this Document.

Impact of Foreign Currency Movements

The Group's consolidated financial results are presented in Australian dollars. In order to prepare the Group's consolidated financial results, the financial results of any reporting entities of the Group with a functional currency other than Australian dollars are translated into Australian dollars for each reporting period. As foreign exchange rates are subject to change, the Group's financial results can be affected by the prevailing rate of the Australian dollar at the time of such translations. The effects of these translations on various segments of the Group's business are noted throughout this Document.

The movement of the Australian dollar against the following currencies is highlighted in the table below.

Exchange Rates Utilised (1)	Currency	As at		
		30 Jun 17	30 Jun 16	30 Jun 15
AUD 1.00 =	USD (2)	**0. 7684**	0. 7431	0. 7681
	EUR	**0. 6720**	0. 6689	0. 6880
	GBP	**0. 5903**	0. 5534	0. 4893
	NZD	**1. 0493**	1. 0470	1. 1283
	JPY	**86. 1110**	76. 2441	94. 0578

(1) End of day, Sydney time.
(2) USD translated from AUD using the 30 June 2017 month end Noon Buying Rates (see Month End Noon Buying Rates under "Financial Review – Exchange Rates" on page 26 of this Document).

Exchange Rates Utilised (1)	Currency	Average rates		
		30 Jun 17	30 Jun 16	30 Jun 15
AUD 1.00 =	USD (2)	**0. 7542**	0. 7287	0. 8355
	EUR	**0. 6919**	0. 6566	0. 6960
	GBP	**0. 5949**	0. 4918	0. 5303
	NZD	**1. 0586**	1. 0907	1. 0745
	JPY	**82. 2558**	85. 0665	95. 5100

(1) Average of end of day Sydney time rates for the 12 month period. Source: Noon Buying Rates (as defined in "Financial Review – Exchange Rates" on page 26 of this Document) for USD.
(2) USD translated from AUD using the 30 June 2017 month end Noon Buying Rates (see month end Noon Buying Rates under "Financial Review – Exchange Rates" on page 26 of this Document).

The Group hedges foreign currency exposures on debt issues and significant foreign currency earnings exposures in offshore locations.

For further information regarding the composition of the Group's income by location please refer to Note 26 to the 2017 Financial Report.

The references to the stronger Australian dollar or higher Australian dollar in this Document are to the strengthening of the Australian dollar against the currencies disclosed in the table above during the current year.

Non-Cash Items Included in Statutory Profit

	Full Year Ended (1)				
	30 Jun 17 $M	30 Jun 16 $M	30 Jun 15 $M	Jun 17 vs Jun 16 %	Jun 16 vs Jun 15 %
Hedging and IFRS volatility	**73**	(199)	6	large	large
Bankwest non-cash items	**(3)**	(27)	(52)	(89)	(48)
Treasury shares valuation adjustment	**(23)**	4	(28)	large	large
Other non-cash items	**(26)**	(23)	(80)	13	(71)
Total non-cash items (after tax)	**47**	(222)	(74)	large	large

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures — Financial Information Definitions — Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

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. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

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 are excluded from cash profit, because the asymmetric recognition of the gains or losses does not affect the Group's performance over the life of the hedge. A $73 million after tax gain was recognised in statutory profit for the year ended 30 June 2017 (30 June 2016: $199 million after tax loss, 30 June 2015: $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, customer lists and brand name totalling $463 million. The core deposits and customer lists have been amortising over their useful life, resulting in amortisation charges of $3 million after tax in the year ended 30 June 2017 (30 June 2016: $27 million; 30 June 2015: $52 million). As at 31 December 2015 the core deposits have been fully amortised.

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 and 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 $23 million after tax loss was included in statutory profit in the year ended 30 June 2017 (30 June 2016: $4 million after tax gain, 30 June 2015: $28 million after tax loss).

Policyholder tax

Policyholder tax is included in the Wealth Management and New Zealand business results for statutory reporting purposes. In the year ended 30 June 2017, tax expense of $32 million (30 June 2016: $101 million; 30 June 2015: $99 million), funds management income of $30 million (30 June 2016: $8 million loss; 30 June 2015: $21 million gain) and insurance income of $2 million (30 June 2016: $109 million; 30 June 2015: $78 million) were recognised. The gross up of these items is excluded from cash profit, because 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 includes the returns on shareholder capital invested in the wealth management and insurance businesses, as well as the volatility generated through the annuity portfolio held by the Group's Wealth Management division. This item is classified separately within cash profit.

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Section 2 - Highlights

Group Performance Highlights [1]

	Full Year Ended ("statutory basis")				Full Year Ended ("cash basis")			
	30 Jun 17	30 Jun 16	30 Jun 15	Jun 17 vs Jun 16 %	30 Jun 17	30 Jun 16	30 Jun 15	Jun 17 vs Jun 16 %
Net profit after tax ($M)	**9,928**	9,223	9,053	8	**9,881**	9,445	9,127	5
Return on equity (%)	**16. 1**	16. 2	18. 2	(10)bpts	**16. 0**	16. 5	18. 2	(50)bpts
Earnings per share - basic (cents)	**577. 6**	542. 3	553. 1	7	**574. 4**	554. 8	556. 9	4
Dividends per share (cents)	**429**	420	420	2	**429**	420	420	2

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

These "Highlights" contain forward-looking statements. See "Disclosures - Special Note Regarding Forward-Looking Statements" on page 5 of this Document.

Financial Performance

The Group's Net profit after tax ("statutory basis") for the year ended 30 June 2017 increased 8% on the prior year to $9,928 million.

Return on equity ("statutory basis") was 16.1% and Earnings per share ("statutory basis") was 577.6 cents, an increase of 7% on the prior year.

This management discussion and analysis discloses the Net profit after tax on both a statutory and cash basis. The statutory basis is prepared and audited in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with IFRS. The cash basis is used by management to present what it believes to be a clear view of the Group's underlying operating results, excluding certain 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 Net profit after tax ("cash basis") but included in Net Profit after tax ("statutory basis") is provided on page 8 of this Document. A reconciliation of Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

The Group's vision is to excel at securing and enhancing the financial well-being of people, businesses and communities. We believe 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 increased, relative to the prior year, including a $397 million gain on sale of the Group's remaining investment in Visa Inc. Excluding that sale, banking operating income growth was strong, partly offset by lower insurance income.

Operating expenses increased, including a $393 million one-off expense for acceleration of amortisation on certain software assets. Excluding that acceleration, expenses increased due to higher staff and technology costs, partly offset by the incremental benefits generated from productivity initiatives.

Loan impairment expense decreased, primarily due to lower provisioning in Institutional Banking and Markets and Business and Private Banking, partly offset by Bankwest. Management believes that provisioning levels remain prudent and there has been no change to the economic overlay.

Net profit after tax ("cash basis") for the year ended 30 June 2017 increased 5% on the prior year to $9,881 million. Earnings per share ("cash basis") increased 4% to 574.4 cents per share.

Return on equity ("cash basis") for the year ended 30 June 2017 was 16.0%, a decrease of 50 basis points on the prior year.

Capital

After allowing for the APRA requirement to hold additional capital with respect to Australian residential mortgages, the Group continued to strengthen its capital position during the year, with further details provided on page 47 of this Document.

As at 30 June 2017, the Basel III Common Equity Tier 1 (CET1) ratio was 10.1%.

Further information on unquestionably strong capital ratios as detailed in APRA's information paper released in July 2017 is provided on page 45 of this Document.

Funding

The Group continued to maintain what management believes to be conservative Balance Sheet settings, with a considerable portion of the Group's lending growth funded by growth in customer deposits, which increased to $561 billion as at 30 June 2017, up $43 billion on the prior year.

Dividends

The final dividend declared was $2.30 per share, bringing the total dividend for the year ended 30 June 2017 to $4.29 per share, an increase of 9 cents or 2% on the prior year. This represents a dividend payout ratio ("cash basis") of 75%.

The final dividend payment will be fully franked and is expected to be paid on 29 September 2017 to owners of ordinary shares at the close of business on 17 August 2017 (record date). Shares were quoted ex–dividend on 16 August 2017.

Outlook

The discussion below includes forward-looking statements. See "Disclosures – Special Note Regarding Forward-Looking Statements" on page 5 of this Document.

Headline indicators show that the Australian economy remains sound overall, albeit variable. However we believe many households are concerned about job security, wages and the cost of living. Cyclical investment in mining and construction has underpinned our economy for some time. The next wave of more broad-based business investment that we need to secure jobs and lift wages is important. Business balance sheets have the capacity, and we have a strong banking system. But global caution remains high due to geopolitical change and less expansionist monetary policy. So, we believe all of us need to focus on working together to create an environment where businesses continue to invest to create rewarding jobs.

For our part, we will continue to strengthen our balance sheet to ensure that we can support our customers through a variety of economic scenarios. We will also maintain our focus on our long term sources of competitive advantage in our customer base and in technology, while accelerating the focus on productivity that we need to remain competitive for the long term, and listening more to our community to strengthen trust. And above all, we will continue to invest in our people, who we believe are the most critical determinant of long term success.

Highlights

Group Performance Summary (1)	Full Year Ended ("cash basis") 30 Jun 17 $M	30 Jun 16 $M	30 Jun 15 $M	Full Year Ended ("statutory basis") 30 Jun 17 $M	30 Jun 16 $M	30 Jun 15 $M
Net interest income	**17,600**	16,935	15,827	**17,600**	16,935	15,823
Other banking income (2)	**5,520**	4,860	4,811	**5,626**	4,576	4,828
Total banking income	**23,120**	21,795	20,638	**23,226**	21,511	20,651
Funds management income	**2,034**	2,016	1,938	**2,051**	2,061	2,003
Insurance income	**786**	795	792	**844**	1,006	1,014
Total operating income	**25,940**	24,606	23,368	**26,121**	24,578	23,668
Investment experience	**65**	141	210	**n/a**	n/a	n/a
Total income	**26,005**	24,747	23,578	**26,121**	24,578	23,668
Operating expenses (3)	**(11,078)**	(10,434)	(10,003)	**(11,082)**	(10,473)	(10,078)
Loan impairment expense	**(1,095)**	(1,256)	(988)	**(1,095)**	(1,256)	(988)
Net profit before tax	**13,832**	13,057	12,587	**13,944**	12,849	12,602
Corporate tax expense (4)	**(3,927)**	(3,592)	(3,439)	**(3,992)**	(3,606)	(3,528)
Non-controlling interests (5)	**(24)**	(20)	(21)	**(24)**	(20)	(21)
Net profit after tax ("cash basis")	**9,881**	9,445	9,127	**n/a**	n/a	n/a
Hedging and IFRS volatility (6)	**73**	(199)	6	**n/a**	n/a	n/a
Other non-cash items (6)	**(26)**	(23)	(80)	**n/a**	n/a	n/a
Net profit after tax ("statutory basis")	**9,928**	9,223	9,053	**9,928**	9,223	9,053
Represented by: (1)						
Retail Banking Services				**4,964**	4,540	3,994
Business and Private Banking				**1,639**	1,522	1,495
Institutional Banking and Markets				**1,306**	1,190	1,285
Wealth Management				**530**	616	615
New Zealand				**1,000**	742	925
Bankwest				**699**	751	743
IFS and Other				**(210)**	(138)	(4)
Net profit after tax ("statutory basis")				**9,928**	9,223	9,053

(1) Comparative information has been restated to conform to presentation in the current year. Refer to “Disclosures — Financial Information Definitions — Reclassification of certain Income Statement and Balance Sheet Information” and Appendix C of this Document for further details.

(2) The current year includes a $397 million gain on sale of the Group’s remaining investment in Visa Inc.

(3) The current year includes a $393 million one-off expense for acceleration of amortisation on certain software assets.

(4) For the purposes of presentation of Net profit after tax (“cash basis”), policyholder tax benefit/(expense) components of corporate tax expense are shown on a net basis (30 June 2017: $32 million expense, 30 June 2016: $101 million expense, and 30 June 2015: $99 million expense).

(5) Non-controlling interests include preference dividends paid to holders of preference shares in ASB Capital Limited and ASB Capital No.2 Limited.

(6) Please refer to “Disclosures — Non-Cash Items Included in Statutory Profit” on page 8 of this Document for further details. 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 not considered representative of the Group’s ongoing financial performance. The items for the period are unrealised gains and losses related to hedging and IFRS volatility ($73 million gain), Bankwest non-cash items ($3 million expense) and treasury shares valuation adjustment ($23 million expense). A reconciliation of the Net profit after tax (“cash basis”) to Net profit after tax (“statutory basis”) by business segment is provided in Note 26 to the 2017 Financial Report.

Key Performance Indicators	Full Year Ended (1) 30 Jun 17	30 Jun 16	30 Jun 15
Group			
Statutory net profit after tax ($M)	**9,928**	9,223	9,053
Net interest margin (%)	**2. 11**	2. 14	2. 15
Net interest margin excluding Treasury and Markets (%)	**2. 09**	2. 13	2. 12
Average interest earning assets ($M) (2)	**834,741**	790,596	736,164
Average interest bearing liabilities ($M) (2) (3)	**755,612**	733,754	693,376
Funds Under Administration ("FUA") - average ($M)	**152,999**	144,913	138,358
Assets Under Management ("AUM") - average ($M)	**210,929**	202,000	199,264
Average inforce premiums ($M)	**3,434**	3,401	3,259
Statutory operating expenses to total operating income (%) (4)	**42. 4**	42. 6	42. 6
Statutory effective corporate tax rate (%)	**28. 5**	27. 5	27. 4
Retail Banking Services (5)			
Statutory net profit after tax ($M)	**4,964**	4,540	3,994
Statutory operating expenses to total banking income (%)	**30. 8**	32. 1	34. 1
Business and Private Banking (5)			
Statutory net profit after tax ($M)	**1,639**	1,522	1,495
Statutory operating expenses to total banking income (%)	**39. 1**	38. 8	38. 4
Institutional Banking and Markets (5)			
Statutory net profit after tax ($M)	**1,306**	1,190	1,285
Statutory operating expenses to total banking income (%)	**37. 6**	37. 4	34. 6
Wealth Management			
Statutory net profit after tax ($M)	**530**	616	615
FUA - average ($M)	**141,005**	134,233	128,880
AUM - average ($M)	**205,910**	197,569	195,406
Average inforce premiums ($M)	**2,465**	2,474	2,388
Statutory operating expenses to net operating income (%)	**67. 9**	65. 9	66. 9
New Zealand (5)			
Statutory net profit after tax ($M)	**1,000**	742	925
FUA - average ($M)	**11,994**	10,680	9,478
AUM - average ($M)	**5,019**	4,431	3,858
Average inforce premiums ($M)	**715**	672	638
Statutory operating expenses to total operating income (%) (6)	**38. 3**	38. 4	39. 3
Bankwest (5)			
Statutory net profit after tax ($M)	**699**	751	743
Statutory operating expenses to total banking income (%)	**42. 3**	43. 3	46. 0
Capital (Basel III)			
Common Equity Tier 1 (APRA) (%)	**10. 1**	10. 6	9. 1
Leverage Ratio (Basel III) (7)			
Leverage Ratio (APRA)	**5. 1**	5. 0	n/a

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.
(2) Net of average mortgage offset balances.
(3) During the prior year, following a change in terms, Interest bearing transaction deposits of $18,314 million became Non-interest bearing and have been disclosed accordingly.
(4) The Group result includes a $397 million gain on sale of the Group's remaining investment in Visa Inc. and a $393 million one-off expense for acceleration of amortisation on certain software assets. Excluding the sale and acceleration, statutory operating expenses to total operating income is 41.6% for the full year ended 30 June 2017.
(5) Certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. Refer to "Divisional Performance" for further information on the 2015 financial year.
(6) Key financial metrics are calculated in New Zealand dollar terms.
(7) As the Group commenced disclosure of its leverage ratio at 30 September 2015, no 2015 financial year comparative has been presented.

Highlights

Shareholder Summary [1]	Full Year Ended 30 Jun 17	30 Jun 16	30 Jun 15
Dividends per share - fully franked (cents)	**429**	420	420
Dividend cover - statutory (times)	**1. 3**	1. 3	1. 3
Dividend cover - cash (times)	**1. 3**	1. 3	1. 3
Earnings per share (cents) [2]			
Statutory basis - basic	**577. 6**	542. 3	553. 1
Statutory basis - fully diluted	**559. 1**	529. 2	539. 1
Cash basis - basic	**574. 4**	554. 8	556. 9
Cash basis - fully diluted	**556. 1**	541. 2	542. 7
Dividend payout ratio (%) [3]			
Statutory basis	**74. 6**	78. 4	75. 8
Cash basis	**75. 0**	76. 5	75. 2
Weighted average no. of shares ("statutory basis") - basic (M) [4]	**1,719**	1,692	1,627
Weighted average no. of shares ("cash basis") - basic (M) [5]	**1,720**	1,693	1,630
Return on equity ("statutory basis") (%) [6]	**16. 1**	16. 2	18. 2
Return on equity ("cash basis") (%) [7]	**16. 0**	16. 5	18. 2

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures — Financial Information Definitions — Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.
(2) Earnings per share ("statutory basis") figures calculated in accordance with AASB 133: Earnings per share.
(3) Dividend payout ratio is equal to dividends paid on the Group's ordinary shares divided by earnings (earnings are net of dividends on other equity instruments).
(4) Weighted average number of shares ("statutory basis") – basic includes an adjustment to exclude "Treasury Shares" related to investments in the Group's shares held by both the life insurance statutory funds and by the employee share scheme trust. Fully diluted weighted average number of shares are disclosed in Note 6 to the 2017 Financial Report.
(5) Weighted average number of shares ("cash basis") – basic includes an adjustment to exclude "Treasury Shares" related to investment in the Group's shares held by the employee share scheme trust.
(6) Return on equity ("statutory basis") is based on Net profit after tax ("statutory basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
(7) Return on equity ("cash basis") is based on Net profit after tax ("cash basis") and non-controlling interests less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests, other equity instruments and treasury shares.

Market Share [1] [2]	As at 30 Jun 17 %	31 Dec 16 %	30 Jun 16 %	Jun 17 vs Dec 16 %	Jun 17 vs Jun 16 %
Home loans	**25. 2**	25. 4	25. 3	(20)bpts	(10)bpts
Credit cards - RBA [3]	**24. 3**	24. 4	24. 4	(10)bpts	(10)bpts
Other household lending [4]	**17. 0**	16. 9	16. 8	10 bpts	20 bpts
Household deposits	**28. 8**	29. 0	29. 2	(20)bpts	(40)bpts
Business lending - RBA	**16. 5**	16. 6	16. 9	(10)bpts	(40)bpts
Business lending - APRA	**18. 6**	18. 6	18. 8	-	(20)bpts
Business deposits - APRA	**20. 3**	19. 8	20. 2	50 bpts	10 bpts
Asset Finance	**12. 5**	12. 7	12. 9	(20)bpts	(40)bpts
Equities trading	**3. 9**	4. 0	4. 7	(10)bpts	(80)bpts
Australian Retail - administrator view [5]	**15. 6**	15. 5	15. 6	10 bpts	-
FirstChoice Platform [5]	**10. 8**	10. 8	11. 0	-	(20)bpts
Australia life insurance (total risk) [5]	**10. 6**	11. 1	11. 4	(50)bpts	(80)bpts
Australia life insurance (individual risk) [5]	**10. 1**	10. 2	10. 7	(10)bpts	(60)bpts
NZ home loans [6]	**21. 7**	n/a	n/a	n/a	n/a
NZ customer deposits [6]	**17. 8**	n/a	n/a	n/a	n/a
NZ business lending [6]	**14. 4**	n/a	n/a	n/a	n/a
NZ retail FUA	**15. 3**	15. 5	15. 4	(20)bpts	(10)bpts
NZ annual inforce premiums [5]	**27. 9**	28. 0	28. 4	(10)bpts	(50)bpts

(1) Prior periods have been restated in line with market updates and comparatives have not been restated to include the impact of new market entrants in the current period.
(2) For market share source references refer to Appendix B of this Document.
(3) As at 31 May 2017.
(4) Other household lending market share includes personal loans, margin loans and other forms of lending to individuals.
(5) As at 31 March 2017.
(6) RBNZ published data collection has changed based on a new collection template implemented with all NZ banks. The RBNZ has not republished the equivalent metrics on a restated basis for June 2016. The restated December 2016 metrics will be presented in December 2017 allowing for comparatives on a twelve month basis.

Credit Ratings	Long-term	Short-term	Outlook
Fitch Ratings	AA-	F1+	Stable
Moody's Investor Services	Aa3	P-1	Stable
Standard & Poor's [1]	AA-	A-1+	Negative

(1) A negative rating, indicates that a credit rating may be lowered.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency. Ratings should be evaluated independently of any other information.

Risk Factors

This section describes the principal risk factors that could materially affect the Group's businesses, its revenues, operating income, net income, net assets, liquidity, funding and capital resources. These risk factors should not be regarded as a complete and comprehensive statement of all of the potential risks and uncertainties that the Group faces. Additional risks that may emerge in the future, or that the Group currently considers to be immaterial, may also become important risks that affect the Group. The risk factors below should be considered in connection with the "Special Note Regarding Forward-Looking Statements" on page 5 of this Document. Notes 32 – 34 of the 2017 Financial Report provide details on how the Group manages its credit, market and liquidity and funding risks.

The Group's businesses may be adversely affected by general business and economic conditions, disruptions in the global financial markets and associated impacts.

As a diversified financial institution that operates in various financial markets, the Group has been adversely impacted, both directly and indirectly, by difficult business and economic conditions and disruptions in the global financial markets and may experience similar or other adverse impacts in the future. The Group's businesses operate in, or depend on the operation of, these financial markets, including through exposures in financial products such as securities, loans, derivatives and other activities. In addition, turmoil in the financial markets can flow into the wider economy, which can negatively affect the financial system. Uncertainty and volatility in such financial markets may be driven by general business and economic conditions, as well as geopolitical instability and other factors that may cause disruptions on a global scale such as cyber-attacks or environmental disasters. Geopolitical instability, including potential for, threats of or actual conflict occurring around the world, including the ongoing unrest, conflicts and related refugee flows, as well as the threat of terrorist activities may adversely affect global financial markets and general economic and business conditions, which in turn may adversely affect the Group's business, operations and financial condition.

By the nature of its operations, the Group faces the risk of financial contagion and its results of operations could be adversely impacted if economic conditions offshore deteriorate to the extent that sovereign or non-sovereign entities default on their debt obligations, countries re-denominate their currencies and/or introduce capital controls or global financial markets generally cease to operate efficiently.

For example, the global financial crisis that commenced in 2007 saw a sudden and prolonged dislocation in credit and equity capital markets, a contraction in global economic activity and the emergence of many challenges for financial services institutions worldwide that still persist to some extent in many regions. Sovereign risk and its potential impact on financial institutions in Europe and globally subsequently emerged as a significant risk. Sovereign risk is the risk that foreign governments will default on their debt obligations, be unable to refinance their debts as and when they fall due or nationalize parts of their economy. Sovereign risk remains in many economies, including the United States, United Kingdom, China, Europe and Australia. Should one sovereign default, there could be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than those experienced during the global financial crisis and subsequent sovereign debt crises. Such events could destabilize global financial markets, adversely affecting all participants, including adversely affecting the Group's liquidity, financial performance or financial condition.

The impact of the global financial crisis and its aftermath continue to affect regional and global economic activity, confidence and capital markets. Prudential authorities have implemented and continue to implement increased regulations to mitigate the risk of such events recurring, although there can be no assurance that such regulations will be effective. The global financial crisis has also had a lasting effect on consumer and business behavior in the advanced economies. Consumers have acted more cautiously, while businesses have been reluctant to invest and inflation has remained low.

On June 23, 2016, the United Kingdom voted to leave the European Union in a referendum and on March 29, 2017 gave notice under Article 50 of the Treaty on European Union to commence the legal process to end the United Kingdom's membership in the European Union. The Group expects there will be an extended period of increased uncertainty and volatility in the global financial markets while the details of the departure (known as "Brexit") are negotiated. The United Kingdom's decision to leave the European Union may adversely affect the Group's ability to raise medium or long term funding in the international capital markets. There is potential for further consequences of Brexit to adversely impact the financial markets. In addition, a series of elections in key Eurozone countries during 2017 could heighten risk to the global business environment and increase market volatility.

Furthermore, since the start of his presidency in the United States in January 2017, President Donald Trump has outlined a political and economic agenda that, in certain ways, significantly differs from previous U.S. trade, tax, fiscal, regulatory and other policies. The extent, implementation and outcome of policy changes resulting from President Trump's agenda, and the consequences for global trade, the broader global economy and financial markets are uncertain and may negatively impact the Group. Such proposals include a Border Adjustment Tax of up to 20% imposed on all goods imported by the U.S., which may result in adverse effects on the economy of China, one of Australia's major trading partners and a significant driver of commodity demand and prices in the markets in which the Group and its customers operate. Anything that adversely affects China's economic growth could adversely affect Australian economic activity and, as a result, the Group's business, operations and financial condition.

Changes in monetary policies may also adversely affect the Group's business, operations and financial condition. Central monetary authorities (including the RBA, the RBNZ, the U.S. Federal Reserve and the monetary authorities in the Asian and European jurisdictions in which the Group carries out business) set official interest rates or take other measures to affect the demand for money and credit in their relevant jurisdictions.

In some jurisdictions, currency policy is also used to influence general business conditions and the demand for money and credit. Monetary authorities responded to the global financial crisis by introducing zero and near-zero interest rates across most countries, while the major central banks have taken unconventional steps to support growth and raise inflation. While some economic factors have recently improved and some monetary authorities have begun to increase interest rates, lasting impacts from the global financial crisis and the potential for escalation in geopolitical risks suggest ongoing vulnerability and potential adjustment of consumer and business behavior. For instance, the U.S. Federal Reserve increased interest rates in December 2016, March 2017 and June 2017, though the RBA lowered interest rates in May 2016 and August 2016. The monetary policies of central monetary authorities can significantly affect the Group's cost of funds for lending and investing and the return that the Group earns on those loans and investments. These factors impact the Group's net interest margin and can affect the value of financial instruments it holds, such as debt securities and hedging instruments. The policies of the central monetary authorities can also affect the Group's borrowers and other counterparties, potentially increasing the risk that the Group's borrowers and other counterparties may fail to repay loans or other financial obligations to the Group. Changes in such policies are difficult to predict.

A downturn in the Australian and New Zealand economies could adversely impact the Group's results.

As a financial group whose core businesses are banking, funds management and insurance primarily located in Australia and New Zealand, the performance of the Group is dependent on the state of the Australian and New Zealand economies, as well as customer and investor confidence and prevailing market conditions. The Group can give no assurances as to the likely future conditions of the Australian and New Zealand economies, which can be influenced by many factors that are outside of the Group's control.

Concerns about sovereign debt, banking and financial system fragility, as well as weaknesses in some of Australia's trading partners, persist. China is one of Australia's major trading partners and a significant driver of commodity demand and prices in the markets in which the Group and its customers operate. Anything that adversely affects China's economic growth could adversely affect Australian economic activity and, as a result, the Group's business, operations and financial condition. The strength of the domestic economy is influenced by the strength of the Australian dollar. Significant movements in the Australian dollar may adversely impact parts of the domestic economy and, in turn, the Group's results of operations. While some sectors of the Australian economy (and therefore some of the Group's customers) could be adversely affected by a declining Australian dollar, there are other sectors that benefit (e.g. exporters). Similarly a rising Australian dollar impacts individual sectors in different ways. Financial markets are by their nature characterised by volatility and this volatility has offsetting forces. Trading income can benefit or be harmed by market volatility, depending on the composition of the Group's trading portfolio. Volatility can adversely impact the Group's liquidity position. These impacts may be exacerbated if market conditions worsen, or the Group underperforms or experiences a ratings downgrade.

A material downturn in the Australian and/or New Zealand economies could adversely impact future results and could potentially result in further increases in the amount overdue on individual loans made by the Group. Recessive economic cycles also have a negative influence on, among other things, liquidity levels, credit defaults of corporations and other borrowers and return on assets. The Group's banking business is affected by market conditions in that there may be less demand for loan, deposit or other products, or certain customers may face difficulty in meeting their obligations.

Residential, commercial and rural property lending, together with property finance, including real estate development and investment property finance, constitute important businesses to the Group. A significant or sustained decrease in the Australian and New Zealand housing markets or property valuations could result in a decrease in the amount of new lending the Group is able to write and/or increase the losses that the Group may experience from existing loans because borrowers with loans in excess of their property value have shown a higher propensity to default and, in the event of such defaults the Group's security values would be eroded, causing the Group to incur higher credit losses, which could adversely affect the Group's business, operations and financial condition. The demand for the Group's home lending products may also decline due to buyer concerns about decreases in values or concerns about rising interest rates, which could make the Group's lending products less attractive to potential homeowners and investors.

Recently, the Australian Bureau of Statistics reported that Australian residential property prices rose 2.2% over the quarter ended March 31, 2017, the fourth consecutive quarter of growth. The Australian Bureau of Statistics also recently reported that over the last twelve months ended March 31, 2017, Australian residential property prices grew 10.2 percent. Additionally, prompted by Australian housing price appreciation and rising Australian household debt, APRA introduced a new supervisory measure instructing Australian banks, including the Group, to limit new residential interest-only mortgages to 30% of total new residential mortgage lending. Should the Group's regulators impose further supervisory measures impacting the Group's residential lending or if Australian housing price growth subsides or property valuations decline, the demand for the Group's home lending products may decrease and there could be an increase in losses on defaulted loans due to declining collateral values, which, in each case, may adversely affect the Group's business, operations and financial condition.

A significant decrease in commercial property valuations or a significant slowdown in Australia, New Zealand or other commercial real estate markets where the Group does business could result in a decrease in the amount of new lending the Group is able to write and/or increase the losses that the Group may experience from existing loans, which, in either case, could materially and adversely impact the Group's financial condition and operations. The Group's portfolio of commercial property interest only loans may be particularly susceptible to losses in the event of a decline in property prices as a result of refinance risk and deteriorating security values. A material decline in residential housing prices could also cause losses in the Group's residential build to sell portfolio, particularly if customers who are pre-committed to purchase these dwellings are unable or unwilling to complete their contracts and the Group is forced to re-sell these dwellings at a loss.

The Group is exposed to the risk of receiving significant regulatory fines and sanctions, as well as reputational damage, contractual damage claims and other potential material claims and penalties in the event of breaches of regulation and law relating to anti-money laundering, counter-terrorism financing and sanctions.

Anti-money laundering, counter-terrorism financing and sanctions laws have been the subject of increasing regulatory change and enforcement in recent years. The increasingly complicated environment in which the Group operates has heightened these operational and compliance risks. If the Group fails to comply, or if the Group's regulators determine that the Group has not complied, with applicable anti-money laundering, counter-terrorism financing and sanctions laws, the Group could be subject to regulatory actions and monetary penalties, as well as reputational damage and contractual damage claims, that, individually or collectively, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

The Group is currently subject to civil penalty proceedings brought by AUSTRAC relating to alleged past and ongoing contraventions by the Group of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the "Act"), and may in the future be subject to additional regulatory actions, litigation, investigations and governmental proceedings emanating from the conduct that AUSTRAC alleges occurred, which could result in penalties and costs, reputational damage, contractual damage claims, class actions or other claims by impacted CBA stakeholders. While CBA does not currently consider the AUSTRAC proceedings to be material in the context of the Group's financial position, the proceedings and other potential consequential actions and impacts, including potential reputational damage, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

The Group is currently subject to civil penalty proceedings brought by the Australian Transaction Reports and Analysis Centre ("AUSTRAC") in the Federal Court of Australia on 3 August 2017 relating to alleged past and ongoing contraventions by the Group of the Act, and may in the future be subject to additional regulatory actions, private and public litigation (including breach of contract claims regarding its compliance with the Act and other applicable anti-money laundering and counter-terrorism rules and regulations), investigations and governmental proceedings emanating from the conduct that AUSTRAC alleges occurred.

AUSTRAC's statement of claim relates to alleged past and ongoing contraventions of four provisions of the Act. Specifically, AUSTRAC asserts that:

- CBA failed to comply with its Anti-Money Laundering / Counter-Terrorism Financing ("AML/CTF") Program, as required by the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (the "Rules"), in connection with the roll out in May 2012 of Intelligent Deposit Machines ("IDMs"), a type of ATM that accepts deposits in both cash and checks. AUSTRAC alleges that CBA failed to carry out a money laundering and financing of terrorism risk assessment before introducing the IDMs in accordance with its AML/CTF Program. Further, AUSTRAC asserts that CBA has not introduced appropriate risk-based systems and controls to mitigate and manage the higher money laundering and financing of terrorism risks faced by providing designated services through the IDMs. AUSTRAC alleges that CBA has failed to comply with its AML/CTF Program on nine occasions.
- CBA failed to provide threshold transaction reports ("TTRs") within the timeframe required by the Act. A TTR is a report of a transaction involving the transfer of physical currency in the amount of A$10,000 or more (a "threshold transaction"). Reporting entities, like CBA, are required to submit a TTR to AUSTRAC within 10 business days after a threshold transaction occurs. AUSTRAC alleges that approximately 53,000 TTRs were lodged late and that each failure to submit on a timely basis constitutes a separate contravention of the Act.
- CBA failed to provide suspicious matter reports ("SMRs"), either on time or at all, as required by the Act, on 174 occasions and AUSTRAC alleges that each failure to submit on a timely basis constitutes a separate contravention of the Act. Reporting entities, like CBA, are required to submit an SMR to AUSTRAC within three business days after providing a person with a designated service if the reporting entity forms a suspicion on reasonable grounds that it holds information that may be relevant to the investigation or prosecution of an offence.
- CBA failed to monitor customers in relation to the provision of designated services with a view to identifying, mitigating and / or managing money laundering and terrorism financing risks reasonably faced, as required by the Act, with respect to 71 customers.

During the relevant period, the alleged contraventions carried a penalty of up to $18 million for each contravention, other than one alleged contravention which carried a penalty of up to $21 million.

CBA is reviewing the allegations in AUSTRAC's statement of claim and at this time it is not possible to reliably estimate the possible financial impact on the Group. Accordingly, no loss provision has been made. While CBA does not currently consider the AUSTRAC proceedings to be material in the context of the Group's financial position, AUSTRAC's claims could result in substantial penalties and costs and the proceedings and other potential consequential actions and impacts described below, including potential reputational damage, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

CBA takes the allegations made by AUSTRAC very seriously and intends to file a defence in relation to this matter by December 2017, with AUSTRAC's response expected to be filed by March 2018. CBA can provide no assurance with respect to whether it will be able to successfully defend the allegations made in the proceedings.

CBA's Board has established a committee of four directors to oversee the response to AUSTRAC's statement of claim and the ongoing execution of a "program of action", which consolidates a range of previously established and newly formed initiatives focused on strengthening CBA's policies and processes relating to its obligations under the Act and under anti-money laundering and counter-terrorism financing laws in other jurisdictions in which CBA has operations. See "Business – Legal Proceedings" for further details on CBA's program of action. Although CBA provides updates to AUSTRAC and the Group's other regulators on the program of action, there is no assurance that AUSTRAC or the Group's other regulators will agree that the Group's program of action will be adequate or that the program of action will effectively enhance the Group's compliance programs.

Recently, ASIC announced that it was investigating CBA for potential violations of CBA's continuous disclosure and financial reporting obligations under the Corporations Act relating to the allegations raised in AUSTRAC's statement of claim. Further, on 28 August 2017, APRA announced its intention to establish an independent prudential inquiry into the Group focusing on governance, culture and accountability frameworks and practices within the Group. The goal of the prudential inquiry is to provide the Group with a set of recommendations for organization and cultural change. The prudential inquiry will be conducted by an independent panel, appointed by APRA, and the Group anticipates that the panel will provide a final public report containing recommendations. The Group will bear the costs of this prudential inquiry.

While CBA is not aware of any other investigation or action by other domestic or foreign regulators relating to the allegations raised by AUSTRAC (or similar matters) as of the date of this Document, there can be no assurance that CBA will not be subject to such investigations or actions in the future. Any settlement or adverse judgment in connection with the proceedings launched by AUSTRAC, or any other formal or informal proceeding or investigation by other government or regulatory agencies (domestic or foreign), may result in additional litigation, investigations or proceedings by other regulators or private parties. This risk is evidenced by the recent announcement on 23 August 2017 by Maurice Blackburn Lawyers and litigation funders IMF Bentham of their investigation of a potential shareholder class action against CBA. The claims being investigated by Maurice Blackburn Lawyers and IMF Bentham relate to CBA's continuous disclosure and financial reporting obligations in relation to the contraventions alleged by AUSTRAC. Additionally, the Group is a party to various contractual arrangements. In some of the Group's contractual arrangements, the Group provides representations and warranties regarding its compliance with the Act and other applicable anti-money laundering and counter-terrorism rules and regulations. Because of the recent allegations contained in AUSTRAC's statement of claim, the Group may be exposed to potential claims from its contractual counterparties to the extent such counterparties believe that the Group has breached the applicable representations and warranties contained in the Group's contractual arrangements with them and have suffered loss as a result of any such breach. While the Group is not aware of any such claims as of the date of this Document, such claims could arise in the future. Such investigations, actions, claims or proceedings, including the recent investigation announced by ASIC and the prudential inquiry announced by APRA, could result in penalties, fines and costs, reputational harm, remediation costs and other losses that, individually or collectively, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

Additionally, the AUSTRAC statement of claim and other potential investigations, actions, claims and proceedings may harm the Group's business and results by negatively impacting the Group's reputation among the Group's customers, investors and other stakeholders. Reputational harm could result in the loss of customers or restrict the Group's ability to access the capital markets on favorable terms, which could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

Liquidity and funding risks could adversely impact the Group's results.

The Group is subject to liquidity and funding risks, which could adversely impact the Group's results. Liquidity risk is the risk of being unable to meet financial obligations as they fall due. Liquidity risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows.

Reduced liquidity could lead to an increase in the cost of the Group's borrowings and constrain the volume of new lending, which could adversely affect the Group's profitability.

A deterioration in investor confidence in the Group could adversely impact the Group's cost of borrowing, and the Group's ongoing operations and funding.

Funding risk is the risk of over-reliance on a particular funding source to the extent that a change in that funding source could increase overall funding costs or cause difficulty in raising funds. The Group raises funding from a variety of sources, including customer deposits and wholesale funding in Australia and offshore markets to meet its funding obligations and to maintain or grow its business generally. In times of liquidity stress, if there is damage to market confidence in the Group or if funding inside or outside of Australia is not available or constrained, the Group's ability to access sources of funding and liquidity may be constrained and it will be exposed to liquidity risk. In any such cases, the Group may be forced to seek alternative funding. The availability of such alternative funding, and the terms on which it may be available, will depend on a variety of factors, including prevailing market conditions and the Group's credit rating (which is strongly influenced by Australia's sovereign credit rating). Even if available, the cost of these alternatives may be more expensive or on unfavorable terms, which may adversely impact the Group's cost of borrowing, and the Group's ongoing operations and funding.

Further information on liquidity and funding risk is outlined in the following four risk factors and Note 34 to the 2017 Financial Report provides an overview of the Group's liquidity and funding risk management framework.

Adverse financial and credit market conditions may significantly affect the Group's ability to access international debt markets, on which it relies for a substantial amount of its wholesale funding.

In recent years, the global debt and equity markets have experienced significant volatility due to factors such as concern over the global financial crisis, the United Kingdom's decision to leave the European Union, European sovereign debt levels and the downgrade in the ratings of sovereigns and banks by the securities ratings agencies, as evidenced by Moody's recent downgrade of the Group's long-term rating from Aa2 to Aa3. While the majority of the Group's funding comes from deposits, it remains reliant on offshore wholesale funding markets to source a significant amount of its funding. Global market volatility may result in increased competition for deposits in Australia, which could adversely impact the cost of this funding and increase the cost of accessing wholesale funding markets.

If the Group is unable to pass increased funding costs on to its customers, its net interest margins will contract (as seen in previous years), which will adversely impact the Group's results of operations and the ability of the Group to maintain or grow its current business operations. Disruptions, uncertainty or volatility in financial markets may limit the Group's access to funding, particularly its ability to issue securities, in international markets at a cost that is acceptable to the Group. These market conditions may limit the Group's ability to replace, in a timely manner, maturing liabilities and access the funding necessary to grow the Group's businesses. As such, the Group may decide to issue securities with shorter tenors than it prefers, or pay less attractive interest rates, thereby increasing its interest expense, decreasing its profitability and significantly reducing its financial flexibility. If the Group is unable to source appropriate funding, it may also be forced to reduce its lending or begin to sell liquid securities. Such activities may adversely affect the Group's business and prospects.

Adverse financial market conditions or specific Group circumstances may significantly affect the Group's ability to access domestic and international capital markets.

Disruptions, uncertainty or volatility in financial markets may limit the Group's ability to access capital markets in a timely manner or at a cost that is acceptable to the Group. There may be circumstances where Group specific conditions (for example reduced profitability), as opposed to general market conditions (for example a global recession), could also limit the Group's access to capital markets. A limitation on the Group's access to capital markets may adversely affect the Group's ability to grow or its capital strength.

Adverse financial market conditions or specific Group circumstances may significantly affect the Group's ability to maintain adequate levels of liquidity.

The Group's liquidity and funding policies are designed to address liquidity and funding risks by ensuring it will meet its obligations as and when they fall due, by seeking to ensure it is able to borrow on an unsecured basis, has sufficient assets to borrow against on a secured basis, or has sufficient high quality liquid assets to sell to raise immediate funds without adversely affecting the Group's net asset value. The Group actively monitors and manages its liquidity and funding profile, however if it does not or is unable to maintain adequate levels of liquid assets (for example should financial markets close for an extended period of time), it could have adverse effects on the Group's operations and financial condition.

The Group is subject to increased capital adequacy and liquidity requirements and failure to meet these would adversely affect its financial condition.

The Group must satisfy various and substantial capital and liquidity requirements, subject to qualitative and quantitative review and assessment by its regulators. Regulatory capital and liquidity requirements limit how the Group uses its capital, and can restrict its ability to pay dividends or to make stock repurchases. The Group's capital ratios may be affected by a number of factors, including lower earnings, increased asset growth, changes in the value of the Australian dollar against other currencies in which the Group conducts its business, and changes in business strategy (including acquisitions, divestments, investments and changes in capital intensive businesses). The Group operates an Internal Capital Adequacy Assessment Process ("ICAAP") to manage its capital levels and to maintain them above Board approved minimum levels (which in turn are set to exceed regulatory minimum standards). The ICAAP includes forecasting and stress testing of capital levels which guides the Group in selecting any capital management initiatives it may undertake. However, should the ICAAP forecasts or stress tests prove to be ineffective, the Group's business may be adversely impacted.

The Group has fully implemented the requirements of the Basel Committee on Banking Supervision's ("BCBS") and APRA's capital reform packages (and APRA's implementation thereof) aimed at implementing Basel 3 and strengthening the resilience of the banking and insurance sectors. Details of these reforms are contained in APRA's prudential standards which implement the Basel 3 capital reforms, which took effect from January 1, 2013.

In addition to the above, Basel 3 requirements include liquidity reforms. Specifically, APRA now requires the Group to comply with the Liquidity Coverage Ratio ("LCR") requirements with effect from January 1, 2015 and the Group will also be required to comply with the Net Stable Funding Ratio ("NSFR") requirements, with effect from January 1, 2018. For more information on the LCR and NSFR, see "Group Operations and Business Settings – Liquidity" and "Group Operations and Business Settings – Funding", respectively. Certain regulators in jurisdictions where the Group operates have also either implemented or are in the process of implementing Basel 3 and equivalent reforms that could apply to the Group.

In November 2014, the Financial Stability Board ("FSB") issued a consultative document that defined a global standard for minimum amounts of Total Loss-Absorbing Capacity ("TLAC") to be held by global systemically important banks ("G-SIBs"), with the objective of ensuring that G-SIBs have the loss absorbing and recapitalization capacity so that critical functions continue without requiring taxpayer support or threatening financial stability. While the Group is not currently subject to TLAC as it is not a G-SIB, should APRA decide to impose TLAC or similar regulations on the Group, it could increase the level of regulatory capital that the Group is required to maintain and could adversely affect the Group's business, financial performance or financial condition.

Separately, since 2014, the BCBS has also released a number of consultation documents as part of its reforms aimed at simplifying the measurement of risk-weighted assets and reducing their variability across banks and jurisdictions. Consultation and finalization of these reforms are current and on-going. Any impacts on the Group resulting from these reforms cannot be determined as final calibration is still to be finalized by the BCBS and they are also subject to implementation by APRA in Australia.

Furthermore, the Australian Federal Government (the "Government") completed a review of the Australian financial system called the Financial System Inquiry ("FSI"). The Final Report of the FSI ("The FSI Final Report") was released on December 7, 2014 and included a wide-ranging set of recommendations. The Government authorized APRA to take forward a number of the FSI's recommendations, particularly as they related to the resilience of the financial system. Key recommendations from the FSI Final Report that may have an impact on regulatory capital levels include:

- setting capital standards ensuring that capital ratios of ADI's are "unquestionably strong";
- raising the average internal ratings-based ("IRB") mortgage risk weight to narrow the difference between average mortgage risk weights for ADIs, which use IRB models, and those that use standardized risk weights in order to increase competition in mortgage lending;
- implementing a framework for minimum loss absorption and recapitalization capacity in line with emerging international practice;
- developing a common reporting template that improves the transparency and comparability of capital ratios of ADIs; and
- introducing a leverage ratio that acts as a backstop to ADIs' risk-based capital requirements, in line with Basel 3.

APRA supported the FSI's recommendation that the capital ratios of ADIs should be unquestionably strong and, with effect from July 2016, increased the capital requirements for Australian residential mortgage exposures for ADIs accredited to use the IRB approach to credit risk (including the Group). In March 2017, APRA announced that the main policy item for its 2017 agenda is to set the capital standards that will result in capital ratios necessary for ADIs to meet the FSI's "unquestionably strong" requirements. In July 2017, APRA announced that the four major Australian banks, including the Group, will need to have a Basel III Common Equity Tier 1 ("CET1") ratio of at least 10.5% to meet the "unquestionably strong" benchmark. Compliance will be required by January 2020, though APRA did note that the affected banks should consider whether they can achieve the new benchmark more quickly. How the Group satisfies this requirement will be a consideration included in the ICAAP.

Apart from the announcements mentioned above, APRA has not implemented any of the other key recommendations in the FSI Final Report to date. However, APRA is expected to assess the impact of impending BCBS reforms (such as simplifying the measurement of risk-weighted assets) and to consider other measures relating to financial resilience, such as liquidity, funding, asset quality, and recovery and resolution planning relating to the FSI's recommendations. Accordingly, the final outcome of the FSI, including any impacts and the timing of these impacts on the Group, remain uncertain. In addition, there are several ongoing Government enquiries and proposals for new enquiries which may affect the Group and its business, though the impact of the enquiries and proposals for new enquiries cannot be determined at this stage.

For more information on the Group's capital adequacy and liquidity requirements, see "Group Operations and Business Settings — Liquidity and Capital Resources" on page 52.

The Group is subject to extensive regulation and operates in an environment of political scrutiny, which could impact its operational and financial condition.

The Group's banking, funds management and insurance activities are subject to extensive regulation by Australian regulators and regulators in other jurisdictions where the Group conducts business. The Group's business and earnings are also affected by the fiscal or other policies that are adopted by various regulatory authorities of the Australian and New Zealand governments and the governments and regulators of the other jurisdictions where the Group conducts business. The Group is supervised by APRA. The Group must comply with the prudential requirements, including base capital requirements, set by APRA.

The events in the financial services industry and, more generally, in the international financial markets and the global economy since 2007, have resulted in numerous changes to the regulation of the financial services industry. Any changes to the regulatory requirements to which the Group is subject could have an adverse impact on the Group's results of operations.

There is currently an environment of heightened political scrutiny on the Australian financial services industry. This scrutiny has become further heightened following the commencement by AUSTRAC of civil penalty proceedings against CBA (as described above). The industry, including the Group, is currently participating in a number of Government inquiries. The 2017 Federal Budget included announcements relating to desired changes in regulation such as measures around executive appointments and accountability. If any changes in law are made as a result of these inquiries or announcements, those changes may adversely affect the Group's business and operations.

The 2017 Federal Budget also introduced a new major bank levy on certain liabilities for ADIs with licensed entity liabilities of at least A$100 billion, which includes the Group, that is to be levied from July 1, 2017 (the "Major Bank Levy"). Liabilities subject to the Major Bank Levy will include corporate bonds, commercial paper, certificates of deposit and Tier 2 capital instruments. The Major Bank Levy will not apply to additional Tier 1 capital and deposits of individuals, businesses and other entities protected by the Financial Claims Scheme. As at 30 June 2017, an illustrative annualised cost of the Major Bank Levy was approximately A$369 million per annum for the Group and A$258 million after tax, based on 30 June 2017 balance sheet and spot balances.

On June 22, 2017, the South Australian Government introduced a similar levy as part of the 2017 South Australian Budget (the "South Australian Levy"). The South Australian Levy will apply to all banks that operate in South Australia and are liable for the Major Bank Levy, which includes the Group. The amount payable under the South Australian Levy will be equal to each bank's levy base under the Major Bank Levy multiplied by South Australia's gross state product share of the Australian gross domestic product multiplied by a levy rate of 0.06%. While it is unclear as of the date of this Document whether the South Australian Levy will be adopted, there is a risk other states may introduce similar state-based bank levies that could have a negative impact on the Group's business.

In addition, recent public scrutiny of banking culture has led to an inquiry by the Australian House of Representatives Standing Committee on Economics into the four major Australian banks (including the Group) focused on consumer protection and transparency in the banking sector. A first report of the Committee was issued in November 2016 that contained recommendations designed to improve the banking system for Australian consumers. A second report was issued in April 2017 that reiterated those recommendations. In April 2016, public scrutiny of banking culture led to a proposal by the Australian Labor Party (the political party in opposition to the government) to establish a Royal Commission to investigate Australian banks. Regulatory investigations, fines, other penalties, regulator imposed conditions or additional regulations could adversely affect the Group's business, reputation, prospects, financial performance or financial condition.

The Government has also tasked the Productivity Commission with undertaking an inquiry into Competition in Australia's Financial System, which will report back to Government in 2018 and may make recommendations that adversely affect the Group's business and operations.

A new APRA prudential framework for ADI counterparty credit risk is expected to commence as early as January 2019. Until this framework is finalized, the impact on the Group is unknown.

In the United States, the Group elected to be treated as a Financial Holding Company ("FHC") by the Federal Reserve Board in the United States in October 2016. For more details regarding the regulations we are subject to in the United States see "Description of Business Environment—Financial System Regulation in the United States".

In addition, there have also been a series of other regulatory releases from authorities in the various jurisdictions in which the Group operates or obtains funding that propose significant regulatory change for financial institutions. This includes proposals for changes to financial regulations in the United States (including passage of the Financial CHOICE Act of 2017 by the U.S. House of Representatives in June 2017 which, if enacted in its current form, would significantly roll-back certain provisions of the Dodd-Frank Act, including prohibitions that prevent financial institutions from engaging in certain risk-prone proprietary trading activities, known as the

Volker Rule), changes to senior executive accountability in Singapore and Hong Kong, more data protection regulations in Europe, the Markets in Financial Instruments Directive 2 in Europe and amendments to the United Kingdom's Criminal Finances Bill (which has extraterritorial reach). United Kingdom and European authorities may also propose significant regulatory changes as a result of "Brexit", however the scope and timing of any such changes remains uncertain.

Regulation is becoming increasingly extensive and complex. While there can be no assurance that any or all of the currently proposed regulatory changes will ultimately be adopted, or the final form that any such regulations may ultimately take, any such changes, if enacted or adopted, may impact the profitability or size of the Group's business activities, require changes to certain business practices, and expose the Group to additional costs. Such additional costs may result from, among other things, holding additional capital and significant levels of liquid assets and undertaking changes to the Group's wholesale funding profile. These changes may also require the Group to invest significant management attention and resources to make any necessary changes, and could therefore also adversely affect the Group's business and operations.

The Group is subject to compliance risk, which could adversely impact its future results.

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 the requirements of relevant laws, regulatory bodies, industry standards and codes. Increasing volume, complexity and global reach of such requirements, and the increased propensity for sanctions and the level of financial penalties for breaches of requirements could have an adverse impact on the Group.

Failure to maintain credit ratings could adversely affect the Group's cost of funds, liquidity, access to debt and capital markets, and competitive position.

A credit rating is an opinion on the general creditworthiness of an obligor. The Group's credit ratings affect the cost and availability of its funding from debt markets and other funding sources. Credit ratings may also impact the cost and availability of capital. Credit ratings may be an important source of information used by current and potential customers, counterparties, intermediaries and lenders when evaluating the Group's products and creditworthiness. Investors may also consider the credit rating prior to investing in the Group. Therefore, maintaining the Group's current high quality credit ratings is important.

The rating agencies determine the Group's credit rating after an initial assessment of a number of stand-alone factors including the Group's financial strength and outlook and its key operating environments (such as the Australian and New Zealand financial systems). The Group's stand-alone assessment is then coupled with an assessed level of government support and hence is also influenced by the credit rating of the Commonwealth of Australia. The manifestation of one or more of the risk factors highlighted in this section could affect the Group's financial position and outlook, and could contribute to a change in the Group's credit ratings. A downgrade in a credit rating could be due to a change in the rating agencies' assessment and rating methodology or from an adverse change in the Group's financial position and outlook. A downgrade could also be due to a change in the outlook of the sovereign and its ability to provide support in times of stress.

On July 7, 2016, Standard & Poor's revised the outlook on the Commonwealth of Australia to ratings outlook negative, which resulted in a change in the credit rating outlook of the Group, along with other major Australian banks, from stable to negative. Standard & Poor's outlook on the major Australian banks has remained negative, citing increasing economic imbalances, pressures on sovereign credit quality and potential weakening of sovereign supportiveness. On August 18, 2016, Moody's revised its outlook for major Australian banks, including the Group, from stable to negative, and on June 19, 2017, Moody's downgraded the long-term rating of the Group from Aa2 to Aa3 while revising its outlook on the Group from negative to stable. On December 8, 2016, Fitch's outlook on Australia's banking sector was revised from stable to negative but, notwithstanding this revision, Fitch indicated that the ratings of the major Australian banks, including the Group, remained on stable outlook. On March 7, 2017, Fitch affirmed the ratings of the major Australian banks, including the Group, with a stable outlook. These recent ratings actions have led investors to become more focused on Australian economic risk, which we believe will continue to be a key issue for the ratings agencies and investors.

The Group's credit ratings could be revised at any time in response to a change in the credit rating of the Commonwealth of Australia or otherwise. A downgrade to the Group's credit ratings, or the ratings of the Commonwealth of Australia, could adversely affect the Group's cost of funds and related margins, liquidity position, collateral requirements and cost of capital. A downgrade to the Group's credit ratings could also negatively affect its competitive position. The extent and nature of these effects would depend on various factors, including the extent of any ratings change and the Group's credit rating relative to its peers.

Failure to hedge effectively against adverse fluctuations in exchange rates could negatively impact the Group's results of operations.

The Group undertakes a substantial portion of its wholesale funding in international capital markets in currencies other than the Australian dollar, principally the U.S. dollar and the Euro. This exposes the Group to risks associated with exchange rates for the Australian dollar which is the currency in which it prepares its financial statements and the principal currency of the Group's revenue and operating cash flows. The impact of such exchange rate risk cannot be predicted reliably. The Group manages its exchange rate risk with a view to minimising any adverse effect on its financial position and performance. However, the level of the Group's hedging may change over time, and the Group may change its hedging policy at any time. The Group's results of operations may be adversely affected if its hedges are not effective to mitigate exchange rate risks or for Balance Sheet purposes, if the Group is inappropriately hedged or if a hedge provider defaults on its obligations under the Group's hedging agreements. There can be no assurance that the Group's exchange rate hedging arrangements or hedging policy will be sufficient or effective.

The Group may incur losses associated with its counterparty exposures.

As with any financial services organisation, the Group assumes counterparty risk in connection with its lending, trading, derivatives, insurance and other businesses where it relies on the ability of its counterparties to satisfy its financial obligations to the Group on a timely basis. The Group faces the possibility that a counterparty may be unable to honour its contractual obligations. Such parties may default on their obligations to the Group due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, through the selling of home, personal and business loans, from entering into swap or other derivative contracts under which counterparties have obligations to make payments to the Group, executing currency or other trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. This risk also arises from the Group's exposure to lenders mortgage insurance providers and re-insurance providers (for the Group's insurance businesses). The Group is also subject to the risk that its rights against counterparties may not be enforceable in certain circumstances.

The risk of credit-related losses may also be increased by a number of factors, including deterioration in the financial condition of the economy, a sustained high level of unemployment, a deterioration of the financial condition of the Group's counterparties and a reduction in the value of assets the Group holds as collateral. In addition, in assessing whether to extend credit or enter into other transactions with counterparties, the Group relies on information provided by, or on behalf of, the counterparties, including financial statements and other financial information. The Group's financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading.

Unexpected credit losses could have a significant adverse effect on the Group's business, operations and financial condition.

The Group may incur losses from operational risks associated with being a complex financial institution.

Operational risk is defined as the risk of economic gain or loss resulting from (i) inadequate or failed internal processes and methodologies, (ii) people, (iii) systems and models used in making business decisions or (iv) external events. The Group is exposed to the risk of loss resulting from human error, the failure of internal or external processes and systems or from external events including the failure of third party suppliers and vendors to provide the contracted services. Such operational risks may include theft and fraud, improper business practices, client suitability and servicing risks, product complexity and pricing risk or improper recording, evaluating or accounting for transactions, breach of security and physical protection systems, or breaches of the Group's internally or externally imposed policies and regulations. The Group's use of third party suppliers and third party partnerships exposes it to the potential for reputational damage or an adverse impact on its future results due to the demise of, or a severe event at, a third party that provides critical services. There is also a risk that if the Group does not have the right level of appropriately skilled staff, if the Group's systems do not operate effectively or if appropriate and effective governance arrangements are not in place, the Group could make inappropriate decisions, which in turn could adversely impact its operations.

As the Group increases its analytical capabilities and the use of models in its decision making, the reliability of the Group's data and models is becoming even more crucial. There is a risk that the Group makes inappropriate decisions due to poor data quality or models that are not fit for purpose, resulting in actual risk exposures being greater than expected by management, leading to unexpected losses and depletion of capital levels.

The Group's businesses are highly dependent on the Group's ability to process and monitor, in many cases on a daily basis, a very large number of transactions, many of which are highly complex and occur across multiple markets in many currencies. The Group's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or may become disabled as a result of events that are wholly or partially beyond its control, such as a spike in transaction volume, adversely affecting its ability to process these transactions or provide these services.

As with any business operating in the financial services market, the Group utilises complex technology frameworks and systems to deliver its services and manage internal processes. Some of these technology systems are provided and/or supported by third party suppliers and vendors. Disruptions to the Group's technology systems can be caused from internal events (e.g. system upgrades) and external events (e.g. failure of vendors' systems or power supplies or technology attacks by third parties). Disruptions to the Group's technology system can have a significant adverse impact on the Group's operations.

There can be no assurance that the risk management processes and strategies the Group has developed in response to current market conditions will adequately anticipate additional market stress or unforeseen circumstances. Therefore, the Group may incur losses or reputational harm as a result of operational disruptions.

The Group may incur losses as a result of the inappropriate conduct of its staff.

The Group operates in a range of regulated markets both in Australia and globally and is highly dependent on the conduct of its employees, contractors and external service providers. The Group could, for example, be adversely affected if an employee, contractor or external service provider does not act in accordance with regulations and associated procedures, or engages in inappropriate or fraudulent conduct. Losses, financial penalties or variations to the operating licenses may be incurred from an unintentional or negligent failure to meet a professional obligation to specific clients, including fiduciary and suitability requirements, or from the nature or design of a product. These may include client, product and business practice risks such as product defects and unsuitability, market manipulation, insider trading, misleading or deceptive conduct in advertising and inadequate or defective financial advice. While the Group has policies and processes to minimise the risk of human error and employee, contractor or external service provider misconduct, these policies and processes may not always be effective.

The Group is exposed to risks pertaining to the provision of advice, recommendations or guidance about financial products and services in the course of its sales and marketing activities that may adversely affect the Group's business and operations.

A material portion of the Group's revenues comes from the provision of advice, recommendations or guidance about financial products and services in the course of its sales and marketing activities. As such, the Group is subject to risks, including the provision of unsuitable or inappropriate advice (e.g., that is not commensurate with a customer's objectives and appetite for risk), misrepresentation or inaccurate disclosure about a product or service, failure to appropriately manage conflicts of interest within sales and/or promotion processes (including incentives and remuneration for staff engaged in promotion, sales and/or the provision of advice) and failure to deliver product features and benefits in accordance with their terms, disclosures and recommendations.

Exposure to such risks may increase during periods of declining investment asset values (such as during periods of economic downturn or investment market volatility), leading to sub-optimal performance of investment products and/or portfolios that are not aligned with the customer's objectives and risk appetite. The Group is subject to various rules and regulations in the countries in which it operates that provide for consumer protection around advisory, marketing and sales practices. These may include, but are not limited to, appropriate management of conflicts of interest, appropriate accreditation standards for staff authorised to provide advice about financial products and services, disclosure standards, standards for ensuring adequate assessment of client/product suitability, quality assurance activities, adequate record keeping, and procedures for the management of complaints and disputes. Inappropriate advice about financial products and services may result in material litigation (and associated financial and reputational costs), regulatory actions, and/or reputational consequences.

Certain remediation programs are being undertaken in the Group's advice business. This includes the Open Advice Review program, reviews of certain customer files arising from variations to licences held by two Group subsidiaries, and a review of service delivery against past adviser service package offerings. The Group has provided for the cost of running these programs, together with anticipated remediation costs. 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 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.

The Group faces information security risks, including cyber-attacks that could have an adverse effect on the Group's business and operations.

The Group's businesses are highly dependent on its information technology systems, which are subject to information security risks. The Group devotes significant effort to protecting the confidentiality, integrity and availability of its computer systems, software and networks, including maintaining the confidentiality of information that may reside on those assets. However, the Group's security measures cannot provide absolute security. Exposure to information security risks occurs when information is acquired or created, processed, used, shared, accessed, retained or disposed.

Information security risks for large financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of Internet and telecommunications technology and the increased sophistication and activities of organised criminals, hackers, terrorists and other external parties. In addition, to access the Group's products and services, customers may use personal smartphones, personal computers, personal tablet computers and other computing/mobile devices that are beyond the Group's control systems. Although the Group takes protective measures and endeavours to modify these protective measures as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks, computer viruses or other malicious code and other events that could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Group, its employees, customers or of third parties or otherwise adversely impact network access or business operations.

It is possible that the Group (or its third party suppliers) may not be able to anticipate or to implement effective measures to prevent or minimise damage that may be caused by all information security threats, because the techniques used can be highly sophisticated, can evolve rapidly and those that would perpetrate attacks can be well resourced. Information security threats may also occur as a result of the Group's size and role in the financial services industry, its plans to continue to implement Internet banking and mobile banking channel strategies and develop additional remote connectivity solutions, the outsourcing of some of the Group's business operations and the threat of cyber terrorism. An information security failure could have serious consequences for the Group including, among other things, operational disruption, financial losses, a loss of customer or business opportunities, litigation, regulatory penalties or intervention, reputational damage, theft of intellectual property and customer data, and could result in violations of applicable privacy laws, all of which could have an adverse impact on the Group.

Reputational damage could harm the Group's business and prospects.

Various issues, or the perception of such issues, may give rise to reputational damage and cause harm to the Group's business and prospects. These issues could include inappropriately dealing with potential conflicts of interest and breaching legal and regulatory requirements (such as money laundering (including the civil penalty proceedings commenced against the Group by AUSTRAC on 3 August 2017 (as described above)), trade sanctions and privacy laws), inadequate sales and trading practices, inappropriate management of conflicts of interest and other ethical issues, technology failures, and non-compliance with internal policies and procedures. Failure to address these issues appropriately could also give rise to additional legal risk, subjecting the Group to regulatory enforcement actions, fines and penalties, or harm the Group's reputation and integrity among the Group's customers, investors and other stakeholders.

Market risks could adversely impact the Group's results.

Market risk is the potential of loss arising from adverse changes in interest rates, foreign exchange rates, commodity and equity prices, credit spreads, lease residual risk values, and implied volatility levels for all assets and liabilities where options are transacted. For the purposes of market risk management, the Group makes a distinction between traded and non-traded market risks. Traded market risks principally arise from the Group trading and distributing financial markets products and providing risk management services to customers on a global basis. The predominant non-traded market risk is interest rate risk in the banking book. Other non-traded markets risks are transactional and structural foreign exchange risk arising from capital investments in offshore operations, non-traded equity risk, market risk arising from the insurance business and lease residual value risk. For a description of these specific risks, see Note 33 to the 2017 Financial Report.

Insurance risk could adversely impact the Group's results.

Insurance risk exposure arises due to the potential for events that the Group has insured against occurring more frequently or with greater severity than anticipated when premiums were set. In the life insurance business this exposure arises primarily through mortality (death) and morbidity (illness and injury) related claims being greater than expected whereas for the general insurance business variability arises mainly through weather related incidents (such as floods or bushfires) and similar calamities, as well as general variability in home, motor and travel insurance claim amounts. The Group's exposure to insurance risk is small relative to the size of its other operations (banking and funds management).

Strategic business risk could adversely impact the Group's results

The Group is subject to strategic business risk which is the risk of economic loss resulting from changes in the business environment caused by macroeconomic conditions, competitive forces, technology, regulation and/or social trends. While the Board receives reports on and monitors business plans, major projects and the implementation of other significant initiatives, there can be no assurance that such initiatives will always be successful or that they will not result in financial loss or loss of reputation for the Group as business strategies and objectives are defined.

In recent times, there have been increasing instances of investor activism in Australia where shareholder or special interest groups target the Group in relation to particular social or environmental issues and influence how the Group operates or implements its strategy. Areas which have attracted investor activism in Australia, including among institutional shareholders, include making socially responsible investment and avoiding financing or interacting with businesses that do not demonstrate responsible management or environmental and social issues. The prevalence of investor activism could adversely impact management's decision-making and the success of the implementation of its initiatives, which in turn could adversely affect the Group's results of operations.

The loss of key executives, employees or Board members may adversely affect the Group's business, operations and financial condition.

The Group's ability to attract and retain qualified and skilled executives, employees and Board members is an important factor in achieving the Group's strategic objectives. The Chief Executive Officer, the management team of the Chief Executive Officer and the Board have skills that are critical to setting the strategic direction, successful management and growth of the Group, and whose loss due to resignation, retirement, death or illness may adversely affect the Group's business, operations and financial condition. Recently, Ian Narev, the Group's Chief Executive Officer announced his retirement from the Group. The effective date of Mr. Narev's retirement has not been determined. The Group is currently engaged in a comprehensive internal and external search process for a new Chief Executive Officer. In addition, Ms. Launa Inman and Mr. Harrison Young will retire from the Board at the conclusion of the Annual General Meeting on 16 November 2017. See "Corporate Governance—3. Board Composition and Renewal—3.1. Board Membership" for more information. If the Group has difficulty retaining a new Chief Executive Officer or attracting highly qualified people for important roles, including Board members, particularly in times of strategic change, the Group's business, operations and financial condition could be adversely affected.

The Group faces intense competition, which could adversely impact its results.

The Group faces intense competition in all of its principal areas of operation and geographical markets, principally Australia and New Zealand. Competition is expected to increase, especially from non-Australian financial services providers who continue to expand in Australia, and from new non-bank entrants who may be unregulated or subject to lower regulatory standards. This competition may come in the form of a new technology focused operating business model which may challenge more traditional operating models.

If the Group is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also adversely affect its results of operations by diverting business to competitors or creating pressure to lower margins. Further details on the competition faced by the Group are detailed in "Description of Business Environment – Competition" on page 98 of this Document.

Application of and changes to accounting policies may adversely impact the Group's results.

The accounting policies and methods that the Group applies are fundamental to how it records and reports its financial position and results of operations. In some cases, accounting standards allow more than one acceptable manner in which to account for a balance or transactions. While allowable under accounting standards, different accounting policies or methods can result in materially different outcomes. Management selects an accounting policy or method that it believes is reasonable for the Group or reasonable under the specific circumstances. The Group's accounting policies are set forth in Note 1 to the 2017 Financial Report. Management must exercise judgment in selecting and applying many of these accounting policies and methods so that not only do they comply with generally accepted accounting principles but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations. While the Group has policies and processes to ensure compliance with the Group's accounting policies and methods, these policies and processes may not always be effective.

The Group's business may be adversely affected by acquisitions or divestments of businesses.

From time to time, the Group evaluates and undertakes acquisitions of other businesses. There is a risk that the Group may not achieve expected synergies from the acquisition as a result of not having the requisite skills and capabilities for the new businesses, difficulties in integrating systems and processes, not achieve expected cost savings or otherwise incur losses. This may adversely affect its performance and financial position.

In addition, there is a risk that the Group may experience disruptions to its existing businesses resulting from difficulties in integrating the systems and processes of the acquired business, and may lose customers and market share as a result. Multiple acquisitions at the same time may exacerbate these risks.

In relation to divestments, the Group evaluates its business segments regularly, including in light of its business strengths and opportunities for synergies; the competitive environment in which it operates; its risk appetite; customer needs; and the ability to obtain an appropriate return against the cost of capital and funding. From time to time, the Group may divest businesses or capabilities it considers non-core or wind down businesses or product areas. There is a risk that the Group may experience disruptions in the divestment, transition or wind down process, including to existing businesses, which may cause customers to remove their business from the Group or have other adverse impacts to the Group.

The Group employs a range of valuation, risk monitoring and risk mitigation techniques. However, those techniques and the judgments that accompany their use cannot anticipate every risk and outcome or the timing of such outcome.

The Group could suffer losses due to climate change and catastrophic events.

The Group and its customers operate businesses and hold assets in a diverse range of geographical locations and may be adversely affected by the physical effects of climate change, including increases in temperatures, sea levels and the frequency and severity of adverse climatic events including fires, storms, floods and droughts. These changes may directly impact the Group and its customers through environmental factors, insurance risk and an increase in defaults in credit exposures. Any significant environmental change or external catastrophic event (including fire, storm, flood, earthquake, pandemic or other widespread health emergency, civil unrest, war or terrorism) in any of these locations has the potential to disrupt business activities, impact the Group's operations, damage property and otherwise affect the value of assets held in the affected locations and the Group's ability to recover amounts owing to it. For example, in March 2017, some of the Group's customers were affected by Cyclone Debbie in Queensland and New South Wales. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence or the levels of volatility in financial markets. This risk of losses due to catastrophic events is also directly relevant to the Group's insurance business.

Substantial legal liability or regulatory action against the Group could negatively impact the Group's business.

Due to the nature of the Group's business, it is involved in litigation, arbitration and regulatory proceedings, principally in Australia and New Zealand, including the civil penalty proceedings commenced again the Group by AUSTRAC on 3 August 2017 (as described above). Such matters are subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty.

If the Group is ordered to pay money (for example, damages, fines, penalties or legal costs), has orders made against its assets (for example, a charging order or writ of execution), is ordered to carry out conduct which adversely affects its business operations or reputation (for example, corrective advertising) or is otherwise subject to adverse outcomes of litigation, arbitration and regulatory proceedings, the Group's profitability may be adversely affected.

In recent years there have been significant increases in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. The nature of these investigations and reviews can be wide ranging and, for example, currently include a range of matters including responsible lending practices, product suitability, wealth advice, conduct in financial markets and capital market transactions. During the year, the Group has received various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain. However, should any regulatory investigations and reviews result in fines, the Group's reputation and profitability may be adversely affected.

Selected Consolidated Income Statement Data ("statutory basis")	2017 USD$M [1]	2017	2016 [2]	2015 [2]	2014	2013
		Full Year Ended 30 June (AUD$ millions, except where indicated)				
Interest income	25,582	33,293	33,817	34,145	33,691	34,739
Interest expense	12,058	15,693	16,882	18,322	18,550	20,805
Net interest income	13,524	17,600	16,935	15,823	15,141	13,934
Impairment expense	841	1,095	1,256	988	918	1,146
Non-interest income	6,547	8,521	7,643	7,845	7,347	6,942
Operating expenses	8,516	11,082	10,473	10,078	9,573	9,085
Net profit before income tax	10,714	13,944	12,849	12,602	11,997	10,645
Income tax expense	3,067	3,992	3,606	3,528	3,347	3,011
Net profit after income tax	7,647	9,952	9,243	9,074	8,650	7,634
Non-controlling interests	(18)	(24)	(20)	(21)	(19)	(16)
Net profit attributable to Equity holders of the Bank	7,629	9,928	9,223	9,053	8,631	7,618
Dividend declared [3]	5,692	7,408	7,189	6,823	6,484	3,224
Weighted average number of shares (basic) (M)		1,719	1,692	1,627	1,618	1,598
Earnings per share, basic (cents)	443. 8	577. 6	542. 3	553. 1	530. 6	474. 2
Earnings per share, fully diluted (cents)	429. 6	559. 1	529. 2	539. 1	518. 9	461. 0
Dividends per share (cents)	330	429	420	420	401	364
Dividend payout ratio (%) [4]		74. 6	78. 4	75. 8	75. 5	77. 4

(1) USD translated from AUD using the 30 June 2017 month end Noon Buying Rate, as defined below.
(2) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.
(3) Represents final dividend declared for each respective year ended 30 June.
(4) Dividends paid on ordinary shares divided by statutory earnings (earnings are net of dividends on other equity instruments).

Exchange Rates

For each of the Group's financial years indicated, as well as for July and August (to date) of 2017, the period end and average exchange rates are set out below, together with the high, low and month end rates (unless otherwise indicated) for recent months. All rates referred to are the Noon Buying Rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate").

To calculate the USD figures provided herein for comparison purposes as at and for the year ended 30 June 2017, the 30 June 2017 month end Noon Buying Rate has been used.

	2017	2016	2015	2014	2013
	Full Year Ended 30 June (expressed in USD$ per AUD$1.00)				
Period End	0.7684	0.7431	0.7681	0.9405	0.9268
Average Rate	0.7542	0.7287	0.8289	0.9147	1.0272

	September [1]	August	July	June	May	April
	Month Ended 2017 (expressed in USD$ per AUD$1.00)					
High	0. 7975	0. 8042	0. 8042	0. 7684	0. 7529	0. 7607
Low	0. 7935	0. 7597	0. 7597	0. 7389	0. 7340	0. 7475
Month End Noon Buying Rates	0. 7902	0. 7975	0. 7984	0. 7684	0. 7450	0. 7475

(1) Represents the most current September 2017 exchange rate data ended 6 September 2017.

Consolidated Balance Sheet Data	Full Year Ended 30 June 2017 USD$M [1]	2017	2016 [2]	2015 [2]	2014	2013
		(AUD$ millions, except where indicated)				
Assets						
Cash and liquid assets	**35,231**	**45,850**	23,372	33,116	26,409	20,634
Receivables due from other financial institutions	**7,712**	**10,037**	11,591	13,063	8,065	7,744
Assets at fair value through income statement:						
Trading	**25,130**	**32,704**	34,067	26,424	21,459	19,617
Insurance	**10,503**	**13,669**	13,547	14,088	15,142	14,359
Other	**854**	**1,111**	1,480	1,278	760	907
Derivative assets	**24,377**	**31,724**	46,567	46,154	29,247	45,340
Available-for-sale investments	**64,188**	**83,535**	80,898	74,684	66,137	59,601
Loans, bills discounted and other receivables	**562,286**	**731,762**	695,398	639,262	597,781	556,648
Bank acceptances of customers	**356**	**463**	1,431	1,944	5,027	6,063
Property, plant and equipment	**2,976**	**3,873**	3,940	2,833	2,816	2,718
Investments in associates	**2,135**	**2,778**	2,776	2,637	1,844	2,281
Intangible assets	**7,702**	**10,024**	10,384	9,970	9,792	10,423
Deferred tax assets	**739**	**962**	389	498	586	916
Other assets	**6,057**	**7,882**	7,161	7,538	6,386	6,606
Total Assets	**750,246**	**976,374**	933,001	873,489	791,451	753,857
Liabilities						
Deposits and other public borrowings	**481,522**	**626,655**	588,045	543,231	498,352	459,429
Payables due to other financial institutions	**21,847**	**28,432**	28,771	36,416	24,978	25,922
Liabilities at fair value through income statement	**7,985**	**10,392**	10,292	8,493	7,508	8,701
Derivative liabilities	**23,306**	**30,330**	39,921	35,213	27,259	38,580
Bank acceptances	**356**	**463**	1,431	1,944	5,027	6,063
Current tax liabilities	**1,114**	**1,450**	1,022	661	688	1,529
Deferred tax liabilities	**255**	**332**	340	351	366	471
Other provisions	**1,368**	**1,780**	1,656	1,726	1,363	1,249
Insurance policy liabilities	**9,235**	**12,018**	12,636	12,911	13,166	13,004
Debt issues	**128,762**	**167,571**	161,284	154,429	142,219	132,808
Managed fund units on issue	**1,980**	**2,577**	1,606	1,149	1,214	891
Bills payable and other liabilities	**9,168**	**11,932**	9,889	11,336	10,369	9,986
Total Liabilities	**686,898**	**893,932**	856,893	807,860	732,509	698,633
Loan capital [3]	**14,389**	**18,726**	15,544	12,824	9,594	9,687
Total liabilities and loan capital	**701,287**	**912,658**	872,437	820,684	742,103	708,320
Net Assets	**48,959**	**63,716**	60,564	52,805	49,348	45,537
Total Shareholders' Equity	**48,959**	**63,716**	60,564	52,805	49,348	45,537
Other equity instruments	**-**	**-**	-	939	939	939
Total Shareholders' Equity excluding other equity instruments	**48,959**	**63,716**	60,564	51,866	48,409	44,598

(1) USD translated from AUD at 30 June 2017 (see month end Noon Buying Rates under "Financial Review – Exchange Rates" on page 26 of this Document).

(2) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(3) Represents interest bearing liabilities qualifying as regulatory capital.

Consolidated Ratios and Operating Data	2017 USD$M [2]	2017	2016 [1]	2015 [1]	2014	2013
		Full Year Ended 30 June (AUD$ millions, except where indicated)				
Profitability						
Net interest margin (%) [3]		**2. 11**	2. 14	2. 15	2. 14	2. 13
Interest spread (%) [4]		**1. 91**	1. 98	2. 00	2. 00	1. 91
Return on average Shareholders' Equity (%) [5]		**16. 1**	16. 2	18. 2	18. 7	18. 0
Return on average total assets (%) [5]		**1. 0**	1. 0	1. 1	1. 1	1. 0
Productivity						
Total operating income per full-time staff equivalent	**436,978**	**568,685**	545,237	508,578	500,034	479,308
Staff expense/total operating income (%) [6]		**24. 0**	25. 1	24. 6	25. 0	23. 9
Total operating expenses/total operating income (%) [6]		**42. 4**	42. 6	42. 6	42. 9	44. 9
Capital Adequacy (at year end)						
Basel III						
Risk weighted assets	**335,839**	**437,063**	394,667	368,721	337,715	329,158
Tier One capital	**40,482**	**52,684**	48,553	41,147	37,608	33,750
Tier Two capital	**7,217**	**9,392**	7,924	5,661	2,935	3,088
Total capital [7]	**47,699**	**62,076**	56,477	46,808	40,543	36,838
Tier One capital/risk weighted assets (%)		**12. 1**	12. 3	11. 2	11. 1	10. 3
Tier Two capital/risk weighted assets (%)		**2. 1**	2. 0	1. 5	0. 9	0. 9
Total capital/risk weighted assets (%)		**14. 2**	14. 3	12. 7	12. 0	11. 2
Average Shareholders' Equity/average total assets (%)		**6. 5**	6. 3	6. 1	6. 1	6. 0

(1) Comparative information has been restated to conform to presentation in the current year. Refer to “Disclosures – Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information” and Appendix C of this Document for further details.

(2) USD translated from AUD at 30 June 2017 (see month end Noon Buying Rates in the table under “Financial Review – Exchange Rates” on page 26 of this Document).

(3) Net interest income divided by average interest earning assets for the year.

(4) Difference between the average interest rate earned and the average interest rate paid on funds.

(5) Calculations based on Net profit after tax (“statutory basis”), net of dividends on other equity investments, divided by average Shareholders’ Equity and average total assets respectively.

(6) Total operating income represents net interest income before deducting loan impairment expense plus non-interest income.

(7) Represents Tier One capital and Tier Two capital less deductions under statutory guidelines imposed by APRA. Refer to “Group Operations and Business Settings” for further details.

Consolidated Ratios and Operating Data	2017 USD$M [2]	2017	2016 [1]	2015 [1]	2014	2013
		Full Year Ended 30 June (AUD$ millions, except where indicated)				
Asset Quality Data [3]						
Non-accrual loans [4]	**2,021**	**2,630**	2,460	2,253	2,475	3,523
Gross impaired assets [5]	**2,449**	**3,187**	3,116	2,855	3,367	4,330
Individually assessed provisions for impairment	**753**	**980**	944	887	1,127	1,628
Collective provisions for impairment	**2,111**	**2,747**	2,818	2,762	2,779	2,858
Net impaired assets	**1,566**	**2,038**	1,989	1,829	2,101	2,571
Total provisions for impairment/average credit risk (%) [6]		**0. 3**	0. 3	0. 4	0. 4	0. 5
Loan impairment expense/average credit risk (%) [6]		**0. 1**	0. 1	0. 1	0. 1	0. 1
Gross impaired assets/credit risk (%) [7]		**0. 3**	0. 3	0. 3	0. 3	0. 5
Net impaired assets/total Shareholders' Equity (%)		**3. 2**	3. 3	3. 5	4. 3	5. 6
Collective provision for impairment/credit risk weighted assets (%) Basel III		**0. 7**	0. 8	0. 9	0. 8	0. 9

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information and Appendix C of this Document for further details.
(2) USD translated from AUD at 30 June 2017 (see month end Noon Buying Rates under "Financial Review – Exchange Rates" on page 26 of this Document).
(3) All impaired asset balances and ratios are net of interest reserved.
(4) Non-accrual loans comprise any credit risk exposure where a specific provision for impairment has been raised, or is maintained on a cash basis because of significant deterioration in the financial position of the borrower, or where loss of principal or interest is anticipated.
(5) Gross impaired assets comprise non-accrual loans, restructured loans, Other real estate owned assets and Other assets acquired through security enforcement.
(6) Average credit risk is based on gross credit risk. Averages are based on current and previous year-end balances.
(7) Gross impaired assets as a percentage of credit risk, as disclosed in Note 32 to the 2017 Financial Report.

Summary Cash Flows Data

Further details of the Group's cash flows are found in the 2017 Financial Report and Notes to the Financial Statements.

Summary Cash Flows	2017 USD$M [1]	2017	2016	2015	2014	2013
		Full Year Ended 30 June (AUD$ millions, except where indicated)				
Net Cash (used in)/provided by operating activities	**(620)**	**(807)**	(4,561)	7,183	3,963	6,577
Net Cash (used in)/provided by investing activities	**(520)**	**(677)**	(2,032)	(1,215)	201	(1,256)
Net Cash (used in)/provided by financing activities [2]	**7,802**	**10,154**	1,770	(5,826)	2,346	(5,306)
Net (decrease)/increase in cash and cash equivalents	**6,662**	**8,670**	(4,823)	142	6,510	15
Cash and cash equivalents at beginning of period	**11,101**	**14,447**	19,270	19,128	12,618	12,603
Cash and cash equivalents at end of period	**17,763**	**23,117**	14,447	19,270	19,128	12,618

(1) USD translated from AUD as at 30 June 2017 (see Month End Noon Buying Rates under "Financial Review – Exchange Rates" in the table on page 26 of this Document).
(2) Includes the balance 'Effect of foreign exchange rates on cash and cash equivalents' as disclosed in the 2017 Financial Report.

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Contents

Section 5 – Group Performance Analysis

Financial Performance and Business Review

This Group Performance Analysis contains certain forward-looking statements. See "Disclosures - Special Note Regarding Forward-Looking Statements" on page 5 of this Document.

Year Ended June 2017 versus Restated June 2016

The Group's Net profit after tax ("statutory basis") increased 8% on the prior year to $9,928 million. Earnings per share ("statutory basis") increased 7% on the prior year to 577.6 cents per share and return on equity ("statutory basis") decreased 10 basis points on the prior year to 16.1%.

The key components of the Group result were:

- **Net interest income** ("statutory basis") increased 4% to $17,600 million, reflecting 6% growth in average interest earning assets, partly offset by a three basis point decrease in net interest margin. Net interest margin excluding Treasury and Markets decreased four basis points to 2.09%;
- **Other banking income** ("statutory basis") increased 23% to $5,626 million, including a $397 million gain on sale of the Group's remaining investment in Visa Inc. Excluding that sale, other banking income increased 14% driven by strong growth in fees and commissions;
- **Funds management income** ("statutory basis") was flat at $2,051 million, including a 3% unfavourable impact from the higher Australian dollar. This reflects a 6% increase in average FUA and a 4% increase in average AUM, offset by lower FUA and AUM margins;
- **Insurance income** ("statutory basis") decreased 16% to $844 million with higher claims resulting in loss recognition of $143 million, $78 million higher than the prior year, partly offset by 1% growth in average inforce premiums;
- **Operating expenses** ("statutory basis") increased 6% to $11,082 million, including a $393 million one-off expense for acceleration of amortisation on certain software assets. Excluding that acceleration, expense growth of 2% was driven by increases in staff, technology and investment spend, partly offset by the continued realisation of incremental benefits from productivity initiatives; and
- **Loan impairment expense** ("statutory basis") decreased 13% to $1,095 million, due to lower provisioning primarily in Institutional Banking and Markets and Business and Private Banking, partly offset by an increase in provisioning in Bankwest.

Year Ended June 2016 versus June 2015

The Group's Net profit after tax ("statutory basis") increased 2% on the prior year to $9,223 million. Earnings per share ("statutory basis") decreased 2% on the prior year to 542.3 cents per share and return on equity ("statutory basis") decreased 200 basis points on the prior year to 16.2%.

The key components of the Group result were:

- **Net interest income** ("statutory basis") increased 7% to $16,935 million, reflecting 7% growth in average interest earning assets, partly offset by a one basis point decrease in net interest margin. Net interest margin excluding Treasury and Markets increased one basis point to 2.13%;
- **Other banking income** ("statutory basis") decreased 5% to $4,576 million, reflecting a hedging loss due to the lower Australian dollar, partly offset by a strong sales performance in Markets and an increased share of profits from associates;
- **Funds management income** ("statutory basis") increased 3% to $2,061 million including a 3% benefit from the lower Australian dollar. This reflects a 4% increase in average FUA, and improved FUA margins;
- **Insurance income** ("statutory basis") decreased 1% to $1,006 million with average inforce premium growth of 4% and fewer event claims, offset by an increase in income protection claims reserves resulting in loss recognition;
- **Operating expenses** ("statutory basis") increased 4% to $10,473 million, including a 1% increase from the lower Australian dollar, higher staff costs, increased investment spend, and higher amortisation. This was partly offset by the continued realisation of incremental benefits from productivity initiatives; and
- **Loan impairment expense** ("statutory basis") increased 27% to $1,256 million, due to higher provisioning primarily in Institutional Banking and Markets, New Zealand and IFS.

More comprehensive disclosure of performance highlights by key business segments is contained on pages 56-84 of this Document.

Net Interest Income

	Full Year Ended (1)				
	30 Jun 17 $M	30 Jun 16 $M	Jun 17 vs Jun 16 %	30 Jun 15 $M	Jun 16 vs Jun 15 %
Net interest income ("cash basis")	17,600	16,935	4	15,827	7
Hedging and IFRS volatility	-	-	-	(4)	large
Bankwest non-cash items	-	-	-	-	-
Net interest income ("statutory basis") (2)	17,600	16,935	4	15,823	7
Average interest earning assets					
Home loans (3)	435,448	409,669	6	390,598	5
Personal loans	23,518	23,722	(1)	23,481	1
Business and corporate loans	221,188	211,356	5	190,537	11
Total average lending interest earning assets	680,154	644,747	5	604,616	7
Non-lending interest earning assets	154,587	145,849	6	131,548	11
Total average interest earning assets	834,741	790,596	6	736,164	7
Net interest margin ("statutory basis") (%)	2. 11	2. 14	(3)bpts	2. 15	(1)bpt
Net interest margin excluding Treasury and Markets (%)	2. 09	2. 13	(4)bpts	2. 12	1 bpt

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information and Appendix C of this Document for further details.

(2) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

(3) Net of average mortgage offset balances. Gross average home loans balance, excluding mortgage offset accounts is $470,773 million for the full year ended 30 June 2017 ($436,530 million for the full year ended 30 June 2016).

Year Ended June 2017 versus June 2016

Net interest income ("statutory basis") increased 4% on the prior year to $17,600 million. The result was driven by growth in average interest earning assets of 6%, partly offset by a three basis point decrease in net interest margin.

Average Interest Earning Assets

Average interest earning assets increased $44 billion on the prior year to $835 billion, driven by:

- Home loan average balances increased $26 billion or 6% on the prior year to $435 billion. The growth in home loan balances was largely driven by domestic banking growth;
- Average balances for business and corporate loans increased $10 billion or 5% on the prior year to $221 billion driven by growth in business banking lending balances; and
- Average non-lending interest earning assets increased $8 billion or 6% on the prior year to $155 billion due to higher liquid assets as a result of a reduction in the Committed Liquidity Facility ("CLF"). For more information on the CLF, see "Group Operations and Business Settings – Liquidity".

Net Interest Margin

The Group's net interest margin decreased three basis points on the prior year to 2.11%. The key drivers of the movement were:

Asset pricing: Increased margin of five basis points with the benefit from home loan repricing, partly offset by the impact of competition on home and business lending.

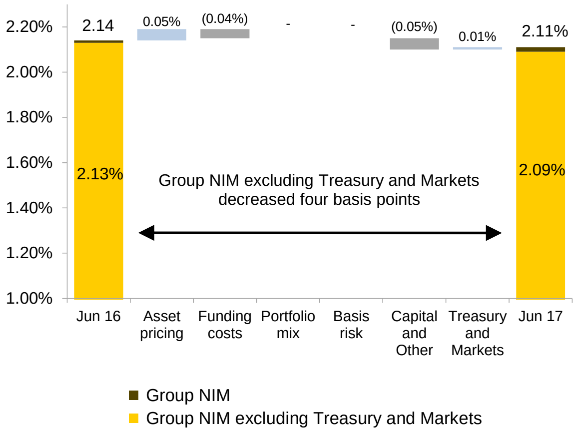
Funding costs: Decreased margin of four basis points reflecting an increase in wholesale funding costs due to lengthening the mix and tenor of wholesale funding to assist the Group in preparing for the NSFR, which applies from 1 January 2018. Deposit costs were flat with the negative impact from the lower cash rate, offset by repricing.

Portfolio mix: Flat with favourable change in funding mix from proportionally higher levels of transaction deposits, offset by unfavourable change in lending mix.

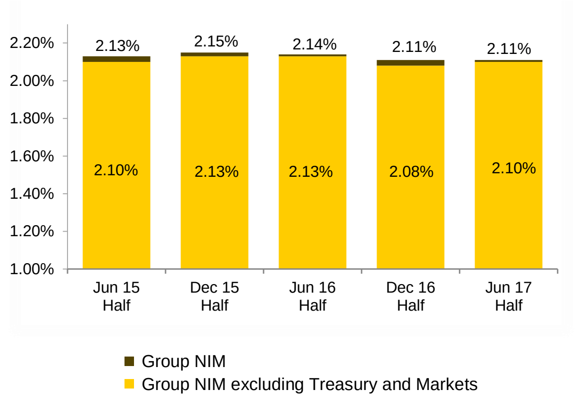
Capital and Other: Decreased margin of five basis points driven by the impact of the falling cash rate environment on free equity funding and a two basis point reduction in the contribution from New Zealand, partly offset by the positive impact from higher capital.

Treasury and Markets: Increased margin of one basis point driven by a higher contribution from Treasury and Markets, partly offset by increased holdings of liquid assets.

NIM movement since June 2016 (1)



Group NIM (Half Year Ended) (1)



(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

Group Performance Analysis

Year End June 2016 versus June 2015

Net interest income ("statutory basis") increased 7% on the prior year to $16,935 million. The result was driven by growth in average interest earning assets of 7%, partly offset by a one basis point decrease in net interest margin.

Average Interest Earning Assets

Average interest earning assets increased $54 billion on the prior year to $791 billion, driven by:

- Home loan average balances increased $19 billion or 5% 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 loans increased $21 billion or 11% on the prior year to $211 billion driven by growth in institutional and business banking lending balances; and
- Average non-lending interest earning assets increased $14 billion or 11% on the prior year to $146 billion due to higher cash, liquid assets and trading assets.

Net Interest Margin

The Group's net interest margin decreased one basis point on the prior year to 2.14%. The key drivers of the movement were:

Asset pricing: Flat with the positive impact of home loan repricing, offset by the impact of competition on home and business lending.

Funding costs: Flat with the benefit from lower wholesale funding costs of one basis point offset by a one basis point increase in deposit costs, mainly due to the lower cash rate.

Portfolio mix: Increased margin of three basis points reflecting a favourable change in funding mix from proportionally higher levels of transactions and savings deposits, partly offset by an unfavourable change in lending mix.

Capital and Other: Decreased margin of two basis points. The positive impact from higher capital was offset by the impact of the falling cash rate environment on free equity funding.

Treasury and Markets: Decreased margin of two basis points driven by increased holdings of liquid assets and a lower contribution from Treasury and Markets.

Other Banking Income

	Full Year Ended				
	30 Jun 17 $M	30 Jun 16 $M	Jun 17 vs Jun 16 %	30 Jun 15 $M	Jun 16 vs Jun 15 %
Commissions	2,482	2,215	12	2,209	-
Lending fees	1,078	1,010	7	1,005	-
Trading income	1,149	1,087	6	1,039	5
Other income (1)	811	548	48	558	(2)
Other banking income ("cash basis") (1)	5,520	4,860	14	4,811	1
Hedging and IFRS volatility	106	(284)	large	17	large
Other banking income ("statutory basis") (2)	5,626	4,576	23	4,828	(5)

(1) The current year includes a $397 million gain on sale of the Group's remaining investment in Visa Inc.

(2) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

Year Ended June 2017 versus June 2016

Other banking income ("statutory basis") increased 23% on the prior year to $5,626 million. Excluding the one-off impact of a gain on sale of the Group's remaining investment in Visa Inc., other banking income increased 14%. The key drivers were:

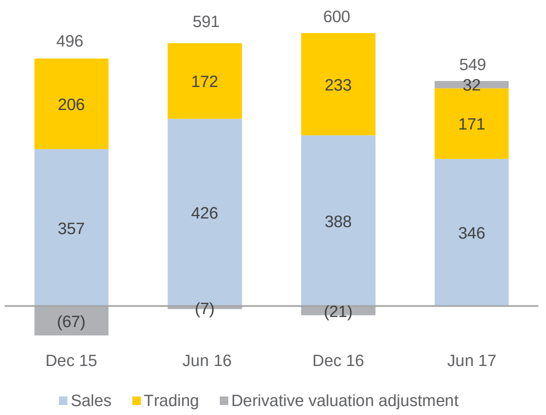
Commissions increased 12% on the prior year to $2,482 million due to higher consumer finance income driven by higher credit card purchases and lower loyalty costs, and volume driven deposit fee income;

Lending fees increased 7% on the prior year to $1,078 million with volume driven growth, partly offset by lower Institutional fees due to competitive pressures;

Trading income increased 6% on the prior year to $1,149 million driven by favourable derivative valuation adjustments, partly offset by lower Markets sales;

Other income increased 48% on the prior year to $811 million, driven by a gain on sale of the Group's remaining investment in Visa Inc., partly offset by a higher realised loss on the hedge of New Zealand earnings; and

Hedging and IFRS volatility increased on the prior year mainly due to an unrealised gain on the hedge of New Zealand earnings compared with a loss in the prior year.



Year Ended June 2016 versus June 2015

Other banking income ("statutory basis") decreased 5% on the prior year to $4,576 million, driven by the following items:

Commissions flat on the prior year, with higher merchant fee income offset by lower credit card income following a reduction in the interchange rate;

Lending fees flat on the prior year with volume driven increases offset by lower Institutional fees reflecting competitive pressures; and

Trading income increased 5% on the prior year to $1,087 million. This was primarily driven by a strong sales performance in Markets and higher Treasury earnings, partly offset by unfavourable derivative valuation adjustments; offset by

Other income decreased 2% on the prior year to $548 million, with a higher realised loss on the hedge of New Zealand earnings and lower structured asset finance income, partly offset by a higher contribution from investments in associates; and

Hedging and IFRS volatility decreased on the prior year with a higher unrealised loss on the hedge of New Zealand earnings.

Funds Management Income

	Full Year Ended				
	30 Jun 17 $M	30 Jun 16 $M	Jun 17 vs Jun 16 %	30 Jun 15 $M	Jun 16 vs Jun 15 %
Colonial First State (CFS) (1)	**928**	929	-	866	7
CFS Global Asset Management (CFSGAM)	**837**	842	(1)	847	(1)
CommInsure	**121**	120	1	133	(10)
New Zealand	**92**	80	15	71	13
Other	**56**	45	24	21	large
Funds management income ("cash basis")	**2,034**	2,016	1	1,938	4
Treasury shares valuation adjustment	**(22)**	14	large	(22)	large
Policyholder tax	**30**	(8)	large	21	large
Investment experience	**9**	39	(77)	66	(41)
Funds management income ("statutory basis") (2)	**2,051**	2,061	-	2,003	3

(1) Colonial First State incorporates the results of all Wealth Management Financial Planning businesses.
(2) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

Year Ended June 2017 versus June 2016

Funds management income ("statutory basis") remained flat on the prior year at $2,051 million, driven by:

- A 6% increase in average FUA reflecting strong investment markets across the Australian and New Zealand businesses and positive net flows in Australia; and
- A 4% increase in average AUM as a result of positive net flows and strong investment markets in the Australian and New Zealand businesses; offset by
- A 3% unfavourable impact from the higher Australian dollar;
- A decline in FUA margins as a result of increased customer remediation costs in CFS Advice; and
- A decline in AUM margins as a result of a change in investment mix in the Australian business.

Year Ended June 2016 versus June 2015

Funds management income ("statutory basis") increased 3% on the prior year to $2,061 million, driven by:

- A 4% increase in average FUA reflecting positive net flows and investment market returns across the Australia and New Zealand businesses;
- A 1% increase in average AUM as a result of strong net flows in New Zealand and positive investment performance across the Australia and New Zealand businesses; and
- Improved FUA margins as a result of decreased customer remediation costs in CFS Advice.

Group Performance Analysis

Insurance Income

	Full Year Ended				
	30 Jun 17 $M	30 Jun 16 $M	Jun 17 vs Jun 16 %	30 Jun 15 $M	Jun 16 vs Jun 15 %
CommInsure	438	502	(13)	503	-
New Zealand	278	242	15	232	4
IFS	50	46	9	42	10
Other	20	5	large	15	(67)
Insurance income ("cash basis")	786	795	(1)	792	-
Policyholder tax	2	109	(98)	78	40
Investment experience	56	102	(45)	144	(29)
Insurance income ("statutory basis") (1)	844	1,006	(16)	1,014	(1)

(1) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

Year Ended June 2017 versus June 2016

Insurance income ("statutory basis") decreased 16% on the prior year to $844 million, driven by:

- CommInsure Retail life income declined due to higher claims resulting in loss recognition of $143 million in income protection during the year, an increase of $78 million on the prior year; partly offset by
- Higher premiums in New Zealand and IFS;
- Lower claims in IFS and CommInsure Wholesale life; and
- A 1% increase in average inforce premiums.

Year Ended June 2016 versus June 2015

Insurance income ("statutory basis") decreased 1% on the prior year to $1,006 million impacted by:

- A 4% increase in average inforce premiums to $3,401 million;
- Fewer severe weather related event claims in CommInsure General Insurance; and
- Higher Wholesale Life income from repricing; partly offset by
- An increase in income protection claims reserves (i.e. reserves held to cover future liabilities to the extent they exceed future premiums) as a result of higher expected future liabilities due to worsening claims experiences, particularly lower terminations, resulting in loss recognition in CommInsure in the current year.

Operating Expenses

	Full Year Ended				
	30 Jun 17 $M	30 Jun 16 $M	Jun 17 vs Jun 16 %	30 Jun 15 $M	Jun 16 vs Jun 15 %
Staff expenses (1)	6,268	6,169	2	5,826	6
Occupancy and equipment expenses	1,139	1,134	-	1,086	4
Information technology services expenses (2)	1,941	1,485	31	1,292	15
Other expenses	1,730	1,646	5	1,799	(9)
Operating expenses ("cash basis")	11,078	10,434	6	10,003	4
Bankwest non-cash items	4	39	(90)	75	(48)
Operating expenses ("statutory basis") (3)	11,082	10,473	6	10,078	4
Statutory operating expenses to total operating income (%) (1) (4)	42. 4	42. 6	(20)bpts	42. 6	-
Statutory banking expense to total banking income (%) (4)	39. 3	38. 9	40 bpts	39. 4	(50)bpts

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.
(2) The current year includes a $393 million one-off expense for acceleration of amortisation on certain software assets.
(3) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.
(4) The Group result includes a $397 million gain on sale of the Group's remaining investment in Visa Inc. and a $393 million one-off expense for acceleration of amortisation on certain software assets. Excluding the sale and acceleration, the Operating expenses to total operating income is 41.6% for the full year ended 30 June 2017 and Banking expenses to total banking income is 38.2% for the full year ended 30 June 2017.

Year Ended June 2017 versus June 2016

Operating expenses ("statutory basis") increased 6% on the prior year to $11,082 million. The key drivers were:

Staff expenses increased 2% to $6,268 million driven by salary increases and employee entitlements, partly offset by productivity initiatives;

Occupancy and equipment expenses were flat at $1,139 million, due to increased rental costs and depreciation, offset by lower relocation feasibility costs;

Information technology services expenses increased 31% to $1,941 million, primarily driven by a $393 million one-off expense for acceleration of amortisation on certain software assets. Excluding that acceleration, expenses increased 4% due to higher licensing expenses, lease costs and investment spend;

Other expenses increased 5% to $1,730 million, due to higher professional fees, partly offset by reduced marketing costs;

Group expense to income ratio improved 20 basis points on the prior year to 42.4%, primarily driven by a gain on sale of the Group's remaining investment in Visa Inc. and the one off expense for acceleration of amortisation on certain software assets. Excluding the sale and acceleration, the ratio was 41.6%, a reduction of 100 basis points.

Year Ended June 2016 versus June 2015

Operating expenses ("statutory basis") increased 4% on the prior year to $10,473 million. The key drivers were:

Staff expenses Increased 6% to $6,169 million, driven by a 1% impact from the lower Australian dollar, salary increases and investment in customer-facing frontline;

Occupancy and equipment expenses Increased 4% to $1,134 million, primarily due to rental costs and an increase in depreciation;

Information technology services expenses Increased 15% to $1,485 million, due to higher software amortisation, increased investment spend, and volume-driven maintenance and data processing costs;

Other expenses Decreased 9% to $1,646 million, due to lower professional fees, lower remediation costs and reduced marketing spend; and

Group expense to income ratio Remained flat on the prior year at 42.6%, reflecting higher costs, offset by income growth. The banking expense to income ratio improved 50 basis points on the prior year to 38.9%.

Staff Numbers

	Full Year Ended		
Full-Time Equivalent Staff	**30 Jun 17**	**30 Jun 16**	**30 Jun 15**
Australia	**35,722**	35,179	35,878
Total	**45,614**	45,129	45,948

Investment Spend

	Full Year Ended				
	30 Jun 17 $M	**30 Jun 16 $M**	**Jun 17 vs Jun 16 %**	**30 Jun 15 $M**	**Jun 16 vs Jun 15 %**
Expensed investment spend (1)	**650**	604	8	539	12
Capitalised investment spend	**629**	769	(18)	707	9
Investment spend	**1,279**	1,373	(7)	1,246	10
Comprising:					
Productivity and growth	**681**	701	(3)	728	(4)
Risk and compliance	**470**	505	(7)	378	34
Branch refurbishment and other	**128**	167	(23)	140	19
Investment spend	**1,279**	1,373	(7)	1,246	10

(1) Included within Operating Expenses disclosure on page 36 (previous page) of this Document.

The Group continued to invest to deliver on the strategic priorities of the business with $1,279 million incurred in the full year to 30 June 2017, a decrease of 7% on the prior year.

The decrease is due to timing of investment spend, and the completion of key phases of risk and compliance projects in the prior year (including Future of Financial Advice ("FOFA")), significant progress made with branch transformation, the roll-out of refreshed ATMs in the prior year, and the timing of spend on productivity and growth initiatives.

Spend on productivity and growth continued to focus on delivering further enhancements to the Group's sales management capabilities, digital channels and customer data insights.

Significant spend on risk and compliance projects has continued as systems are implemented to assist in satisfying new regulatory obligations, including Stronger Super and Common Reporting Standard requirements. In addition, the Group continues to invest in safeguarding information security to mitigate risks and provide greater stability for customers.

Loan Impairment Expense

	Full Year Ended					
		Restated			As reported	
	30 Jun 17	30 Jun 16	Jun 17 vs	30 Jun 16	30 Jun 15	Jun 16 vs
	$M	$M	Jun 16 %	$M	$M	Jun 15 %
Retail Banking Services (1)	**699**	663	5	660	626	5
Business and Private Banking (1)	**74**	176	(58)	179	152	18
Institutional Banking and Markets	**64**	252	(75)	252	167	51
New Zealand	**65**	120	(46)	120	83	45
Bankwest	**89**	(10)	large	(10)	(50)	(80)
IFS and Other	**104**	55	89	55	10	large
Loan impairment expense ("statutory basis")	**1,095**	1,256	(13)	1,256	988	27

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

Year Ended June 2017 versus Restated June 2016

Loan impairment expense ("statutory basis") decreased 13% on the prior year to $1,095 million. Loan impairment expense annualised as a percentage of Gross Loans and Acceptances (GLAAs) decreased by 4 basis points to 15 basis points. The decrease was driven by:

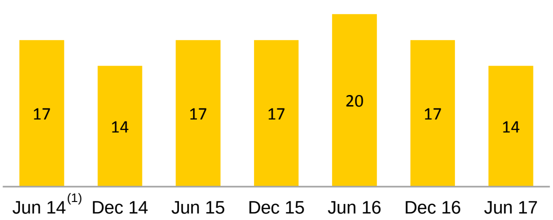
- Reduced individual provisions and lower collective provisions in Business and Private Banking;
- Lower collective provisions and fewer large individual provisions in Institutional Banking and Markets; and
- Lower collective provisioning in the New Zealand dairy sector; partly offset by
- An increase in Retail Banking Services as a result of higher arrears and losses for home loans and consumer finance, predominantly in Western Australia and Queensland; and
- An increase in Bankwest due to slower run-off of the business troublesome book and higher home loan losses, predominantly in Western Australia.

As Reported Year Ended June 2016 versus June 2015

Loan impairment expense ("statutory basis") increased 27% on the prior year to $1,256 million. The increase was driven by:

- An increase in Retail Banking Services as a result of higher home loan arrears and losses, predominantly from deterioration in mining towns, and higher personal loan arrears;
- A lower level of write-backs in Business and Private Banking;
- An increase in Institutional Banking and Markets due to a small number of large individual provisions, a lower level of write-backs and higher collective provisions;
- Higher rural lending provisioning within the New Zealand dairy sector, and higher unsecured retail provisioning, partly offset by improved home loan arrears;
- Continued albeit slower run-off of the troublesome and impaired book in Bankwest; and
- An increase in IFS as a result of provisions in the commercial lending portfolio.

Half Year Loan Impairment Expense (Annualised) as a % of Average GLAAs (bpts)



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

Taxation Expense

Income Tax	30 Jun 17 $M	Restated 30 Jun 16 [1] $M	Jun 17 vs Jun 16 %	As reported 30 Jun 16 $M	As reported 30 Jun 15 $M	Jun 16 vs Jun 15 %
Retail Banking Services	**2,110**	1,935	9	1,892	1,706	11
Business and Private Banking	**705**	654	8	673	643	5
Institutional Banking and Markets	**412**	369	12	356	380	(6)
Wealth Management	**201**	221	(9)	222	201	10
New Zealand	**360**	317	14	315	302	4
Bankwest	**302**	333	(9)	329	342	(4)
IFS and Other	**(163)**	(237)	(31)	(195)	(135)	44
Total income tax expense ("cash basis")	**3,927**	3,592	9	3,592	3,439	4
Non-cash tax expense [2]	**65**	14	large	15	89	(83)
Total income tax expense ("statutory basis") [2]	**3,992**	3,606	11	3,607	3,528	2

Full Year Ended

Effective Tax Rate	30 Jun 17 $M	Restated 30 Jun 16 [1] $M	Jun 17 vs Jun 16 %	As reported 30 Jun 16 $M	As reported 30 Jun 15 $M	Jun 16 vs Jun 15 %
Retail Banking Services	**29. 8**	29. 9	(10)bpts	29. 9	29. 9	-
Business and Private Banking	**30. 1**	30. 1	-	30. 0	30. 1	(10)bpts
Institutional Banking and Markets	**24. 0**	23. 7	30 bpts	23. 4	22. 8	60 bpts
Wealth Management	**27. 5**	27. 3	20 bpts	27. 2	24. 9	230 bpts
New Zealand	**27. 4**	25. 6	180 bpts	25. 5	25. 7	(20)bpts
Bankwest	**30. 1**	29. 9	20 bpts	30. 1	30. 0	10 bpts
Total – corporate "statutory basis"	**28. 5**	27. 5	100 bpts	27. 5	27. 4	10 bpts

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

Year Ended June 2017 versus June 2016

Corporate tax expense ("statutory basis") for the year ended 30 June 2017 increased 11% on the prior year, representing a 28.5% effective tax rate. This increase is primarily as a result of a change in business mix, including the run-off of specialised financing transactions.

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.

Year Ended June 2016 versus June 2015

Corporate tax expense ("statutory basis") for the year ended 30 June 2016 increased 2% on the prior year, representing a 27.5% effective tax rate.

Review of Group Assets and Liabilities

Total Group Assets and Liabilities	Full Year Ended (1) 30 Jun 17 $M	30 Jun 16 $M	Jun 17 vs Jun 16 %	30 Jun 15 $M	Jun 16 vs Jun 15 %
Interest earning assets					
Home loans (2)	**485,857**	456,074	7	422,851	8
Consumer Finance	**23,577**	23,862	(1)	23,497	2
Business and corporate loans	**226,484**	220,611	3	198,476	11
Loans, bills discounted and other receivables (3)	**735,918**	700,547	5	644,824	9
Non-lending interest earning assets	**163,665**	137,838	19	138,166	-
Total interest earning assets	**899,583**	838,385	7	782,990	7
Other assets (3)	**76,791**	94,616	(19)	90,499	5
Total assets	**976,374**	933,001	5	873,489	7
Interest bearing liabilities					
Transaction deposits (4)	**98,884**	89,780	10	89,360	-
Savings deposits (4)	**191,245**	191,313	-	176,497	8
Investment deposits	**220,530**	197,085	12	195,065	1
Other demand deposits	**70,313**	71,293	(1)	67,074	6
Total interest bearing deposits	**580,972**	549,471	6	527,996	4
Debt issues	**168,034**	162,716	3	156,372	4
Other interest bearing liabilities	**57,531**	54,101	6	57,523	(6)
Total interest bearing liabilities	**806,537**	766,288	5	741,891	3
Non-interest bearing transaction deposits	**44,032**	37,000	19	14,168	large
Other non-interest bearing liabilities	**62,089**	69,149	(10)	64,625	7
Total liabilities	**912,658**	872,437	5	820,684	6

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.
(2) Gross of mortgage offset balances.
(3) Loans, bills discounted and other receivables exclude provisions for impairment which are included in Other assets.
(4) Includes mortgage offset balances.

Year Ended June 2017 versus June 2016

Asset growth of $43 billion or 5% on the prior year was driven by increased home lending, business and corporate lending, and higher liquid asset balances.

The Group continued to satisfy a significant portion of lending growth from customer deposits. Customer deposits represent 67% of total funding (30 June 2016: 66%).

Home loans

Home loan balances increased $30 billion to $486 billion, reflecting a 7% increase on the prior year, driven by strong growth in Retail Banking Services, New Zealand and Bankwest.

Consumer finance

Consumer finance, which includes personal loans, credit cards and margin lending decreased 1% on the prior year to $24 billion, broadly in line with system.

Business and corporate loans

Business and corporate loans increased $6 billion to $226 billion, a 3% increase on the prior year. This was driven by strong growth in business lending in Business and Private Banking and New Zealand, partly offset by a reduction in institutional lending due to active portfolio management.

Non-lending interest earning assets

Non-lending interest earning assets increased $26 billion to $164 billion, reflecting a 19% increase on the prior year. The increase was driven by higher liquid asset balances held as a result of Balance Sheet growth and a reduction in Committed Liquidity Facility (CLF) effective 1 January 2017.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, decreased $18 billion to $77 billion, a 19% decrease on the prior year, reflecting lower derivative asset balances impacted by the higher Australian dollar.

Interest bearing deposits

Interest bearing deposits increased $32 billion to $581 billion, a 6% increase on the prior year. This was driven by strong growth of $23 billion in investment deposits and a $9 billion increase in transaction deposits.

Debt issues

Debt issues increased $5 billion to $168 billion, a 3% increase on the prior year. While deposits satisfied the majority of the Group's funding requirements, strong access was maintained to both domestic and international wholesale debt markets.

Refer to page 53 for further information on debt programs and issuance for the year ended 30 June 2017 and 2016.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, increased $3 billion to $58 billion, a 6% increase on the prior year.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits, including business and personal transaction accounts, increased $7 billion to $44 billion, driven by strong growth in Retail Banking Services.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, decreased $7 billion to $62 billion, a 10% decrease on the prior year, reflecting lower derivative liability balances impacted by the higher Australian dollar.

Year Ended June 2016 versus June 2015

Asset growth of $60 billion or 7% on the prior year was driven by increased home lending and business and corporate lending.

The Group continued to satisfy a significant portion of lending growth from customer deposits. Customer deposits represent 66% of total funding (30 June 2015: 65%).

Home loans

Home loan balances increased $33 billion to $456 billion, reflecting an 8% increase on the prior year, driven by growth in Retail Banking Services, New Zealand and Bankwest.

Consumer finance

Personal loans, including credit cards and margin lending, increased 2% on the prior year to $24 billion, reflecting growth in credit cards within a competitive market environment.

Business and corporate loans

Business and corporate loans increased $22 billion to $221 billion, an 11% increase on the prior year. This was driven by strong growth in institutional lending, particularly in the strategic focus industries of Financial Institutions and Infrastructure, and business lending in Business and Private Banking and New Zealand.

Non-lending interest earning assets

Non-lending interest earning assets were flat on prior year.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, increased $4 billion to $95 billion, a 5% increase on the prior year, reflecting higher trading and derivative asset balances.

Interest bearing deposits

Interest bearing deposits increased $21 billion to $549 billion, a 4% increase on the prior year. This was driven by strong growth of $15 billion in savings deposits and a $4 billion increase in other demand deposits.

Debt issues

Debt issues increased $6 billion to $163 billion, a 4% increase on the prior year. While deposits satisfied the majority of the Group's funding requirements, strong access was maintained to both domestic and international wholesale debt markets.

Refer to page 53 for further information on debt programs and issuance for the year ended 30 June 2016.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, decreased $3 billion to $54 billion, a 6% decrease on the prior year.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits, including business and personal transaction accounts, increased $23 billion to $37 billion. This includes an $18 billion increase in non-interest bearing transaction deposits following a change in terms, with underlying growth remaining strong.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, increased $5 billion to $69 billion, a 7% increase on the prior year, reflecting higher derivative liability balances driven by foreign exchange volatility.

Contents

Section 6 - Group Operations and Business Settings

Loan Impairment Provisions and Credit Quality

Provisions for Impairment

	As at				
	30 Jun 17 $M	30 Jun 16 $M	30 Jun 15 $M	Jun 17 vs Jun 16 %	Jun 16 vs Jun 15 %
Provisions for impairment losses					
Collective provision	**2,747**	2,818	2,762	(3)	2
Individually assessed provisions	**980**	944	887	4	6
Total provisions for impairment losses	**3,727**	3,762	3,649	(1)	3
Less: Provisions for Off Balance Sheet exposures	**(34)**	(44)	(31)	(23)	42
Total provisions for loan impairment	**3,693**	3,718	3,618	(1)	3

Year Ended June 2017 versus June 2016

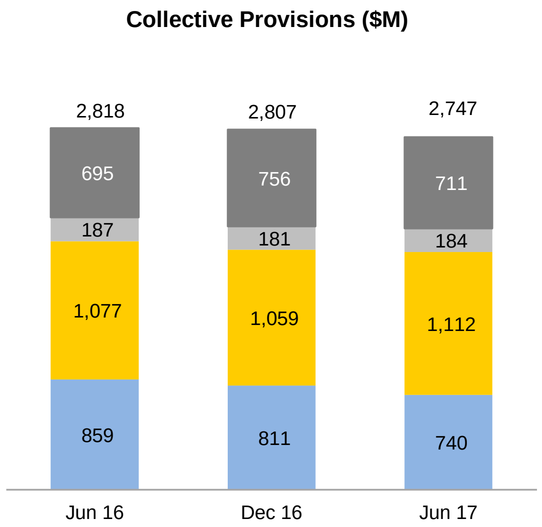
Total provisions for impairment losses decreased 1% on the prior year to $3,727 million. The movement in the level of provisioning reflects:

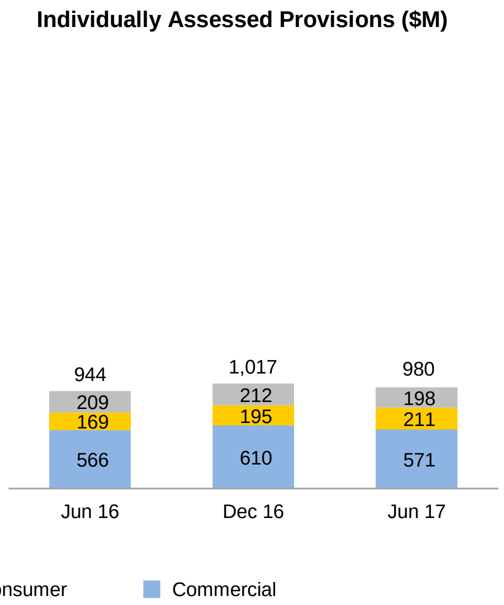
- Lower commercial collective provisions, mainly in Institutional Banking and Markets; and
- A reduction in Bankwest individually assessed provisions; partly offset by
- An increase in consumer collective provisions in home loans and credit cards in Retail Banking Services;
- Higher consumer individually assessed provisions predominantly due to home loan impairments in Western Australia; and
- Economic overlays remaining unchanged on the prior year.

Year Ended June 2016 versus June 2015

Total provisions for impairment losses increased 3% on the prior year to $3,762 million. The movement in the level of provisioning reflects:

- A small number of large individually assessed provisions in Institutional Banking and Markets;
- An increase in commercial collective provisions from the annual review of provisioning factors and an increase in Institutional Banking and Markets collective provisions; and
- An increase in consumer collective provisioning, mainly due to higher home loan and personal loan arrears; partly offset by
- A reduction in Bankwest collective and individually assessed provisions from the run-off of the troublesome and impaired book;
- Reduced management overlays, mainly due to model factor updates; and
- Economic overlays remaining unchanged on the prior year.





Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

	Full Year Ended				
	30 Jun 17	30 Jun 16	Jun 17 vs	30 Jun 15	Jun 16 vs
Credit Quality Metrics	$M	$M	Jun 16 %	$M	Jun 15 %
Gross loans and acceptances (GLAA) ($M)	**737,002**	701,730	5	646,172	9
Risk weighted assets (RWA) ($M) - Basel III	**437,063**	394,667	11	368,721	7
Credit RWA ($M) - Basel III	**377,259**	344,030	10	319,174	8
Gross impaired assets ($M)	**3,187**	3,116	2	2,855	9
Net impaired assets ($M)	**2,038**	1,989	2	1,829	9
Provision Ratios					
Collective provision as a % of credit RWA - Basel III	**0. 73**	0. 82	(9)bpts	0. 87	(5)bpts
Total provisions as a % of credit RWA - Basel III	**0. 99**	1. 09	(10)bpts	1. 14	(5)bpts
Total provisions for impaired assets as a % of gross impaired assets	**36. 05**	36. 17	(12)bpts	35. 94	23 bpts
Total provisions for impairment losses as a % of GLAAs	**0. 51**	0. 54	(3)bpts	0. 56	(2)bpts
Asset Quality Ratios					
Gross impaired assets as a % of GLAAs	**0. 43**	0. 44	(1)bpt	0. 44	-
Loans 90+ days past due but not impaired as a % of GLAAs	**0. 36**	0. 33	3 bpts	0. 36	(3)bpts
Loan impairment expense ("cash basis") annualised as a % of average GLAAs	**0. 15**	0. 19	(4)bpts	0. 16	3 bpts

Provision Ratios

Management believes its provision coverage ratios remain prudent. The impaired asset portfolio remains well provisioned with provision coverage of 36.05%.

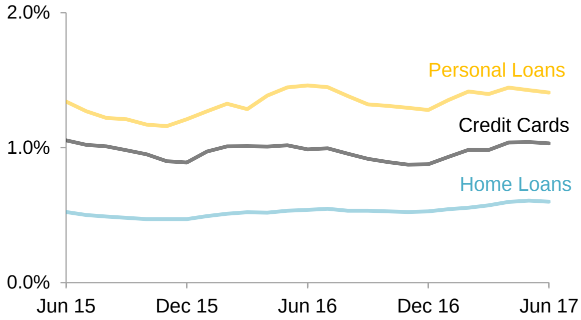
Asset Quality

The asset quality ratios show improvement in the overall loan portfolio with the level of commercial troublesome and impaired assets reducing over the half year ended 30 June 2017. The arrears for the home loan and credit card portfolios remain relatively low, however personal loan arrears continue to be elevated, primarily in Western Australia.

Retail Portfolios – Arrears Rates

Home loan arrears increased over the year, with 30+ day arrears increasing from 1.21% to 1.22%, and 90+ day arrears increasing from 0.54% to 0.60%. Personal loan arrears improved over the year with 30+ day arrears falling from 3.46% to 3.35%, and 90+ day arrears reducing from 1.46% to 1.41%. Credit card arrears deteriorated with 30+ day arrears increasing from 2.41% to 2.52%, and 90+ day arrears increasing from 0.99% to 1.03%.

90+ Days Arrears Ratios (%) (1)

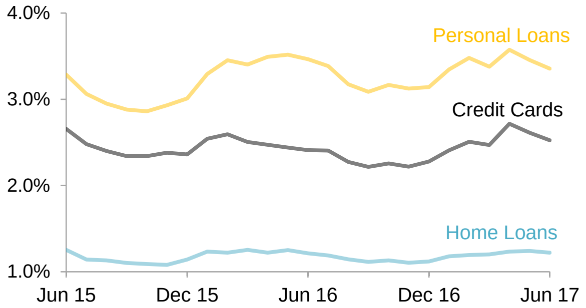


Troublesome and Impaired Assets

Commercial troublesome assets decreased 5% during the year to $3,313 million.

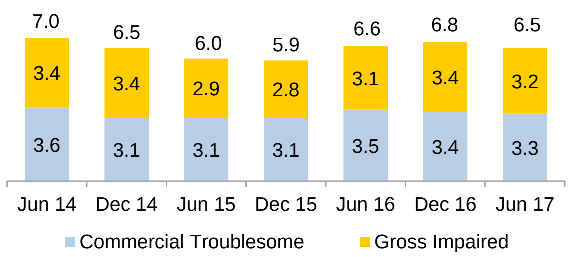
Gross impaired assets increased 2% on the prior year to $3,187 million. Gross impaired assets as a proportion of GLAAs of 0.43% decreased one basis point on the prior year.

30+ Days Arrears Ratios (%) (1)



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

Troublesome and Impaired Assets ($B)



Capital

Regulatory Capital Framework

Background

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 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 capital reforms were implemented in Australia from 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% and a countercyclical capital buffer ("CCyB") [(1)] of 0%, (effective from 1 January 2016), bringing the CET1 requirement to at least 8%.

Unquestionably Strong Capital Ratios

In December 2014, the Government released the FSI Final Report. In response to the FSI Final Report, APRA undertook the following actions:

- Increased the capital requirements under the Advanced Internal Ratings Based ("AIRB") approach for Australian residential mortgages to an average of at least 25% risk-weighting (effective from 1 July 2016) with the change aimed at increasing mortgage competition between the major banks and non-major banks; and
- Released an information paper in July 2017 in relation to establishing the quantum of additional capital required for the Australian banking sector to have capital ratios that are unquestionably strong.

APRA's expectation in relation to the concept of unquestionably strong is that the Australian major banks will operate with a CET1 ratio average benchmark of 10.5% or more by 1 January 2020.

APRA expects to release a discussion paper in 2017 covering:

- Proposed revisions to the regulatory capital framework required to support unquestionably strong capital ratios;
- Domestic application of the various BCBS reforms;
- Additional measures to address structural concentration of Australian residential mortgages; and
- Improving transparency and international comparability of capital ratios.

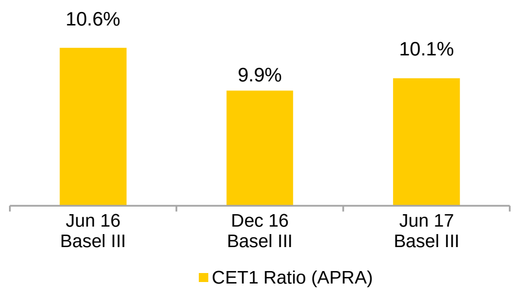
Following the discussion paper, APRA expects to release revised draft prudential standards in late 2018, with the release of the final standards in 2019 and implementation by 1 January 2021.

(1) In January 2017, APRA announced that the CCyB for Australian exposures will remain at 0%. The Group has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed.

Capital (continued)

Capital Position

The Group's CET1 ratio as measured on an APRA basis was 10.1% at 30 June 2017, compared with 9.9% at 31 December 2016 and 10.6% at 30 June 2016. The capital ratios were maintained well in excess of regulatory minimum requirements at all times throughout the year.



The Group's CET1 ("APRA") ratio increased 20 basis points for the half year ended 30 June 2017. After allowing for further increases in capital requirements with respect to Australian residential mortgages, the underlying increase was 54 basis points on the prior half. This primarily reflected the impact of capital generated from earnings and prudent balance sheet management leading to lower risk weighted assets, partly offset by the December 2016 interim dividend (net of issuance of shares through the Dividend Reinvestment Plan ("DRP")) and the maturity of a further $1 billion of Group Colonial debt.

The decrease in the Group's CET1 ratio across the June 2017 full year was driven by the APRA requirement to hold additional capital with respect to Australian residential mortgages, that became effective in July 2016, partly offset by continued sustained organic capital generation.

APRA re-accredited the use of the AIRB approach for the Bankwest non-retail portfolio, effective from 30 September 2016. This change had minimal impact on the Group's capital.

Capital Initiatives

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

- The DRP in respect of the 2016 final dividend was satisfied by the issuance of $586 million of ordinary shares, representing a participation rate of 15.4%; and
- The DRP in respect of the 2017 interim dividend was satisfied by the issuance of $558 million of ordinary shares, representing a participation rate of 16.3%.

Further details on the Group's current regulatory capital position are included on pages 47 to 49.

Pillar 3 Disclosures

Details on the market disclosures required under Pillar 3 in accordance with prudential standard APS 330 "Public Disclosure", are provided on the U.S. Investor Website.

Other Regulatory Changes

Basel Committee on Banking Supervision

The BCBS has issued a number of consultation documents on:

- The design of a framework for the application of capital floors based on standardised approaches;
- Revisions to the standardised approach for credit risk;
- Implementation of constraints on the use of internal credit risk models; and
- Revisions to operational risk.

In addition, the BCBS completed a review of the trading book requirements in January 2016 with an effective implementation date of 1 January 2019. The review of Interest Rate Risk in the Banking Book ("IRRBB") was completed in April 2016, with the BCBS concluding that there will be no requirement to include this risk in the regulatory capital calculation. However, additional disclosure requirements will be implemented from 1 January 2018.

In March 2017, APRA advised that finalisation of the trading book requirements for Australian regulatory purposes is not expected until early 2020, with implementation 12 months after the regulations have been finalised.

Following finalisation by the BCBS, APRA is expected to incorporate these issues with the implementation of the revised regulatory capital framework by 2021.

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 are being phased out. As at 30 June 2017 there is $665 million in debt still subject to transitional relief, all of which matures in the next 12 months.

A number of intermediate holding companies within the Colonial Group were consolidated into the Level 2 Banking Group from 31 December 2016. This change had minimal impact on the Group's capital.

Conglomerate Groups

APRA is 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. In March 2016, APRA advised that it was deferring finalisation of the capital requirements with respect to conglomerates until after the completion of other domestic and international policy initiatives. Non-capital related requirements, which include such items as governance, risk exposures and intra group exposures, are effective from 1 July 2017 and have no impact on the Group's capital.

Capital (continued)

The tables below show the APRA Basel III capital adequacy calculation at 30 June 2017 together with prior period comparatives.

Risk Weighted Capital Ratios	30 Jun 17 %	31 Dec 16 %	30 Jun 16 %
Common Equity Tier 1	**10. 1**	9. 9	10. 6
Tier 1	**12. 1**	11. 5	12. 3
Tier 2	**2. 1**	2. 2	2. 0
Total Capital (APRA)	**14. 2**	13. 7	14. 3

	30 Jun 17 $M	31 Dec 16 $M	30 Jun 16 $M
Ordinary Share Capital and Treasury Shares			
Ordinary Share Capital	**34,971**	34,455	33,845
Treasury Shares (1)	**295**	254	284
Ordinary Share Capital and Treasury Shares	**35,266**	34,709	34,129
Reserves			
Reserves	**1,869**	2,144	2,734
Reserves related to non-consolidated subsidiaries (2)	**(81)**	(152)	(143)
Total Reserves	**1,788**	1,992	2,591
Retained Earnings and Current Period Profits (3)			
Retained earnings and current period profits	**26,330**	24,662	23,435
Retained earnings adjustment from non-consolidated subsidiaries (4)	**(537)**	(505)	(259)
Net Retained Earnings	**25,793**	24,157	23,176
Non-controlling interests			
Non-controlling interests (5)	**546**	551	550
Less ASB perpetual preference shares	**(505)**	(505)	(505)
Less other non-controlling interests not eligible for inclusion in regulatory capital	**(41)**	(46)	(45)
Non-controlling Interests	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**62,847**	60,858	59,896

(1) Represents shares held by the Group's life insurance operations ($96 million) and employee share scheme trusts ($199 million).

(2) Represents equity 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) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(4) Cumulative current period profit and retained earnings adjustments for subsidiaries not consolidated for regulatory purposes.

(5) Non-controlling interests predominantly comprise ASB Perpetual Preference Shares of NZ$550 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 17 $M	31 Dec 16 $M	30 Jun 16 $M
Common Equity Tier 1 regulatory adjustments			
Goodwill (1)	**(7,620)**	(7,624)	(7,603)
Other intangibles (including software) (2)	**(2,144)**	(2,104)	(2,313)
Capitalised costs and deferred fees	**(707)**	(696)	(535)
Defined benefit superannuation plan surplus (3)	**(298)**	(299)	(183)
General reserve for credit losses (4)	**(412)**	(372)	(386)
Deferred tax asset	**(1,683)**	(1,524)	(1,443)
Cash flow hedge reserve	**107**	47	(473)
Employee compensation reserve	**(164)**	(107)	(132)
Equity investments (5)	**(2,626)**	(2,741)	(3,120)
Equity investments in non-consolidated subsidiaries (1) (6)	**(2,673)**	(1,632)	(1,458)
Shortfall of provisions to expected losses (7)	**(218)**	(220)	(314)
Gain due to changes in own credit risk on fair valued liabilities	**(128)**	(147)	(161)
Other	**(122)**	(114)	(112)
Common Equity Tier 1 regulatory adjustments	**(18,688)**	(17,533)	(18,233)
Common Equity Tier 1	**44,159**	43,325	41,663
Additional Tier 1 Capital			
Basel III complying instruments (8)	**8,090**	6,450	6,450
Basel III non-complying instruments net of transitional amortisation (9)	**635**	643	640
Holding of Additional Tier 1 Capital (10)	**(200)**	(200)	(200)
Additional Tier 1 Capital	**8,525**	6,893	6,890
Tier 1 Capital	**52,684**	50,218	48,553
Tier 2 Capital			
Basel III complying instruments (11)	**7,744**	7,639	5,834
Basel III non-complying instruments net of transitional amortisation (12)	**1,495**	1,580	1,934
Holding of Tier 2 Capital	**(29)**	(34)	(25)
Prudential general reserve for credit losses (13)	**182**	188	181
Total Tier 2 Capital	**9,392**	9,373	7,924
Total Capital	**62,076**	59,591	56,477

(1) Goodwill excludes $252 million which is included in equity investments in non-consolidated subsidiaries.
(2) Other intangibles (including capitalised software costs), net of any associated deferred tax liability.
(3) 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.
(4) 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.
(5) Represents the Group's non-controlling interests in other entities.
(6) Non-consolidated subsidiaries primarily represent the insurance and funds management companies operating within the Colonial Group. The adjustment at 30 June 2017 is net of $665 million of Colonial non-recourse debt and subordinated notes that are subject to APRA approved transitional relief for regulatory capital purposes. Effective 31 December 2016 a number of intermediate holding companies within the Colonial Group were consolidated into the Level 2 Banking Group. The Group's insurance and fund management companies held $1,322 million of capital in excess of minimum regulatory requirements at 30 June 2017.
(7) Regulatory Expected Loss (pre-tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions (pre-tax).
(8) As at 30 June 2017, comprises PERLS IX $1,640 million issued March 2017, PERLS VIII $1,450 million issued March 2016, PERLS VII $3,000 million issued in October 2014 and PERLS VI $2,000 million issued in October 2012.
(9) Represents APRA Basel III non-compliant Additional Tier 1 Capital Instruments that are eligible for Basel III transitional relief.
(10) Represents holdings of Additional Tier 1 capital instruments issued by the Colonial Mutual Life Assurance Society Limited.
(11) In the half year ended 30 June 2017, the Group issued JPY13.3 billion and HKD608 million (December 16 half year issued: USD750 million, NZ$400 million (issued through ASB, the Group's New Zealand subsidiary) and three separate JPY notes totalling JPY40 billion).
(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 ("RWA")	30 Jun 17 $M	31 Dec 16 $M	30 Jun 16 $M
Credit Risk			
Subject to AIRB approach [(1)]			
Corporate [(2)]	**74,663**	79,392	71,682
SME corporate [(2)]	**33,067**	35,239	29,957
SME retail	**4,838**	4,747	4,953
SME retail secured by residential mortgage	**2,766**	2,812	2,813
Sovereign	**2,154**	6,742	6,622
Bank	**12,598**	13,481	13,098
Residential mortgage [(3)]	**134,969**	115,647	83,758
Qualifying revolving retail	**9,414**	9,413	9,897
Other retail	**15,101**	14,970	15,102
Total RWA subject to AIRB approach	**289,570**	282,443	237,882
Specialised lending exposures subject to slotting criteria [(2)]	**58,752**	60,504	56,795
Subject to Standardised approach			
Corporate [(2)]	**1,202**	1,128	10,982
SME corporate [(2)]	**510**	596	4,133
SME retail	**6,172**	6,089	6,122
Sovereign	**271**	242	268
Bank	**136**	192	224
Residential mortgage [(2)]	**5,017**	4,788	7,428
Other retail	**2,925**	2,776	2,750
Other assets	**5,291**	5,385	5,360
Total RWA subject to Standardised approach	**21,524**	21,196	37,267
Securitisation	**1,584**	1,572	1,511
Credit valuation adjustment	**4,958**	6,332	8,273
Central counterparties	**871**	1,479	2,302
Total RWA for Credit Risk Exposures	**377,259**	373,526	344,030
Traded market risk	**4,650**	5,707	9,439
Interest rate risk in the banking book	**21,404**	23,498	7,448
Operational risk	**33,750**	33,750	33,750
Total risk weighted assets	**437,063**	436,481	394,667

(1) Pursuant to APRA requirements, Risk Weighted Assets amounts derived from AIRB risk weight functions have been multiplied by a scaling factor of 1.06. Comparatives have been restated to conform to presentation in the current period.

(2) APRA has re-accredited the use of the AIRB approach for the Bankwest non-retail portfolio, effective 30 September 2016.

(3) Includes APRA requirements to increase the average risk weight applied to Australian residential mortgages using the AIRB approach (30 June 2017: $15.0 billion, 31 December 2016: $32.0 billion).

Group Operations and Business Settings

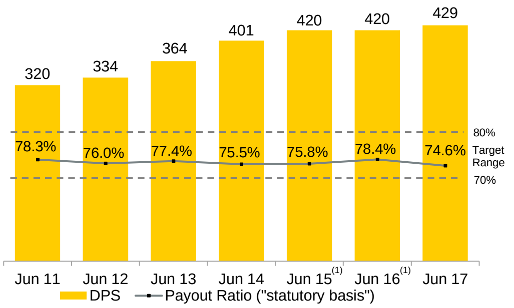
Dividends

Final Dividend for the Year Ended 30 June 2017

The final dividend declared was $2.30 per share, bringing the total dividend for the year ended 30 June 2017 to $4.29 per share, an increase of 9 cents or 2% on the prior year. This represents a dividend payout ratio ("statutory basis") of 74.6%.

The final dividend will be fully franked and is expected to be paid on 29 September 2017 to owners of ordinary shares at the close of business on 17 August 2017 (record date). Shares were quoted ex-dividend on 16 August 2017.

Full Year Dividend History (cents per share)



(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

Dividend Reinvestment Plan (DRP)

The DRP will continue to be offered to shareholders and, in respect of the 2017 final dividend, a 1.5% 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.

Leverage Ratio

Summary Group Leverage Ratio	As at 30 Jun 17	31 Dec 16	30 Jun 16	Jun 17 vs Dec 16 %	Jun 17 vs Jun 16 %
Tier 1 Capital ($M)	**52,684**	50,218	48,553	5	9
Total Exposures ($M) (1)	**1,027,958**	1,018,931	980,846	1	5
Leverage Ratio (APRA) (%)	**5. 1**	4. 9	5. 0	20 bpts	10 bpts

(1) Total exposures is the sum of on Balance Sheet exposures, derivatives, Securities Financing Transactions (SFTs), and off Balance Sheet exposures, net of any Tier 1 regulatory deductions, as outlined in APS 110 "Capital Adequacy".

The Group's leverage ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.1% at 30 June 2017 on an APRA basis.

The ratio increased across both the June 2017 half and full year, reflecting an increase in capital levels, partly offset by growth in exposures.

The BCBS has advised that the leverage ratio will migrate to a Pillar 1 minimum capital requirement of 3% from 1 January 2018. The BCBS is expected to confirm the final calibration in 2017.

Liquidity

Level 2	30 Jun 17 $M	30 Jun 16 $M	30 Jun 15 $M	Jun 17 vs Jun 16 %	Jun 16 vs Jun 15 %
	As at				
Liquidity Coverage Ratio (LCR) Liquid Assets					
High Quality Liquid Assets (HQLA) [1]	**93,402**	75,147	65,940	24	14
Committed Liquidity Facility (CLF)	**48,300**	58,500	66,000	(17)	(11)
Total LCR Liquid Assets	**141,702**	133,647	131,940	6	1
Net Cash Outflows (NCO)					
Customer deposits	**77,298**	70,139	65,832	10	7
Wholesale funding [2]	**17,579**	19,406	30,753	(9)	(37)
Other net cash outflows [3]	**15,271**	21,854	13,819	(30)	58
Total NCO	**110,148**	111,399	110,404	(1)	1
Liquidity Coverage Ratio (%)	**129**	120	120	large	-
LCR Surplus	**31,554**	22,248	21,536	42	3

(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 Residential Mortgage-Backed Securities (RMBS).

(2) Includes all interbank deposits that are included as short-term wholesale funding on page 54.

(3) Includes cash inflows.

Year Ended June 2017 versus June 2016

The Group holds what management believes to be high quality, well diversified liquid assets to meet Balance Sheet liquidity needs and internal and external regulatory requirements, such as APRA's Liquidity Coverage Ratio ("LCR")[1]. At 30 June 2017, the Group's LCR was 129%, up from 120% as at 30 June 2016.

High Quality Liquid Assets ("HQLA") in the form of cash, deposits with central banks, Australian Commonwealth Government and Semi-Government securities increased $18 billion to $93 billion, as the Group managed its liquidity position ahead of a reduction in the RBA's Committed Liquidity Facility ("CLF") effective 1 January 2017.

Liquid assets surplus to regulatory requirements increased to $32 billion, with total liquid assets as at 30 June 2017 of $142 billion, including the CLF.

Total modelled Net Cash Outflows ("NCOs") decreased slightly on the prior year. Modelled customer deposit NCOs increased $7 billion to $77 billion. Modelled wholesale funding NCOs decreased $2 billion to $18 billion as a result of lower debt maturities in the next 30 days. Other modelled NCOs decreased $7 billion to $15 billion due to lower liquidity needs related to derivative exposures and other collateral requirements.

Year Ended June 2016 versus June 2015

At 30 June 2016, the Group's LCR was 120%, which remained flat on the prior year.

HQLA in the form of cash, deposits with central banks, Australian Commonwealth Government and Semi-Government securities increased $9 billion to $75 billion, as the Group managed its liquidity position ahead of a reduction in the RBA's CLF effective 1 January 2016.

Liquid assets surplus to regulatory requirements remained stable at $22 billion, with total liquid assets as at 30 June 2016 of $134 billion, including the CLF.

Total modelled NCOs increased $1 billion on the prior year to $111 billion. Modelled customer deposit cash outflows increased $4 billion to $70 billion. Modelled wholesale funding cash outflows decreased $11 billion to $19 billion as a result of lower debt maturities in the next 30 days. Other Modelled NCOs increased $8 billion to $22 billion due to an increase in collateral requirements and growth in credit facilities.

(1) The LCR is the first quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 January 2015. It requires Australian ADI's to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.

For further information on the Group's liquidity management please see Note 34 to the 2017 Financial Report.

Liquidity and Capital Resources

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 idiosyncratic crisis assumptions, such that the Group expects to have sufficient liquid assets available to ensure it meets all of its obligations as and when they fall due;
- Central bank repurchase agreement facilities 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, as discussed in Note 34 to the 2017 Financial Report that is regularly tested so that it can be activated in case of need due to a liquidity event.

Debt Issues

	2017 $M	2016 $M	2015 $M
Medium-term notes	**96,016**	88,343	76,039
Commercial paper	**28,800**	29,033	37,032
Securitisation notes	**13,771**	12,106	12,603
Covered bonds	**28,984**	31,802	28,755
Total debt issues	**167,571**	161,284	154,429
Short Term Debt Issues by currency			
USD	**29,856**	29,008	36,543
AUD	**1,858**	214	267
GBP	**5,687**	6,741	169
Other currencies	**769**	312	53
Total short term debt issues	**38,170**	36,275	37,032
Long Term Debt Issues by currency (1)			
USD	**45,343**	43,479	43,049
EUR	**28,109**	28,329	26,247
AUD	**32,405**	27,223	21,167
GBP	**6,059**	5,604	9,195
NZD	**5,129**	4,839	3,670
JPY	**3,790**	6,547	6,448
Other currencies	**8,158**	8,464	7,169
Offshore loans (all JPY)	**408**	524	452
Total long term debt issues	**129,401**	125,009	117,397
Maturity Distribution of Debt Issues (2)			
Less than twelve months	**57,640**	64,459	59,532
Greater than twelve months	**109,931**	96,825	94,897
Total debt issues	**167,571**	161,284	154,429

(1) Long-term debt disclosed relates to debt issues which have a maturity at inception of greater than 12 months.
(2) Represents the remaining contractual maturity of the underlying instrument.

For further information on the Group's Debt Issues please see Note 20 to the 2017 Financial Report.

Debt Issues (continued)

The following table details the current debt programs and issuing shelves along with program or shelf size as at 30 June 2017. Access in a timely and flexible manner to a diverse range of debt markets and investors is provided by the following programs.

Debt Programmes and Issuing Shelves

Programme/Issue Shelf	Programme/Issuing Shelf Type
Australia	
Unlimited	Domestic Debt Issuance Programme
Unlimited	CHCL A$ Debt Issuance Programme
Euro Market	
EUR 7 billion	ASB Covered Bond Programme (1)
USD 7 billion	ASB Euro Commercial Paper Programme (1)
USD 20 billion(2)	CBA Euro Commercial Paper and Certificate of Deposit Programme
USD 70 billion	Euro Medium-Term Note Program (2)
Asia	
JPY 500 billion	Uridashi shelf (3)
JPY 500 billion	Samurai shelf (3)
USD 5 billion	Asian Transferable Certificate of Deposit Programme
New Zealand	
Unlimited	ASB Domestic Medium-Term Note Programme (4)
Unlimited	ASB Registered Certificate of Deposit Programme (4)
United States	
USD 7 billion (1)	ASB US Commercial Paper Programme (1)
USD 35 billion	CBA US Commercial Paper Programme
USD 50 billion	U.S. Rule 144A/Regulation S Medium-Term Note Programme
USD 30 billion	CBA Covered Bond Programme
USD 25 billion	CBA 3(a)(2) Programme

(1) ASB Finance Limited is the issuer under these programmes. Issuances are unconditionally and irrevocably guaranteed by ASB Bank Limited.
(2) This is a joint programme between CBA and ASB Finance Limited. Issuances by ASB Finance Limited under the programme are unconditionally and irrevocably guaranteed by ASB Bank Limited.
(3) Amount are also reflected under the US$70 billion Euro Medium-Term Note Program.
(4) ASB Bank Limited is the issuer under these programmes.

An analysis of our borrowings and outstandings from existing debt programs and issuing shelves including the maturity profile, currency and interest rate structure can be found in Notes 20 and 22 to the 2017 Financial Report.

Funding

Group Funding (1)	30 Jun 17 $M	30 Jun 16 $M	As at Jun 17 vs Jun 16 %	30 Jun 15 $M	Jun 16 vs Jun 15 %
Customer deposits	560,918	517,974	8	477,811	8
Short-term wholesale funding (2)	106,815	110,714	(4)	106,763	4
Long-term wholesale funding - less than one year residual maturity	25,330	29,297	(14)	28,392	3
Long-term wholesale funding - more than one year residual maturity (3)	131,950	118,121	12	111,429	6
IFRS MTM and derivative FX revaluations	1,150	4,149	(72)	2,346	77
Total wholesale funding	265,245	262,281	1	248,930	5
Short-term collateral deposits (4)	6,135	8,323	(26)	11,729	(29)
Total funding	832,298	788,578	6	738,470	7

(1) Shareholders' Equity is excluded from this view of funding sources.
(2) Short-term wholesale funding includes debt with an original maturity or call date of less than or equal to 12 months, and consists of certificates of deposit and bank acceptances, debt issued under the EMTN program and the domestic, Euro and US commercial paper programs of CBA and ASB. Short-term wholesale funding also includes deposits from banks and central banks as well as net repurchase agreements.
(3) Long-term wholesale funding includes debt with an original maturity or call date of greater than 12 months.
(4) Short-term collateral deposits includes net collateral received and the amount of internal RMBS pledged with the Reserve Bank to facilitate intra-day cash flows in the ESA.

Year Ended June 2017 versus June 2016

Customer Deposits

Customer deposits accounted for 67% of total funding at 30 June 2017, compared to 66% in the prior year. Strong deposit growth has seen the Group satisfy a significant proportion of its funding requirements from retail, business and institutional customer deposits.

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 Bank and ASB.

Short-term wholesale funding accounted for 40% of total wholesale funding at 30 June 2017, compared to 42% in the prior year. Short-term wholesale funding decreased 4% given strong customer funding growth and long-term wholesale funding.

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 (including an adjustment for IFRS mark-to-market and derivative foreign exchange revaluations) accounted for 60% of total wholesale funding at 30 June 2017, compared to 58% in the prior year.

During the period, the Group raised $43 billion of long-term wholesale funding in multiple currencies including AUD, USD, EUR, and GBP. The cost of new long-term wholesale funding decreased compared to the prior year given favourable global credit market conditions.

Most issuance was in senior unsecured format, although the Group used its covered bond and RMBS programs to provide cost, tenor and diversification benefits. The Group also issued Basel III compliant Tier 2 capital deals in the Japanese, US and Hong Kong markets.

The Weighted Average Maturity ("WAM") of new long-term wholesale debt issued in the year to June 2017 was 5.2 years. The WAM of outstanding long-term wholesale debt with a residual maturity greater than 12 months was 4.1 years at 30 June 2017.

Improvement in the mix and tenor of funding has assisted the Group in preparing for the NSFR[1] which applies from 1 January 2018.

Short-Term Collateral Deposits

Net collateral received decreased $2 billion largely due to the impact of the stronger Australian dollar.

Year Ended June 2016 versus June 2015

Customer Deposits

Customer deposits accounted for 66% of total funding at 30 June 2016, an increase of 1% on the prior year. Strong deposit growth has seen the Group satisfy a significant proportion of its funding requirements from retail, business and institutional customer deposits.

Short-Term Wholesale Funding

Short-term wholesale funding accounted for 42% of total wholesale funding at 30 June 2016, a decrease of 1% on the prior year. The increase in short-term wholesale funding of $4 billion was driven largely by the impact of the lower Australian dollar.

Long-Term Funding

Long-term wholesale funding (including an adjustment for IFRS mark-to-market and derivative foreign exchange revaluations) accounted for 58% of total wholesale funding at 30 June 2016, compared to 57% in the prior year.

The cost of new long-term wholesale funding increased compared to the prior year. During the period, the Group raised $38 billion of long-term wholesale funding in multiple currencies including AUD, USD, EUR, and GBP.

Most issuance was in senior unsecured format, although the Group used its covered bond and RMBS programs to provide cost, tenor and diversification benefits. The Group also issued Basel III compliant Tier 2 capital deals in the Australian and US markets.

The WAM of new long-term wholesale debt issued in the year to June 2016 was 5.2 years. The WAM of outstanding long-term wholesale debt with a residual maturity greater than 12 months was 4.1 years at 30 June 2016.

Short-Term Collateral Deposits

Short-term collateral deposits accounted for 1% of total funding at 30 June 2016, a decrease of 1% on the prior year. Net collateral received decreased $3 billion driven by restructure of swaps and lower interest yields, partly offset by the impact of the lower Australian dollar.

(1) The NSFR is the second quantitative measure of the Basel III reforms, in addition to the LCR. It is scheduled to be implemented by APRA in Australia on 1 January 2018. It will require Australian ADIs to fund their assets with sufficient stable funding to reduce funding risk over a one year horizon. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding.

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Contents

Section 7 - Divisional Performance

	Full Year Ended					
		Restated		As reported		
	30 Jun 17	30 Jun 16 [1]	Jun 17 vs	30 Jun 16	30 Jun 15	Jun 16 vs
	$M	$M	Jun 16 %	$M	$M	Jun 15 %
Net interest income	**9,225**	8,717	6	8,599	7,848	10
Other banking income	**2,000**	1,794	11	1,762	1,754	-
Total banking income	**11,225**	10,511	7	10,361	9,602	8
Operating expenses	**(3,452)**	(3,373)	2	(3,373)	(3,276)	3
Loan impairment expense	**(699)**	(663)	5	(660)	(626)	5
Net profit before tax	**7,074**	6,475	9	6,328	5,700	11
Corporate tax expense	**(2,110)**	(1,935)	9	(1,892)	(1,706)	11
Net profit after tax ("cash basis")	**4,964**	4,540	9	4,436	3,994	11
Net profit after tax ("statutory basis") [2]	**4,964**	4,540	9	4,436	3,994	11
Income analysis:						
Net interest income						
Home loans	**4,298**	3,949	9	3,887	3,561	9
Consumer finance [3]	**1,996**	2,031	(2)	2,012	1,879	7
Retail deposits	**2,863**	2,659	8	2,639	2,336	13
Other [4]	**68**	78	(13)	61	72	(15)
Total net interest income	**9,225**	8,717	6	8,599	7,848	10
Other banking income						
Home loans	**218**	221	(1)	213	217	(2)
Consumer finance [3]	**612**	507	21	508	545	(7)
Retail deposits	**586**	511	15	510	503	1
Distribution [5]	**442**	422	5	427	396	8
Other [4]	**142**	133	7	104	93	12
Total other banking income	**2,000**	1,794	11	1,762	1,754	-
Total banking income	**11,225**	10,511	7	10,361	9,602	8

	As at					
		Restated		As reported		
	30 Jun 17	30 Jun 16 [1]	Jun 17 vs	30 Jun 16	30 Jun 15	Jun 16 vs
Balance Sheet	$M	$M	Jun 16 %	$M	$M	Jun 15 %
Home loans [6]	**335,222**	313,682	7	311,351	289,633	7
Consumer finance [3]	**17,141**	17,228	(1)	17,165	16,897	2
Other interest earning assets	**3,173**	2,870	11	1,891	1,943	(3)
Total interest earning assets	**355,536**	333,780	7	330,407	308,473	7
Other assets	**967**	852	13	1,411	1,070	32
Total assets	**356,503**	334,632	7	331,818	309,543	7
Transaction deposits [7]	**24,364**	18,084	35	17,975	27,095	(34)
Savings deposits [7]	**116,706**	118,913	(2)	118,444	107,069	11
Investment deposits and other	**77,063**	73,111	5	72,932	79,663	(8)
Total interest bearing deposits	**218,133**	210,108	4	209,351	213,827	(2)
Non-interest bearing transaction deposits	**30,782**	25,338	21	25,336	5,298	large
Other non-interest bearing liabilities	**3,858**	3,078	25	3,078	2,825	9
Total liabilities	**252,773**	238,524	6	237,765	221,950	7

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.
(2) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.
(3) Consumer finance includes personal loans and credit cards.
(4) Other includes asset finance, merchants and business lending.
(5) Distribution includes income associated with the sale of foreign exchange products, and commissions received from the distribution of wealth management products through the retail network.
(6) Gross of mortgage offset balances.
(7) Includes mortgage offset balances.

Retail Banking Services

Key Financial Metrics	Full Year Ended					
		Restated		As reported		
	30 Jun 17	30 Jun 16 [1]	Jun 17 vs Jun 16 %	30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %
Performance indicators						
Return on assets (%)	**1. 4**	1. 4	-	1. 4	1. 3	10 bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 20**	0. 21	(1)bpt	0. 21	0. 21	-
Statutory operating expenses to total banking income (%)	**30. 8**	32. 1	(130)bpts	32. 6	34. 1	(150)bpts
Other asset/liability information						
Average interest earning assets ($M) [2]	**317,778**	300,815	6	317,838	297,856	7
Average interest bearing liabilities ($M) [2] [3]	**189,714**	196,770	(4)	215,746	206,739	4

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Net of average mortgage offset balances.

(3) In the prior year, following a change in terms, Interest bearing transaction deposits of $17,353 million became Non-interest bearing and have been disclosed accordingly.

Financial Performance and Business Review

Year Ended June 2017 versus Restated June 2016

Retail Banking Services Net profit after tax ("statutory basis") for the full year ended 30 June 2017 was $4,964 million, an increase of 9% on the prior year. The result was driven by strong growth in total banking income, partly offset by higher expenses and increased loan impairment expense. As at June 2017, the Retail bank ranked number one in customer satisfaction amongst its peers [(1)].

Net Interest Income

Net interest income was $9,225 million, an increase of 6% on the prior year. This reflected strong balance growth in home lending and deposits, and stable net interest margin.

Balance Sheet growth included:

- Home loan growth of 7%; and
- Total deposit balance growth of 6%, resulting from strong growth in transaction and investment accounts; partly offset by
- Consumer finance balance decrease of 1% broadly in line with system.

Net interest margin was stable, reflecting:

- Strong competition in home loans and investment deposits;
- Higher funding costs; and
- Unfavourable portfolio mix; offset by
- Pricing changes in home loans and deposits.

Other Banking Income

Other banking income was $2,000 million, an increase of 11% on the prior year, reflecting:

- Higher consumer finance income, driven by higher purchases, lower loyalty costs, and increased foreign exchange income;
- An increase in deposit fee income from higher transaction volumes; and
- Higher distribution income resulting from increased foreign exchange transactions.

Operating Expenses

Operating expenses were $3,452 million, an increase of 2% on the prior year. The key drivers were higher staff costs, increased volume-related expenses and ongoing investment in technology and digital capabilities, partly offset by the benefit of productivity savings.

The operating expense to total banking income ratio was 30.8%, a decrease of 130 basis points on the prior year.

Loan Impairment Expense

Loan impairment expense was $699 million, an increase of 5% on the prior year. The increase was driven by higher arrears and losses for home loans and consumer finance, predominantly in Western Australia and Queensland.

As reported June 2016 versus June 2015

Retail Banking Services Net profit after tax ("statutory basis") for the full year ended 30 June 2016 was $4,436 million, an increase of 11% on the prior year. The result was driven by strong growth in total banking income, partly offset by higher expenses and increased loan impairment expense. As at June 2016, the Retail bank remained ranked number one in customer satisfaction amongst its peers [(2)].

Net Interest Income

Net interest income was $8,599 million, an increase of 10% on the prior year. This was driven by improved net interest margin and strong volume growth, primarily in home lending.

Balance Sheet growth included:

- Home loan growth of 7%, with continued growth in the broker channel, consistent with market trend;
- Consumer finance growth of 2% in a competitive environment; and
- Total deposit balance growth of 7%, resulting from strong growth in savings and transaction accounts.

Net interest margin increased, reflecting:

- Improved margins across the lending portfolio; and
- Increased deposit margins, in particular investment and savings margins, partly offset by a reduction in the cash rate.

Other Banking Income

Other banking income was $1,762 million, flat on the prior year, reflecting:

- An increase in deposit fee income from higher transaction volumes; and
- Higher distribution income, driven by increased foreign exchange transactions; offset by
- Lower consumer finance income, primarily due to the interchange rate reduction.

Operating Expenses

Operating expenses were $3,373 million, an increase of 3% on the prior year. The key drivers were higher staff costs, increased volume-related expenses and ongoing investment in technology and digital capabilities, partly offset by the benefits of productivity savings.

The operating expense to total banking income ratio was 32.6%, a decrease of 150 basis points on the prior year.

Loan Impairment Expense

Loan impairment expense was $660 million, an increase of 5% on the prior year. The increase was driven by higher home loan arrears and losses, predominantly due to deterioration in mining towns, and higher personal loan arrears, partly offset by improvement in the credit card portfolio.

(1) Roy Morgan Research. Retail Main Financial Institution (MFI) Customer Satisfaction, Australians 14+, % "Very Satisfied" or "Fairly Satisfied" with relationship with that MFI. Six month rolling average to June 2017. Rank based on the major four Australian banks.

(2) Roy Morgan Research, Retail Main Financial Institution (MFI) Customer Satisfaction, Australians 14+, % "Very Satisfied" or "Fairly Satisfied" with relationship with that MFI. Six month rolling average to June 2016. Rank based on the major four Australian banks.

Business and Private Banking

	Full Year Ended					
		Restated		As reported		
	30 Jun 17	30 Jun 16 [1]	Jun 17 vs	30 Jun 16	30 Jun 15	Jun 16 vs
	$M	$M	Jun 16 %	$M	$M	Jun 15 %
Net interest income	**3,044**	3,001	1	3,049	2,925	4
Other banking income	**925**	839	10	859	793	8
Total banking income	**3,969**	3,840	3	3,908	3,718	5
Operating expenses	**(1,551)**	(1,488)	4	(1,489)	(1,428)	4
Loan impairment expense	**(74)**	(176)	(58)	(179)	(152)	18
Net profit before tax	**2,344**	2,176	8	2,240	2,138	5
Corporate tax expense	**(705)**	(654)	8	(673)	(643)	5
Net profit after tax ("cash basis")	**1,639**	1,522	8	1,567	1,495	5
Net profit after tax ("statutory basis") [2]	**1,639**	1,522	8	1,567	1,495	5
Income analysis:						
Net interest income						
Corporate Financial Services	**1,093**	1,107	(1)	1,085	1,036	5
Business Banking SME	**912**	899	1	953	915	4
Regional and Agribusiness	**562**	544	3	554	558	(1)
Private Bank	**317**	303	5	304	270	13
CommSec	**160**	148	8	153	146	5
Total net interest income	**3,044**	3,001	1	3,049	2,925	4
Other banking income						
Corporate Financial Services	**368**	305	21	310	286	8
Business Banking SME	**182**	172	6	184	171	8
Regional and Agribusiness	**100**	91	10	92	84	10
Private Bank	**67**	61	10	62	59	5
CommSec	**208**	210	(1)	211	193	9
Total other banking income	**925**	839	10	859	793	8
Total banking income	**3,969**	3,840	3	3,908	3,718	5
Income by product:						
Business Products	**2,329**	2,243	4	2,232	2,167	3
Retail Products	**1,143**	1,061	8	1,110	985	13
Equities and Margin Lending	**308**	329	(6)	330	317	4
Markets	**131**	138	(5)	140	131	7
Other	**58**	69	(16)	96	118	(19)
Total banking income	**3,969**	3,840	3	3,908	3,718	5

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

Balance Sheet	30 Jun 17 $M	Restated 30 Jun 16 [1] $M	Jun 17 vs Jun 16 %	As reported 30 Jun 16 $M	As reported 30 Jun 15 $M	Jun 16 vs Jun 15 %
	As at					
Home loans [2]	**33,686**	31,987	5	34,318	32,580	5
Consumer finance	**603**	630	(4)	724	712	2
Business loans [3]	**69,356**	65,446	6	65,780	62,278	6
Margin loans	**2,556**	2,697	(5)	2,697	2,676	1
Total interest earning assets	**106,201**	100,760	5	103,519	98,246	5
Non-lending interest earning assets	**286**	238	20	238	259	(8)
Other assets [4]	**485**	454	7	454	485	(6)
Total assets	**106,972**	101,452	5	104,211	98,990	5
Transaction deposits [3] [5]	**14,535**	12,024	21	12,030	11,383	6
Savings deposits [5]	**33,504**	30,812	9	31,237	28,830	8
Investment deposits and other	**27,000**	25,773	5	25,677	24,755	4
Total interest bearing deposits	**75,039**	68,609	9	68,944	64,968	6
Non-interest bearing transaction deposits	**7,592**	6,738	13	6,912	5,252	32
Other non-interest bearing liabilities	**868**	834	4	834	886	(6)
Total liabilities	**83,499**	76,181	10	76,690	71,106	8

Key Financial Metrics	30 Jun 17	Restated 30 Jun 16 [1]	Jun 17 vs Jun 16 %	As reported 30 Jun 16	As reported 30 Jun 15	Jun 16 vs Jun 15 %
	Full Year Ended					
Performance indicators						
Return on assets (%)	**1. 5**	1. 5	-	1. 5	1. 5	-
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 07**	0. 18	(11)bpts	0. 18	0. 16	2 bpts
Statutory operating expenses to total banking income (%)	**39. 1**	38. 8	30 bpts	38. 1	38. 4	(30)bpts
Other asset/liability information						
Average interest earning assets ($M) [6]	**100,008**	94,187	6	100,336	95,781	5
Average interest bearing liabilities ($M) [6] [7]	**69,854**	64,270	9	68,835	62,654	10

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(2) Gross of mortgage offset balances.
(3) Business loans include $301 million of Cash Management Pooling Facilities ("CMPF") (31 December 2016: $248 million; 30 June 2016: $281 million). Transaction Deposits include $916 million of CMPF liabilities (31 December 2016: $808 million; 30 June 2016: $778 million). These balances are required to be grossed up under accounting standards, but are netted for the calculation of customer interest and risk weighted assets.
(4) Other assets include Intangible assets.
(5) Includes mortgage offset balances.
(6) Net of average mortgage offset balances.
(7) In the prior year, following a change in terms, Interest bearing transaction deposits of $961 million became Non-interest bearing and have been disclosed accordingly.

Business and Private Banking

Financial Performance and Business Review

Year Ended June 2017 versus Restated June 2016

Business and Private Banking Net profit after tax ("statutory basis") for the full year ended 30 June 2017 was $1,639 million, an increase of 8% on the prior year. The result was driven by growth in total banking income and lower loan impairment expense, partly offset by higher expenses.

Net Interest Income

Net interest income was $3,044 million, an increase of 1% on the prior year. This was driven by strong balance growth, partly offset by lower net interest margins.

Balance Sheet growth included:

- Deposit growth of 10%, reflecting strong demand for transaction and saving deposits;
- Business lending growth of 6%, with growth diversified across target industries; and
- Home loan growth of 5%, driven by growth in owner occupied loans.

Net interest margin decreased, reflecting lower business lending margins due to competitive pricing pressure and a mix shift towards products with a higher relative proportion of fee income.

Other Banking Income

Other banking income was $925 million, an increase of 10% on the prior year, reflecting:

- Higher business lending fee income; partly offset by
- Lower income from the sale of foreign exchange risk management products.

Operating Expenses

Operating expenses were $1,551 million, an increase of 4% on the prior year, reflecting investment in frontline staff and product development initiatives.

Loan Impairment Expense

Loan impairment expense was $74 million, a decrease of $102 million on the prior year. The decrease was driven by lower individual and collective provisions, partly offset by a lower level of write-backs.

Loan impairment expense as a percentage of average gross loans and acceptances decreased by 11 basis points to 7 basis points.

As reported June 2016 versus June 2015

Business and Private Banking's Net profit after tax ("statutory basis") for the full year ended 30 June 2016 was $1,567 million, an increase of 5% on the prior year. The result was driven by solid growth in total banking income, partly offset by higher expenses and increased loan impairment expense.

Net Interest Income

Net interest income was $3,049 million, an increase of 4% on the prior year. This was driven by solid growth in deposit and business lending balances.

Balance Sheet growth included:

- Deposit growth of 8%, reflecting strong growth for at-call products;
- Business lending growth of 6% in a competitive environment; and
- Home loan growth of 5%, reflecting the lower exposure to broker channels.

Net interest margin was stable reflecting higher deposit and home lending margins, offset by lower business lending margins.

Other Banking Income

Other banking income was $859 million, an increase of 8% on the prior year, reflecting:

- An increase of 20% in equities trading volumes;
- Increased merchant income driven by the interchange rate reduction; and
- Higher business lending fee income driven by volume growth and a mix shift towards products with a higher relative proportion of fee income.

Operating Expenses

Operating expenses were $1,489 million, an increase of 4% on the prior year, reflecting higher staff costs, investment in frontline and product development initiatives, partly offset by productivity savings.

Loan Impairment Expense

Loan impairment expense was $179 million, an increase of $27 million on the prior year, driven by a lower level of write-backs. The credit quality of the underlying portfolio remains stable, due in part to a low interest rate environment.

Loan impairment expense as a percentage of average gross loans and acceptances increased 2 basis points to 18 basis points.

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Institutional Banking and Markets

	Full Year Ended					
		Restated		As reported		
	30 Jun 17	30 Jun 16 (1)	Jun 17 vs	30 Jun 16	30 Jun 15	Jun 16 vs
	$M	$M	Jun 16 %	$M	$M	Jun 15 %
Net interest income	**1,507**	1,617	(7)	1,565	1,442	9
Other banking income	**1,347**	1,276	6	1,288	1,360	(5)
Total banking income	**2,854**	2,893	(1)	2,853	2,802	2
Operating expenses	**(1,072)**	(1,082)	(1)	(1,081)	(970)	11
Loan impairment expense	**(64)**	(252)	(75)	(252)	(167)	51
Net profit before tax	**1,718**	1,559	10	1,520	1,665	(9)
Corporate tax expense	**(412)**	(369)	12	(356)	(380)	(6)
Net profit after tax ("cash basis")	**1,306**	1,190	10	1,164	1,285	(9)
Net profit after tax ("statutory basis") (2)	**1,306**	1,190	10	1,164	1,285	(9)
Income analysis:						
Net interest income						
Institutional Banking	**1,384**	1,441	(4)	1,406	1,336	5
Markets	**123**	176	(30)	159	106	50
Total net interest income	**1,507**	1,617	(7)	1,565	1,442	9
Other banking income						
Institutional Banking	**745**	747	-	758	836	(9)
Markets	**602**	529	14	530	524	1
Total other banking income	**1,347**	1,276	6	1,288	1,360	(5)
Total banking income	**2,854**	2,893	(1)	2,853	2,802	2
Income by product:						
Institutional Products	**1,770**	1,836	(4)	1,814	1,770	2
Asset Leasing	**284**	287	(1)	289	309	(6)
Markets	**720**	776	(7)	760	664	14
Other	**75**	65	15	61	93	(34)
Total banking income excluding derivative valuation adjustments	**2,849**	2,964	(4)	2,924	2,836	3
Derivative valuation adjustments	**5**	(71)	large	(71)	(34)	large
Total banking income	**2,854**	2,893	(1)	2,853	2,802	2

	As at					
		Restated		As reported		
	30 Jun 17	30 Jun 16 (1)	Jun 17 vs	30 Jun 16	30 Jun 15	Jun 16 vs
Balance Sheet	$M	$M	Jun 16 %	$M	$M	Jun 15 %
Interest earning lending assets (3)	**111,809**	112,432	(1)	112,487	98,223	15
Non-lending interest earning assets	**31,349**	27,594	14	27,594	28,722	(4)
Other assets (4)	**30,076**	41,226	(27)	42,118	38,018	11
Total assets	**173,234**	181,252	(4)	182,199	164,963	10
Transaction deposits (3)	**42,293**	41,382	2	41,485	36,598	13
Savings deposit	**7,371**	6,350	16	6,395	8,113	(21)
Investment deposits	**49,639**	39,371	26	39,587	34,677	14
Certificates of deposit and other	**15,070**	14,435	4	14,494	12,876	13
Total interest bearing deposits	**114,373**	101,538	13	101,961	92,264	11
Due to other financial institutions	**16,669**	15,610	7	15,610	15,365	2
Debt issues and other (5)	**9,358**	9,064	3	9,064	9,501	(5)
Non-interest bearing liabilities (4)	**21,407**	28,307	(24)	28,134	26,031	8
Total liabilities	**161,807**	154,519	5	154,769	143,161	8

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(2) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

(3) Interest earning lending assets include $21,260 million of Cash Management Pooling Facilities (CMPF) (31 Dec 2016: $20,036 million; 30 June 2016: $23,743 million). Transaction Deposits include $26,818 million of CMPF liabilities (31 Dec 2016: $25,744 million; 30 June 2016: $29,319 million). These balances are required to be grossed up under accounting standards, but are netted for the calculation of customer interest and risk weighted assets.

(4) Other assets include Intangible assets and Derivative assets. Non-interest bearing liabilities include Derivative liabilities.

(5) Debt issues and other includes Bank acceptances and Liabilities at fair value.

Key Financial Metrics	Full Year Ended 30 Jun 17	Restated 30 Jun 16 [1]	Jun 17 vs Jun 16 %	As reported 30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %
Performance indicators						
Return on assets (%)	**0. 7**	0. 7	-	0. 7	0. 8	(10)bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 06**	0. 23	(17)bpts	0. 23	0. 18	5 bpts
Statutory operating expenses to total banking income (%)	**37. 6**	37. 4	20 bpts	37. 9	34. 6	330 bpts
Other asset/liability information						
Average interest earning assets ($M)	**138,788**	136,845	1	137,066	115,097	19
Average interest bearing liabilities ($M)	**129,443**	120,209	8	120,061	104,267	15

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Financial Performance and Business Review

Year Ended June 2017 versus Restated June 2016

Institutional Banking and Markets Net profit after tax ("statutory basis") for the full year ended 30 June 2017 was $1,306 million, an increase of 10% on the prior year. The result was driven by strong growth in deposit volumes, active management of the lending portfolio, lower losses from derivative valuation adjustments, and lower loan impairment expense.

Net Interest Income

Net interest income was $1,507 million, a decrease of 7% on the prior year. This was driven by lower lending margins, partly offset by strong growth in average deposit volumes.

Average balance growth included:

- Flat average lending balances; and
- 22% growth in average transaction deposit volumes excluding pooling facilities, and 22% growth in average investment deposit volumes.

Net interest margin decreased, reflecting:

- Lower lending margins driven by competition; partly offset by
- Favourable portfolio mix from higher deposit balances.

Other Banking Income

Other banking income was $1,347 million, an increase of 6% on the prior year, reflecting:

- Favourable derivative valuation adjustments of $5 million, compared to a $71 million unfavourable adjustment in the prior year; partly offset by
- Lower lending fee income due to competitive pressures;
- Weaker Markets sales performance due to lower volatility in the second half; and
- Timing of realised gains and losses on sale of assets.

Operating Expenses

Operating expenses were $1,072 million, a decrease of 1% on the prior year, driven by ongoing realisation of productivity benefits, partly offset by higher risk and compliance costs.

Loan Impairment Expense

Loan impairment expense was $64 million, a decrease of $188 million on the prior year. The decrease was driven by lower collective provisions and fewer large individual provisions.

Loan impairment expense as a percentage of average gross loans and acceptances decreased by 17 basis points to 6 basis points.

Corporate Tax Expense

The corporate tax expense was $412 million. The effective tax rate of 24.0% was largely in line with the prior year.

Institutional Banking and Markets

As reported June 2016 versus June 2015

Institutional Banking and Markets Net profit after tax ("statutory basis") for the full year ended 30 June 2016 was $1,164 million, a decrease of 9% on the prior year. The result was driven by strong balance growth, and positive sales revenue in Markets. This was more than offset by lower lending margins, unfavourable derivative valuation adjustments, higher operating expenses and increased loan impairment expense.

Net Interest Income

Net interest income was $1,565 million, an increase of 9% on the prior year. This was driven by strong sales and trading performance in Markets, and growth in lending volumes, partly offset by lower lending and leasing margins.

Average balance growth included:

- A 15% increase in average lending balances, driven by growth in the strategic focus industries of Financial Institutions and Infrastructure; and
- Average deposit balance volumes increased 5%, driven by growth in transaction and investment deposits.

Net interest margin decreased reflecting the impact of continued competitive pressure on lending margins.

Other Banking Income

Other banking income was $1,288 million, a decrease of 5% on the prior year, reflecting:

- Unfavourable derivative valuation adjustments of $71 million, compared to a $34 million unfavourable adjustment in the prior year;
- Lower lending fee income; and
- Timing of gains and losses in the structured asset finance portfolio; partly offset by
- Strong Markets performance, resulting in a $43 million increase on the prior year.

Operating Expenses

Operating expenses were $1,081 million, an increase of 11% on the prior year. Excluding the impact of the lower Australian dollar, operating expenses increased 9%.

The increase reflects investment in technology and people in targeted industry and product areas, and higher risk and compliance costs, partly offset by the ongoing realisation of productivity benefits.

Loan Impairment Expense

Loan impairment expense was $252 million, an increase of $85 million on the prior year. The increase was driven by a small number of large individual provisions, a lower level of write-backs and higher collective provisions, partly offset by higher recoveries.

Loan impairment expense as a percentage of average gross loans and acceptances increased 5 basis points to 23 basis points.

Corporate Tax Expense

The corporate tax expense was $356 million. The effective tax rate of 23.4% was largely in line with the prior year.

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Wealth Management

	Full Year Ended (1)				
	30 Jun 17 $M	30 Jun 16 $M	Jun 17 vs Jun 16 %	30 Jun 15 $M	Jun 16 vs Jun 15 %
Funds management income	**1,894**	1,891	-	1,846	2
Insurance income	**438**	502	(13)	503	-
Total operating income	**2,332**	2,393	(3)	2,349	2
Operating expenses	**(1,653)**	(1,681)	(2)	(1,736)	(3)
Net profit before tax	**679**	712	(5)	613	16
Corporate tax expense	**(176)**	(183)	(4)	(148)	24
Underlying profit after tax	**503**	529	(5)	465	14
Investment experience after tax	**54**	83	(35)	178	(53)
Non-controlling interests (2)	**(4)**	-	large	-	-
Cash net profit after tax	**553**	612	(10)	643	(5)
Treasury shares valuation adjustment (after tax)	**(23)**	4	large	(28)	large
Net profit after tax ("statutory basis") (3)	**530**	616	(14)	615	-
Represented by:					
CFS Global Asset Management	**229**	224	2	287	(22)
Colonial First State (4)	**191**	230	(17)	94	large
CommInsure	**202**	274	(26)	316	(13)
Other	**(92)**	(112)	(18)	(82)	37
Net profit after tax ("statutory basis") (3)	**530**	616	(14)	615	-

	Full Year Ended				
Key Financial Metrics (1)	30 Jun 17	30-Jun-16	Jun 17 vs Jun 16 %	30 Jun 15	Jun 16 vs Jun 15 %
Performance indicators					
Statutory operating expenses to net operating income (%)	**67. 9**	65. 9	200 bpts	66. 9	(100)bpts
FUA - average ($M)	**141,005**	134,233	5	128,880	4
FUA - spot ($M)	**146,778**	135,801	8	131,903	3
AUM - average ($M) (5)	**205,910**	197,569	4	195,406	1
AUM - spot ($M) (5)	**219,427**	199,735	10	202,168	(1)
Annual Inforce Premiums - average ($M)	**2,465**	2,474	-	2,388	4
Annual Inforce Premiums - spot ($M)	**2,352**	2,508	(6)	2,467	2

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Relates to net profit attributable to non-controlling interests in a partly held infrastructure business.

(3) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

(4) Colonial First State incorporates the results of all Wealth Management financial planning businesses.

(5) AUM excludes the Group's interest in the First State Cinda Fund Management Company Limited.

	Full Year Ended [1]									
	CFS Global Asset Management					Colonial First State [2]				
	Jun 17 $M	Jun 16 $M	Jun 17 vs Jun 16 %	Jun 15 $M	Jun 16 vs Jun 15 %	Jun 17 $M	Jun 16 $M	Jun 17 vs Jun 16 %	Jun 15 $M	Jun 16 vs Jun 15 %
Funds Management income	**837**	842	(1)	847	(1)	**928**	929	-	866	7
Insurance Income	**-**	-	-	-	-	**-**	-	-	-	-
Total operating Income	**837**	842	(1)	847	(1)	**928**	929	-	866	7
Operating expenses	**(521)**	(572)	(9)	(536)	7	**(668)**	(609)	10	(735)	(17)
Net profit before tax	**316**	270	17	311	(13)	**260**	320	(19)	131	large
Corporate tax expense	**(81)**	(49)	65	(61)	(20)	**(78)**	(99)	(21)	(39)	large
Underlying profit after tax	**235**	221	6	250	(12)	**182**	221	(18)	92	large
Investment experience after tax	**(6)**	3	large	27	(89)	**9**	9	-	2	large
Cash net profit after tax	**229**	224	2	277	(19)	**191**	230	(17)	94	large
Treasury shares valuation adjustment (after tax)	**-**	-	-	-	-	**-**	-	-	-	-
Net profit after tax ("statutory basis") [3]	**229**	224	2	287	(22)	**191**	230	(17)	94	large

	Full Year Ended									
	CommInsure					Other				
	Jun 17 $M	Jun 16 $M	Jun 17 vs Jun 16 %	Jun 15 $M	Jun 16 vs Jun 15 %	Jun 17 $M	Jun 16 $M	Jun 17 vs Jun 16 %	Jun 15 $M	Jun 16 vs Jun 15 %
Funds Management income	**121**	120	1	133	(10)	**8**	-	large	-	-
Insurance Income	**438**	502	(13)	503	-	**-**	-	-	-	-
Total operating Income	**559**	622	(10)	636	(2)	**8**	-	large	-	-
Operating expenses	**(323)**	(339)	(5)	(319)	6	**(141)**	(161)	(12)	(146)	10
Net profit before tax	**236**	283	(17)	317	(11)	**(133)**	(161)	(17)	(146)	10
Corporate tax (expense)/benefit	**(71)**	(80)	(11)	(91)	(12)	**54**	45	20	43	5
Underlying profit after tax	**165**	203	(19)	226	(10)	**(79)**	(116)	(32)	(103)	13
Investment experience after tax	**41**	71	(42)	90	(21)	**10**	-	large	59	large
Non-controlling interests [4]	**(4)**	-	large	-	-	**-**	-	-	-	-
Net profit/(loss) after tax ("cash basis")	**202**	274	(26)	316	(13)	**(69)**	(116)	(41)	(44)	large
Treasury shares valuation adjustment (after tax)	**-**	-	-	-	-	**(23)**	4	large	(28)	large
Net profit/(loss) after tax ("statutory basis") [3]	**202**	274	(26)	316	(13)	**(92)**	(112)	(18)	(72)	56

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.
(2) Colonial First State incorporates the results of all Wealth Management financial planning businesses.
(3) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.
(4) Relates to net profit attributable to non-controlling interests in a partly held infrastructure business.

Wealth Management

Financial Performance and Business Review

Year Ended June 2017 versus June 2016

Wealth Management Net profit after tax ("statutory basis") for the full year ended 30 June 2017 was $530 million, a decrease of 14% on the prior year. The result was driven by lower insurance income and lower investment experience, partly offset by lower operating expenses. Insurance income declined 13% with growth in general insurance offset by a lower income protection result in life insurance.

Funds Management Income

Funds management income was $1,894 million, flat on the prior year.

Average AUM increased 4% to $206 billion, reflecting strong investment markets, partly offset by the impact of the higher Australian dollar. Investment performance remained strong with 78% of Colonial First State Global Asset Management assets outperforming their three year benchmark. Emerging market equities were impacted by higher net outflows with offsetting strong inflows into fixed income investments. The infrastructure business continued to grow, driven by the acquisition of new investments. AUM margins declined over the year due to continued investment mix shift to lower margin products.

Average FUA increased 5% to $141 billion. The FirstChoice and CFSWrap platforms experienced continued growth in average FUA of 6% and 14% respectively, reflecting positive net flows and solid investment markets. CFSWrap experienced positive net flows as a result of new clients and superannuation legislation changes. FUA margins declined as a result of increased provisioning for Advice customer remediation costs, while platform margins declined with a trend towards lower margin products.

Insurance Income

Insurance income was $438 million, a 13% decrease on the prior year. Wholesale life insurance income increased reflecting lower claims and the benefit from member growth, partly offset by the loss of some schemes resulting in a decrease in inforce premiums.

Retail life income decreased significantly due to higher claims resulting in loss recognition of $143 million in income protection during the year, an increase of $78 million on the prior year. Lower sales further contributed to the result.

General insurance income increased 9% on the prior year due to growth in inforce premiums reflecting higher renewals, partly offset by higher weather event claims.

Operating Expenses

Operating expenses were $1,653 million, a decrease of 2% on the prior year. This was driven by ongoing productivity initiatives, one-off provision releases and the favourable impact of the higher Australian dollar, partly offset by investment in technology and remediation program costs.

Investment Experience

Investment experience after tax decreased 35%, driven by a favourable impact in the prior year from annual economic assumption changes relating to the insurance business.

Year Ended June 2016 versus June 2015

Wealth Management's Net profit after tax ("statutory basis") for the full year ended 30 June 2016 was $616 million, flat on the prior year. The result was driven by growth in funds management income and lower operating expenses, partly offset by lower investment experience. Insurance income was flat reflecting strong growth in general insurance income offset by a significantly lower life insurance result.

Funds Management Income

Funds management income was $1,891 million, an increase of 2% on the prior year.

Average AUM increased 1% to $198 billion, reflecting positive investment performance, with 78% of Colonial First State Global Asset Management assets outperforming their three year benchmark, in a volatile environment. Weaker investor sentiment and global market volatility contributed to higher net outflows in emerging markets, however the unlisted infrastructure business grew through the acquisition of a number of new investments following the drawdown of commitments. The AUM margin remained stable over the year despite the challenging environment, supported by a strong contribution from the infrastructure business.

Average FUA increased 4% to $133 billion. The FirstChoice and Custom Solutions platforms experienced continued growth in average FUA of 4% and 10% respectively, reflecting positive net flows and positive investment market returns. FUA margin improved as a result of reduced provisioning for Advice customer remediation costs, partly offset by the continued run-off in the legacy component of the investment business.

Insurance Income

Insurance income was $502 million, flat on the prior year. Wholesale life insurance income increased reflecting continued benefits from the repricing activity in the prior year, partly offset by higher claims.

General insurance income experienced strong growth as a result of significantly lower weather events and a 6% increase in inforce premiums due to higher renewals, partly offset by lower new business sales.

Retail life income decreased due to higher claims and lower sales partly offset by an improvement in lapses. In addition an increase in income protection claims reserves resulted in loss recognition.

Operating Expenses

Operating expenses were $1,681 million, a decrease of 3% on the prior year. This was mainly driven by lower compliance and remediation program costs and benefits from productivity initiatives, partly offset by the impact of the lower Australian dollar, higher staff costs, and continued investment in business growth and regulatory change projects.

Investment Experience

Investment experience after tax decreased 53%, driven by non-recurrence of benefits from divestments and investment revaluation gains in the prior year, partly offset by changes to economic assumptions.

Assets Under Management (AUM) [1]	Full Year Ended 30 Jun 16 $M	Inflows $M	Outflows $M	Net Flows $M	Other [2] $M	30 Jun 17 $M	Jun 17 vs Jun 16 %
Australian equities	27,240	9,866	(9,911)	(45)	2,837	**30,032**	10
Global equities	90,900	18,277	(23,928)	(5,651)	9,339	**94,588**	4
Fixed income [3]	74,670	58,426	(48,498)	9,928	1,943	**86,541**	16
Infrastructure	6,925	2,012	(806)	1,206	135	**8,266**	19
Total	199,735	88,581	(83,143)	5,438	14,254	**219,427**	10

Funds Under Administration (FUA)	Full Year Ended [4] 30 Jun 16 $M	Inflows $M	Outflows $M	Net Flows $M	Other [2] $M	30 Jun 17 $M	Jun 17 vs Jun 16 %
FirstChoice	75,694	16,234	(15,409)	825	5,863	**82,382**	9
CFSWrap [5]	22,890	8,333	(5,684)	2,649	2,208	**27,747**	21
CFS Non-Platform	15,054	8,752	(8,227)	525	172	**15,751**	5
CommInsure Investments	12,272	533	(1,944)	(1,411)	470	**11,331**	(8)
Other	9,891	1,417	(1,290)	127	(451)	**9,567**	(3)
Total	135,801	35,269	(32,554)	2,715	8,262	**146,778**	8

Insurance Inforce	Full Year Ended 30 Jun 16 $M	Sales $M	Lapses $M	Net Flows $M	Other $M	30 Jun 17 $M	Jun 17 vs Jun 16 %
Life Insurance	1,773	226	(430)	(204)	-	**1,569**	(12)
General Insurance	735	145	(97)	48	-	**783**	7
Total	2,508	371	(527)	(156)	-	**2,352**	(6)

(1) AUM excludes the Group's interest in the First State Cinda Fund Management Company Limited.
(2) Includes investment income and foreign exchange gains and losses from translation of internationally sourced business.
(3) Fixed income includes short-term investments and global credit.
(4) Comparative information has been restated to conform to presentation in the current period.
(5) CFSWrap, formerly Custom Solutions, includes FirstWrap product.

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	Full Year Ended					
		Restated		As reported		
	30 Jun 17 $M	30 Jun 16 (1) $M	Jun 17 vs Jun 16 %	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %
Net interest income	**1,654**	1,581	5	1,575	1,533	3
Other banking income (2)	**290**	288	1	288	280	3
Total banking income	**1,944**	1,869	4	1,863	1,813	3
Funds management income	**92**	80	15	80	71	13
Insurance income	**278**	242	15	242	232	4
Total operating income	**2,314**	2,191	6	2,185	2,116	3
Operating expenses	**(909)**	(889)	2	(889)	(861)	3
Loan impairment expense	**(65)**	(120)	(46)	(120)	(83)	45
Net profit before tax	**1,340**	1,182	13	1,176	1,172	-
Corporate tax expense	**(361)**	(311)	16	(309)	(296)	4
Underlying profit after tax	**979**	871	12	867	876	(1)
Investment experience after tax	**(6)**	10	large	10	6	67
Net profit after tax ("cash basis")	**973**	881	10	877	882	(1)
Hedging and IFRS volatility (after tax)	**27**	(139)	large	(139)	43	large
Net profit after tax ("statutory basis") (3) (4)	**1,000**	742	35	738	925	(20)

	Full Year Ended					
		Restated		As reported		
	30 Jun 17 NZ$M	30 Jun 16 (1) NZ$M	Jun 17 vs Jun 16 %	30 Jun 16 NZ$M	30 Jun 15 NZ$M	Jun 16 vs Jun 15 %
Net interest income	**1,750**	1,719	2	1,711	1,649	4
Other banking income	**362**	346	5	346	337	3
Total banking income	**2,112**	2,065	2	2,057	1,986	4
Funds management income	**97**	87	11	87	77	13
Insurance income	**294**	264	11	264	250	6
Total operating income	**2,503**	2,416	4	2,408	2,313	4
Operating expenses	**(960)**	(964)	-	(964)	(929)	4
Loan impairment expense	**(69)**	(130)	(47)	(130)	(89)	46
Net profit before tax	**1,474**	1,322	11	1,314	1,295	1
Corporate tax expense	**(399)**	(349)	14	(347)	(325)	7
Underlying profit after tax	**1,075**	973	10	967	970	-
Investment experience after tax	**(6)**	11	large	11	7	57
Net profit after tax ("cash basis")	**1,069**	984	9	978	977	-
Hedging and IFRS volatility (after tax)	**36**	(11)	large	(11)	(31)	(65)
Net profit after tax ("statutory basis") (3) (4)	**1,105**	973	14	967	946	2
Represented by :						
ASB	**1,069**	903	18	897	833	8
Sovereign	**102**	105	(3)	105	123	(15)
Other (5)	**(66)**	(35)	89	(35)	(10)	large
Net profit after tax ("statutory basis") (3) (4)	**1,105**	973	14	967	946	2

	Full Year Ended					
		Restated		As reported		
Key Financial Metrics (6)	30 Jun 17	30 Jun 16	Jun 17 vs Jun 16 %	30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %
FUA - average (NZ$M)	**12,665**	11,632	9	11,632	10,291	13
FUA - spot (NZ$M)	**12,826**	12,063	6	12,063	11,117	9
AUM - average (NZ$M)	**5,300**	4,825	10	4,825	4,197	15
AUM - spot (NZ$M)	**5,575**	5,222	7	5,222	4,486	16
Statutory operating expenses to total operating income (%)	**38. 3**	38. 4	(10)bpts	38. 5	39. 4	(90)bpts

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Other banking income disclosed in AUD includes realised gains or losses associated with the hedge of the New Zealand operations.

(3) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

(4) The New Zealand result incorporates ASB Bank and Sovereign Insurance businesses. The CBA Branch results relating to the Institutional Banking and Markets business in New Zealand are not included.

(5) Other includes ASB funding entities and elimination entries between New Zealand segment entities.

(6) Key financial metrics are calculated in New Zealand dollar terms.

New Zealand

Financial Performance and Business Review

Year Ended June 2017 versus Restated June 2016

New Zealand [1] Net profit after tax [2] ("statutory basis") for the full year ended 30 June 2017 was NZ$1,105 million, an increase of 14% on the prior year, driven by a strong performance from ASB, partly offset by lower profit in Sovereign Assurance Company ("Sovereign").

The Australian dollar equivalent line item growth rates are impacted by the depreciation of the New Zealand dollar and the mark-to-market movements in foreign exchange hedges relating to New Zealand earnings.

As reported June 2016 versus June 2015

New Zealand [1] Net profit after tax [2] ("statutory basis") for the full year ended 30 June 2016 was NZ$967 million, an increase of 2% on the prior year, driven by a strong performance from both ASB Bank, partly offset by lower profit in Sovereign.

(1) The New Zealand result incorporates ASB Bank and Sovereign Insurance businesses. The CBA New Zealand Branch results relating to the Institutional Banking and Markets business in New Zealand are not included.

(2) Includes allocated capital charges and other CBA costs.

ASB Bank	Full Year Ended	Restated		As reported		
	30 Jun 17 NZ$M	30 Jun 16 [1] NZ$M	Jun 17 vs Jun 16 %	30 Jun 16 NZ$M	30 Jun 15 NZ$M	Jun 16 vs Jun 15 %
Net interest income	**1,837**	1,763	4	1,755	1,650	6
Other banking income	**404**	383	5	383	370	4
Total banking income	**2,241**	2,146	4	2,138	2,020	6
Funds management income	**97**	85	14	85	74	15
Total operating income	**2,338**	2,231	5	2,223	2,094	6
Operating expenses	**(836)**	(829)	1	(829)	(805)	3
Loan impairment expense	**(69)**	(130)	(47)	(130)	(89)	46
Net profit before tax	**1,433**	1,272	13	1,264	1,200	5
Corporate tax expense	**(400)**	(358)	12	(356)	(336)	6
Net profit after tax ("cash basis")	**1,033**	914	13	908	864	5
Hedging and IFRS volatility (after tax)	**36**	(11)	large	(11)	(31)	(65)
Net profit after tax ("statutory basis") [2]	**1,069**	903	18	897	833	8

Balance Sheet	As at				
	30 Jun 17 NZ$M	30 Jun 16 NZ$M	Jun 17 vs Jun 16 %	30 Jun 15 NZ$M	Jun 16 vs Jun 15 %
Home loans	**51,128**	47,784	7	43,737	9
Business and rural lending	**25,133**	22,588	11	20,019	13
Other interest earning assets	**2,087**	1,951	7	1,809	8
Total lending interest earning assets	**78,348**	72,323	8	65,565	10
Non-lending interest earning assets	**8,662**	7,130	21	7,297	(2)
Other assets	**1,572**	2,106	(25)	2,993	(30)
Total assets	**88,582**	81,559	9	75,855	8
Customer deposits	**52,795**	49,811	6	46,751	7
Debt issues	**18,073**	13,431	35	11,076	21
Other interest bearing liabilities [3]	**2,716**	3,972	(32)	4,198	(5)
Total interest bearing liabilities	**73,584**	67,214	9	62,025	8
Non-interest bearing liabilities	**6,248**	6,192	1	6,013	3
Total liabilities	**79,832**	73,406	9	68,038	8

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

(3) Includes NZ$33 million due to Group companies (30 June 2016: NZ$119 million).

New Zealand

Key Financial Metrics [2]	30 Jun 17	Restated 30 Jun 16 [1]	Jun 17 vs Jun 16 %	As reported 30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %
			Full Year Ended			
Performance indicators						
Return on assets (%)	**1. 2**	1. 2	-	1. 2	1. 2	-
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 09**	0. 19	(10)bpts	0. 19	0. 14	5 bpts
Statutory operating expenses to total operating income (%)	**35. 4**	38. 8	(340)bpts	37. 5	39. 0	(150)bpts
Other asset/liability information						
Average interest earning assets	**84,091**	75,554	11	75,554	69,380	9
Average interest bearing liabilities	**71,424**	64,563	11	64,563	59,308	9
FUA - average (NZ$M)	**12,665**	11,632	9	11,632	10,291	13
FUA - spot (NZ$M)	**12,826**	12,063	6	12,063	11,117	9
AUM - average (NZ$M)	**4,631**	4,120	12	4,120	3,517	17
AUM - spot (NZ$M)	**4,954**	4,523	10	4,523	3,802	19

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Key financial metrics are calculated in New Zealand dollar terms.

Financial Performance and Business Review

ASB Bank: Year Ended June 2017 versus Restated June 2016

ASB Bank Net profit after tax ("statutory basis") for the full year ended 30 June 2017 was NZ$1,069 million, an increase of 18% on the prior year. The result was driven by operating income growth of 5% and a lower loan impairment expense.

Net Interest Income

Net interest income was NZ$1,837 million, an increase of 4% on the prior year. Strong volume growth was partly offset by continued margin pressure.

Balance Sheet growth included:

- Home loan growth of 7%, with continued customer preference for fixed rate borrowing;
- Business and rural loan growth of 11%, which remained above system following continued investment; and
- Growth in customer deposits of 6%, with strong demand in a slowing retail deposit market.

Net interest margin decreased, reflecting higher wholesale funding costs and higher net fixed rate loan prepayment expense, partly offset by an increase in lending margins.

Other Banking and Funds Management Income

Other banking income was NZ$404 million, an increase of 5% on the prior year, primarily driven by higher card income.

Funds management income was NZ$97 million, an increase of 14% on the prior year, due to strong net flows and a solid performance in investment markets.

Operating Expenses

Operating expenses were NZ$836 million, an increase of 1% on the prior year. This increase was driven by higher staff costs, continued investment in frontline and technology capabilities, partly offset by benefits from productivity initiatives.

The operating expense to total operating income ratio for ASB was 35.4%, an improvement of 340 basis points, reflecting continued focus on productivity.

Loan Impairment Expense

Loan impairment expense was NZ$69 million, a decrease of 47% on the prior year, primarily due to lower collective provisions in the dairy portfolio, partly offset by higher collective provision expense in the home loan portfolio.

Investment Experience

Investment experience after tax was a loss of NZ$3 million, a decrease of NZ$18 million from the prior year, driven by an increase in discount rates negatively impacting policyholder valuations.

ASB Bank: As reported June 2016 versus June 2015

ASB Bank's Net profit after tax ("statutory basis") for the full year ended 30 June 2016 was NZ$897 million, an increase of 8% on the prior year. The result was driven by operating income growth of 6% resulting from strong lending and deposit growth, partly offset by margin compression across key products, higher operating expenses and increased loan impairment expense.

Net Interest Income

Net interest income was NZ$1,755 million, an increase of 6% on the prior year. Strong volume growth was partly offset by continued margin pressure across key portfolios.

Balance Sheet growth included:

- Home loan growth of 9%, with continued customer preference for fixed rate borrowing;
- Business and rural loan growth of 13%, which remained above system following continued investment in this business; and
- Growth in customer deposits of 7%, with strong demand in the retail deposit portfolio.

Net interest margin decreased, reflecting continued competitive pressure on lending and deposit margins and a customer preference for lower margin fixed rate borrowing.

Other Banking and Funds Management Income

Other banking income was NZ$383 million, an increase of 4% on the prior year, driven by higher markets income, lending and service fees, and insurance and brokerage commissions, partly offset by lower card fees.

Funds management income was NZ$85 million, an increase of 15% on the prior year, due to strong net flows and a solid performance in investment markets.

Operating Expenses

Operating expenses were NZ$829 million, an increase of 3% on the prior year. This increase was driven by higher staff costs and continued investment in frontline capability, higher marketing costs and ongoing investment in technology.

The operating expenses to total operating income ratio for ASB was 37.5%, a decrease of 150 basis points, reflecting continued focus on productivity.

Loan Impairment Expense

Loan impairment expense was NZ$130 million, an increase of NZ$41 million on the prior year, primarily due to an increase in rural lending provisioning within the dairy sector, and higher unsecured retail provisioning. This was partly offset by improved home loan arrears.

New Zealand

Sovereign	30 Jun 17 NZ$M	30 Jun 16 NZ$M	Jun 17 vs Jun 16 %	30 Jun 15 NZ$M	Jun 16 vs Jun 15 %
	Full Year Ended				
Insurance income	**252**	230	10	225	2
Operating expenses	**(124)**	(135)	(8)	(124)	9
Net profit before tax	**128**	95	35	101	(6)
Corporate tax (expense)/benefit	**(23)**	(5)	large	5	large
Underlying profit after tax	**105**	90	17	106	(15)
Investment experience after tax	**(3)**	15	large	17	(12)
Net profit after tax ("cash basis")	**102**	105	(3)	123	(15)
Net profit after tax ("statutory basis") (1)	**102**	105	(3)	123	(15)
Sources of profit represented by:					
Represented by:					
Planned profit margins	**92**	93	(1)	87	7
Experience variations	**13**	(3)	large	19	large
Operating margins	**105**	90	17	106	(15)
Investment experience after tax	**(3)**	15	large	17	(12)
Net profit after tax ("statutory basis") (1)	**102**	105	(3)	123	(15)

Key Financial Metrics	30 Jun 17	30 Jun 16	Jun 17 vs Jun 16 %	30 Jun 15	Jun 16 vs Jun 15 %
	Full Year Ended				
Performance indicators					
Statutory insurance income to average inforce premiums (%)	**33. 4**	31. 4	200 bpts	31. 9	(50)bpts
Average inforce premiums - average (NZ$M)	**755**	732	3	705	4
Annual inforce premiums - spot (NZ$M)	**757**	744	2	721	3

Insurance Inforce	30 Jun 16 $M	Sales $M	Lapses $M	Net Flows $M	Other $M	30 Jun 17 $M	Jun 17 vs Jun 16 %
	Full Year Ended						
Life Insurance	744	115	(102)	13	-	**757**	2
Total	744	115	(102)	13	-	**757**	2

(1) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

Financial Performance and Business Review

Year Ended June 2017 versus Restated June 2016

Sovereign Net profit after tax ("statutory basis") for the full year ended 30 June 2017 was NZ$102 million, a decrease of 3% on the prior year. The result was driven by lower investment experience, partly offset by higher insurance income and lower operating expenses.

Insurance Income

Insurance income was NZ$252 million, an increase of 10% on the prior year, driven by annual inforce premium growth, partly offset by higher claims expense.

Operating Expenses

Operating expenses were NZ$124 million, a decrease of 8% on the prior year, driven by lower marketing costs, professional fees, and timing of technology spend.

Investment Experience

Investment experience after tax was a loss of NZ$3 million, a decrease of NZ$18 million from the prior year, driven by an increase in discount rates negatively impacting policyholder valuations.

As reported June 2016 versus June 2015

Sovereign Net profit after tax ("statutory basis") for the full year ended 30 June 2016 was NZ$105 million, a decrease of 15% on the prior year. The increase was driven by favourable claims and investment experience, with the higher investment experience primarily driven by a decrease in New Zealand Government bond rates.

Insurance Income

Insurance income was NZ$230 million, an increase of 2% on the prior year, due to annual inforce premium growth and reduced policy liability expense following the expiry of transitional tax relief, partly offset by unfavourable claims experience.

Operating Expenses

Operating expenses were NZ$135 million, an increase of 9% on the prior year, driven by expenditure on technology and higher staff costs, partly offset by benefits from productivity initiatives.

	As at					
		Restated		As reported		
	30 Jun 17 $M	30 Jun 16 (1) $M	Jun 17 vs Jun 16 %	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %
Net interest income	**1,644**	1,657	(1)	1,638	1,658	(1)
Other banking income	**243**	217	12	217	216	-
Total banking income	**1,887**	1,874	1	1,855	1,874	(1)
Operating expenses	**(794)**	(773)	3	(773)	(787)	(2)
Loan impairment expense	**(89)**	10	large	10	50	(80)
Net profit before tax	**1,004**	1,111	(10)	1,092	1,137	(4)
Corporate tax expense	**(302)**	(333)	(9)	(329)	(342)	(4)
Cash net profit after tax	**702**	778	(10)	763	795	(4)
Other non-cash items	**(3)**	(27)	(89)	(27)	(52)	(48)
Net profit after tax ("statutory basis") (2)	**699**	751	(7)	736	743	(1)

	As at					
		Restated		As reported		
Balance Sheet	30 Jun 17 $M	30 Jun 16 (1) $M	Jun 17 vs Jun 16 %	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %
Home loans (3)	**67,913**	64,412	5	64,412	61,472	5
Other interest earning assets	**17,998**	18,184	(1)	18,184	17,748	2
Total interest earning assets	**85,911**	82,596	4	82,596	79,220	4
Other assets	**255**	284	(10)	284	269	6
Total assets	**86,166**	82,880	4	82,880	79,489	4
Transaction deposits (4)	**12,450**	12,155	2	12,155	10,009	21
Savings deposits	**9,383**	10,569	(11)	10,569	10,882	(3)
Investment deposits	**32,120**	26,152	23	26,152	26,473	(1)
Certificates of deposit and other	**42**	37	14	37	42	(12)
Total interest bearing deposits	**53,995**	48,913	10	48,913	47,406	3
Other interest bearing liabilities	**69**	66	5	66	57	16
Non-interest bearing transaction deposits	**1,939**	1,565	24	1,565	1,402	12
Other non-interest bearing liabilities	**688**	556	24	556	634	(12)
Total liabilities	**56,691**	51,100	11	51,100	49,499	3

	As at					
		Restated		As reported		
Key Financial Metrics	30 Jun 17 $M	30 Jun 16 (1) $M	Jun 17 vs Jun 16 %	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %
Performance indicators						
Return on assets (%)	**0. 8**	0. 9	(10)bpts	0. 9	1. 0	(10)bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 11**	(0. 01)	12 bpts	(0. 01)	(0. 06)	5 bpts
Statutory operating expenses to total banking income (%)	**42. 3**	43. 3	(100)bpts	43. 8	46. 0	(220)bpts
Other asset/liability information						
Average interest earning assets ($M) (5)	**79,384**	76,860	3	80,329	77,611	4
Average interest bearing liabilities ($M) (5)	**46,980**	45,380	4	48,849	45,540	7

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

(3) Gross of mortgage offset balances.

(4) Includes mortgage offset balances.

(5) Net of average mortgage offset balances.

Bankwest

Financial Performance and Business Review

Year Ended June 2017 versus Restated June 2016

Bankwest Net profit after tax ("statutory basis") for the full year ended 30 June 2017 was $699 million, a decrease of 7% on the prior year. The result was driven by a higher loan impairment expense and a one-off cost for the integration of Bankwest's east coast business banking operation into Business and Private Banking, partly offset by higher total banking income. Excluding this integration, statutory net profit after tax decreased 4%.

Net Interest Income

Net interest income was $1,644 million, a decrease of 1% on the prior year. The result was driven by a reduction in net interest margins for business lending and investment deposit accounts due to competitive pressures, partly offset by volume growth in home lending and higher margins on home lending and savings products.

Balance Sheet growth included:

- Home loan growth of 5%, lower than system, reflecting the Western Australian economy lagging national growth rates;
- Total deposit balance growth of 11%, resulting from strong growth in transaction and investment accounts; partly offset by
- Flat growth in business lending also reflecting the weak Western Australia economy; and
- An 11% decrease in savings deposits reflecting competition and customer preferences for investment deposits.

Net interest margin decreased due to competitive pressures in business lending, partly offset by higher margins on home lending and savings products.

Other Banking Income

Other banking income was $243 million, an increase of 12% on the prior year. The result was driven by an increase in home loan package fees, business lending fees and higher credit card scheme fees.

Operating Expenses

Operating expenses were $794 million, an increase of 3% on the prior year, driven by the one-off cost for the integration of Bankwest's east coast business banking operation into Business and Private Banking. Excluding this integration, operating expenses decreased 1%. This reflects a continued focus on productivity and disciplined expense management, partly offset by inflation.

Loan Impairment Expense

Loan impairment was an expense of $89 million compared to a $10 million benefit in the prior year. This was driven by slower run-off of the business troublesome portfolio and higher home loan losses, predominantly in Western Australia.

As reported June 2016 versus June 2015

Bankwest Net profit after tax ("statutory basis") for the full year ended 30 June 2016 was $736 million, a decrease of 1% on the prior year. The result was driven by a reduction in loan impairment benefit and lower total banking income, partly offset by lower operating expenses.

Net Interest Income

Net interest income was $1,638 million, a decrease of 1% on the prior year, reflecting lower margins partly offset by solid volume growth in home lending, core business lending and transaction deposits.

Balance Sheet growth included:

- Home loan growth of 5%, reflecting lower system growth in Western Australia and tightening of lending criteria;
- Core business lending growth of 6%; and
- Growth of 20% in total transaction deposits due to strengthened customer relationships, particularly in retail products; partly offset by
- A 3% decrease in savings deposits, reflecting impacts from repricing;
- A decrease of 1% in investment deposits; and
- A decrease in higher risk, non-core business lending.

Net interest margin decreased, reflecting competitive pressures on lending margins and higher funding costs. This was partly offset by repricing of savings products and home lending products.

Other Banking Income

Other banking income was $217 million, flat on the prior year.

Operating Expenses

Operating expenses were $773 million, a decrease of 2% on the prior year, reflecting a continued focus on productivity and disciplined expense management, partly offset by higher staff costs. The expense to income ratio was 43.8%, an improvement of 220 basis points compared to the prior year.

Loan Impairment Expense

Loan impairment was a benefit of $10 million compared to $50 million benefit in the prior year. This was primarily driven by slower run-off of the troublesome and impaired book.

	Full Year Ended					
		Restated		As reported		
	30 Jun 17 $M	30 Jun 16 [1] $M	Jun 17 vs Jun 16 %	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %
IFS	93	52	79	45	104	(57)
Corporate Centre	(272)	(316)	(14)	(200)	(257)	(22)
Eliminations/Unallocated	(77)	186	large	181	186	(3)
Net profit after tax ("cash basis")	(256)	(78)	large	26	33	(21)
Hedging and IFRS volatility (after tax)	46	(60)	large	(61)	(37)	65
Other (after tax)	-	-	-	-	-	-
Net profit after tax ("statutory basis") [2]	(210)	(138)	52	(35)	(4)	large

IFS [3]	Full Year Ended					
		Restated		As reported		
	30 Jun 17 $M	30 Jun 16 [1] $M	Jun 17 vs Jun 16 %	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %
Net interest income	133	157	(15)	147	137	7
Other banking income	297	281	6	281	241	17
Total banking income	430	438	(2)	428	378	13
Insurance income	50	46	9	46	42	10
Total operating income	480	484	(1)	474	420	13
Operating expenses	(333)	(382)	(13)	(382)	(274)	39
Loan impairment expense	(64)	(66)	(3)	(66)	(25)	large
Net profit before tax	83	36	large	26	121	(79)
Corporate tax expense	(4)	(5)	(20)	(2)	(21)	(90)
Non-controlling interests	(8)	(4)	large	(4)	(4)	-
Underlying profit after tax	71	27	large	20	96	(79)
Investment experience after tax	22	25	(12)	25	8	large
Net profit after tax ("cash basis")	93	52	79	45	104	(57)
Net profit after tax ("statutory basis") [2]	93	52	79	45	104	(57)

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

(3) International Financial Services incorporates the Asian retail and business banking operations (Indonesia, China, Vietnam, and India), associate investments in China and Vietnam, the life insurance operations in Indonesia and a financial services technology business in South Africa. It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.

Financial Performance and Business Review

IFS Year Ended June 2017 versus Restated June 2016

IFS Net profit after tax ("statutory basis") for the full year ended 30 June 2017 was $93 million, an increase of 79% on the prior year, including a 35% decrease from the higher Australian dollar. The result was driven by lower operating expenses and a one-off tax benefit, partly offset by lower operating income.

The uncertain geo-political environment and challenging economic conditions across our markets continued to adversely impact business volume momentum. IFS has continued to grow its small-medium enterprises and consumer segment, while winding down the non-strategic commercial segment. The strategic segment represents 93% of the portfolio, up from 75% on the prior year.

The total number of direct customers grew 3% to over 511,000.

On 27 July 2017, the Bank entered into an agreement to transfer CBA's County Bank ownership in China to Qilu Bank, subject to regulatory approvals.

Net Interest Income

Net interest income was $133 million, a decrease of 15% on the prior year. This reflected the wind-down of the non-strategic commercial lending portfolio which is down 71% to $121 million, and funding costs associated with the South Africa expansion. See Note 39 to the 2017 Financial Report for further details on the Group's activities in South Africa.

Net interest margin remained stable despite competitive pressures.

Other Banking Income

Other banking income was $297 million, an increase of 6% on the prior year, including an 8% decrease from the higher Australian dollar. This reflected strong contributions from associates in China due to above system asset growth.

Insurance Income

Insurance income in PT Commonwealth Life ("PTCL") was $50 million, a 9% increase on the prior year. The result was driven by net premium growth and lower claims.

Operating Expenses

Operating expenses were $333 million, a decrease of 13% on prior year, including a 2% benefit from the higher Australian dollar. This reflected disciplined IFS-wide cost management which created capacity to support ongoing strategic investment in the business.

Loan Impairment Expense

Loan impairment expense was $64 million, a decrease of 3% on the prior year. PT Bank Commonwealth ("PTBC") continues to take management action to run-off the commercial lending portfolio.

IFS and Other

IFS: As reported June 2016 versus June 2015

IFS Net profit after tax (“statutory basis”) for the full year ended 30 June 2016 was $45 million, a decrease of 57% on prior year, including an 10% benefit from the lower Australian dollar. The economic slowdown experienced in China, Indonesia and other emerging markets continued to adversely impact business volume growth, and resulted in higher loan impairment expense. A strategic shift away from the commercial segment has resulted in a reduction in commercial lending balances by 53%.

The business has continued to invest in its digital banking capability and talent.

The total number of direct customers grew 7% to over 497,000.

Net Interest Income

Net interest income was $147 million, an increase of 7% on the prior year, including a 6% benefit from the lower Australian dollar. This reflected strong consumer lending and deposit growth in the China County Banks of 25% and 45% respectively, and stable consumer lending balances in PTBC. Commercial lending balances in PTBC have decreased by 62% due to the wind-down of the non-strategic commercial segment. Net interest margin remained stable despite competitive pressure and a reduction in the cash rates.

Other Banking Income

Other banking income was $281 million, an increase of 17% on the prior year, including a 9% benefit from the lower Australian dollar. This reflected strong contributions from associates in China due to above system asset growth, partly offset by lower sales of wealth management products in PTBC.

Insurance Income

Insurance income in PTCL was $46 million, a 10% increase on prior year. The result was driven by higher renewal premiums, partly offset by lower first year premiums and investment return.

Operating Expenses

Operating expenses were $382 million, an increase of 39% on prior year, including a 7% increase from the lower Australian dollar. This reflected increased investment in the proprietary business in Indonesia and China, digital banking in South Africa, and people capability across the portfolio.

Loan Impairment Expense

Loan impairment expense was $66 million, an increase of $41 million on prior year, driven by an increase in commercial loan impairments in PTBC.

	Full Year Ended					
		Restated		As reported		
	30 Jun 17	30 Jun 16 (1)	Jun 17 vs	30 Jun 16	30 Jun 15	Jun 16 vs
Corporate Centre (2)	$M	$M	Jun 16 %	$M	$M	Jun 15 %
Net interest income	**411**	209	97	372	219	70
Other banking income	**123**	137	(10)	137	131	5
Total banking income	**534**	346	54	509	350	45
Operating expenses	**(921)**	(766)	20	(766)	(671)	14
Net loss before tax	**(387)**	(420)	(8)	(257)	(321)	(20)
Corporate tax benefit	**115**	104	11	57	64	(11)
Net loss after tax ("cash basis")	**(272)**	(316)	(14)	(200)	(257)	(22)
Hedging and IFRS volatility	**46**	(60)	large	(61)	(37)	65
Other (after tax)	**-**	-	-	-	-	-
Net loss after tax ("statutory basis") (3)	**(226)**	(376)	(40)	(261)	(294)	(11)

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Strategy, Marketing, Secretariat and Treasury.
Treasury is primarily focused on the management of the Group's interest rate risk, funding and liquidity requirements, and management of the Group's capital.
The Treasury function includes:
- Portfolio Management: manages the interest rate risk of the Group's non-traded Balance Sheet using transfer pricing to consolidate risk into Treasury and hedging the residual mismatch between assets and liabilities using swaps, futures and options;
- Group Funding & Liquidity: manages the Group's long-term and short-term wholesale funding requirements and the Group's prudential liquidity requirements; and
- Capital and Regulatory Strategy: manages the Group's capital requirements.

(3) Please refer to “Disclosures - Non-Cash Items Included in Statutory Profit” on page 8 of this Document for further details. A reconciliation of the Net profit after tax (“cash basis”) to Net profit after tax (“statutory basis”) by business segment is provided in Note 26 to the 2017 Financial Report.

Corporate Centre: Year Ended June 2017 versus Restated June 2016

Corporate Centre Net loss after tax ("statutory basis") for the full year ended 30 June 2017 reduced $150 million on the prior year to $226 million.

Total banking income increased 54% to $534 million reflecting higher Treasury income from management of interest rate risk and increased capital.

Operating expenses were $921 million, an increase of 20% on the prior year, driven by higher corporate technology costs, professional fees, timing of employee entitlements and investment spend. Significant corporate technology and investment spend initiatives include:

- Safeguarding information security to mitigate risks;
- Common Reporting Standard requirements; and
- Anti-Money Laundering.

Corporate Centre: As reported June 2016 versus June 2015

Corporate Centre Net loss after tax ("statutory basis") for the full year ended 30 June 2016 improved $33 million on the prior year to $261 million. Total banking income was $509 million, an increase of 45% on the prior year, reflecting higher Treasury income from increased capital and favourable market positioning.

Operating expenses were $766 million, an increase of 14% on the prior year, driven by increased investment in risk related projects and safeguarding of the Group's information security.

IFS and Other

Eliminations/Unallocated [2]	Full Year Ended 30 Jun 17 $M	Restated 30 Jun 16 [1] $M	Jun 17 vs Jun 16 %	As reported 30 Jun 16 $M	As reported 30 Jun 15 $M	Jun 16 vs Jun 15 %
Net interest income	**(18)**	(4)	large	(10)	65	large
Other banking income [3]	**295**	28	large	28	36	(22)
Total banking income	**277**	24	large	18	101	(82)
Funds management income	**48**	45	7	45	21	large
Insurance income	**20**	5	large	5	15	(67)
Total operating income	**345**	74	large	68	137	(50)
Operating expenses [4]	**(393)**	-	large	-	-	-
Loan impairment (expense)/benefit	**(40)**	11	large	11	15	(27)
Net profit before tax	**(88)**	85	large	79	152	(48)
Corporate tax benefit	**49**	135	(64)	138	92	50
Non-controlling interests	**(12)**	(16)	(25)	(16)	(17)	(6)
Underlying profit after tax	**(51)**	204	large	201	227	(11)
Investment experience after tax	**(26)**	(18)	44	(20)	(41)	(51)
Net profit after tax ("cash basis")	**(77)**	186	large	181	186	(3)
Hedging and IFRS volatility	**-**	-	-	-	-	-
Net profit after tax ("statutory basis") [5]	**(77)**	186	large	181	186	(3)

(1) Comparative information has been restated to conform to presentation in the current year. However, certain reclassifications among the Group's customer segments have not been restated for the 2015 financial year. In order to provide a meaningful comparison to the Group's historical operations, "Restated" figures are presented for the 2017 financial year and the 2016 financial year and "As reported" figures are presented for the 2016 financial year and 2015 financial year in the chart above. Refer to "Disclosures - Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) Group wide Eliminations/Unallocated includes intra-group elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.

(3) The current year includes a $397 million gain on sale of the Group's remaining investment in Visa Inc.

(4) The current year includes a $393 million one-off expense for acceleration of amortisation on certain software assets.

(5) Please refer to "Disclosures - Non-Cash Items Included in Statutory Profit" on page 8 of this Document for further details. A reconciliation of the Net profit after tax ("cash basis") to Net profit after tax ("statutory basis") by business segment is provided in Note 26 to the 2017 Financial Report.

Eliminations/Unallocated: Year Ended June 2017 versus Restated June 2016

Eliminations/Unallocated cash net loss after tax for the full year ended 30 June 2017 was $77 million, a decrease of $263 million on the prior year. This was primarily driven by a one-off expense for acceleration of amortisation on certain software assets, an increase in centrally held loan impairment provisions, and the timing of recognition of unallocated revenue items and eliminations, partly offset by a gain on sale of the Group's remaining investment in Visa Inc.

Eliminations/Unallocated: As reported June 2016 versus June 2015

Eliminations/Unallocated Net profit after tax ("statutory basis") for the full year ended 30 June 2016 was $181 million, a decrease of $5 million on the prior year. This was primarily driven by the timing of recognition of unallocated revenue items.

The following table sets out the Group's operating expenses for financial years 2017, 2016 and 2015.

	2017 $M	2016 $M	2015 $M
Staff Expenses			
Salaries and related on-costs (1)	**5,652**	5,657	5,331
Share-based compensation	**122**	102	96
Superannuation	**494**	410	399
Total staff expenses	**6,268**	6,169	5,826
Occupancy and Equipment Expenses			
Operating lease rentals	**661**	650	620
Depreciation of property, plant and equipment	**288**	266	253
Other occupancy expenses	**190**	218	213
Total occupancy and equipment expenses	**1,139**	1,134	1,086
Information Technology Services			
Application, maintenance and development	**512**	511	430
Data processing	**210**	197	183
Desktop	**188**	143	110
Communications	**193**	203	190
Amortisation of software assets (2)	**779**	379	308
Software write-offs	**6**	1	11
IT equipment depreciation	**53**	51	60
Total information technology services	**1,941**	1,485	1,292
Other Expenses			
Postage and stationery	**187**	192	195
Transaction processing and market data	**186**	179	153
Fees and commissions:			
Professional fees	**404**	247	390
Other	**76**	93	97
Advertising, marketing and loyalty	**437**	491	522
Amortisation of intangible assets (excluding software and merger related amortisation)	**11**	14	16
Non-lending losses	**125**	103	118
Other	**304**	327	308
Total other expenses	**1,730**	1,646	1,799
Total operating expenses - "cash basis"	**11,078**	10,434	10,003
Investment and Restructuring			
Merger related amortisation (3)	**4**	39	75
Total investment and restructuring	**4**	39	75
Total operating expenses -"statutory basis"	**11,082**	10,473	10,078
Net hedging ineffectiveness comprises:			
Gain/(loss) on fair value hedges:			
Hedging instruments	**841**	(709)	(568)
Hedged items	**(799)**	642	493
Cash flow and net investment hedge ineffectiveness	**20**	(5)	(20)
Net hedging ineffectiveness	**62**	(72)	(95)

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions - Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.

(2) The current year includes a $393 million one-off expense for acceleration of amortisation on certain software assets.

(3) Merger related amortisation relates to Bankwest core deposits and customer lists.

Risk Management

Risk Management Framework

The Group has an embedded Risk Management Framework (Framework) that is designed to enable the appropriate development and implementation of strategies, policies and procedures to manage its risks.

The Framework incorporates the requirements of APRA's prudential standard for risk management (CPS 220), and is supported by the three key documentary components:

- The Group's Risk Appetite Statement (RAS) articulates the type and degree of risk the Board is prepared to accept (Risk Appetite) and the maximum level of risk that the institution must operate within (Risk Tolerances).
- The Group's Business Plan (Plan) summarises the Group's approach to the implementation of its strategic objectives. The Plan has a rolling three year duration and reflects material risks arising from its implementation.
- The Group's Risk Management Strategy (RMS) describes each material risk, the approach taken to managing these risks and how this is operationalised through governance, policies and procedures.

This framework requires each business to plan and manage the outcome of its risk-taking activities including proactively managing its risk profile within risk appetite levels; using risk-adjusted outcomes and considerations as part of its day-to-day business decision-making processes; and establishing and maintaining appropriate risk controls.

These documents, together with the key operational elements described below, offer the Board the opportunity to direct management in its risk taking activities and facilitate dialogue between Board and management about risk management practices.

Risk Governance

The Group is committed to ensuring that its risk management practices reflect a high standard of governance. This enables Management to undertake, in an effective manner, what it believes to be prudent risk-taking activities.

The Board operates as the highest level of the Group's risk governance as specified in its Charter. In addition, an annual declaration is made by the chairs of the Board and Risk Committee to APRA on Risk Management as set out in the prudential standard (CPS 220).

The Risk Committee oversees the Framework and helps formulate the Group's risk appetite for consideration by the Board. In particular 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;
- Monitors the health of the Group's risk culture (via both formal reports and through its dialogue with the risk leadership team and executive management) and reports any significant issues to the Board; and
- Forms a view on the independence of the risk function by meeting with the Group Chief Risk Officer (CRO) at the will of the Committee or the CRO.

The Group risk management structure is a Three Lines of Defence (3LoD) model which supports the Framework by:

- Reinforcing that risk is best owned and managed where it occurs – so the business (Line 1) is responsible for the management of risk;
- Having a separate group of experienced staff with specific risk management skills (Line 2) to facilitate the development of, and monitor / measure the effectiveness of the risk management process and systems used by Line 1; and
- Having an independent third group (Line 3) provide assurance to the Board, regulators and other stakeholders on the appropriateness and effectiveness of the activities of Lines 1 and 2.

Risk Culture

Risk Culture is the collection of values, ideas, skills and habits that equip Group employees and directors to see and talk about risks, and make sound judgments in the absence of definitive rules, regulations or market signals.

The Group regards risk culture as an aspect of overall culture. As such, the Group's risk culture flourishes within an organisational context that emphasises and rewards integrity, accountability, collaboration, service and excellence. This is designed to encourage employees at all levels to "speak up" if they believe the Group as a whole, their part of the organisation or specific colleagues are conspicuously failing to uphold those values, damaging risk culture or taking ill-considered risks.

APRA requires the Group Board to form a view regarding the effectiveness of the institution's risk culture in keeping risk-taking within appetite, and to take any corrective action that may be appropriate. The Board discusses culture and values on a continuous basis, and takes action whenever necessary.

Risk Policies & Procedures

Risk Policies and Procedures provide guidance to the business on the management of each material risk. They support the Framework by:

- Summarising the principles and practices to be used by the Group in identifying and assessing its material risks;
- Outlining a process for monitoring, communicating and reporting risk issues, including escalation procedures for the reporting of material risks; and
- Quantifying the limits (risk tolerances) for major risks and stating risk actions to which the Group is intolerant.

Risk Management Infrastructure

The Framework is supported by the following Group-wide processes:

- A Management Information System to measure and aggregate material risks across the Group;
- A Risk-Adjusted-Performance Measurement (RAPM) process which is a means of assessing the performance of a business after adjustment for its risks and is used as a basis for executive incentives; and
- An Internal Capital Adequacy Assessment Process (ICAAP) used, in combination with other risk management practices (including Stress testing), to understand, manage and quantify the Group's risks; the outcomes of which are used to inform risk decisions, set capital buffers and assist strategic planning.

Material Risk Types

A description of the major risk classes and the Group's approach to managing them is summarised in the following table:

Risk Type	Description	Governing Policies and Key Management Forums	Key Limits, Standards and Measurement Approaches
Credit Risk (refer to Note 32 to the 2017 Financial Report)	Credit risk is the potential for loss arising from the failure of a counterparty to meet their contractual obligations to the Group. At a portfolio level, credit risk includes concentration risk arising from interdependencies between customers, and concentrations of exposures to geographical regions and industry sectors.	**Governing Policies:** ▪ Group Credit Risk Management Framework ▪ Group Level Credit Risk Policies **Key Management Committee**: Executive Risk Committee	The following key credit policies set credit portfolio concentration limits and standards: ▪ Large Credit Exposure Policy; ▪ Country Risk Exposure Policy; ▪ Industry Sector Concentration Policy; and ▪ Exposure to consumer credit products are managed within limits and standards set in the Group Level RAS, Business Unit (BU) Level RAS and Credit Portfolio & Product Standards. The measurement of credit risk is primarily based on an APRA accredited Advanced Internal Ratings Based (AIRB) approach.
Market Risk (including Equity Risk) (refer to Note 33 to the 2017 Financial Report)	Market risk is the risk that market rates and prices will change and that this may have an adverse effect on the profitability and/or net worth of the Group. This includes changes in interest rates, foreign exchange rates, equity and commodity prices, credit spreads, and the resale value of assets underlying operating leases at maturity (lease residual value risk).	**Governing Policies:** ▪ The Group Market Risk Manual ▪ The Group Market Risk Policy ▪ Trading Book Policy Statement **Key Management Committee**: Asset and Liability Committee	The Group Market Risk Policy sets limits and standards with respect to the following: ▪ Traded Market Risk; ▪ Interest Rates Risk in the Banking Book (IRRBB); ▪ Residual Value Risk; ▪ Non-traded Equity Risk; and ▪ Market Risk in Insurance Businesses. The respective measurement approaches for these risks include: ▪ Value at Risk, Stress Testing; ▪ Market Value Sensitivity, Net Interest Earnings at Risk; ▪ Profit & Loss Adjustment Account Balance, Aggregate Residual Value Risk Weighted Exposure, Aggregate Residual Value Risk Margin; ▪ Aggregate Portfolio Limit; and ▪ Value at Risk

Material Risk Types (continued)

Risk Type	Description	Governing Policies and Key Management Forums	Key Limits, Standards and Measurement Approaches
Liquidity and Funding Risk (refer to Note 34 to the 2017 Financial Report)	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).	**Governing Policies:** ▪ Group Liquidity Risk Management Policy and Strategy **Key Management Committee:** ▪ Asset and Liability Committee	The Group Liquidity Risk Management Policy and Strategy sets limits and standards with respect to the following: ▪ The Liquidity Coverage Ratio, 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. The measurement of liquidity risk uses scenario analysis, covering both adverse and ordinary operating circumstances.
Operational Risk	Operational risk is risk of economic loss arising from inadequate or failed internal processes, people, systems or external events.	**Governing Policies:** ▪ Group Operational Risk Management Framework **Key Management Committee:** ▪ Executive Committee	The Group Operational Risk Management Framework sets limits and standards with respect to the following: ▪ Investigation and reporting of loss, compliance and near miss incidents; ▪ Comprehensive Risk and Control Self-Assessment, control assurance and issues management processes; and ▪ Comprehensive Scenario Analysis assessment process (also called Quantitative Risk Assessments). The measurement of operational risk is based on an APRA accredited Advanced Measurement Approach. The approach combines internal and external loss experience and business judgements captured through Scenario Analysis.
Compliance Risk	Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that the Group may incur as a result of its failure to comply with its Compliance Obligations. Compliance Obligations are formal requirements that may arise from various sources including but not limited to; laws; regulations; legislation; industry standards; rules; codes or guidelines.	**Governing Policies:** ▪ Group Operational Risk Management Framework ▪ Compliance Risk Management Framework ▪ Compliance Incident Management Group Policy **Key Management Committee:** ▪ Executive Committee	The key limits with respect to compliance risk are set via the Group Operational Risk Management Framework. The Group Compliance Risk Management Framework sets standards with respect to the understanding of obligations, establishing policies and procedures, managing non-compliance, monitoring and reporting. The measurement of compliance risk is undertaken within the operational risk approach.

Material Risk Types (continued)

Risk Type	Description	Governing Policies and Key Management Forums	Key Limits, Standards and Measurement Approaches
Insurance Risk	Insurance risk is the risk of loss due to increases in policy benefits 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. Insurance risk also covers inadequacy in product design, pricing, underwriting, claims management and reinsurance management as well as variations in policy lapses, servicing expenses, and option take up rates.	**Governing Policies:** ▪ Product Management Policy ▪ Underwriting Policy ▪ Claims Management Policy ▪ Reinsurance Management Policy **Key Management Committee:** ▪ Executive Committees of Insurance writing businesses	The key limits and standards with respect to insurance risk are set via the end-to-end policies of insurance writing businesses. The major methods include: ▪ 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; ▪ Regular review of insurance experience, so that product design, policy liabilities and pricing remains sound; ▪ Claims management to ensure that claims are paid within the agreed policy terms and that 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. Insurance risk is measured using actuarial techniques which are used to establish the likelihood and severity of possible insurance claims. Insurance risk is further monitored with key financial and performance metrics, such as loss ratios, new business volumes and lapse rates.
Strategic Risk	Strategic Risk is the risk of economic loss arising from changes in the business environment (caused by macroeconomic conditions, competitive forces at work, technology, regulatory or social trends) or internal weaknesses, such as a poorly implemented or flawed strategy.	**Governing Policies:** ▪ Group Risk Management Strategy (RMS) ▪ Climate Policy Position Statement **Key Management Committee:** ▪ Executive Committee	The key limits and standards with respect to strategic risk are set via the Board's consideration of Group and BU strategic plans and the most significant risks (current and emerging) arising from these. Strategic risk is measured using a combination of judgemental assessments captured through Scenario Analysis and an internal profit simulation model. Potential adverse Climate Change impacts are measured and managed as an outcome of all other material risks. In addition, Corporate Responsibility programs and initiatives: ▪ Commit us to playing our part in limiting climate change to well below two degrees in line with the Paris Agreement; ▪ Support the responsible global transition to net zero emissions by 2050; ▪ Outline our objectives for safeguarding the environment, whilst supporting economic growth and development; ▪ Consider Environmental, Social and Governance (ESG) issues, including climate change impacts in assessing our relationships with customers and suppliers; and ▪ Provide guidelines in monitoring and reducing our own greenhouse gas emissions and energy use.
Reputational Risk	Reputational risk arises from negative perception on the part of customers, counterparties, shareholders, investors, debt holders, market analysts, regulators and other relevant stakeholders of the Group.	**Governing Policies:** ▪ Group RMS ▪ Group Environment Policy ▪ Climate Policy Position Statement ▪ Human Rights Position Statement **Key Management Committee:** ▪ Executive Committee	Potential adverse Reputational impacts are managed as an outcome of all other material risks. In addition, the Group: ▪ Sets a range of conduct codes to ensure we provide a high level of service to our customers (as set out in Statement of Professional Practices); and ▪ Has a corporate responsibility plan focused on driving positive change through education, innovation and good business practice.

Cross-Border Outstandings

Cross-border outstandings are based on the country of domicile of the borrower or guarantor of the ultimate risk. Outstandings include loans, acceptances and other monetary assets denominated in currencies other than the counterparties' local currency. Local currency activities with local residents by foreign branches and controlled entities of the Group are excluded. Mark-to-market derivative exposures (which are a sub-set of other monetary assets) are included in outstandings by the country of the borrower's domicile irrespective of currency.

At 30 June 2017, bank and sovereign cross-border outstanding exposures of $31.3 billion and $18.4 billion respectively, exceeded 1% of the Group's total assets. As at 30 June 2017, the United Kingdom, United States, China, and France with cross-border outstanding exposures of $9.2 billion, $16.3 billion, $10.1 billion and $7.7 billion respectively, were the four countries other than Australia that exceeded 0.75% of the Group's total assets.

At 30 June 2016, bank and sovereign cross-border outstanding exposures of $27.1 billion and $17.7 billion, respectively, exceeded 1% of the Group's total assets. As at 30 June 2016, the United Kingdom, United States and China, with cross-border outstanding exposures of $7.4 billion, $19.1 billion and $10.0 billion, respectively, were the three countries other than Australia that exceeded 0.75% of the Group's total assets.

Off-Balance Sheet Arrangements

The Group is a full service financial institution that offers a range of On-Balance Sheet and Off-Balance Sheet arrangements and commitments to customers in the normal course of business. In addition, the Group has a number of other arrangements that form part of its day-to-day business operations. Such activities include traditional Off-Balance Sheet credit risk related instruments, commitments under capital and operating leases, long-term debt issues, provision of liquidity facilities to securitisation programs and other contractual arrangements. These transactions combine varying levels of credit, interest rate, foreign exchange and liquidity risk. Risk Concentrations are managed by a combination of risk policies which limit exposures to individual counterparties, countries, industries, markets and liquidity risk.

Consolidated Entities

The Group is involved with a number of special purpose entities in the ordinary course of business, primarily to provide funding and financial services to our customers. Under accounting standards these entities are consolidated in the Financial Statements if they meet the definition of control. The definition of control depends upon substance rather than form and, accordingly, determination of the existence of control involves management judgement.

Special Purpose Entities

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. These include securitisation programs, covered bond programs and repurchase agreements. The Group has a policy of funding diversification and assets are securitised to provide greater diversification of the Group's funding sources. The Group's funding strategy is designed to avoid over-reliance on funding from any one market sector (refer to Note 34 to the 2017 Financial Report – Liquidity and Funding Risk). In addition, the Group's capital management benefits from reduced risk under APRA Prudential capital adequacy guidelines.

Securitisation Programs

Residential mortgages securitised under the Group's securitisation programs are equitably assigned to bankruptcy remote 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. The Bank's access to residential mortgages transferred to the SPV are subject to the conditions set out in the transaction documents.

Covered Bonds Programs

To complement the existing wholesale funding sources, the Group has established two global covered bond programs for the Bank and ASB. 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 and ASB continue to recognise the mortgages on its Balance Sheet. The covered bond holders have dual recourse to the Bank and the covered pool assets. The Bank may repurchase loans from the SPV, subject to the conditions set out in the transaction documents.

Interest rate swaps and liquidity facilities, as appropriate, are provided at arm's length to the programs by the Group in accordance with APRA Prudential Guidelines.

For further information on the Group's exposures to unconsolidated SPVs, refer to Note 36 and Note 41 of the 2017 Financial Report.

Group Arrangements with Issuers	2017 $M	2016 $M	2015 $M
Liquidity facilities available to Issuers [(1)]	**3,674**	2,382	2,755

(1) Relates to undrawn facilities to unconsolidated SPVs.

Credit Risk Related Instruments

The Group 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 both the financing needs of its customers and to manage its own risk. These financial instruments include guarantees, letters of credit, bill endorsements and other commitments to provide credit. The face (contract) value represents the maximum potential amount that could be lost if the counterparty fails to meet its financial obligations.

As these items are contingent upon the clients default or drawdown of the commitment, the potential funded exposure is expected to be significantly less than the face value.

These transactions combine varying levels of credit, interest rate, foreign exchange and liquidity risk. In accordance with Bank policy, exposure to any of these transactions (net of collateral) is not carried at a level that would have material adverse effect on the financial condition of the Bank and its controlled entities.

The only material category of commitments is the $174 billion of commitments to provide credit (2016: $171 billion). These are committed but undrawn facilities available to borrowers at call. The commitment to provide cash under these instruments is managed within the Group's liquidity and funding policies under current APRA Prudential Standards.

Details of contingent liabilities and Off-Balance Sheet business are set out in Note 30 to the 2017 Financial Report – Contingent Liabilities, Contingent Assets and Commitments.

Off-Balance Sheet Arrangements

						Group
		Face Value				Credit Equivalent
	2017	2016	2015	2017	2016	2015
Credit risk related instruments	$M	$M	$M	$M	$M	$M
Guarantees	**7,424**	6,216	6,181	**7,424**	6,216	6,181
Documentary letters of credit	**1,183**	1,308	1,764	**1,168**	1,153	1,621
Performance related contingents	**2,133**	2,568	2,007	**2,127**	2,560	1,881
Commitments to provide credit	**173,555**	170,742	165,511	**167,205**	162,967	157,387
Other commitments	**837**	1,636	2,113	**835**	1,359	1,852
Total credit risk related instruments	**185,132**	182,470	177,576	**178,759**	174,255	168,922

Guarantees are unconditional undertakings given to support the obligations of a customer to third parties.

Standby letters of credit are undertakings to pay, against presentation of Documents, an obligation in the event of a default by a customer.

Performance-related contingents are undertakings that oblige the Group to pay third parties should a customer fail to fulfil a contractual non-monetary obligation.

Commitments to provide credit include all obligations on the part of the Group to provide credit facilities. As facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

Other commitments include underwriting facilities, commitments with certain drawdowns, standby letters of credit and bill endorsements.

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 (Refer to Note 30 to the 2017 Financial Report – Contingent Liabilities, Contingent Assets and Commitments).

Other commitments include the Group'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 that are irrevocable because they cannot be withdrawn at the discretion of the Group 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 the fully-advanced amount be used as the credit equivalent exposure amount.

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 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.

The carrying value of net future payments that may be required for Guarantees as defined in ASC Codification Topic 460: Guarantees, is set out by term in the table below:

			Carrying Value (1)
	2017	2016	2015
	$M	$M	$M
Guarantees	**9**	9	8
Documentary letters of credit	**1**	2	3
Performance related contingents	**24**	33	20
Total	**34**	44	31

(1) These instruments have a maturity profile within one year from the Balance Sheet date.

Securitisation of Assets

The Group conducts a Loan Securitisation program as described under "Special Purpose Entities" on page 91 of this Document.

The outstanding balance of securitised loans at 30 June 2017 was $15,108 million (2016: $13,863 million). No credit losses were incurred by the Group in relation to these securitised loans during the financial years 2017 and 2016.

Interest rate swaps and liquidity facilities are provided at arm's length to the program by the Group in accordance with APRA Prudential Guidelines.

Liquidity facilities are disclosed in Note 34 to the 2017 Financial Report. These commitments are considered minor in the totality of the Group's business.

For further information on the Group's securitisation activities refer to Note 36 and Note 41 to the 2017 Financial Report.

Commitments

Commitments

This "Commitments" section contains certain forward-looking statements. See "Disclosures - Special Note Regarding Forward-Looking Statements" on page 5 of this Document.

At the end of financial years 2017 and 2016, the Group had commitments for capital expenditure and lease commitments (see Note 29 to the 2017 Financial Report).

Contractual Obligations

The Group also had various monetary contractual liabilities, such as deposits and other public borrowings, payables to other financial institutions, bank acceptances, life liabilities, debt issues and loan-capital, and other monetary liabilities. Refer to Note 34 to the 2017 Financial Report for the maturity distribution of these monetary contractual liabilities. Details of the Group's contractual obligations are set out in the table below.

	Payments due by period at 30 June 2017					
	Total	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Unspecified
	$M	$M	$M	$M	$M	$M
On-Balance Sheet (1)						
Debt Issues	169,069	58,212	53,450	36,515	20,892	-
Deposits and other Public Borrowings	628,322	607,918	15,494	4,638	272	-
Loan Capital	19,244	564	2,260	8,599	7,821	-
Total On-Balance Sheet	816,635	666,694	71,204	49,752	28,985	-
Off-Balance Sheet						
Credit risk related instruments (2)	173,555	173,555	-	-	-	-
Lease commitments - Property, Plant and Equipment (3)	4,648	662	1,017	809	2,160	-
Commitments for capital expenditure not provided for in the accounts	170	43	115	12	-	-
Total Off-Balance Sheet	178,373	174,260	1,132	821	2,160	-

(1) Contractual On-Balance Sheet obligations also include contractual interest; refer to Note 34 to the 2017 Financial Report.
(2) Credit risk related instruments, see page 92 of this Document.
(3) Refer to Note 29 to the 2017 Financial Report.

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.

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 Network Limited: The Australian Paper Clearing System, The Bulk Electronic Clearing System, The Issuers and Acquirers Community 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.

Capital Commitments

The Group is committed for capital expenditure on property, plant and equipment and computer software under contract of \$170 million as at 30 June 2017 (2016: \$189 million). The Bank is committed for \$168 million (2016: \$182 million). These commitments are expected to be extinguished within the next five years.

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 2017 was \$5.6 million (2016: \$5.0 million).

Transactions in Own Shares

The Group had the following employee share plans in place during the year ended 30 June 2017:

- Employee Share Performance Unit Plan (ESPUP);
- Group Leadership Reward Plan (GLRP);
- Employee Share Acquisition Plan (ESAP);
- International Employee Share Acquisition Plan (IESAP);
- Employee Salary Sacrifice Share Plan (ESSSP);
- Group Rights Plan (GRP); and
- Non-Executive Directors Share Plan (NEDSP).

For further information regarding compensation arrangements and agreements with Group Key Management Personnel, see the Remuneration Report in the 2017 Financial Report.

Description of Business Environment

Business Strategies and Future Developments

In 2017, the Group served 16.6 million customers, returned 75% of cash profits to our shareholders, employed 51,800 people, and paid $3.9 billion in tax. We provided $197 billion in new lending to businesses and individual customers to help them grow their businesses and buy a home, insured more than 6 million customers, and helped 1.8 million customers invest for the future. We sourced goods and services worth $4.8 billion, including from more than 5,000 SME partners and suppliers. Remaining profits were invested back into the business, to fund innovation and growth.

This year we have especially appreciated the ongoing support of our shareholders: the 800,000 retail shareholders who own CBA shares directly, and the millions more who own CBA shares through their superannuation funds. We understand that many shareholders depend on the income they receive from their investment in Commonwealth Bank, so our aim is to deliver sector leading earnings growth and returns, and a stable dividend stream.

In 2017 we continued to strengthen our capital position during the year through organic capital growth, resulting in a CET1 ratio of 10.1% on an APRA basis as at 30 June 2017. After the financial year end, in July 2017, APRA provided clarity on the additional capital required for the Australian banking sector to have capital ratios that are considered 'unquestionably strong'. APRA's expectation is that the major Australian banks will operate with a CET1 ratio average benchmark of 10.5% or more by 1 January 2020. Our strong organic capital generation and commitment to financial strength give us confidence that we will meet APRA's benchmark.

The overarching priority of our strategy is customer focus, so we are pleased that we ranked number one for retail customer satisfaction and equal first for business customer satisfaction as at 30 June 2017[(1)].

Ultimately, our people are the key driver of customer satisfaction, and of our performance. To ensure that our people remain engaged and realise their potential we supported ongoing skills development and training throughout the year. We also continued to emphasise the importance of a customer-centric culture, including through the launch of Our Commitments in 2017. Our Commitments summarises our values and the behaviours we expect of our people, simply and clearly. This is designed to enable us to strengthen trust with customers, shareholders, regulators, suppliers, colleagues and the communities in which we operate. In 2017 we also continued to enhance the diversity of our workforce, having regard to gender, culture, age, sexual orientation and disability. We believe that a workforce that mirrors the communities we serve will improve the quality of our decisions, and improve our engagement with customers.

We believe Commonwealth Bank has a consistent strategy based on customer focus, we are evolving our capabilities in anticipation of changes in customer preferences, competition and the external environment, and we are creating new growth opportunities through technology and innovation.

History and Ownership

Commonwealth Bank of Australia was incorporated as a public company on 17 April 1991 in the Australian Capital Territory after being established in 1911 by a Commonwealth Act of Parliament. Commonwealth Bank is governed by, and operates in accordance with, its Constitution, the Corporations Act 2001 of the Commonwealth of Australia and the Listing Rules of the Australian Securities Exchange (which constitute the corporate governance regime of Australia), and certain provisions of the Commonwealth Banks Act 1959 of the Commonwealth of Australia.

The Commonwealth Bank was fully privatised in three stages from July 1991 to July 1996.

On 13 June 2000, Commonwealth Bank and Colonial Limited completed their merger.

On 22 August 2000, Commonwealth Bank purchased the 25 per cent non-controlling interest in ASB Holdings Limited in New Zealand giving Commonwealth Bank a 100 per cent interest in ASB Bank Limited and its subsidiaries.

Commonwealth Bank became the successor in law to the State Bank of New South Wales (known as Colonial State Bank) and to all the assets and liabilities of State Bank of New South Wales effective on 4 June 2001 pursuant to legislation.

On 19 December 2008, the Bank acquired 100 per cent of Bank of Western Australia Ltd (Bankwest) from HBOS plc.

Australia

Australia has an open, market-based economy and is a net importer of capital. The financial sector plays a vital role in supporting the Australian economy to facilitate sustainable growth in the economy by meeting the financial needs of its users.

Financial Services

Australia has a sophisticated financial services sector with financial services providers offering a wide range of products and services across retail, business and institutional banking, funds management, superannuation, insurance, risk management and equities trading. The Australian financial system consists of the arrangements covering the borrowing and lending of funds and the transfer of ownership of financial claims in Australia, comprising:

- authorised deposit-taking institutions (ADIs) or financial institutions, comprising banks, credit unions and building societies;
- insurance (life and general);
- superannuation;
- financial markets - debt, equity and derivative markets; and
- payments systems - cash, cheques, electronic payments, funds transfers settlements and other high-value payment systems.

Banking

We intend to continue pursuing our vision to excel at securing and enhancing the financial wellbeing of people, businesses and communities.

We believe our strategy to achieve that has served our customers and shareholders well over recent years. We believe that there is still considerable upside yet to be realised in these key themes of customer focus, people, technology, productivity and strength.

(1) Roy Morgan Research. Retail Main Financial Institution (MFI) Customer Satisfaction, Australians 14+, % "Very Satisfied" or "Fairly Satisfied" with relationship with that MFI. Six month rolling average to June 2017. Rank based on the major four Australian banks.

Funds Management

Domestic markets rose during the 2017 financial year, with the average ASX 200 up 7%, with performance of offshore markets contributing to an improved result. The long-term growth outlook of the Australian funds management industry is positive, underpinned by the increase in compulsory superannuation contributions from 9.5% to 12% by the 2026 financial year. Global funds management market growth is driven by government policy shifts to individual retirement plans and the increase of high net worth individuals particularly from developing countries.

Australia's aging population and the requirement for income streams for retirement is expected to drive demand for products which address market volatility, inflationary threats and longevity risks.

Margin pressure within the domestic funds management industry is expected to continue as a result of changing investor product preferences which may reduce revenue. Regulatory changes impacting the funds management industry have the potential to increase capital requirements and associated costs. Consolidation may be an option for participants seeking scale and the ability to expand capabilities to counteract any such impacts.

Insurance

The Australian insurance market growth is expected to continue, largely driven by access to distribution channels and a greater emphasis on technology, digital and data capabilities. Manufacturers in both the Life and General Insurance industries are investing in these capabilities to improve both the end to end customer experience and overall efficiency of their operations.

Advice-based product profitability, notably Income Protection products, is being impacted by rising loss ratios and associated loss recognition. Loss ratios of General Insurance have increased in the second half due to a number of significant weather events.

New Zealand

The Group's banking activities in New Zealand are conducted by ASB Bank and also by the New Zealand branch of CBA. The Group's insurance activities in New Zealand are conducted by Sovereign.

Description of Business Environment

Competition

Competitive Landscape

The Australian domestic competitive landscape includes four large domestic banks, mid-tier banks, non-bank financial institutions, foreign banks, investment banks, fund managers, insurance companies, brokers and third party distributors.

The four largest domestic banks in the sector are the Australian banks ANZ, CBA, NAB and Westpac. The major Australian banks are known as the "big four" and are referred to as the pillars of Australia's financial system. The Government's Four Pillars Policy prohibits mergers between the big four. The major Australian banks each offer a full range of financial products and services through branch networks, digital channels and third party intermediaries across Australia. Other participants in the financial services industries offer focused products and services or service specific customer segments.

Technology may provide opportunities for both new entrants and existing participants. However the major Australian banks invest extensively in technology with customer offerings that support customer's financial needs in an increasingly digital environment and increase efficiency in the Australian banking system.

People

Our people are an important asset to us and are essential to secure the trust of our stakeholders at all times. We strive to be an employer of choice, and are fully committed to improving the diversity and safety of our people.

Our vision recognises the important role that we have in the economies and communities in which we operate. To achieve our vision we must earn and retain the trust of our stakeholders, which relies on our honesty, capabilities and genuine concern for their financial wellbeing.

Our values, and the common principles set out in "Our Commitments", form the framework that guides our people's conduct, decisions and actions. Embracing these standards enables all of our people to enhance our stakeholder's trust, and live up to our vision.

Technology

We continue to focus on the use of technology for the benefit of our customers, communities and our people, delivering what matters to provide the best value.

Through the financial year, we invested in our technology to create new ways for our customers to interact with us, generate efficiencies, and protect ourselves and stakeholders from risk.

Productivity

Productivity remains critical to our long-term success. We constantly analyse our businesses, to unlock efficiencies, and find new ways to reduce turnaround times, minimise errors, and lower unit costs.

Financial Strength

Our expertise in financial and risk management ensures we continue to support individuals, businesses, our shareholders, and the communities in which we operate.

We strive to build and defend a strong and dependable franchise, and closely manage the business for superior financial and operational outcomes. As at 30 June 2017, we are the largest company (by market capitalisation) on the Australian Securities Exchange (ASX), and are listed on the MSCI World Index.

We aim to provide our shareholders with stable returns, which are achieved through a resilient balance sheet and rigorous management of capital, funding and liquidity levels. As one of Australia's largest employers and corporate taxpayers, and with more than 800,000 shareholders who directly own Commonwealth Bank shares, and the millions more who own shares through superannuation funds, we are proud of the contribution we make to the Australian economy.

Investment in our community

With our corporate responsibility programs and initiatives we assist our customers, support our communities, engage our people and minimise our environmental impact all founded on a principle of good business practice. We play an important role in enabling economic and social development, supporting jobs, driving innovation and creating opportunities. We actively look for ways to use our unique capabilities and resources to make a positive contribution beyond our core activities. We do this as part of our everyday business as well as through Opportunity Initiatives which is our corporate responsibility plan to drive positive, long term value and change for all our stakeholders. Opportunity Initiatives is focused on three pillars: education, innovation and good business practice and full details of our progress and performance are available in the 2017 Corporate Responsibility Report, available on our website.

Our people are more involved in our communities than ever, through a wide range of volunteering programs and our Staff Community Fund, which celebrates its 100th anniversary in 2017. With more than $1.2 million in-kind volunteering provided to community organisations this year, we provide a focused and relevant benefit for the community while offering personal development opportunities for our people and a link to their community. Our Staff Community Fund distributed more than $2 million in Community Grants to 229 community organisations nationally to support the wellbeing of kids and youth.

Financial System Regulation in Australia

On 9 May 2017 the Australian Federal Government announced a package of banking reform measures to enhance accountability and competition in the sector. This included the development of a new Banking Executive Accountability Regime. Consultation on many reforms has commenced and is expected to result in legislative change.

Australia has, by international standards, what is recognised as a high quality financial system which aims to regulate financial products and services consistently, regardless of the type of financial institutions providing them.

The main regulators of financial services in Australia are the Reserve Bank of Australia ("RBA"), APRA, the Australian Securities and Investments Commission ("ASIC"), the AUSTRAC and the Australian Competition and Consumer Commission ("ACCC").

Each agency has system-wide responsibilities for the different objectives of government oversight of the financial system. A description of these agencies and their general responsibilities and functions is set out below.

The RBA is responsible for monetary policy, financial system stability and regulation of the payments system.

APRA has responsibility for the prudential supervision of banks, building societies and credit unions, life and general insurance companies, friendly societies and superannuation funds (pension funds). Unless an institution is authorised under the Banking Act 1959 or exempted by APRA, it is prohibited from engaging in the general business of deposit-taking.

ASIC has responsibility for regulating and enforcing Company and financial services laws that protect consumers, investors and creditors, including the Corporations Act 2001. The Corporations Act 2001 provides for a single licensing regime for sales, advice and dealings in financial products and services, consistent and comparable financial product disclosure and a single authorisation procedure for financial exchanges and clearing and settlement facilities. ASIC is also responsible for the National Consumer Credit Protection Act and the responsible lending framework it imposes upon credit providers.

The ACCC promotes competition and fair trade to benefit consumers, business and the community through the administration of the Competition and Consumer Protection Act 2010. AUSTRAC has responsibility for overseeing compliance with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 and the Financial Transaction Reports Act 1988.

Australia implements United Nations Security Council ("UNSC") sanctions regimes and Australian autonomous sanctions regimes under Australian sanction laws. UNSC sanctions regimes are primarily implemented under the Charter of the United Nations Act 1945 (the United Nations Act) and its sets of regulations. There is a separate set of regulations under the United Nations Act for each UNSC sanctions regime.

Australian autonomous sanctions regimes are primarily implemented under the Autonomous Sanctions Act 2011 (the Autonomous Act) and the Australian Autonomous Sanctions Regulations 2011. There is only one set of regulations under the Autonomous Act. The Department of Foreign Affairs and Trade ("DFAT") administers the United Nations Act, the Autonomous Act and their regulations.

Owing to the geographic reach of its activities and operations, the Group must also comply with the sanctions regimes in a number of different countries. These regimes include (but are not limited to) sanctions administered by the U.S. Office of Foreign Assets Control, Hong Kong Monetary Authority and Monetary Authority of Singapore.

Financial System Regulation in the United States

In October 2016, we elected to be treated as a Financial Holding Company ("FHC") by the Federal Reserve Board in the United States ("FRB"). The FRB is the "umbrella" supervisor with jurisdiction over FHCs, including us. A FHC is allowed to engage, or acquire companies engaged, in the United States in activities that are determined by the FRB and the Secretary of the Treasury to be financial in nature or incidental thereto, and activities that are determined by the FRB to be complementary to financial activities.

Under the Bank Holding Company Act of 1956 ("BHC Act"), the activities of a FHC are subject to restrictions if it is determined that the FHC (in our case, at the Group level) ceases to be "well managed" or "well capitalized" or is the subject of an enforcement action requiring it to maintain a specific level of capital.

We are subject to U.S. federal laws and regulations, including the International Banking Act of 1978 ("IBA"). Under the IBA, all branches and agencies of foreign banks in the United States are subject to reporting and examination requirements similar to those imposed on domestic banks that are owned or controlled by U.S. bank holding companies. As a federally-licensed branch regulated primarily by the Office of the Comptroller of the Currency ("OCC"), the Group's New York branch can generally engage in activities permissible for national banks, with the exception that the Group's New York branch may not accept retail deposits. The New York branch does not accept retail deposits and thus is not subject to the supervision of the Federal Deposit Insurance Corporation ("FDIC").

Most U.S. branches and agencies of foreign banks, including the Group's New York branch, are subject to reserve requirements on deposits pursuant to regulations of the FRB. The Group's New York branch must maintain its accounts and records separate from those of the Group generally and must comply with such additional requirements as may be prescribed by the OCC. The IBA and the BHC Act also affect the Group's ability to engage in non-banking activities in the United States.

Under the IBA, a federal branch of a non-U.S. bank is subject to receivership by the OCC to the same extent as a national bank. The Comptroller may take possession of the business and property of a federal branch. The Comptroller has at its disposal a wide range of supervisory and enforcement tools for addressing violations of laws and regulations, and breaches of safety and soundness, which can be imposed upon federal branches. The Comptroller may remove federal branch management and assess civil money penalties. In certain circumstances, the Comptroller may also terminate a federal branch license at its own initiative or at the recommendation of the FRB.

The Group is subject to certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"). Dodd-Frank regulates many aspects of the business of banking in the United States and internationally. At this time, the Dodd-Frank Act has not had a material effect on the Group's operations, though the ongoing development and monitoring of required compliance programs may require the expenditure of resources and management attention.

The "Volcker Rule" adopted under Dodd-Frank prohibits banks and their affiliates from engaging in certain "proprietary trading" (but allows certain activities such as underwriting, market making-related and risk-mitigating hedging activities) and limits the sponsorship of, and investment in, private equity funds and hedge funds, subject to certain important exceptions and exemptions, including those listed above as well as exemptions applicable to certain transactions and investments occurring solely outside of the United States.

Other Dodd-Frank regulations impose minimum margin requirements on uncleared swaps, require the centralized execution and clearing of many categories of standardized over-the-counter ("OTC") derivatives on regulated trading platforms and clearing houses and provide for heightened supervision of OTC derivatives dealers and major market participants. To date, the U.S. Commodity Futures Trading Commission ("CFTC") has implemented a significant portion of its rules for the regulation of the OTC swaps market, including rules concerning the registration of swap dealers, recordkeeping and reporting of swaps data, and the clearing and trading of certain interest-rate and index credit default swaps. Because we are a registered swap dealer under the CFTC regulations, the Group is subject to these CFTC requirements as well as certain additional business conduct rules that apply to the Group's swap transactions with counterparties that are U.S. persons.

The CFTC has issued Cross-Border Guidance which, among other things, provides guidance as to the circumstances in which non-U.S. swap dealers, such as us, will not be subject to the CFTC's rules when dealing with non-U.S. counterparties. The Cross-Border Guidance establishes a framework for the CFTC to permit "substituted compliance" by swap dealers located in non-U.S. jurisdictions with non-U.S. regulatory schemes determined by the CFTC to be comparable to its own. The CFTC has made such a determination with respect to certain aspects of Australian law and regulation and we are able to rely on substituted compliance with respect to certain aspects of CFTC rules in connection with transactions with non-U.S. counterparties. The CFTC may issue further guidance in the future that could expand or limit the existing substituted compliance regime.

U.S. prudential regulators and the CFTC have finalized and issued their respective rules imposing initial and variation margin requirements on transactions in uncleared swaps and security-based swaps. Such requirements will become effective over a period of time that commenced in September 2016. The margin requirements can be expected to increase the costs of OTC derivative transactions and could adversely affect market liquidity. The requirement for swap dealers to collect and post variation margin with all counterparties, which was scheduled to take effect on March 1, 2017, has effectively been extended to September 1, 2017 through guidance issued by the regulators. However, compliance with respect to those counterparties to which a dealer has "significant exposure" is required on March 1, 2017.

Dodd-Frank also requires us to submit an annual U.S. resolution plan to the FRB and the FDIC for approval. We submitted our most recent annual U.S. resolution plan in December 15, 2016. We are also subject to "enhanced prudential regulations" under Reg. YY, Subpart N (effective July 1, 2016), which require quarterly and annual certification of compliance with the financial and risk oversight requirements thereof.

In 2010, the U.S. enacted the Foreign Account Tax Compliance Act (“FATCA”) that requires non-U.S. banks and other financial institutions to undertake specific customer due diligence and provide information on account holders who are U.S. citizens or residents to the United States Federal tax authority, the Internal Revenue Service (“IRS”). The United States has entered into intergovernmental agreements (“IGAs”) with a number of jurisdictions (including Australia and New Zealand) which generally require such jurisdictions to enact legislation or other binding rules pursuant to which local financial institutions and branches provide such information to their local revenue authority to then forward to the IRS. In countries that have not entered into such an agreement, the financial institution must enter into an agreement directly with the IRS to complete similar obligations and provide similar information directly to the United States. If the aforementioned customer due diligence and provision of account holder information is not undertaken and provided in a manner and form meeting the applicable requirements, the Group and/or persons owning assets in accounts with Group members may be subjected to a 30 percent withholding tax on certain amounts. While such withholding tax may currently apply only to certain payments derived from sources within the United States (and, beginning on January 1, 2019, certain gross proceeds from the disposition of assets that can give rise to such U.S. source payments), no such withholding tax will be imposed on any payments derived from sources outside the United States that are made prior to January 1, 2019, at the earliest. Australia and New Zealand have each signed an IGA with the United States and have enacted legislation to implement their respective IGAs. Local guidance in relation to the enacted legislation is still evolving.

In addition to FATCA, the U.S. may require the Group in certain circumstances to provide certain information to U.S. payers (withholding agents, custodians, etc.), and the Group may face adverse consequences in case it does not provide such information in compliance with the applicable rules and regulations.

A major focus of U.S. governmental policies affecting financial institutions has been combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 (the "Patriot Act") substantially broadened the scope of U.S. anti-money laundering laws by imposing significant compliance and due diligence obligations, identifying crimes and stipulating penalties and expanding the extra-territorial jurisdiction of the U.S. The U.S. Treasury Department has issued a number of regulations implementing various requirements of the Patriot Act that apply to U.S. financial institutions, including subsidiaries and branches of foreign banks such as our U.S. broker-dealer subsidiary and our New York branch.

Those regulations require financial institutions operating in the United States to maintain appropriate policies, procedures and controls to detect, prevent, and report money laundering and terrorist financing and to verify the identity of their customers. In addition, the U.S. bank regulatory agencies are imposing heightened standards and U.S. law enforcement authorities have been taking a more active role, resulting in intensified enforcement of such matters. Recent resolutions involving other global financial institutions have involved the payment of substantial penalties, agreements with respect to future operation of their business and actions with respect to relevant personnel. Failure of a financial institution to maintain and implement adequate policies and procedures to combat money laundering and terrorist financing could have serious legal and reputational consequences for the financial institution, as well as result in the imposition of civil, monetary and criminal penalties.

Supervisory Arrangements

The Bank is an ADI under the Banking Act 1959 and is subject to prudential regulation by APRA.

In carrying out its prudential responsibilities, APRA closely monitors the operations of banks to ensure that they operate within the prudential framework and that sound management practices are followed.

APRA's broader supervision program includes a combination of on-site thematic reviews, regular engagement with the Board and senior management of individual institutions, prudential consultations and reviews of regular statistical returns reported by individual institutions.

In addition, APRA has established arrangements under which each bank's external auditor reports to APRA regarding observance of Prudential Standards and other supervisory requirements.

The prudential framework applied by APRA is embodied in a series of Prudential Standards and other requirements including:

(i) Capital, Funding and Liquidity

APRA has approved the Group's application to use the advanced internal ratings-based approach to credit risk and the advanced measurement approach to operational risk for the purposes of calculating capital requirements under the Basel III Framework.

Details of the Group's regulatory capital position and capital management activities are disclosed in Note 25 to the 2017 Financial Report.

APRA's prudential guidance for liquidity risk management requires ADIs to maintain a liquidity risk management policy, governance and management framework and funding strategy that complies with the requirement to prudently manage all liquidity risks. The Group's liquidity risk management policy requires an appropriate level of high quality liquid assets be held to support cash outflows in both business as usual and stress conditions.

The Group has three categories of liquid assets within its 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 certain 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.

The Group has been required to meet a LCR since 1 January 2015 and revised definitions of eligible High Quality Liquid Asset holding requirements within these changes. More details on the Group's liquidity and funding risks are provided in Note 34 to the 2017 Financial Report.

(ii) Large Credit Exposures

APRA requires banks to ensure that, other than in exceptional circumstances, individual credit exposures to non-bank, non-government clients do not exceed 25% of the bank's regulatory capital base. Exposure to unrelated ADIs is not to exceed 50% of the capital base. Prior approval must be obtained from APRA if a bank intends to exceed these thresholds. For information on the Group's large exposures refer to Note 32 to the 2017 Financial Report.

(iii) Ownership and Control

In pursuit of transparency and risk minimisation, the Financial Sector (Shareholdings) Act 1998 embodies the principle that regulated financial institutions should maintain widespread ownership. The Act applies a common 15% shareholding limit for ADIs, authorised insurance companies and their holding companies.

The Commonwealth Treasurer has the power to approve acquisitions of a stake of more than 15% in Australian financial sector companies. The Treasurer may also delegate approval powers to APRA where one financial institution seeks to acquire another.

The Government's present policy is that mergers among the four major banks will not be permitted until the Government is satisfied that competition from new and established participants in the financial industry has increased sufficiently.

Proposals for foreign acquisition of Australian banks are subject to approval by the Treasurer under the Foreign Acquisitions and Takeovers Act 1975.

(iv) Banks' Association with Related Entities

There are formal guidelines (including maximum exposure limits) that control investments and dealings with subsidiaries and associates. APRA has expressed an unwillingness to allow subsidiaries of a bank to exceed a size which would endanger the stability of the parent.

(v) Fit and Proper and Governance

ADIs are subject to APRA's "Fit and Proper" and "Governance" Prudential Standards. ADIs are required to implement a Board approved Fit and Proper policy covering minimum requirements for the fitness and propriety of their responsible persons, which include the Directors and designated members of senior management. ADIs also have to comply with APRA's "Governance" Prudential Standard, which sets out requirements for Board size and composition, independence of directors, remuneration policy and other APRA governance matters.

(vi) Supervision of Non-Bank Group Entities

The Australian life insurance company subsidiaries, general insurance company subsidiaries and the superannuation trustees of the Group also come within the supervisory review of APRA. For further details please refer to "Insurance and Wealth Management Regulation" below.

Insurance and Wealth Management Regulation

The Group conducts general and life insurance business, funds management, asset management, custodial services, investor directed portfolio services, financial advice and superannuation ("trustee") businesses through its Wealth Management division. The key regulators for the Group's wealth management businesses are APRA and ASIC. The Group's insurance and superannuation businesses are required to comply with relevant legislations including the Life Insurance Act 1995, Insurance Act 1973 and the Superannuation Industry (Supervision) Act 1993. They are also required to comply with APRA's Prudential Standards. These standards cover, amongst others, capital adequacy, governance and risk management and reporting standards. The Group's wealth management and Australian insurance businesses are also governed by the Corporations Act 2001, which is administered by ASIC. In regard to the Group's life insurance business in Australia, the Group determines capital requirements in accordance with APRA Prudential Standards.

The Group's life insurance business in New Zealand is required to comply with relevant legislation including the Insurance ("Prudential Supervision") Act 2010 ("IPSA"), which establishes the Reserve Bank of New Zealand ("RBNZ") as the regulator for insurance businesses. IPSA requires life insurers to hold a minimum amount of capital as set out in the applicable solvency standard issued by the RBNZ, which is currently the Solvency Standard for Life Insurance Business 2014. The Group's general insurance businesses are regulated by APRA under the Insurance Act 1973. The Group determines capital requirements for general insurance businesses in accordance with APRA Prudential Standards.

The Group's financial advice businesses are licensed and regulated by ASIC.

Legal Proceedings

Other than as disclosed elsewhere in this Document, the Group is not engaged in any litigation or claim which is likely to have an adverse effect on the Group's business, reputation, results of operations or financial condition. For all litigation exposure where some loss is probable and can be reliably estimated an appropriate provision has been made.

The Group is currently subject to civil penalty proceedings brought by AUSTRAC in the Federal Court of Australia on 3 August 2017 relating to alleged past and ongoing contraventions by the Group of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the "Act"), and may in the future be subject to additional regulatory actions, litigation, investigations and governmental proceedings emanating from the conduct that AUSTRAC alleges occurred, which could result in penalties and costs, reputational damage, contractual damage claims, class actions or other claims by impacted CBA stakeholders. While CBA does not currently consider the AUSTRAC proceedings to be material in the context of the Group's financial position, the proceedings and other potential consequential actions and impacts, including potential reputational damage, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition. See "Risk Factors—The Group is currently subject to civil penalty proceedings brought by AUSTRAC relating to alleged past and ongoing contraventions by the Group of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the "Act"), and may in the future be subject to additional regulatory actions, litigation, investigations and governmental proceedings emanating from the conduct that AUSTRAC alleges occurred, which could result in penalties and costs, reputational damage, contractual damage claims, class actions or other claims by impacted CBA stakeholders. While CBA does not currently consider the AUSTRAC proceedings to be material in the context of the Group's financial position, the proceedings and other potential consequential actions and impacts, including potential reputational damage, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition" for further details of these proceedings and the risk they present to the Group.

AUSTRAC's statement of claim relates to alleged past and ongoing contraventions of four provisions of the Act. Specifically, AUSTRAC asserts that:

- CBA failed to comply with its Anti-Money Laundering / Counter-Terrorism Financing ("AML/CTF") Program, as required by the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (the "Rules"), in connection with the roll out in May 2012 of Intelligent Deposit Machines ("IDMs"), a type of ATM that accepts deposits in both cash and checks. AUSTRAC alleges that CBA failed to carry out a money laundering and financing of terrorism risk assessment before introducing the IDMs in accordance with its AML/CTF Program. Further, AUSTRAC asserts that CBA has not introduced appropriate risk-based systems and controls to mitigate and manage the higher money laundering and financing of terrorism risks faced by providing designated services through the IDMs. AUSTRAC alleges that CBA has failed to comply with its AML/CTF Program on nine occasions.
- CBA failed to provide threshold transaction reports ("TTRs") within the timeframe required by the Act. A TTR is a report of a transaction involving the transfer of physical currency in the amount of A$10,000 or more (a "threshold transaction"). Reporting entities, like CBA, are required to submit a TTR to AUSTRAC within 10 business days after a threshold transaction occurs. AUSTRAC alleges that approximately 53,000 TTRs were lodged late and that each failure to submit on a timely basis constitutes a separate contravention of the Act.
- CBA failed to provide suspicious matter reports ("SMRs"), either on time or at all, as required by the Act, on 174 occasions and AUSTRAC alleges that each failure to submit on a timely basis constitutes a separate contravention of the Act. Reporting entities, like CBA, are required to submit an SMR to AUSTRAC within three business days after providing a person with a designated service if the reporting entity forms a suspicion on reasonable grounds that it holds information that may be relevant to the investigation or prosecution of an offence.
- CBA failed to monitor customers in relation to the provision of designated services with a view to identifying, mitigating and / or managing money laundering and terrorism financing risks reasonably faced, as required by the Act, with respect to 71 customers.

During the relevant period, the alleged contraventions carried a penalty of up to $18 million for each contravention, other than one alleged contravention which carried a penalty of up to $21 million.

CBA is reviewing the allegations in AUSTRAC's statement of claim and at this time it is not possible to reliably estimate the possible financial impact on the Group. Accordingly, no loss provision has been made. While CBA does not currently consider the AUSTRAC proceedings to be material in the context of the Group's financial position, AUSTRAC's claims could result in substantial penalties and costs and the proceedings and other potential consequential actions and impacts described below, including potential reputational damage, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

CBA takes the allegations made by AUSTRAC very seriously and intends to file a defence in relation to this matter by December 2017, with AUSTRAC's response expected to be filed by March 2018.CBA can provide no assurance with respect to whether it will be able to successfully defend the allegations made in the proceedings.

CBA's Board has established a committee of four directors to oversee the response to AUSTRAC's statement of claim and the ongoing execution of a "program of action", which consolidates a range of previously established and newly formed initiatives focused on strengthening CBA's policies and processes relating to its obligations under the Act and under anti-money laundering and counter-terrorism financing laws in other jurisdictions in which CBA has operations. Since the second half of calendar year 2015, when the alleged issues relating to TTRs in connection with the use of IDMs were brought to the attention of the CBA Board, CBA believes that it has made progress on the program of action by:

- Fixing the coding error relating to the IDM TTRs;
- Changing senior leadership in relevant key roles;
- Recruiting more than 50 financial crime compliance professionals;
- Strengthening CBA's Know Your Customer ("KYC") processes, with a specialist hub providing what CBA believes is consistent and high quality on-boarding of customers;
- Upgrading the financial crime technology used to monitor accounts and transactions for suspicious activity. The new technology is expected to be fully delivered over the next twelve months; and
- Commencing the upgrade of additional fraud monitoring technology for use by the team that provides further security assurance to customers by identifying fraudulent activity.

Although CBA provides updates to AUSTRAC and the Group's other regulators on the program of action, there is no assurance that AUSTRAC or the Group's other regulators will agree that the Group's program of action will be adequate or that the program of action will effectively enhance the Group's compliance programs.

Recently, ASIC announced that it was investigating CBA for potential violations of CBA's continuous disclosure and financial reporting obligations under the Corporations Act relating to the allegations raised in AUSTRAC's statement of claim. Further, on 28 August 2017, APRA announced its intention to establish an independent prudential inquiry into the Group focusing on governance, culture and accountability frameworks and practices within the Group. The goal of the prudential inquiry is to provide the Group with a set of recommendations for organization and cultural change. The prudential inquiry will be conducted by an independent panel, appointed by APRA, and the Group anticipates that the panel will provide a final public report containing recommendations. The Group will bear the costs of this prudential inquiry.

While CBA is not aware of any other investigation or action by other domestic or foreign regulators relating to the allegations raised by AUSTRAC (or similar matters) as of the date of this Document, there can be no assurance that CBA will not be subject to such investigations or actions in the future. Any settlement or adverse judgment in connection with the proceedings launched by AUSTRAC, or any other formal or informal proceeding or investigation by other government or regulatory agencies (domestic or foreign), may result in additional litigation, investigations or proceedings by other regulators or private parties. This risk is evidenced by the recent announcement on 23 August 2017 by Maurice Blackburn Lawyers and litigation funders IMF Bentham of their investigation of a potential shareholder class action against CBA. The claims being investigated by Maurice Blackburn Lawyers and IMF Bentham relate to CBA's continuous disclosure and financial reporting obligations in relation to the contraventions alleged by AUSTRAC. Additionally, the Group is a party to various contractual arrangements. In some of the Group's contractual arrangements, the Group provides representations and warranties regarding its compliance with the Act and other applicable anti-money laundering and counter-terrorism rules and regulations. Because of the recent allegations contained in AUSTRAC's statement of claim, the Group may be exposed to potential claims from its contractual counterparties to the extent such counterparties believe that the Group has breached the applicable representations and warranties contained in the Group's contractual arrangements with them and have suffered loss as a result of any such breach. While the Group is not aware of any such claims as of the date of this Document, such claims could arise in the future. Such investigations, actions, claims or proceedings, including the recent investigation announced by ASIC and the prudential inquiry announced by APRA, could result in penalties, fines and costs, reputational harm, remediation costs and other losses that, individually or collectively, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

Advice Review Programs

Certain remediation programs are being undertaken in the Group's advice business and the current status as at the date of this report is as follows:

- The Open Advice Review program for customers of CFPL and FWL, who received advice between 1 September 2003 and 1 July 2012. Registrations for the program closed in July 2015. Customer file assessments are complete and remediation is ongoing. The program's independent expert, Promontory Financial Group, released its final report in June 2017, noting progress towards completion and compliance with the program's documented processes and objectives
- Variations to CFPL's and FWL's licence conditions were agreed with ASIC in August 2014. The licensees are continuing to work with ASIC and the compliance expert to complete further reviews of customer files for 17 advisers identified by the compliance expert. The reviews will assess if the advice provided was appropriate, and where required, customers will be remediated.
- A review of service delivery against past adviser service package offerings from 1 July 2007 to 30 June 2015. In instances where the Group's records do not show that customers who paid for the service package during this period received an annual review, customers are being refunded with interest. Affected customers have been advised and payments are nearing completion.

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 scope. 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.

Aussie Home Loan Acquisition

On 4 August 2017, John Symond exercised his put option, which will require the Group to acquire a 20% interest in AHL. The purchase price for the remaining 20% interest was determined in accordance with the terms agreed in 2012. The purchase consideration was paid in the issue of CBA shares. The Group consolidated AHL on completion of the acquisition which occurred in late August 2017.

Strategic Corporate Actions

We are committed to securing and enhancing the financial wellbeing of people, businesses and communities, and the provision of insurance products to our customers remains core to that vision. CommInsure and Sovereign are strong businesses with scale, expertise, competitive products and access to attractive distribution channels. We are in discussions with third parties in relation to their potential interest in our life insurance businesses in Australia and New Zealand. The outcome of those discussions is uncertain. While the discussions may lead to the divestment of those businesses, we will also consider a full range of alternatives, including retaining the businesses, reinsurance arrangements or other strategic options.

Critical Accounting Policies and Estimates

Note 1 to the 2017 Financial Report contains a summary of the Group's significant accounting policies. The application of the Group's accounting policies requires the use of judgement, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and are reviewed on an ongoing basis. Actual results may differ from these estimates, which could impact the Group's net assets and profit.

An explanation of these policies and the related judgements and estimates involved is set out in Note 1 to the 2017 Financial Report.

Remuneration of Auditors

Disclosure of the Remuneration of Auditors is set out in Note 28 to the 2017 Financial Report.

Corporate Governance

Introduction

This statement details the key corporate governance arrangements and practices of the Commonwealth Bank of Australia ("Bank") and its related bodies corporate (collectively, the "Group").

The Group is committed to high standards of corporate governance and has a corporate governance framework which supports its long-term performance and sustainability and protects and enhances shareholder and other stakeholder interests.

The Bank regularly reviews its corporate governance arrangements and practices to ensure they reflect developments in regulation, market practice and stakeholder expectations.

The Bank has followed the recommendations set out in the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Recommendations") during the year ended 30 June 2017 ("Reporting Period").

This statement is current as at 14 August 2017 and has been approved by the Bank's board of directors ("Board").

1. Shareholder Engagement

The Bank recognises its shareholders as its owners and values its communication with them. As a result, the Bank seeks to provide shareholders with information that is timely, of high quality and relevant to their investment, and to listen and respond to shareholder feedback.

The Bank has an investor relations program to facilitate two-way communication with shareholders and to foster participation at shareholder meetings. The program incorporates a number of ways in which shareholders can access information and provide feedback.

1.1. Communications and periodic and continuous disclosure

Key shareholder communications include the Group's Annual Report, Corporate Responsibility Report, full-year and half-year financial results and quarterly trading updates.

In addition, the Bank releases all material information to the Australian Securities Exchange ("ASX") in compliance with its continuous disclosure obligations under the Australian Corporations Act 2001 ("Corporations Act") and the ASX Listing Rules.

The Bank also has a written policy for complying with those obligations. It is summarised in the Bank's "Guidelines for Communications between Commonwealth Bank of Australia and Shareholders".

In addition, the Bank posts all material information released to the ASX on its website and regularly webcasts important market briefings via its website.

1.2. Annual General Meetings

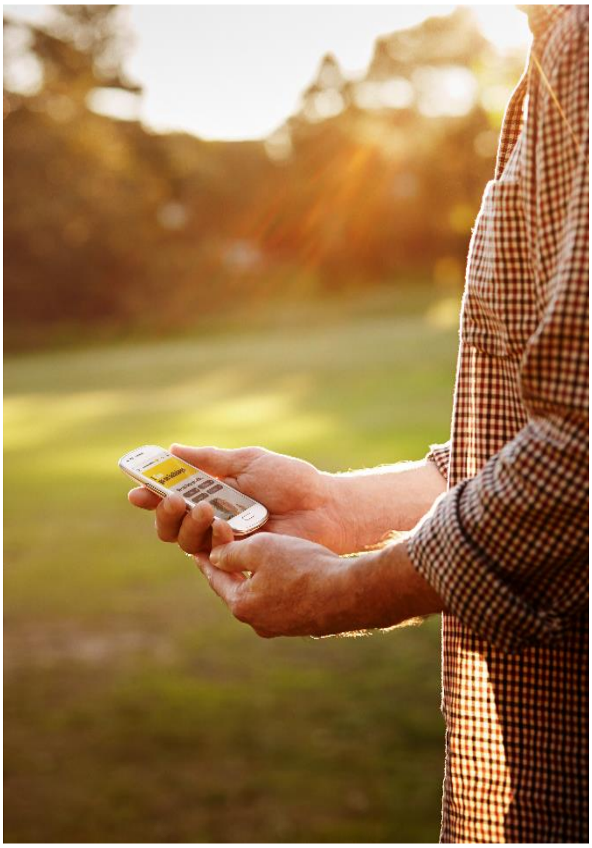
The Bank encourages shareholders to attend and participate in its Annual General Meetings ("AGMs") and rotates the location of its AGMs between capital cities to facilitate shareholder attendance.

The Bank also encourages questions from shareholders ahead of its AGMs. Approximately 600 shareholder questions in advance were received for the 2016 AGM, providing the Bank with useful insights into shareholder concerns and enabling it to provide relevant feedback.

In addition, AGM proceedings are webcast for those shareholders unable to attend and those shareholders may cast a direct vote or appoint a proxy to attend on vote on their behalf.

1.3. Electronic communications

With the increasing use of technology, the Bank encourages shareholders to provide their email addresses so that it may communicate with them electronically about relevant matters, including AGMs, Annual Reports and dividend payments. Shareholders may also send communications electronically to the Bank's share registry.



2. ROLES AND RESPONSIBILTIES

The Board is responsible for managing the Group's business and is accountable to shareholders for performing that role.

The Board has delegated the day-to-day management of the Group's business to the Chief Executive Officer ("CEO"), except for matters specifically reserved for the Board, and monitors the exercise of that delegation.

2.1. The Board's role and responsibilities

The Board's role is to direct and control the Group on shareholders' behalf.

The Board's key responsibilities include:

- determining the Group's strategies and financial objectives;
- determining the Group's risk appetite and monitoring the Group's risk management framework;
- approving the Group's financial statements and reporting, including the application of relevant accounting policies;
- approving initiatives exceeding authority limits delegated to the CEO, including: major corporate and capital management initiatives; capital expenditure; and acquisitions and divestments;

- appointing the CEO, conducting the CEO's performance review and determining the CEO's remuneration outcomes;
- determining the remuneration outcomes for the CEO's direct reports and other key members of senior management; and
- overseeing the development of high performing executives, including succession planning for the CEO and the CEO's direct reports.

During the Reporting Period, the Board focused on planning its forward Board program to ensure adequate allocation of time was made for strategic and operational priorities.

The broad areas of focus were on the Group's corporate strategy, performance against business plans, material risk review and prioritisation, technology resilience and remuneration governance.

The Board reviews the Board program on an ongoing basis and adjusts it to reflect the Group's strategic and operational needs.

2.2. Management's role and responsibilities

The CEO is accountable to the Board for the exercise of the authority granted to him and responsible for the Group's day-to-day management.

Specific CEO responsibilities set out in the Board Charter include:

- implementing a system to manage the Group's material business risks;
- assessing the reputational consequences of the Group's decisions and actions;
- maintaining a system to measure customer satisfaction;
- implementing appropriate processes for employee recruitment, retention, development and succession; and
- maintaining policies and processes to ensure appropriate market disclosure.

In addition, management operates within a comprehensive delegations framework endorsed by the Board.

3. BOARD COMPOSITION AND RENEWAL

The Board seeks to ensure that it is independent and has an appropriate mix of expertise and diversity to effectively discharge its role and responsibilities. It also seeks to enhance its performance by having Board committees, planning its Board program and reviewing its performance.

3.1. Board membership

The Bank's directors for some or all of the Reporting Period are listed in the table below.

Director	Appointed
Catherine Livingstone AO (Board Chairman from 1 January 2017)	2016
Ian Narev (CEO)	2011
Shirish Apte	2014
Sir David Higgins	2014
Launa Inman	2011
Brian Long	2010
Andrew Mohl	2008
Mary Padbury	2016
Wendy Stops	2015
Harrison Young	2007
Sir John Anderson Retired 9 November 2016	2007
David Turner (Board Chairman until retirement) Retired 31 December 2016	2006

As at the date of this statement, the Board comprised nine non-executive directors and the CEO.

Details of the directors' respective qualifications, experience and date of appointment are set out in pages 2 and 3 of the 2017 Financial Report.

The number of Board meetings held during the Reporting Period and directors' attendance at those meetings are set out on page 7 of the 2017 Financial Report.

On 4 September 2017, the Group announced the appointment of Mr. Robert Whitfield as an Independent Non-Executive Director of the Board effective immediately.

Mr Whitfield has significant experience in banking and finance in senior management roles across the private and public sectors. He is currently a Director of New South Wales Treasury Corporation ("NSW Treasury") and, until recently, was Secretary of NSW Treasury and of NSW Industrial Relations. Prior to NSW Treasury, Mr Whitfield had a 30 year career with Westpac Banking Corporation, holding various senior positions, including Chief Executive Officer of the Institutional Bank, Chief Risk Officer, Group Treasurer and Chairman of the Asia Advisory Board. Mr Whitfield holds a Bachelor of Commerce, postgraduate qualifications in banking and finance and is a Fellow of the Australian Institute of Company Directors. In terms of other Board changes, at the Board's request Mr Andrew Mohl, who has been on the Board for nine years, will stand for re-election at this year's Annual General Meeting, and serve one more year on the Board. The Group also announced on 4 September 2017 the retirement of Ms Launa Inman and Mr Harrison Young. Ms Inman has been a Director of the Bank since March 2011 and a member of the Board's Audit and Remuneration Committees. Mr Young has been a Director of the Bank since February 2007 and has been a member of the Risk, Audit and Nominations Committees.

3.2. Director independence

The Board considers all its non-executive directors during the Reporting Period to have been independent and its current non-executive directors to continue to be independent as at the date of this statement.

The Board assessed each non-executive director's interests, positions, associations, relationships and tenure against those set out in its independence guidelines and the Recommendations.

The Board concluded that:

- Catherine Livingstone's directorship of a material supplier in the past three years;
- Harrison Young's tenure on the Board of more than 10 years; and
- former directors, Sir John Anderson's and David Turner's tenure on the Board of more than nine and 10 years respectively,

does not and did not interfere with their capacity to bring independent judgment to bear on the issues before the Board and to act in the Bank's best interests and those of its shareholders generally.

3.3. The Chairman

During the Reporting Period, the Board was chaired by two independent directors, David Turner and Catherine Livingstone AO, neither of whom was the CEO. The Board continues to be chaired by Catherine Livingstone as at the date of this statement.

3.4. Material personal interests

The Board's corporate governance guidelines provide that any director with a material personal interest in a matter being considered by the Board or a Board Committee will not receive a copy of any paper dealing with the matter, will not be present when the matter is being considered and will not vote on the matter.

Further, minutes of matters in which a director is considered to have a material personal interest are not provided to that director.

3.5. Director skills, experience, expertise and diversity

The directors possess a range of skills, experience and diversity which, as a group, ensures the Board is able to discharge its responsibilities, including by determining the Group's strategic objectives and operational framework.

The Board balances long-serving directors, who have a deep knowledge of the Group's operations and history, with newer directors, offering fresh perspectives. All directors have considerable exposure to current corporate governance practices and are committed to the highest standards of ethical behaviour.

The current skills, expertise and experience of the Board are collectively represented in the Board skills matrix on the next page of this statement, along with certain measures of the Board's diversity.

The skills matrix which, together with the Board's director appointment criteria, documents the requisite skills, expertise, experience and diversity the Board needs to ensure: there is a good understanding of the Bank's business and its operating environment; effective challenge of management; and insightful contribution to strategic debate. The Board uses the matrix to ensure an ongoing appropriate mix of skills, expertise and experience as it implements its ongoing renewal process.

3.6. Director appointment and re-election

The Board, with the assistance of the Nominations Committee, conducts a formal selection process when appointing new non-executive directors. An executive search firm is engaged, as required, to identify a diverse range of candidates. In assessing candidates, the Board seeks to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained or achieved in its membership and assesses candidates against the Board's director appointment criteria.

The Bank undertakes appropriate checks before appointing a person as a non-executive director or recommending that person to the Bank's shareholders as a non-executive director. Those checks include criminal record and bankruptcy checks and checks of the person's educational qualifications and employment history. In addition, as all non-executive directors are "responsible persons" under the relevant Australian Prudential Regulation Authority ("APRA") prudential standard, background checks as to fitness and propriety are also carried out before a person is appointed to the Board.

Non-executive directors receive formal letters of appointment setting out their appointment terms, including terms relating to time commitment and continuing education.

All persons appointed as non-executive directors of the Bank must stand for election at the next AGM following their appointment. In addition, non-executive directors must stand for re-election such that at each AGM one third of directors (excluding the CEO and any directors appointed since the previous AGM) stand for re-election.

Board support for a director's election or re-election is subject to the Board performance review outcomes and any other matters the Board considers relevant.

In the relevant AGM notice, the Bank provides its shareholders with all material information in its possession which is relevant to a decision as to whether or not to elect or re-elect a director.

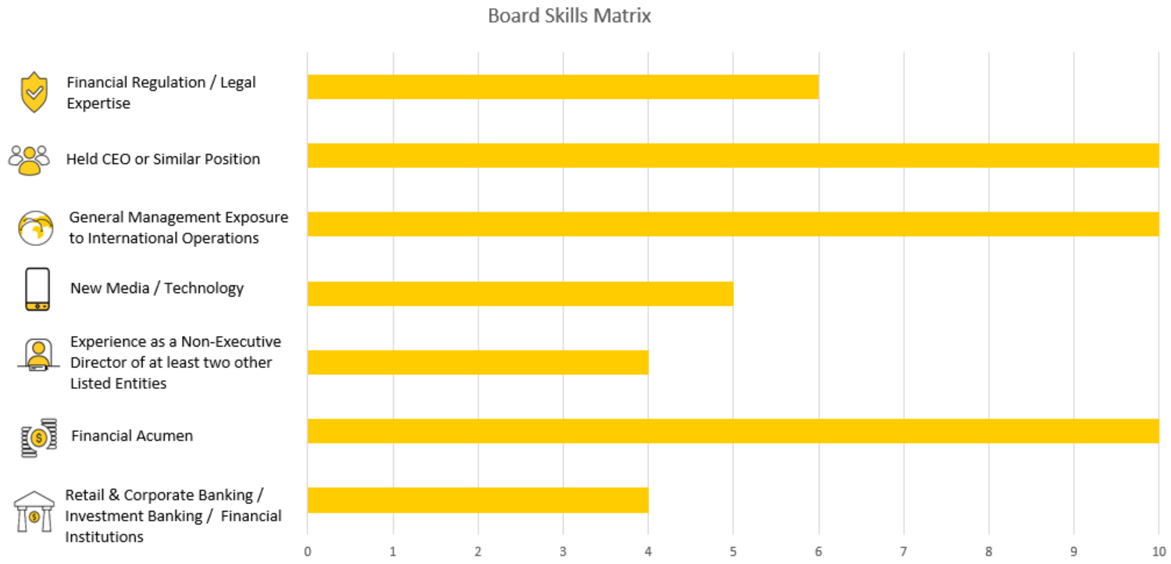
3.7. Director induction and continuing development

All new non-executive directors participate in an induction process co-ordinated by the Group Company Secretary which includes briefings from the CEO, Chief Financial Officer ("CFO"), Chief Risk Officer ("CRO"), heads of the Group's business and support units, internal auditor and external audit firm's lead audit partner. Matters covered include the Group's business, strategy, material risks, financial position and corporate governance structure.

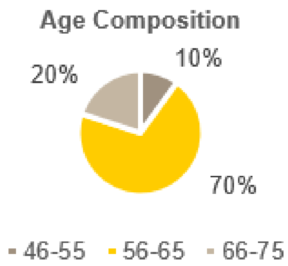
The Group also has in place a continuing education program for directors that is incorporated into, or accompanies, the Board meetings. The program seeks to provide directors with opportunities to develop and maintain the skills and expertise needed to perform their role effectively. It includes ongoing education sessions with senior management and presentations from local and overseas experts in matters relevant to the Group's operations, as well as an annual education tour to visit operations and meet customers, employees and other stakeholders.

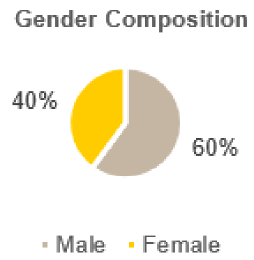
During the Reporting Period, the Board visited the United Kingdom, providing an opportunity for directors to engage with politicians, regulators, customers and employees and gain insight on a range of topics relevant to the Bank's strategy, further opportunities and economic challenges.

SKILLS, EXPERTISE AND EXPERIENCE				
Skills and Expertise	New Media / Technology	Financial Acumen	Financial Regulation or Legal Expertise	
Experience	Retail and Corporate Banking / Investment Banking / Financial Institutions	Non-Executive Director of at least two Listed Companies	Held CEO or Similar Position	General Management Exposure to International Operations



Number of Directors as at 30 June 2017





3.8. Board performance evaluation

The Board reviews its performance and that of the Board Committees (as defined in section 4) and individual directors annually. Every third year, the review is facilitated by an external consultant.

The review in respect of the Reporting Period, was facilitated by an external consultant and involved:

- surveying and interviewing all directors and certain members of senior management; and
- the consultant's observation of Board and Board Committee meetings.

The review considered a number of matters, including:

- the Board's role, accountabilities, processes,
- culture, capabilities and relationship with management;
- the effectiveness of the Board Committee structure, including each Committee's performance, leadership and reporting to the Board; and
- the quality of director contribution, including that of the Chairman in leading the Board.

The consultant's report was discussed by the Board at its August 2017 meeting and the Chairman met with each director individually to discuss the report's findings.

The outcome of the review was that the Board will increase its strategic focus, given the challenges ahead, including in competition, technology and regulation.

3.9. The Group Company Secretary

The Group Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

4. BOARD COMMITTEES

From time to time, the Board establishes standing committees. Those committees focus on specific issues and areas of the Group's operations, thereby strengthening the Board's oversight.

During the Reporting Period and as at the date of this statement, the Board had four substantive standing committees ("Board Committees"):

- the Nominations Committee;
- the Audit Committee;
- the Risk Committee; and
- the Remuneration Committee.

The Board Committees generally operate in a review capacity, except in cases where the Board specifically delegates one of its powers to the committee.

During the Reporting Period and as at the date of this statement, each Board Committee comprised at least three non-executive directors, all of whom are considered by the Board to be independent, including the committee chairman.

All directors are entitled to attend Board Committee meetings. Board Committee papers and minutes are also available to all directors and the proceedings of each Board Committee meeting are reported by the Committee Chairman at the next Board meeting.

4.1. Nominations Committee

The Nominations Committee assists the Board to fulfil its responsibilities regarding:

- Board composition and non-executive director independence;
- non-executive director appointment, election and re-election;
- director induction and continuing development;
- Board, Board Committee and non-executive director performance reviews;
- CEO succession planning;
- Board and subsidiary board diversity; and
- subsidiary board oversight and governance.

The current members of the Nominations Committee are Catherine Livingstone AO (Committee Chairman), Mary Padbury and Harrison Young.

4.2. Audit Committee

The Audit Committee assists the Board to fulfil its responsibilities regarding the Group's:

- external financial reporting, including the Group's full-year and half-year statutory reporting obligations;
- internal control environment, including controls relevant to Group's financial, taxation and accounting risks;
- Audit and Assurance function; and
- external auditor.

The Group's internal and external auditors are invited to all Audit Committee meetings. Further, the Audit Committee meets from time to time with each auditor without management being present. It also meets with management at each meeting without either auditor being present.

The current members of the Audit Committee are Brian Long (Committee Chairman), Shirish Apte, Launa Inman, Catherine Livingstone AO and Harrison Young.

4.3. Risk Committee

The Risk Committee assists the Board to fulfil its responsibilities regarding the Group's risks (other than those risks allocated to another Board Committee), including by:

- reviewing the Group's Risk Management Framework and reports received regarding the framework's effectiveness;
- reviewing the Group's Risk Appetite Statement and Risk Management Strategy and monitoring management's implementation of policies and processes supporting that strategy;
- monitoring the Group's risk profile, including by monitoring adherence to risk policies and tolerances and any remediation plans that may be necessary; and
- overseeing the CRO's appointment, removal, objectives and performance review and ensuring the CRO's stature and independence.

The current members of the Risk Committee are Shirish Apte (Committee Chairman), Sir David Higgins, Catherine Livingstone AO, Brian Long, Andrew Mohl and Harrison Young.

4.4. Remuneration Committee

The Remuneration Committee assists the Board to fulfil its responsibilities regarding:

- significant changes in the Group's remuneration policies and remuneration structure;
- remuneration arrangements and outcomes for: the CEO; the CEO's senior direct reports; finance, risk and internal control personnel; and other persons whose roles may affect the Group's financial soundness; and
- superannuation, employee equity plans, termination payments and other significant benefits.

The current members of the Remuneration Committee are Sir David Higgins (Committee Chairman), Launa Inman, Catherine Livingstone AO, Andrew Mohl, Mary Padbury and Wendy Stops.

5. SENIOR EXECUTIVE EMPLOYMENT TERMS AND REMUNERATION

The CEO and other senior executives have written agreements setting out their employment terms.

The Remuneration Report discloses the Group's process for evaluating the CEO's performance and that of the other senior executives followed in respect of the Reporting Period.

The Remuneration Report also discloses a summary of the Group's governance arrangements, policies and practices for director and senior executive remuneration.

6. ASSURANCE AND RISK MANAGEMENT

6.1. External auditor

PricewaterhouseCoopers ("PwC") was appointed as the Group's external auditor at the 2007 AGM, effective from 1 July 2007.

The PwC lead audit partner for the Group's FY2017 external audit will attend the 2017 AGM and be available to respond to shareholder questions relevant to that audit.

In line with current legislation, the Group requires rotation of PwC's lead audit partner after the audit of five successive financial years. Given PwC's current lead audit partner has led the Group's external audit for the last five financial years, including for FY2017, he will rotate and a new lead partner will start for the financial year ending 30 June 2018.

The Group and its external auditor must comply with Australian and United States auditor independence requirements. United States Securities and Exchange Commission rules apply to various activities the Group undertakes in the United States, even though the Bank is not registered under its Exchange Act.

6.2. Internal audit

The Group has an internal audit function, which together with the Group's Credit Portfolio Assurance team, forms "Group Audit and Assurance" ("GA&A").

GA&A is structured to be independent of management, with the most senior GA&A executive, the Group Auditor, reporting functionally to the Audit Committee and administratively to the CFO.

The Group Auditor's appointment must be approved by the Audit Committee and the Group Auditor may only be dismissed with the Audit Committee's approval.

The Group Auditor has free and unrestricted access to all of the Group's information, people, property and records to discharge GA&A's role and responsibilities.

GA&A's role is to provide independent and objective assurance and related consulting services to management and the Audit Committee, maximising shareholder value through improvement of the Group's risk management, control and governance processes.

GA&A's responsibilities include:

- developing a risk-based annual audit plan for the Audit Committee's approval and adjusting that plan where necessary to reflect current and emerging risks;
- executing the approved plan in line with relevant GA&A methodologies and reporting the results of its work to management and the Audit Committee; and
- escalating to management and the Audit Committee, as appropriate, instances where GA&A believes that management has accepted a level of risk in excess of the approved risk appetite.

6.3. Risk management

The Group recognises that risk is inherent in business and that effective risk management is essential in delivering on the Group's business objectives and is a key component of sound corporate governance.

The Group's Risk Management function is responsible for developing the Group's Risk Management Framework ("RMF") to allow the Group to manage risks within a Board-approved risk appetite.

The RMF covers all the Group's systems, structures, policies, processes and people that or who identify, measure, evaluate, monitor, report and control or mitigate both internal and external sources of material risk.

The RMF is founded on three key components:

- the Group's Risk Appetite Statement;
- the Group's Business Plan; and
- the Group's Risk Management Strategy.

The Group's Risk Appetite Statement articulates the type and degree of risk the Board is prepared to accept and the maximum level of risk within which the Group must operate for each risk type.

The Group's Business Plan summarises the Group's approach to implementing its strategic objectives. The Plan has a rolling three year duration and takes into consideration material risks arising from its implementation.

The Group's Risk Management Strategy describes each material risk, the approach to managing those risks and how risk management is embedded through the Group's governance, policies and procedures.

During the Reporting Period, the Board undertook its annual review of the RMF. As in previous years, the Board discussed key areas of focus for RMF improvement. This occurred as part of the Board's consideration of the risk management declaration it provided to APRA under Prudential Standard CPS 220 Risk Management.

There are a number of material risks, including economic, environmental and social sustainability risks, that could adversely affect the Group and the achievement of its objectives. Those risks and how the Group seeks to manage them are described in Notes 31 to 34 to the 2017 Financial Report.

6.4. CEO and CFO declarations

Before the Board approved the Group's financial statements for both the half-year and full-year financial results for FY2017, the CEO and CFO provided the Board with declarations that:

- in their opinion, the Group's financial records had been properly maintained in accordance with the Corporations Act;
- in their opinion, the financial statements and notes complied with the appropriate accounting standards and gave a true and fair view of the Group's financial position and performance; and
- their opinion had been formed on the basis of a sound system of risk management and internal compliance and control which was operating effectively.

7. ACTING ETHICALLY AND RESPONSIBLY

7.1. Our Commitments

The "Our Commitments" document is the Group's foundational code of conduct policy and sets the Group's expectations of its people, including its directors, senior executives and employees, when engaging with, and balancing the interests of, the Group's stakeholders.

The policy is critical to the Group achieving its vision of exceling at securing and enhancing the financial wellbeing of people, businesses and communities and living its values of: integrity; accountability; collaboration; excellence; and service.

It contains eight commitments to be made by all of the Group's people:

- "I commit to upholding the guiding framework of our vision and values";
- "I commit to honesty";
- "I commit to maintaining confidentiality";
- "I commit to disclosing and managing conflicts of interest";
- "I commit to appropriate use of technology and communications";
- "I commit to operating in a safe and inclusive manner";
- "I commit to maintaining personal standards that support our vision and values"; and
- "I commit to understanding and fulfilling all aspects of my role".

In addition, the document includes "Values Guidelines" to assist the Group's people to understand, practice and demonstrate the Group's vision and values.

7.2. Conflicts of interest

The Group Conflicts of Interest Framework comprises a number of components, including a Group Conflicts of Interest Policy, the Group Gifts and Entertainment Policy and various supporting business unit level policies and procedures. Those procedures include conflicts of interest registers and gifts and entertainment registers.

The framework seeks to ensure that all actual, perceived or potential conflicts of interest are identified and recorded and then avoided or managed, as appropriate.

7.3. Anti-bribery and corruption

The Group is committed to embedding a policy of zero tolerance for bribery, corruption and facilitation payments across its business.

The Group has an Anti-Bribery and Corruption Policy under which all parts of the Group are required:

- to consider, identify and understand the bribery and corruption risks arising within their operations;
- to apply risk controls to those risks and to monitor key risk indicators;
- to implement an assurance program to test the control environment's ongoing effectiveness under the Anti-Bribery and Corruption Policy; and
- to ensure transparency in their dealings and to conduct appropriate due diligence on their business partners.

7.4. Securities trading

Under the Group Securities Trading Policy, the Group's people are prohibited from dealing in securities when they possess inside information.

They are also prohibited from hedging, or otherwise limiting their economic risk, in relation to unvested rights or shares acquired under any of the Group's employee incentive plans. Further, directors and the CEO's direct reports are prohibited from hedging their existing holdings of securities issued by the Bank or any Group subsidiary.

In addition, the policy prohibits directors, senior executives and certain specified employees and contractors from dealing in securities issued by the Bank or any Group subsidiary, except during limited "trading windows". Those windows generally include the thirty days after half-year and full-year results announcements, and the fourteen days after quarterly trading update releases.

7.5. Whistleblower protection

The Group places great importance on fostering a culture that encourages its people to speak up about issues and conduct that cause them concern.

The Group Whistleblower Policy is designed to encourage and support individuals in reporting such matters, knowing that it is safe to do so, they will receive support and they will not be subject to retaliation or victimisation in response. The policy is aligned with the Australian Bankers' Association's "Guiding Principles – Improving Protections for Whistleblowers".

Under the policy, the Group has a Whistleblower Protection Officer, whose role includes overseeing the protection of whistleblowers. The Group also has a Misconduct Governance Committee, which includes four of the CEO's direct reports who are also "Executive Champions" under the policy and oversee the whistleblower program's effectiveness.

Further, the Group's SpeakUP Hotline offers a trusted avenue for its people and external partners to report issues and concerns. In addition, the Group's people are free to make disclosures directly to a regulator at any time.

7.6. Slavery and Human Trafficking

During FY2017, the Group published a Slavery and Human Trafficking Statement, in compliance with the UK Modern Slavery Act, and updated its Supplier Code of Conduct to improve recognition of human rights and supplier compliance with international human rights laws.

8. DIVERSITY AND INCLUSION

Creating an inclusive workplace that reflects the communities in which the Group operates is essential to listening and responding to stakeholder needs and thereby enabling the Group to deliver on its vision.

The Group's Diversity and Inclusion Strategy aims to leverage diversity and foster inclusion so that all the Group's people feel valued and respected. It has five key focus areas: Inclusive Culture (the Group's overarching goal); Diversity in Leadership; You Can Be You; Flexibility; and Reputation and Engagement.

The Group also has a policy on diversity and inclusion which is underpinned by the Group's Diversity and Inclusion Strategy.

8.1. Diversity in Leadership

Women represent 58% of the Group's workforce (1) and 50% of the Executive Committee, the Group's most senior management committee. Additionally, 40% of the Board and 44% of the Board's non-executive directors are women.

The requirement for the Board to set and review, at least annually, the Group's diversity initiatives (which include the Group's measurable objectives for achieving gender diversity) and progress in achieving them is set out in the Board Charter.

The Board reviewed those objectives during the Reporting Period and determined to increase the Board level objective from 30% to 40% female directors by 2020.

The Group is progressing towards achieving those objectives at management levels and has achieved its measurable objective at Board level, as shown in the table below:

Roles to be held by women by 2020	Progress at 30 June 2016	Progress at 30 June 2017
40% of Board	33.0%	40.0%
40% of Executive Manager (2) and above	35.2% (3)	36.7% (3)
45% of Manager (4) and above roles	43.6% (5)	44.4% (5)

8.2. You Can Be You

The Group's six employee networks continue to drive awareness, engagement and behavioural change. They comprise: Women CAN – gender; Unity - sexual orientation and gender identity; Enable – accessibility and disability; Advantage – age and life stage; Mosaic – cultural diversity; and Yana Budjari, which leads reconciliation actions under the Group's Reconciliation Action Plan.

8.3. Flexibility

69% of the Group's people (6) work flexibly, an increase from 43% (7) 12 months previously. During the Reporting Period, the Group implemented several measures to improve flexibility, including enhancing parental leave for both primary and secondary carers to help parents share childcare responsibilities.

8.4. Reputation and Engagement

Various members of the Group have received recognition with respect to Diversity and Inclusion, including, during the Reporting Period:

- an Employer of Choice citation by the Australian Workplace Gender Equality Agency; and
- a Gold employer award (for LGBTI inclusion), and Unity's LGBTI employee network of the year award for a second consecutive year, in the Australian Workplace Equality Index Awards.

(1) Based on total headcount (permanent employees and fixed term contractors) as at 30 June 2017, but excluding employees of the Bank's New Zealand bank, ASB, and the Bank's New Zealand insurer, Sovereign
(2) Executive Managers generally sit at "CEO-4" in the Group's reporting structure. "CEO-1" refers to the layer of senior executives reporting directly to the CEO, "CEO-2" to the next layer of management reporting to those senior executives, and so on.
(3) Based on total headcount (permanent employees and fixed term contractors) at this level as at 30 June 2017, but excluding employees of ASB and Sovereign.
(4) Managers generally sit at "CEO-5" in the Group's reporting structure.
(5) Based on total headcount (permanent employees and fixed term contractors) at this level as at 30 June 2017, but excluding employees of ASB and Sovereign.
(6) As measured by the Group's Employee Engagement 7 Survey as at March 2017. That survey does not include employees of ASB, Sovereign, Bankwest or the Global Asset Management business.
(7) As measured by the Group's Employee Engagement Survey as at March 2016. That survey does not include employees of ASB, Sovereign, Bankwest or the Global Asset Management business.

Five Year Financial Summary

	2017 $M	2016 [1] $M	2015 [1] $M	2014 $M	2013 $M
Net interest income	**17,600**	16,935	15,827	15,131	13,944
Other operating income [2]	**8,405**	7,812	7,751	7,270	6,877
Total operating income	**26,005**	24,747	23,578	22,401	20,821
Operating expenses	**(11,078)**	(10,434)	(10,003)	(9,499)	(9,010)
Impairment expense	**(1,095)**	(1,256)	(988)	(953)	(1,082)
Net profit before tax	**13,832**	13,057	12,587	11,949	10,729
Corporate tax expense	**(3,927)**	(3,592)	(3,439)	(3,250)	(2,953)
Non-controlling interests	**(24)**	(20)	(21)	(19)	(16)
Net profit after tax "cash basis"	**9,881**	9,445	9,127	8,680	7,760
Treasury shares valuation adjustment	**(23)**	4	(28)	(41)	(53)
Hedging and IFRS volatility	**73**	(199)	6	6	27
Gain/(loss) on disposal of controlled entities/investments	**-**	-	-	17	-
Bankwest non-cash items	**(3)**	(27)	(52)	(56)	(71)
Bell Group litigation	**-**	-	-	25	(45)
Net profit after income tax attributable to Equity holders of the Bank "statutory basis"	**9,928**	9,223	9,053	8,631	7,618
Contributions to profit (after tax)					
Retail Banking Services	**4,964**	4,540	3,994	3,678	3,089
Business and Private Banking	**1,639**	1,522	1,495	1,321	1,474
Institutional Banking and Markets	**1,306**	1,190	1,285	1,252	1,195
Wealth Management	**553**	612	643	789	679
New Zealand	**973**	881	882	742	621
Bankwest	**702**	778	795	675	561
IFS and Other	**(256)**	(78)	33	223	141
Net profit after tax "cash basis"	**9,881**	9,445	9,127	8,680	7,760
Investment experience after tax	**(44)**	(100)	(150)	(197)	(105)
Net profit after tax "underlying basis"	**9,837**	9,345	8,977	8,483	7,655
Balance Sheet					
Loans, bills discounted and other receivables	**731,762**	695,398	639,262	597,781	556,648
Total assets	**976,374**	933,001	873,489	791,451	753,857
Deposits and other public borrowings	**626,655**	588,045	543,231	498,352	459,429
Total liabilities	**912,658**	872,437	820,684	742,103	708,320
Shareholders' Equity	**63,716**	60,564	52,805	49,348	45,537
Net tangible assets	**53,146**	49,630	41,334	38,080	33,638
Risk weighted assets - Basel III (APRA)	**437,063**	394,667	368,721	337,715	329,158
Average interest earning assets [3]	**834,741**	790,596	736,164	705,862	653,637
Average interest bearing liabilities [3]	**755,612**	733,754	693,376	660,847	609,557
Assets (on Balance Sheet) - Australia	**817,575**	783,170	741,249	669,293	644,043
Assets (on Balance Sheet) - New Zealand	**89,997**	83,832	72,299	69,110	61,578
Assets (on Balance Sheet) - Other	**68,802**	65,999	59,941	53,048	48,236

(1) Comparative information has been restated to conform to presentation in the current year. Refer to "Disclosures – Financial Information Definitions – Reclassification of certain Income Statement and Balance Sheet Information" and Appendix C of this Document for further details.
(2) Includes investment experience.
(3) Comparative information for 2016 has been restated to disclose average interest earning assets and average interest bearing liabilities net of average mortgage offset balances that were reclassified as Non-interest earning/bearing.

	2017	2016	2015	2014	2013
Shareholder summary					
Dividends per share - fully franked (cents)	**429**	420	420	401	364
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. 3
Earnings per share (cents) (1)					
Basic					
Statutory	**577. 6**	542. 3	553. 1	530. 6	474. 2
Cash basis	**574. 4**	554. 8	556. 9	532. 7	482. 1
Fully diluted					
Statutory	**559. 1**	529. 2	539. 1	518. 9	461. 0
Cash basis	**556. 1**	541. 2	542. 7	521. 0	468. 6
Dividend payout ratio (%) (1)					
Statutory	**74. 6**	78. 4	75. 8	75. 5	77. 4
Cash basis	**75. 0**	76. 5	75. 2	75. 1	75. 9
Net tangible assets per share ($) (1)	**30. 7**	28. 9	25. 4	23. 5	20. 9
Weighted average number of shares (statutory basic) (M)	**1,719**	1,692	1,627	1,618	1,598
Weighted average number of shares (statutory fully diluted) (M)	**1,815**	1,771	1,711	1,691	1,686
Weighted average number of shares (cash basic) (M)	**1,720**	1,693	1,630	1,621	1,601
Weighted average number of shares (cash fully diluted) (M)	**1,816**	1,772	1,714	1,694	1,689
Number of shareholders	**806,386**	820,968	787,969	791,564	786,437
Share prices for the year ($)					
Trading high	**87. 74**	88. 88	96. 69	82. 68	74. 18
Trading low	**69. 22**	69. 79	73. 57	67. 49	53. 18
End (closing price)	**82. 81**	74. 37	85. 13	80. 88	69. 18
Performance ratios (%)					
Return on average Shareholders' equity					
Statutory	**16. 1**	16. 2	18. 2	18. 7	18. 0
Cash basis	**16. 0**	16. 5	18. 2	18. 7	18. 2
Return on average total assets					
Statutory	**1. 0**	1. 0	1. 1	1. 1	1. 0
Cash basis	**1. 0**	1. 0	1. 1	1. 1	1. 1
Capital adequacy - Common Equity Tier 1 - Basel III (APRA)	**10. 1**	10. 6	9. 1	9. 3	8. 2
Capital adequacy - Tier 1 - Basel III (APRA)	**12. 1**	12. 3	11. 2	11. 1	10. 3
Capital adequacy - Tier 2 - Basel III (APRA)	**2. 1**	2. 0	1. 5	0. 9	0. 9
Capital adequacy - Total - Basel III (APRA)	**14. 2**	14. 3	12. 7	12. 0	11. 2
Leverage Ratio Basel III (APRA) (%)	**5. 1**	5. 0	n/a	n/a	n/a
Liquidity Coverage Ratio (%)	**128. 6**	120. 0	120. 0	n/a	n/a
Net interest margin (2)	**2. 11**	2. 14	2. 15	2. 19	2. 13
Other information (numbers)					
Full-time equivalent employees	**45,614**	45,129	45,948	44,329	44,969
Branches/services centres (Australia)	**1,121**	1,131	1,147	1,150	1,166
Agencies (Australia)	**3,664**	3,654	3,670	3,717	3,764
ATMs	**4,398**	4,381	4,440	4,340	4,304
EFTPOS terminals (active)	**217,098**	217,981	208,202	200,733	181,227
Productivity (3)					
Total operating income per full-time (equivalent) employee ($)	**568,685**	545,237	508,578	500,034	459,583
Employee expense/Total operating income (%)	**24. 2**	25. 1	24. 9	25. 0	25. 3
Total operating expenses/Total operating income (%)	**42. 7**	42. 4	42. 8	42. 9	43. 6

(1) Comparative information for 2016 and 2015 has been restated to reflect the change in accounting policy detailed in Note 1 of the 2017 Financial Report.
(2) Comparative information has been restated for 2016, 2015 and 2014 to align to presentation in the current period.
(3) The productivity metrics have been calculated on a cash basis.

Appendix A – Additional Historical Information

For the purposes of providing investors with a thorough understanding of the Group's performance, this Appendix provides relevant financial year 2014 and 2013 information not provided within the 2017 Financial Report.

Provisions for Impairment

Provisions for impairment losses	2014 $M	2013 $M
Collective provision		
Opening balance	2,858	2,837
Net collective provision funding	497	559
Impairment losses written off	(753)	(695)
Impairment losses recovered	165	154
Other	12	3
Closing balance	2,779	2,858
Individually assessed provisions		
Opening balance	1,628	2,008
Net new and increased individual provisioning	726	937
Write-back of provisions no longer required	(305)	(350)
Discount unwind to interest income	(51)	(90)
Impairment losses written off	(1,060)	317
Other	189	(1,194)
Closing balance	1,127	1,628
Total provisions for impairment losses	3,906	4,486
Less: Off Balance Sheet provisions	(40)	(31)
Total provisions for loan impairment	3,866	4,455

Provision ratios	2014 %	2013 %
Total provisions for impaired assets as a % of gross impaired assets	37. 60	40. 62
Total provisions for impairment losses as a % of gross loans and acceptances	0. 64	0. 79

Credit Risk Management

The following tables set out the Group's impaired asset position by industry and asset class as at 30 June 2015, 2014 and 2013.

							2015
Industry	Loans $M	Gross Impaired Loans $M	Total Provisions for Impaired Assets $M	Net Impaired Loans $M	Write-offs $M	Recoveries $M	Net Write-offs $M
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 Australia	561,058	2,208	(905)	1,303	1,322	(165)	1,157
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 overseas	83,170	484	(113)	371	157	(11)	146
Gross balances	644,228	2,692	(1,018)	1,674	1,479	(176)	1,303

Appendix A – Additional Historical Information

Credit Risk Management (continued)

Industry	Loans $M	Gross Impaired Loans $M	Total Provisions for Impaired Assets $M	Net Impaired Loans $M	Write-offs $M	Recoveries $M	Net Write-offs $M
							2014
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 Australia	526,438	2,619	(1,166)	1,453	1,707	(148)	1,559
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 overseas	76,662	551	(100)	451	106	(17)	89
Gross balances	603,100	3,170	(1,266)	1,904	1,813	(165)	1,648

Credit Risk Management (continued)

							2013
Industry	**Loans $M**	**Gross Impaired Loans $M**	**Total Provisions for Impaired Assets $M**	**Net Impaired Loans $M**	**Write-offs $M**	**Recoveries $M**	**Net Write-offs $M**
Australia							
Sovereign	1,971	-	-	-	-	-	-
Agriculture	5,971	398	(168)	230	30	-	30
Bank and other financial	7,929	300	(217)	83	79	(8)	71
Home Loans	338,023	924	(182)	742	217	(4)	213
Construction	2,634	110	(89)	21	139	-	139
Other Personal	21,796	255	(142)	113	622	(113)	509
Asset Financing	8,414	58	(23)	35	25	(6)	19
Other commercial and industrial	110,545	1,494	(871)	623	686	(13)	673
Total Australia	497,283	3,539	(1,692)	1,847	1,798	(144)	1,654
Overseas							
Sovereign	9,670	-	-	-	-	-	-
Agriculture	6,480	142	(16)	126	4	-	4
Bank and other financial	7,029	36	(5)	31	10	(1)	9
Home Loans	34,817	171	(17)	154	21	(1)	20
Construction	301	4	-	4	-	-	-
Other Personal	863	9	(3)	6	25	(8)	17
Asset Financing	274	4	-	4	-	-	-
Other commercial and industrial	6,041	81	(26)	55	31	-	31
Total overseas	65,475	447	(67)	380	91	(10)	81
Gross balances	562,758	3,986	(1,759)	2,227	1,889	(154)	1,735

Credit Risk Management (continued)

The following tables set out the Group's credit risk by industry and asset class as at 30 June 2015, 2014 and 2013.

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

At 30 June 2015

	Sovereign $M	Agri-culture $M	Bank & Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financing $M	Other Comm & 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	-	-	4,141	-	-	-	-	-	-	4,141
Assets at fair value through Income Statement:										
Trading	10,477	-	2,087	-	-	-	-	10,267	-	22,831
Insurance (1)	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	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	5,455	608	70	51	4	959	12,838	20,808
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	-	-	8,922	-	-	-	-	-	-	8,922
Assets at fair value through Income Statement:										
Trading	1,010	-	1,358	-	-	-	-	1,225	-	3,593
Insurance (1)	-	-	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	12,929	7,990	7,572	39,677	407	1,128	558	12,909	-	83,170
Bank acceptances	-	-	-	-	-	-	-	229	-	229
Other assets (2)	45	-	743	1	1	19	54	77	1,685	2,625
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) 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.

(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.

Credit Risk Management (continued)

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

At 30 June 2014	Sovereign $M	Agri-culture $M	Bank & Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financing $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 (1)	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	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 (1)	-	-	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	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) 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.

(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.

Appendix A – Additional Historical Information

Credit Risk Management (continued)

Maximum Exposure to Credit Risk by Industry and Asset Class before Collateral Held or Other Credit Enhancements

At 30 June 2013

	Sovereign $M	Agri-culture $M	Bank & Other Financial $M	Home Loans $M	Constr-uction $M	Other Personal $M	Asset Financing $M	Other Comm & Indust. $M	Other $M	Total $M
Australia										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	-	-	5,857	-	-	-	-	-	-	5,857
Receivables due from other financial institutions	-	-	3,808	-	-	-	-	-	-	3,808
Assets at fair value through Income Statement:										
Trading	9,726	-	1,078	-	-	-	-	2,406	-	13,210
Insurance (1)	945	-	8,013	-	-	-	-	3,487	-	12,445
Other	44	-	145	-	-	-	-	-	-	189
Derivative assets	422	33	35,189	-	42	-	-	4,539	-	40,225
Available-for-sale investments	28,587	-	23,311	-	-	-	-	859	-	52,757
Loans, bills discounted and other receivables	1,971	5,971	7,929	338,023	2,634	21,796	8,414	110,545	-	497,283
Bank acceptances	3	2,770	190	-	554	-	-	2,537	-	6,054
Other assets (2)	98	22	1,802	770	7	49	12	469	17,607	20,836
Total on Balance Sheet Australia	41,796	8,796	87,322	338,793	3,237	21,845	8,426	124,842	17,607	652,664
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	1,430	46	192	-	726	-	-	2,935	-	5,329
Loan commitments	919	1,470	1,905	60,584	1,615	18,625	-	37,686	-	122,804
Other commitments	123	22	3,477	-	538	-	-	1,903	-	6,063
Total Australia	44,268	10,334	92,896	399,377	6,116	40,470	8,426	167,366	17,607	786,860
Overseas										
Credit risk exposures relating to on Balance Sheet assets:										
Cash and liquid assets	-	-	14,777	-	-	-	-	-	-	14,777
Receivables due from other financial institutions	-	-	3,936	-	-	-	-	-	-	3,936
Assets at fair value through Income Statement:										
Trading	493	-	798	-	-	-	-	5,116	-	6,407
Insurance (1)	-	-	1,914	-	-	-	-	-	-	1,914
Other	587	-	131	-	-	-	-	-	-	718
Derivative assets	474	15	3,481	-	-	-	-	1,145	-	5,115
Available-for-sale investments	5,460	-	1,359	-	-	-	-	25	-	6,844
Loans, bills discounted and other receivables	9,670	6,480	7,029	34,817	301	863	274	6,041	-	65,475
Bank acceptances	-	-	-	-	-	-	-	9	-	9
Other assets (2)	24	1	426	1	1	-	2	36	1,617	2,108
Total on Balance Sheet overseas	16,708	6,496	33,851	34,818	302	863	276	12,372	1,617	107,303
Credit risk exposures relating to off Balance Sheet assets:										
Guarantees	7	2	43	-	45	-	-	270	-	367
Loan commitments	388	447	132	4,066	729	1,383	-	10,015	-	17,160
Other commitments	76	5	191	-	10	-	75	796	-	1,153
Total overseas	17,179	6,950	34,217	38,884	1,086	2,246	351	23,453	1,617	125,983
Total gross credit risk	61,447	17,284	127,113	438,261	7,202	42,716	8,777	190,819	19,224	912,843

(1) 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.

(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.

Credit Risk Management (continued)

Large Exposures

Concentrations of exposure to any counterparty 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, 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 aggregated 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):

	2015	2014	2013
	Number	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	-	-	-

Asset Quality

Financial assets individually assessed as impaired

			2014			2013
	Gross Impaired Assets $M	Individually Assessed Provisions $M	Net Impaired Assets $M	Gross Impaired Assets $M	Individually Assessed Provisions $M	Net Impaired Assets $M
Australia						
Loans and other receivables:						
Housing Loans	755	(151)	604	946	(182)	764
Other Personal	261	(145)	116	255	(142)	113
Asset Financing	85	(30)	55	58	(23)	35
Other commercial and industrial	1,630	(840)	790	2,620	(1,345)	1,275
Financial assets individually assessed as impaired - Australia	2,731	(1,166)	1,565	3,879	(1,692)	2,187
Overseas						
Loans and other receivables:						
Housing loans	143	(11)	132	171	(18)	153
Other Personal	11	(8)	3	9	(3)	6
Asset Financing	2	-	2	4	-	4
Other commercial and industrial	480	(81)	399	267	(46)	221
Financial assets individually assessed as impaired - overseas	636	(100)	536	451	(67)	384
Total financial assets individually assessed as impaired	3,367	(1,266)	2,101	4,330	(1,759)	2,571

Asset Quality (continued)

	Australia 2015 $M	Overseas 2015 $M	Total 2015 $M
Non-Performing Loans by Size of Loan			
Less than $1 million	1,215	118	1,333
$1 million to $10 million	717	126	843
Greater than $10 million	403	276	679
Total	2,335	520	2,855

	Australia 2014 $M	Overseas 2014 $M	Total 2014 $M	Australia 2013 $M	Overseas 2013 $M	Total 2013 $M
Non-Performing Loans by Size of Loan						
Less than $1 million	1,203	160	1,363	1,359	185	1,544
$1 million to $10 million	902	125	1,027	1,159	146	1,305
Greater than $10 million	626	351	977	1,361	120	1,481
Total	2,731	636	3,367	3,879	451	4,330

Appendix A – Additional Historical Information

Average Balances and Related Interest

			2015
	Avg Bal	Income	Yield
Net interest margin	$M	$M	%
Total interest earning assets	736,164	34,145	4. 64
Total interest bearing liabilities	693,376	18,322	2. 64
Net interest income and interest spread		15,823	2. 00
Benefit of free funds			0. 15
Net interest margin			2. 15

Loans, Bills Discounted and Other Receivables

	2015 $M	2014 $M	2013 $M
Australia			
Overdrafts	22,353	23,350	20,039
Home loans [1]	383,174	360,218	338,023
Credit card outstandings	11,887	11,736	11,457
Lease financing	4,485	4,162	4,328
Bills discounted [2]	14,847	19,244	22,017
Term loans and other lending	124,312	107,728	101,412
Other securities	-	-	7
Total Australia	561,058	526,438	497,283
Overseas			
Overdrafts	1,373	1,230	1,098
Home loans [1]	39,677	39,467	34,817
Credit card outstandings	816	803	676
Lease financing	335	339	392
Term loans and other lending	40,969	34,823	28,492
Total overseas	83,170	76,662	65,475
Gross loans, bills discounted and other receivables	644,228	603,100	562,758
Less			
Provisions for Loan Impairment (Note 13 of the Financial Statements):			
Collective provision	(2,739)	(2,739)	(2,827)
Individually assessed provisions	(879)	(1,127)	(1,628)
Unearned income:			
Term loans	(756)	(802)	(900)
Lease financing	(592)	(651)	(755)
	(4,966)	(5,319)	(6,110)
Net loans, bills discounted and other receivables	639,262	597,781	556,648

(1) Home loans balance includes residential mortgages that have been assigned to securitisation vehicles and covered bond trusts. Liabilities of similar values are included in Debt Issues (Group).
(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.

Finance Leases	2015 $M	2014 $M	2013 $M
Minimum lease payments receivable:			
Not later than one year	904	908	1,169
Later than one year but not later than five years	2,785	2,459	2,347
Later than five years	539	483	449
Total finance leases	4,228	3,850	3,965

Deposits and Other Public Borrowings

	2015 $M
Australia	
Certificates of deposit	46,083
Term deposits	143,285
On demand and short term deposits	265,620
Deposits not bearing interest	12,568
Securities sold under agreements to repurchase	12,964
Total Australia	480,520
Overseas	
Certificates of deposit	7,060
Term deposits	30,812
On demand and short term deposits	22,159
Deposits not bearing interest	2,668
Securities sold under agreements to repurchase	12
Total overseas	62,711
Total deposits and other public borrowings	543,231

Market Share Definitions

Retail Banking

Home loans	CBA Loans to individuals that are Owner Occupied and Investment Home Loans + Securitised Housing Loans as per APRA Banking Stats + separately reported subsidiaries: Wallaby Trust, Residential Group Mortgage Group P/L and Homepath P/L RBA Total Housing Loans (incl. securitisations) (includes Banks and non-banks)
Credit cards (RBA)	CBA Personal Credit Card Lending (APRA) Credit Cards excluding those issued to Business, with Interest free period + without interest free period (from RBA market which includes NBFI's unlike APRA)
Consumer finance (other household lending)	CBA Lending to Individuals which includes: Personal Loans, Margin Lending, Personal Leasing, Revolving Credit and Overdrafts Loans to Households: Other (APRA Monthly Banking Statistics back series)
Household deposits	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for Households (individuals) excluding Self-Managed Super Funds (as per deposit balances submitted to APRA in ARF 320.0) Household Deposits (from APRA Monthly Banking Statistics back series)

Business Banking

Business lending (APRA)	CBA Total loans to residents as reported under APRA definitions for the non-financial corporations sector (as per lending balances submitted to APRA in ARF 320.0) (this includes some Housing Loans) Total loans to the Non-Financial Corporations sector (from APRA Monthly Banking Statistics back series)
Business lending (RBA)	CBA business lending and credit: specific "business lending" categories in lodged APRA returns – ARF 320.0 Statement of Financial Position Domestic Book, ARF 320.1 Debt Securities Held and ARF 320.4 Accepted and Endorsed Bills, excluding sub-categories of Banks, ADIs, RFCs and Governments Total of business lending category of the RBA Aggregate Lending seasonally adjusted
Business deposits (APRA)	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for the non-financial corporations sector (as per deposit balances submitted to APRA in ARF 320.0) Loans to Non-Financial Corporations (from APRA Monthly Banking Statistics back series)
Asset Finance	CBA Leasing as reported to Australian Equipment Lessors Association (AELA) Total AELA Leasing Market including major competitors
Equities trading	Twelve months rolling average of total value of equities trades Twelve months rolling average of total value of equities market trades as measured by ASX

Wealth Management

Australian Retail	Total funds in CBA Wealth Management retail investment products (including WM products badged by other parties) Total funds in retail investment products market (from Plan for Life)
FirstChoice Platform	Total funds in FirstChoice platform Total funds in platform/masterfund market (from Plan for Life)
Australia life insurance (total risk)	Total risk inforce premium of all CBA Group Australian life insurance companies Total risk inforce premium for all Australian life insurance companies (from Plan for Life)
Australia life insurance (individual risk)	(Individual lump sum + individual risk income) inforce premium of all CBA Group Australian life insurance companies Individual risk inforce premium for all Australian life insurance companies (from Plan for Life)

Appendix B – Market Share Definitions

Market Share Definitions (continued)

New Zealand

Home Loans	All ASB residential mortgages for owner occupier and residential investor property use ——— Total New Zealand residential mortgages for owner occupier and residential investor property use of all New Zealand registered banks (from RBNZ)
Customer deposits	All resident and non-resident deposits on ASB Balance Sheet ——— Total resident and non-resident deposits of all New Zealand registered banks (from RBNZ)
Business Lending	All New Zealand dollar loans for business use on ASB Balance Sheet excluding agriculture loans ——— Total New Zealand dollar loans for business use of all New Zealand registered banks excluding agriculture loans (from RBNZ)
Retail FUA	Total ASB FUA + Sovereign FUA ——— Total Market net Retail FUA (from Fund Source Research Limited)
Annual inforce premiums	Total Sovereign inforce premiums excluding health (opening inforce annual premium income + new business - exits - other) ——— Total inforce premium for New Zealand (from Financial Services Council of New Zealand statistics)

Disclosure Changes

- **Re-segmentation and Allocations:**

  Minor refinements have been made to the allocation of customer balances and associated revenue and expenses between business segments.

- **Changes to Recognition of Long-Term Incentives in Colonial First State Global Asset Management:**

  The Group has changed its accounting policy in relation to long-term incentives provided to certain employees in the Global Asset Management business, to align the accounting treatment with defined contribution plans under AASB 119 "Employee Benefits". The new accounting policy expenses the long-term incentives when granted, which better aligns the accounting with the economic substance of the arrangements.

  The change has been applied retrospectively in accordance with AASB 108 and results in a one-off reduction to retained earnings ($192 million decrease for the year ended 30 June 2016) and net assets ($77 million decrease to total assets and $115 million increase to total liabilities for the year ended 30 June 2016), and a reduction of $5 million to cash net profit after tax for the year ended 30 June 2016.

- **Change to Calculation of Net Interest Margin (NIM):**

  In calculating the Group's NIM, mortgage offset balances are now being deducted from average interest earning assets to reflect their non-interest earning nature, and to align with peers and industry practice. This results in changes to Group's NIM for current and prior periods.

- **Funds Under Administration (FUA):**

  Minor enhancements have been made to the disclosure of FUA balances, increasing the Group average balance from $143 billion to $145 billion consistent with market practice.

- **Loans which were neither past due nor impaired:**

  Following enhancements to methodology in the current period, there was a change to the categorisation of credit exposures by credit grade for loans which were neither past due nor impaired. The reclassification between credit grade categories were less than 5% of the total balance. Comparative information was restated to conform to presentation in the current period.

Of the above financial reporting enhancements, only changes to the recognition of long-term incentives in CFS GAM impacts the Group's Net profit after tax ("statutory basis"). This results in a reduction in net profit after tax of $4 million (30 June 2015: $10 million), a decrease of $77 million in total assets (30 June 2015: $43 million increase) and an increase in total liabilities of $115 million (30 June 2015: $231 million). The remaining financial reporting enhancements result in changes to the presentation of the Profit and Loss and the Balance Sheet of the Group and affected segments.

Appendix C – Disclosure Changes

The impact of these changes on each segment's Net profit after tax ("statutory basis"), Balance Sheet and cost to income ratios for the comparative periods is set out below:

Segment Statutory NPAT (impact by adjustment type)

	Full Year Ended 30 June 2016							
	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	Group $M
Statutory NPAT - as published	4,436	1,567	1,164	621	738	736	(35)	9,227
Restatements:								
CFS GAM Long-Term Incentives	-	-	-	(5)	-	-	1	(4)
Re-segmentation and Allocations	104	(45)	26	-	4	15	(104)	-
Statutory NPAT - as restated	**4,540**	**1,522**	**1,190**	**616**	**742**	**751**	**(138)**	**9,223**

Segment Statutory NPAT (impact by P&L line item)

	Full Year Ended 30 June 2016							
	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	Group $M
Statutory NPAT - as published	4,436	1,567	1,164	621	738	736	(35)	9,227
Restatements:								
Increase/(decrease) in Total operating income	150	(68)	40	-	6	19	(147)	-
(Increase)/decrease in Operating expenses	-	1	(1)	(5)	-	-		(5)
(Increase)/decrease in Loan impairment expense	(3)	3	-	-	-	-	-	-
Increase/(decrease) in Investment experience	-	-	-	(2)	-	-	2	-
(Increase)/decrease in Corporate tax expense	(43)	19	(13)	2	(2)	(4)	42	1
Statutory NPAT - as restated	**4,540**	**1,522**	**1,190**	**616**	**742**	**751**	**(138)**	**9,223**

Segment Balance Sheet

	As at 30 June 2016							
	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	Group $M
Total Assets - as published	331,818	104,211	182,199	21,080	80,386	82,880	130,504	**933,078**
Increase/(decrease)	2,814	(2,759)	(947)	(77)	-	-	892	(77)
Total Assets - as restated	**334,632**	**101,452**	**181,252**	**21,003**	**80,386**	**82,880**	**131,396**	**933,001**
Total Liabilities - as published	237,765	76,690	154,769	26,119	73,831	51,100	252,048	**872,322**
Increase/(decrease)	759	(509)	(250)	115	-	-	-	115
Total Liabilities - as restated	**238,524**	**76,181**	**154,519**	**26,234**	**73,831**	**51,100**	**252,048**	**872,437**

Segment Cost to Income Ratios

	Full Year Ended 30 June 2016							
	Retail Banking Services %	Business and Private Banking %	Institutional Banking and Markets %	Wealth Management %	New Zealand (1) %	Bankwest %	IFS and Other %	Group %
Statutory operating expenses to total operating income - as published	32. 6	38. 1	37. 9	65. 7	38. 5	43. 8	n/a	**42. 6**
Statutory operating expenses to total operating income - as restated	32. 1	38. 8	37. 4	65. 9	38. 4	43. 3	n/a	**42. 6**

(1) Metric calculated in New Zealand dollar terms.

Group Performance Summary

	Full Year Ended	
	As Restated	As Published
	30 Jun 16	30 Jun 16
	$M	$M
Net interest income	16,935	16,935
Other banking income	4,860	4,860
Total banking income	**21,795**	**21,795**
Funds management income	2,016	2,016
Insurance income	795	795
Total operating income	**24,606**	**24,606**
Investment experience	141	141
Total income	**24,747**	**24,747**
Operating expenses	(10,434)	(10,429)
Loan impairment expense	(1,256)	(1,256)
Net profit before tax	**13,057**	**13,062**
Corporate tax expense	(3,592)	(3,592)
Non controlling interests	(20)	(20)
Net profit after tax ("cash basis")	**9,445**	**9,450**
Hedging and IFRS volatility	(199)	(200)
Other non-cash items	(23)	(23)
Net profit after tax ("statutory basis")	**9,223**	**9,227**

Appendix C – Disclosure Changes

Consolidated Balance Sheet

	As Restated 30 Jun 16	As Published 30 Jun 16
Assets	**$M**	**$M**
Cash and liquid assets	23,372	23,372
Receivables due from other financial institutions	11,591	11,591
Assets at fair value through Income Statement:		
Trading	34,067	34,067
Insurance	13,547	13,547
Other	1,480	1,480
Derivative assets	46,567	46,567
Available-for-sale investments	80,898	80,898
Loans, bills discounted and other receivables	695,398	695,398
Bank acceptances of customers	1,431	1,431
Property, plant and equipment	3,940	3,940
Investment in associates and joint ventures	2,776	2,776
Intangible assets	10,384	10,384
Deferred tax assets	389	345
Other assets	7,161	7,282
Total assets	**933,001**	**933,078**
Liabilities		
Deposits and other public borrowings	588,045	588,045
Payables due to other financial institutions	28,771	28,771
Liabilities at fair value through Income Statement	10,292	10,292
Derivative liabilities	39,921	39,921
Bank acceptances	1,431	1,431
Current tax liabilities	1,022	1,022
Deferred tax liabilities	340	340
Other provisions	1,656	1,656
Insurance policy liabilities	12,636	12,636
Debt issues	161,284	161,284
Managed funds units on issue	1,606	1,606
Bills payable and other liabilities	9,889	9,774
	856,893	856,778
Loan capital	15,544	15,544
Total liabilities	**872,437**	**872,322**
Net assets	**60,564**	**60,756**
Shareholders' Equity		
Share capital:		
Ordinary share capital	33,845	33,845
Reserves	2,734	2,734
Retained profits	23,435	23,627
Shareholders' Equity attributable to Equity holders of the Bank	**60,014**	**60,206**
Non-controlling interests	550	550
Total Shareholders' Equity	**60,564**	**60,756**

Net Interest Income and Net Interest Margin

	Full Year Ended	
	As Restated	As Published
	30 Jun 16	30 Jun 16
	$M	$M
Net interest income - "cash basis"	**16,935**	**16,935**
Average interest earning assets		
Home loans	409,669	436,530
Consumer finance	23,722	23,722
Business and corporate loans	211,356	211,356
Total average lending interest earning assets	**644,747**	**671,608**
Non-lending interest earning assets	145,849	145,849
Total average interest earning assets	**790,596**	**817,457**
Net interest margin (%)	2. 14	2. 07
Net interest margin excluding Treasury and Markets (%)	2. 13	2. 06

Average Balance Sheet and Related Interest

	As Restated			As Published		
	Full Year Ended 30 Jun 16			Full Year Ended 30 Jun 16		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Earning Assets	$M	$M	%	$M	$M	%
Home loans	409,669	19,283	4. 71	436,530	19,283	4. 42
Consumer finance	23,722	2,922	12. 32	23,722	2,922	12. 32
Business and corporate loans	211,356	8,761	4. 15	211,356	8,761	4. 15
Loans, bills discounted and other receivables	644,747	30,966	4. 80	671,608	30,966	4. 61
Cash and other liquid assets	44,092	428	0. 97	44,092	428	0. 97
Assets at fair value through Income Statement (excluding life insurance)	22,444	576	2. 57	22,444	576	2. 57
Available-for-sale investments	79,313	1,847	2. 33	79,313	1,847	2. 33
Non-lending interest earning assets	145,849	2,851	1. 95	145,849	2,851	1. 95
Total interest earning assets	790,596	33,817	4. 28	817,457	33,817	4. 14
Non-interest earning assets	125,724			98,913		
Total average assets	916,320			916,370		

	As Restated			As Published		
	Full Year Ended 30 Jun 16			Full Year Ended 30 Jun 16		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Bearing Liabilities	$M	$M	%	$M	$M	%
Transaction deposits	74,258	606	0. 82	88,528	606	0. 68
Savings deposits	177,200	3,394	1. 92	189,791	3,394	1. 79
Investment deposits	196,024	5,421	2. 77	196,024	5,421	2. 77
Certificates of deposit and other	66,470	2,264	3. 41	66,470	2,264	3. 41
Total interest bearing deposits	513,952	11,685	2. 27	540,813	11,685	2. 16
Payables due to other financial institutions	37,031	277	0. 75	37,031	277	0. 75
Liabilities at fair value through Income Statement	6,865	211	3. 07	6,865	211	3. 07
Debt issues	162,017	4,125	2. 55	162,017	4,125	2. 55
Loan capital	13,889	584	4. 20	13,889	584	4. 20
Total interest bearing liabilities	733,754	16,882	2. 30	760,615	16,882	2. 22
Non-interest bearing liabilities	124,887			97,890		
Total average liabilities	858,641			858,505		

Appendix C – Disclosure Changes

Group FUA

Key Performance Indicators	As Restated 30 Jun 16 $M	As Published 30 Jun 16 $M
Funds Under Administration (FUA) - average ($M)	144,913	143,312

Wealth Management FUA

Funds Under Administration (FUA)	As Restated 30 Jun 16 $M	As Published 30 Jun 16 $M
FirstChoice	75,694	75,694
Custom Solutions	22,890	22,890
CFS Non-Platform	15,054	15,054
CommInsure Investments	12,272	12,272
Other	9,891	8,338
Total	135,801	134,248

Appendix D – Shareholding Information

Top 20 Holders of Fully Paid Ordinary Shares as at 2 August 2017

Rank	Name of Holder	Number of Shares	%
1	HSBC Custody Nominees (Australia) Limited	376,380,123	21.75
2	J P Morgan Nominees Australia Limited	186,821,486	10.79
3	Citicorp Nominees Pty Limited	101,043,275	5.84
4	National Nominees Limited	59,912,985	3.46
5	BNP Paribas Nominees Pty Limited	56,776,266	3.28
6	Bond Street Custodians Limited	16,812,646	0.97
7	Australian Foundation Investment Company limited	7,900,000	0.46
8	Pacific Custodians Pty Limited	4,812,429	0.28
9	Navigator Australia Limited	3,723,861	0.22
10	Argo Investments Limited	3,203,731	0.19
11	Milton Corporation Limited	3,111,148	0.18
12	RBC Dexia Investor Services Australia Nominees Pty Limited	3,032,654	0.18
13	Netwealth Investments Limited	2,364,986	0.14
14	UBS Nominees Pty Ltd	2,339,250	0.13
15	Nulis Nominees (Australia) Limited	2,191,295	0.13
16	Invia Custodian Pty Limited	1,787,477	0.10
17	IOOF Investment Management Limited	1,678,128	0.10
18	Mr. Barry Martin Lambert	1,643,613	0.10
19	ANZ Executors & Trustee	1,472,555	0.09
20	McCusker Holdings Pty Ltd	1,430,000	0.08

The top 20 shareholders hold 838,437,908 shares which is equal to 48.47% of the total shares on issue.

Substantial Shareholding

The following organisation has disclosed a substantial shareholding notice to ASX.

Name	Number of Shares	Percentage of Voting Power
BlackRock Group (1)	86,557,665	5.00

(1) Substantial shareholder notice dated 16 May 2017.

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 2 August 2017

Range	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Issued Capital
1 – 1,000	588,814	73.08	186,897,021	10.80
1,001 – 5,000	189,065	23.47	392,559,830	22.69
5,001 – 10,000	19,393	2.41	131,675,877	7.61
10,001 – 100,000	8,206	1.02	154,412,567	8.93
100,001 and over	186	0.02	864,322,866	49.97
Total	805,664	100.00	1,729,868,161	100.00
Less than marketable parcel of $500	13,400	1.66	34,134	0.00

Voting Rights

Under the Bank's Constitution, each person who is a voting Equity holder 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. Every voting Equity holder who casts a vote by direct vote, shall also have 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.

Appendix D – Shareholding Information

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 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 Resaleable Listed Securities VI ("PERLS VI") as at 2 August 2017

Rank	Name of Holder	Number of Securities	%
1	HSBC Custody Nominees (Australia) Limited	846,439	4.23
2	Bond Street Custodians Limited	487,052	2.44
3	IOOF Investment Management Limited	278,256	1.39
4	Netwealth Investments Limited	218,645	1.09
5	Australian Executor Trustees Limited	194,645	0.97
6	J P Morgan Nominees Australia Limited	166,650	0.83
7	National Nominees Limited	154,009	0.77
8	Nulis Nominees (Australia) Limited	149,481	0.75
9	BNP Paribas Nominees Pty Limited	113,760	0.58
10	Navigator Australia Limited	110,281	0.55
11	Dimbulu Pty Ltd	100,000	0.50
12	Eastcote Pty Limited	100,000	0.50
13	V S Access Pty Ltd	80,000	0.40
14	Citicorp Nominees Pty Limited	71,432	0.36
15	BNP Paribas Nominees Pty Limited	70,391	0.35
16	RBC Dexia Investor Services Australia Nominees Pty	66,700	0.33
17	Invia Custodian Pty Limited	55,391	0.28
18	Marento Pty Ltd	52,916	0.26
19	Edgelake Proprietary Limited	49,267	0.25
20	Kaptock Pty Ltd	48,730	0.24

The top 20 PERLS VI security holders hold 3,414,045 securities which is equal to 17.07% 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 some daily newspapers.

Range of Securities (PERLS VI) as at 2 August 2017

Range	Number of Security Holders	Percentage of Security Holders	Number of Securities	Percentage of Issued Capital
1 – 1,000	26,342	89.68	8,572,996	42.86
1,001 – 5,000	2,738	9.32	5,577,574	27.89
5,001 – 10,000	192	0.65	1,431,990	7.16
10,001 – 100,000	94	0.32	2,269,373	11.35
100,001 and over	10	0.03	2,148,067	10.74
Total	29,376	100.00	20,000,000	100.00
Less than marketable parcel of $500	6	0.02	12	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 pages 137 and 138 for the Bank's ordinary shares.

Appendix D – Shareholding Information

Top 20 Holders of CommBank PERLS VII Capital Notes (“PERLS VII”) as at 2 August 2017

Rank	Name of Holder	Number of Securities	%
1	HSBC Custody Nominees (Australia) Limited	2,013,376	6.71
2	BNP Paribas Noms Pty Limited	485,515	1.62
3	Bond Street Custodians Limited Pejr Pty Ltd	441,566	1.47
4	Netwealth Investments Limited	409,794	1.37
5	J P Morgan Nominees Australia Limited	398,684	1.33
6	Citicorp Nominees Pty Limited	343,101	1.14
7	IOOF Investment Management	314,916	1.05
8	National Nominees Limited	257,670	0.86
9	Nulis Nominees (Australia) Limited	201,521	0.67
10	Navigator Australia Limited	177,753	0.59
11	RBC Dexia Investor Services Australia Nominees Pty Limited	149,609	0.50
12	BNP Paribas Nominees Pty Limited	147,613	0.49
13	Australian Executor Trustees Limited	138,064	0.46
14	Invia Custodian Pty Limited	100,946	0.34
15	Dimbulu Pty Ltd	100,000	0.33
16	Simply Brilliant Pty Ltd	90,500	0.30
17	Tandom Pty Ltd	90,000	0.30
18	Randazzo C & G Developments Pty Ltd	84,286	0.28
19	Tsco Pty Ltd	80,000	0.27
20	Seymour Group Pty Ltd	73,700	0.25

The top 20 PERLS VII security holders hold 6,098,614 securities which is equal to 20.33% 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 some daily newspapers.

Range of Securities (PERLS VII) as at 2 August 2017

Range	Number of Security holders	Percentage of Security holders	Number of Securities	Percentage of Issued Capital
1 – 1,000	28,576	86.26	9,984,481	33.28
1,001 – 5,000	4,021	12.14	8,235,732	27.45
5,001 – 10,000	316	0.95	2,278,253	7.60
10,001 – 100,000	201	0.61	4,679,481	15.60
100,001 and over	14	0.04	4,822,053	16.07
Total	33,128	100.00	30,000,000	100.00
Less than marketable parcel of $500	8	0.02	30	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 pages 137 and 138 for the Bank’s ordinary shares.

Appendix D – Shareholding Information

Top 20 Holders of CommBank PERLS VIII Capital Notes (“PERLS VIII”) as at 2 August 2017

Rank	Name of Holder	Number of Securities	%
1	BNP Paribas Nominees Pty Limited	3,010,649	20.76
2	HSBC Custody Nominees (Australia) Limited	857,711	5.92
3	Goodridge Nominees Pty Ltd	208,870	1.45
4	J P Morgan Nominees Australia Limited	175,337	1.21
5	Mr. Walter Lawton & Mr. Brett Lawton	108,573	0.76
6	G Harvey Nominees Pty Ltd	100,000	0.69
7	Piek Holdings Pty Ltd	93,000	0.64
8	National Nominees Limited	83,224	0.57
9	Snowside Pty Ltd	79,083	0.55
10	Bond Street Custodians Limited	78,974	0.54
11	Netwealth Investments Limited	68,997	0.48
12	Nulis Nominees (Australia) Limited	63,293	0.44
13	V S Access Pty Ltd	62,482	0.43
14	Navigator Australia Limited	61,466	0.42
15	Citicorp Nominees Pty Limited	52,182	0.36
16	Dimbulu Pty Ltd	50,000	0.34
17	Mifare Pty Ltd	50,000	0.34
18	Randazzo C & G Developments Pty Ltd	50,000	0.34
19	Skyport Pty Ltd	50,000	0.34
20	Adirel Holdings Pty Ltd	47,000	0.32

The top 20 PERLS VIII security holders hold 5,350,841 securities which is equal to 36.90% of the total securities on issue.

Stock Exchange Listing

PERLS VIII are subordinated unsecured notes issued by the Bank. They are listed on the Australian Securities Exchange under the trade symbol CBAPE. Details of trading activity are published in some daily newspapers.

Range of Shares (PERLS VIII) as at 2 August 2017

Range	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Issued Capital
1 – 1,000	13,107	89.43	4,258,111	29.37
1,001 – 5,000	1,353	9.23	2,944,163	20.31
5,001 – 10,000	118	0.81	894,881	6.17
10,001 – 100,000	74	0.50	2,177,037	15.01
100,001 and over	5	0.03	4,225,808	29.14
Total	14,657	100.00	14,500,000	100.00
Less than marketable parcel of $500	3	0.02	6	0.00

Voting Rights

PERLS VIII 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 pages 137 and 138 for the Bank’s ordinary shares.

Top 20 Holders of CommBank PERLS IX Capital Notes ("PERLS IX") as at 2 August 2017

Rank	Name of Holder	Number of Securities	%
1	BNP Paribas Noms Pty Limited	2,281,919	13.91
2	HSBC Custody Nominees (Australia) Limited	1,079,186	6.58
3	Bond Street Custodians Limited	221,263	1.35
4	Navigator Australia	166,520	1.02
5	J P Morgan Nominees Australia Limited	149,818	0.91
6	Citicorp Nominees Pty Limited	106,031	0.65
7	Mutual Trust Pty Ltd	101,741	0.62
8	G Harvey Nominees Pty Ltd	100,000	0.61
9	IOOF Investment Management	89,239	0.54
10	Netwealth Investments Limited	77,342	0.47
11	BNP Paribas Nominees Pty Limited	76,524	0.47
12	Nulis Nominees (Australia)	73,084	0.45
13	Invia Custodian Pty Limited	58,838	0.36
14	National Nominees Limited	54,395	0.33
15	Catholic Church Insurances Ltd	50,000	0.30
16	Dimbulu Pty Ltd	50,000	0.30
17	Sandhurst Trustees Limited	41,910	0.26
18	Pacmin Holdings Pty Limited	41,206	0.25
19	Navigator Australia Limited	38,563	0.24
20	Ernron Pty Ltd	34,530	0.21

The top 20 PERLS IX security holders hold 4,892,109 securities which is equal to 29.83% of the total securities on issue.

Stock Exchange Listing

PERLS IX are subordinated unsecured notes issued by the Bank. They are listed on the Australian Securities Exchange under the trade symbol CBAPF. Details of trading activity are published in some daily newspapers.

Range of Shares (PERLS VIII) as at 2 August 2017

Range	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Issued Capital
1 – 1,000	18,454	90.04	5,846,385	35.65
1,001 – 5,000	1,818	8.87	3,791,684	23.12
5,001 – 10,000	139	0.68	1,055,826	6.44
10,001 – 100,000	77	0.38	1,927,521	11.75
100,001 and over	7	0.03	3,778,584	23.04
Total	20,495	100.00	16,400,000	100.00
Less than marketable parcel of $500	0	0.00	0	0.00

Voting Rights

PERLS IX 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 pages 137 and 138 for the Bank's ordinary shares.