

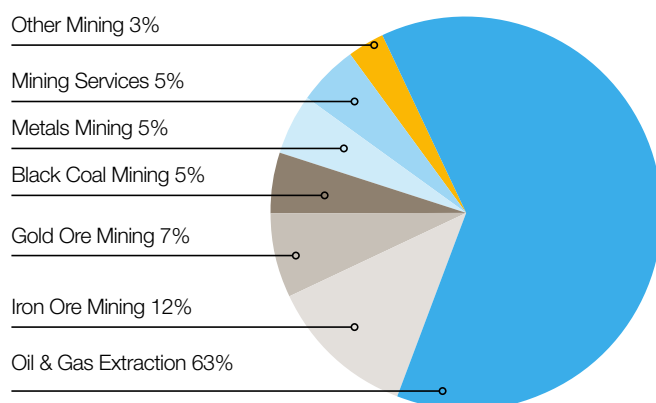
Group Energy Exposures and Assessed Carbon Emissions of Project Finance Energy Sector

We recognise that we play a crucial role in enabling the economic and social development of Australia, supporting jobs, growth, innovation and opportunities for people and businesses. We also recognise our role in addressing the challenge of climate change, including helping organisations to transition to a low carbon economy, investing in renewables and ensuring we have robust responsible lending practices in place. The information below provides detail on the total Group exposures to the mining and energy sector as at December 2014 (see points 1a. and 1b.) as well as information on emissions arising from our project finance exposure to the energy sector as at June 2014 (see point 2.).

1a. Group Data

Resources Industries December 2014		
Sector	Commercial Exposure ¹	
Mining excluding Oil & Gas Extraction	6.9bn	0.7% of Group TCE
Oil and Gas Extraction	11.6bn	1.2% of Group TCE
Energy ²	9.3bn	1.0% of Group TCE
Coal Ports & Transport Terminals	1.7bn	0.2% of Group TCE

1b. Mining, Oil and Gas



2. Assessed Carbon Emissions - Project Finance

In line with the Group's reporting commitments, see below for those emissions arising from the Group's project finance exposure³ to the energy sector. Data is reported as at June 2014 (given the availability of client and public sources of generation, production and emissions data).

Project Financed Coal Operations

Emissions intensity of CBA project finance coal operations:

- Direct (scope 1 & 2) emissions:
 - 0.011tCO_{2e}/tonne extracted
 - 81tCO_{2e}/\$m project finance debt
- Indirect (scope 3 combustion) emissions:
 - 17.5ktCO_{2e}/\$m project finance debt

CBA project finance facilitated 940kt of coal extraction during FY14.

This is approximately 0.19% of Australia's total coal production (FY14 produced saleable black coal and FY13 produced brown coal).

Project Financed Oil and Gas Operations

Direct (scope 1 & 2) emissions intensity of CBA project finance oil and gas operations: 41tCO_{2e}/\$m.

Project Financed Electricity Generation

Emissions intensity of CBA project finance electricity generation:

- 0.77tCO_{2e}/MWh in Australia, 9% below the Australian average emissions intensity of 0.85tCO_{2e}/MWh
- 0.45tCO_{2e}/MWh in the USA, 17% lower than the USA average grid emissions intensity of 0.55tCO_{2e}/MWh

1. Total Credit Exposure (TCE) = balance for uncommitted facilities and the greater of limit or balance for committed facilities. Calculated before collateralisation.

Includes ASB and Bankwest and excludes settlement exposures. Exposure assigned to ANZSIC Codes according to main business activity.

2. Energy includes: electricity generation, distribution & supply and gas supply.

3. Assessed carbon emissions arising from our project finance (definition overleaf) - includes both onshore and offshore.

CO_{2e} Emissions Method – Project Finance

The financed emissions analysis was conducted by EY, our sustainability consultant, following the principles set out in the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This approach draws on the emerging protocols being discussed through the Greenhouse Gas Protocol and UNEP FI working group.

Project finance definition

Project finance is a method of financing in which the lender looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the exposure. The Equator Principles, June 2013

Allocation of emissions and energy production to CBA

For each asset class (electricity generation, oil & gas extraction, and coal mining), project emissions and energy production were allocated to CBA in proportion to the original committed debt provided by CBA as a percentage of total syndicate debt, under the assumption that the ratio of CBA debt share remains constant over the life of the loan. A consistent 70/30 debt-to-equity ratio was assumed for all projects.

Measure

tCO_{2e}/\$m lent: total of the weighted emissions on CBA debt share (tCO_{2e}), divided by the total Class 1 limits committed as at June 2014.

tCO_{2e}/tonne coal extracted: total of the weighted emissions on CBA debt share (tCO_{2e}), divided by the CBA debt share of total coal extracted (tonnes) for each project.

tCO_{2e}/MWh: total of the weighted emissions on CBA debt share of electricity generation from each generator (tCO_{2e}), divided by the CBA debt share of electricity generated (MWh) for each generator.

Coal and Oil & Gas

CBA's debt finance for coal and oil & gas activities includes infrastructure activities (e.g. construction of LNG facilities) as well as production (e.g. coal mining). Scope 1 & 2 emissions are associated with the project's activities, and are included in the assessment of emissions from CBA debt finance. Production and emissions data sources were drawn from publicly available reports or other company disclosure.

- Coal - analysis of emissions associated with the coal sector are presented for both Scope 1 and 2 emissions (associated with facility operations) and indirect emissions (Scope 3 arising from the combustion of coal by third parties).
- Oil & Gas - as the majority of oil & gas projects financed by CBA are in development, emissions associated with the operation and construction of each asset were considered in determining CBA's debt share of total emissions from oil & gas projects.

Electricity

Emissions intensity of generation data for individual generators was sourced either through Australian Energy Market Operator (AEMO) records or from the Carbon Monitoring for Action (CARMA) database of fossil-fuel-powered power-plants. Annual generation data for specific facilities was sourced either from the grid operators (AEMO/SWIS - South West Interconnected System) or from estimations made on the basis of generation capacity and expected usage.

In Australia, the grid average emissions intensity is the generation-weighted average of the emissions intensity of the National Energy Market (NEM), SWIS and NT (emissions intensity from National Greenhouse and Energy Reporting (NGER) Determination as well as generation from the Bureau of Resources and Energy Economics (BREE) FY13). For the USA, the country-specific emissions intensity factor was taken from Econometrica.

Financing Renewable Energy

Since 2004, the Group has consistently invested in the renewable energy sector, both locally and internationally. The Group lending portfolio has exposure to more than 170 projects in the wind power, solar power, hydro power and landfill gas generation sectors. Some recent examples include the Sundrop Farms greenhouse in South Australia and the Gemini Wind Farm in the North Sea off the Netherlands coast.

Sundrop Farms

The Group and global private equity firm KKR have partnered with pioneering arid climate agribusiness Sundrop Farms (Sundrop) to support their large scale solar farm, seawater desalination plant and greenhouse operations in Port Augusta, South Australia.



The leading edge “Sundrop System” is a unique proprietary technology using concentrated solar power to create heat, electricity and desalinated water needed to feed and power Sundrop’s growing horticulture operations. The solution addresses the fresh water scarcity issues typical of arid regions, like Port Augusta, and uses renewable energy instead of fossil fuels to produce water and energy.

The investment allows Sundrop to scale up its existing operations in Port Augusta by financing a 20-hectare greenhouse facility which will produce more than 15,000 tonnes of vegetables annually for markets across Australia.

Sundrop intends to develop a hub of agricultural innovation for arid climates in Port Augusta which will allow for further development in Australia and other countries with similar environmental conditions. The project will be the first commercial large-scale farm of its kind and the first integrated, sustainable energy/water system of this type in the world.

Through Sundrop, the Group is providing financing solutions to address environmental challenges such as water scarcity and reliance on fossil fuels. The construction and operation of each hectare of the Sundrop Farms’ greenhouses create long term employment in regions of the world which might not otherwise be home to a high-value agricultural industry.

Gemini Wind Farm

The Group has again leveraged its renewables, specialised financing and risk management capabilities to expand its renewable financing capability by providing project financing to Project Gemini.



Project Gemini is a 600MW offshore wind farm, to be located in the Dutch North Sea (55 kilometers north of the island of Schiermonnikoog). In 2009 the Dutch authorities (“Rijkswaterstaat”) granted three permits for offshore wind farms. These three projects are named Buitengaats (300MW), Clearcamp (275MW) and ZeeEnergie (300MW).

Project Gemini comprises Buitengaats and ZeeEnergie and is located in an area with excellent wind conditions - up to 10m/s - and water depths between 28 and 36 meters.

The total 600MW of installed capacity will produce electricity for more than 785,000 households (1,540,000 habitants) per annum. This is nearly equivalent to the number of people living in the three northern provinces of The Netherlands and equals a reduction in emissions of 1,250,000 tCO₂.

Wind turbine generators will be installed on monopole foundations and connected to two offshore transformer platforms from which two sets of 100km offshore cables will export the power to the onshore public grid.

During the construction and installation phase, it is expected that the project will create approximately 500 full-time jobs and another 120 full-time jobs during the operational phase.