Commonwealth Bank of Australia ABN 48 123 123 124

Profit Announcement

For the full year ended 30 June 2005

CommonwealthBank

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Except where otherwise stated, all figures relate to the year ended 30 June 2005 and comparatives to the year ended 30 June 2004. The term "prior year" refers to the year ended 30 June 2004.

Refer to page 69 for definitions and page 70 for abbreviations.

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Highlights

Financial Performance and Business Review

Net profit after income tax	Full Year ended 30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %
Statutory basis	**3,991**	2,572	55
Cash basis	**3,538**	2,695	31
Underlying basis	**3,466**	3,078	13

The Bank's net profit after tax ("statutory basis") increased by 55% to $3,991 million for the year ended 30 June 2005. This result includes an Appraisal Value uplift of $778 million ($201 million in 2004) and goodwill amortisation of $325 million (which is consistent with 2004).

Net profit after tax ("cash basis") increased by 31% to $3,538 million compared with $2,695 million in the prior year. Earnings per share ("cash basis") was $2.68, an increase of 30%, which is at the upper end of the market guidance provided in February. Net profit after tax ("cash basis") includes:

- shareholder investment returns, which increased from $152 million after tax in 2004 to $177 million after tax; and
- substantially lower Which new Bank expenses of $105 million after tax, compared with $535 million in 2004.

Excluding these items, net profit after tax ("underlying basis") increased by 13% to $3,466 million compared with $3,078 million in the prior year. Strong income growth and good cost control contributed to the strong result, with:

- Growth in lending assets of 15%, with market share growth across a range of products, and net interest margins remaining flat over the year;
- Growth in Funds under Administration of 12%, with the gross margin declining by only two basis points;
- Insurance revenues benefiting from a 8% growth in inforce premiums, despite severe weather storms in February;
- Expenses remaining virtually flat for three halves, despite being impacted by higher spend on compliance projects and a stronger NZ dollar; and
- The charge for bad and doubtful debts as a proportion of Risk Weighted Assets remaining consistent with the previous year at 17 basis points.

Total Shareholder Return (TSR) over the two years ended 30 June 2005 was 50.5%. This is in excess of the 40.6% increase in the ASX Accumulation Financial Index over the same period.

The result for the second half of the year was also strong, with Total Operating Income increasing 5% compared with the first half and operating expenses remaining flat.

Net profit after tax ("underlying basis") increased by 8% on the first half year. The operating environment was characterised by significantly stronger price competition in the retail deposit market, and a moderate slowdown in home lending volumes.

Weaker shareholder investment earnings in the second half (down 41%) and a substantially higher Which new Bank expense ($86 million compared with $19 million in the first half) resulted in net profit after tax ("cash basis") increasing by 1% to $1,782 million.

Which new Bank

The Bank has continued to meet or exceed its Which new Bank market commitments and critical project milestones. A comprehensive discussion of progress and outcomes is set out on pages 6 and 7.

Dividends

The total dividend for the year is another record at $1.97 per share, an increase of 14 cents or 8% on the prior year. The dividend payout ratio ("cash basis") for the year is 73.9% consistent with the payout ratio in the prior year, after adjusting for the additional Which new Bank expenses in that year.

The dividend payment for the second half of the year is $1.12 per share ($1.04 per share in the previous year). This dividend payment is fully franked and will be paid on 23 September 2005 to owners of ordinary shares at the close of business on 19 August 2005 ("record date"). Shares will be quoted ex-dividend on 15 August 2005.

The Bank issued $200 million of shares to satisfy shareholder participation in the Dividend Reinvestment Plan ("DRP") in respect of the interim dividend for 2004/05. It expects to issue around $272 million of shares in respect of the DRP for the final dividend for 2004/05.

Outlook

From an international perspective, we anticipate continuing respectable economic growth and strong commodity prices. Although domestic growth has slowed, a combination of widespread investment in capacity expansion, and favourable terms of trade together suggest some pick up in growth. Progress of the domestic economy is therefore contingent upon continuing strong terms of trade and the success of business investment.

Australia's fiscal position, credit quality, employment levels and business confidence are strong and provide a positive overall environment for financial services businesses. Robust demand for business credit is helping offset the continuing moderation of demand for housing credit from its record peak. Competition across the banking industry, particularly for deposits, is likely to continue, with margins declining generally in line with experience in recent years.

In February 2005, the Bank increased its expected compound annual growth rate in cash earnings per share for the period 2003 to 2006 from exceeding 10 percent per annum to exceeding 12 percent per annum. Subject to market conditions, the Bank remains committed to at least achieving this goal. For the 2006 fiscal year, the Bank remains confident that the momentum within the business from Which new Bank will ensure that the Bank delivers EPS growth which equals or exceeds the average of its peers. As a consequence, the Bank expects dividend per share to further increase in the 2006 fiscal year subject to the factors considered in its dividend policy.

As announced on 14 June 2005, following Mr David Murray's retirement, Mr Ralph Norris will take up the position of Chief Executive Officer and Managing Director of the Bank from close of business on 22 September 2005. This timing allows for a smooth transition in the last year of Which new Bank and will facilitate continuing growth underpinned by the Bank's competitive positioning established with the Which new Bank programme.

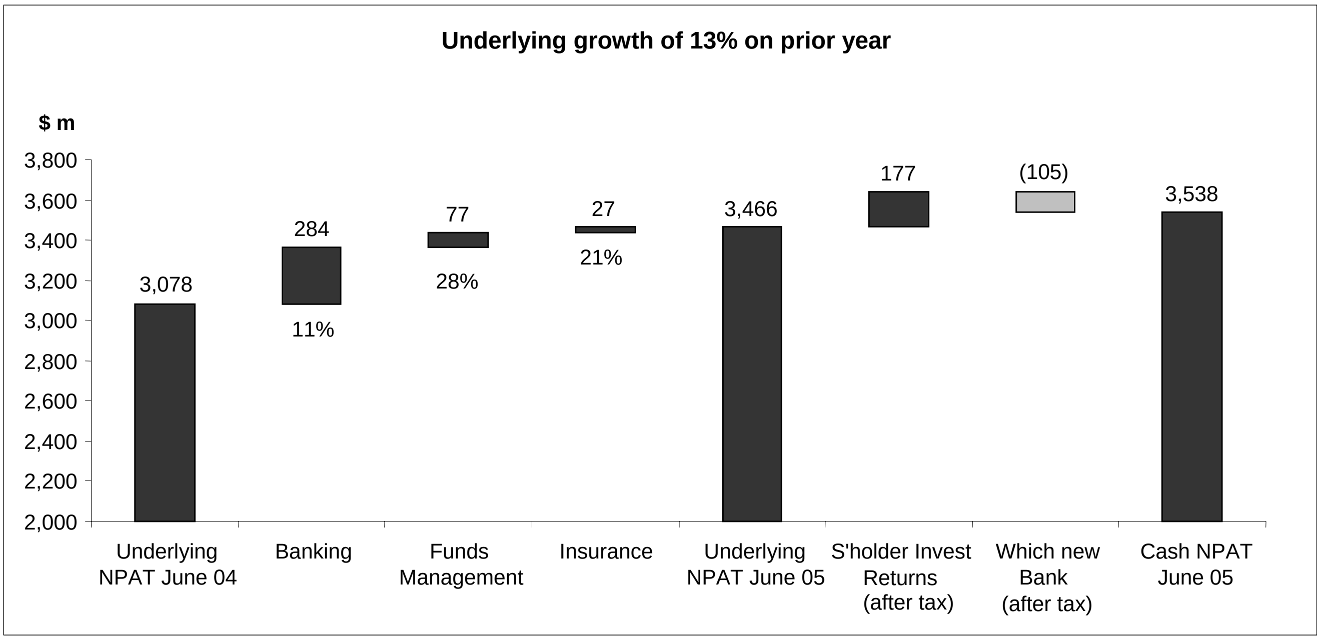
Highlights (cont'd)

Contributions to Profit (after income tax)	Full Year Ended 30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	Half Year Ended 30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
Banking	**2,959**	2,675	11	**1,532**	1,427	7
Funds Management	**351**	274	28	**181**	170	6
Insurance	**156**	129	21	**89**	67	33
NPAT ("underlying basis")	**3,466**	3,078	13	**1,802**	1,664	8
Shareholder Investment Returns (after tax)	**177**	152	16	**66**	111	(41)
Which new Bank (after tax)	**(105)**	(535)	large	**(86)**	(19)	large
NPAT ("cash basis")	**3,538**	2,695	31	**1,782**	1,756	1
Appraisal value uplift	**778**	201	large	**513**	265	large
Goodwill amortisation	**(325)**	(324)	-	**(163)**	(162)	1
NPAT ("statutory basis")	**3,991**	2,572	55	**2,132**	1,859	15
Dividends on preference shares paid(1)	**131**	101		**70**	61	
Dividends on ordinary shares paid/declared	**2,517**	2,311		**1,434**	1,083	

(1) Includes dividends paid on Perls, Perls II, Trust Preferred securities and ASB preference shares.

Shareholder Summary	Full Year Ended 30/06/05	30/06/04	Jun 05 vs Jun 04 %	Half Year Ended 30/06/05	31/12/04	Jun 05 vs Dec 04 %
Dividend per share – fully franked (cents)	**197**	183	14 cents	**112**	85	27 cents
Dividend cover – cash (times)	**1.4**	1.1		**1.2**	1.6	
Dividend cover – underlying (times)	**1.3**	1.3		**1.2**	1.5	
Earnings per share (cents)						
Statutory – basic	**303.1**	196.9	54	**161.5**	141.6	14
Statutory – fully diluted	**303.0**	196.8	54	**161.4**	141.6	14
Cash basis - basic	**267.6**	206.6	30	**134.1**	133.5	-
Cash basis – fully diluted	**267.5**	206.5	30	**134.0**	133.5	-
Underlying basis - basic	**261.9**	237.1	10	**135.5**	126.3	7
Underlying basis – fully diluted	**261.8**	237.0	10	**135.5**	126.3	7
Dividend payout ratio (%)						
Statutory	**65.2**	93.5		**69.5**	60.2	
Cash Basis(1)	**73.9**	73.9		**83.8**	63.9	
Weighted ave number of shares – basic	**1,273**	1,256		**1,277**	1,269	
Weighted ave number of shares – fully diluted	**1,274**	1,257		**1,278**	1,270	
Return on Equity – cash (%)	**16.0**	12.7	330 bpts	**15.9**	16.0	(10) bpts
Return on Equity – underlying (%)	**15.6**	14.6	100 bpts	**16.1**	15.1	100 bpts

(1) Dividend payout ratio for June 2004 excludes the impact of Which new Bank expenses ($535 million after tax), as communicated at the commencement of the program. No adjustment has been made for 2005.



Important Dates for Shareholders

15 August 2005 Ex-Dividend Date
19 August 2005 Record Date
23 September 2005 Final Dividend Payment
28 October 2005 Annual General Meeting
15 February 2006 2006 Interim Results Announcement

Highlights (cont'd)

Group Performance Summary	Full Year Ended 30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	Half Year Ended 30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
NPAT ("statutory basis")	**3,991**	2,572	55	**2,132**	1,859	15
NPAT ("cash basis")	**3,538**	2,695	31	**1,782**	1,756	1
NPAT ("underlying basis") [(1)]	**3,466**	3,078	13	**1,802**	1,664	8
Net Interest Income	**5,966**	5,410	10	**3,033**	2,933	3
Other banking income	**2,915**	2,846	2	**1,503**	1,412	6
Funds management income	**1,261**	1,158	9	**646**	615	5
Insurance income	**747**	678	10	**387**	360	8
Total Operating Income	**10,889**	10,092	8	**5,569**	5,320	5
Shareholder investment returns	**237**	196	21	**92**	145	(37)
Policyholder tax benefit	**228**	203	12	**117**	111	5
Total Income	**11,354**	10,491	8	**5,778**	5,576	4
Operating expenses	**5,697**	5,500	4	**2,869**	2,828	1
Which new Bank	**150**	749	large	**122**	28	large
Total Operating Expenses	**5,847**	6,249	(6)	**2,991**	2,856	5
Charge for bad and doubtful debts	**322**	276	17	**176**	146	21
Net Profit Before Income Tax	**5,185**	3,966	31	**2,611**	2,574	1
Policyholder tax expense	**228**	203	12	**117**	111	5
Corporate tax expense	**1,409**	1,059	33	**707**	702	1
Outside equity interests	**10**	9	11	**5**	5	-
NPAT ("cash basis")	**3,538**	2,695	31	**1,782**	1,756	1
Appraisal value uplift	**778**	201	large	**513**	265	large
Goodwill amortisation	**(325)**	(324)	-	**(163)**	(162)	1
NPAT ("statutory basis")	**3,991**	2,572	55	**2,132**	1,859	15

(1) Underlying basis excludes Which new Bank and Shareholder investment returns.

Key Performance Indicators	Full Year Ended 30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	Half Year Ended 30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
Banking						
Net interest margin (%)	**2.45**	2.53	(8) bpts	**2.45**	2.44	1 bpt
Average interest earning assets	**243,948**	214,187	14	**249,586**	238,402	5
Average interest bearing liabilities	**225,592**	197,532	14	**230,354**	220,908	4
Funds Management						
Operating income to average funds under administration (%)	**1.09**	1.11	(2) bpts	**1.09**	1.10	(1) bpt
Funds under administration - spot	**123,064**	109,883	12	**123,064**	117,440	5
Insurance						
Inforce premiums	**1,265**	1,167	8	**1,265**	1,199	6
Capital Adequacy						
Tier 1 (%)	**7.46**	7.43		**7.46**	7.46	
Total (%)	**9.75**	10.25		**9.75**	9.60	
Adjusted Common Equity	**4.91**	4.75		**4.91**	4.76	

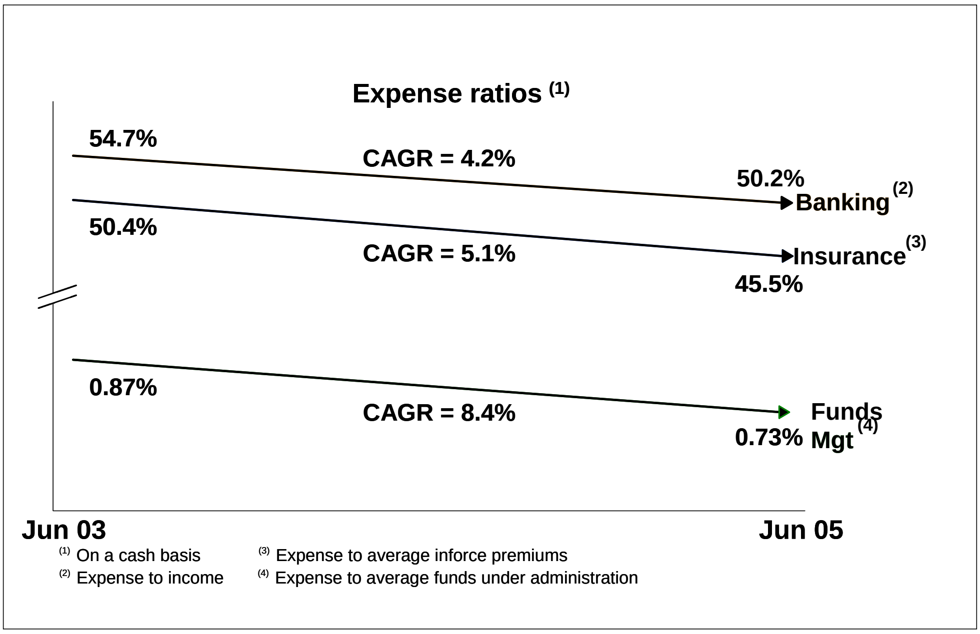
Credit Ratings	Long-term	Short-term	Affirmed
Fitch Ratings	AA	F1+	Jun 05
Moody's Investor Services	Aa3	P-1	Jun 05
Standards & Poor's	AA-	A-1+	Jun 05

The Bank continues to maintain a strong capital position which is reflected in its credit ratings which remained unchanged for the year. Additional information regarding the Bank's capital is disclosed on pages 46 and 47.

Balance Sheet Summary	As at 30/06/05 $M	31/12/04 $M	30/06/04 $M	Jun 05 vs Dec 04 %	Jun 05 vs Jun 04 %
Lending Assets[2]	**235,849**	224,402	205,946	5	15
Total assets	**329,035**	320,952	305,995	3	8
Total liabilities	**302,975**	295,885	281,110	2	8
Shareholders' equity	**26,060**	25,067	24,885	4	5
Assets held and FUA					
On Balance Sheet					
Banking assets	**292,026**	284,258	269,066[1]	3	9
Insurance Funds under administration	**22,959**	23,221	22,952	(1)	-
Other insurance and internal funds management assets	**14,050**	13,473	13,977[1]	4	1
	329,035	320,952	305,995	3	8
Off Balance Sheet					
Funds under administration	**100,105**	94,219	86,931	6	15
	429,140	415,171	392,926	3	9

(1) Comparatives for 30 June 2004 have been restated to reflect a restructure and subsequent realignment in business segments.
(2) Lending assets comprise Loans, Advances, and Other Receivables (gross of provisions for impairment) and Bank acceptances of customers.

Productivity and Efficiency	Full Year Ended 30/06/05	30/06/04	Jun 05 vs Jun 04 %	Half Year Ended 30/06/05	31/12/04	Jun 05 vs Dec 04 %
Banking						
Expense to income (%)	**50.2**	59.2	15.2	**50.3**	50.1	(0.4)
Underlying expense to income (%)	**48.9**	50.8	3.7	**48.1**	49.7	3.2
Funds Management						
Expense to average FUA (%)	**0.73**	0.80	8.8	**0.72**	0.74	2.7
Underlying expense to average FUA (%)	**0.70**	0.76	7.9	**0.68**	0.72	5.6
Insurance						
Expense to average inforce premiums (%)	**45.5**	47.3	3.8	**46.6**	44.9	(3.8)
Underlying expense to average inforce premiums (%)	**45.3**	46.1	1.7	**46.5**	44.8	(3.8)



Which new Bank Summary

Background

In September 2003, the Bank launched its Which new Bank customer service vision "To excel in customer service". The service transformation consists of three themes; excellent **customer service** through **engaged people** supported by **simple processes**.

The Bank estimated a spend of $1,480 million over the three years to 2006. This included $600 million of normal project spend, and an additional $620 million in areas such as systems and process simplification, technology and staff training and $260 million invested in the branch network.

The Bank provided the following financial guidance:

- An increase in cash EPS exceeding 10% CAGR over the three years, which has subsequently been revised upwards to exceed 12% CAGR;
- Achieving a 4-6%pa productivity improvement;
- Regaining profitable market share in key business lines; and
- Increasing dividends each year.

Progress in 2005

The Bank continues to make significant progress on its market commitments, with net benefits in 2005 totalling $724 million. Market shares in key business lines have improved (home loans, personal lending, funds management) or are showing signs of turn-around (business lending, deposits). Efficiency gains are being recorded in each segment. Dividends have continued to increase throughout the program.

Progress within the major initiatives include the following:

- "CommLeader" the Bank's leadership program which provides a common understanding of our approach to leadership and desired behaviours that underpin the cultural change, has been completed by 300 senior leaders;
- Service and sales training for 27,000 staff has been completed, thereby equipping staff and managers to provide higher quality needs analysis and improved service to our customers;
- "CommWay" initiatives have achieved turnaround time improvement across many of the Bank's processes. In addition, a significant improvement in response times for home loans and personal loans has been achieved with end-to-end systems and process redesign.
- "CommSee" the new customer management platform, that provides our customer service staff with ready access to imaged client documents and authorities, is making it easier to view customer information. More than half our branches now have CommSee operating and we are averaging over 90,000 referrals per month and maintaining a conversion rate of around 30%. Although CommSee is still being implemented across the country, the momentum gained during the second half of the year will position us well to benefit fully from this customer service initiative;
- A further 127 branches have been refurbished this year, bringing the number of branches modernised to help our people provide faster, more efficient service, to 252;
- The new NetBank platform was introduced in April 2005 providing enhanced functionality and greater flexibility for our 2 million online customers;
- A redesign of Support Functions has led to the implementation of new business models, achieving simplification and efficiency gains and improving customer service as reflected in the internal customer service survey results; and
- The Wealth Management team achieved its June 2005 goal of reducing the number of product systems to seven. This brings the number of systems decommissioned to 10, since the beginning of Which new Bank.

Key metrics

<u>Customer service</u>

Product sales per retail staff member for the June 2005 quarter are 25% higher than at the commencement of Which new Bank in September 2003.

Customer queue times across branches have improved with 85% of branches now serving customers, on average, within two minutes, compared with 41% at the start of the program.

Our internal Service Quality Index, which tracks a number of our service indicators, has moved from 7.7 in June 2003 to 8.5 in June 2005. Our Strength of Relationship score has increased slightly from 5.7 in the June 2003 quarter to 5.9 in the June 2005 quarter.

<u>Engaged People</u>

The annual Gallup Survey, measuring employee engagement, showed the Bank increased its percentile rating from 74th in May 2003 to 77th in May 2005. This is against our target of exceeding the global best practice mark at the 75th percentile.

Our recently introduced internal customer service survey, which surveys our support and operations staff for quality of service provided, has risen for the third successive quarter. The latest result show 88% of internal customers agree that they receive excellent service.

The staff engagement survey reaffirmed progress with results improving in the last six months. This includes staff having a clear understanding of the customer service vision, where the Bank is headed and that we have an environment where ideas and knowledge are more freely shared.

<u>Simple processes</u>

CommWay, the Bank's approach to continuous improvement, has completed 41 projects averaging a 49% improvement in turnaround times as well as achieving efficiency gains. Projects were completed across all major operations and support areas. In addition, the program has built competencies across the Bank, with over 450 business people skilled in applying the tools and methodologies as part of their everyday role.

Customers are being provided with quicker credit decisions for home loans and personal loans. The proportion of conditional approvals able to be provided on-the-spot has increased to 71% for home loans in branches, and 45% for personal loans, compared with 47% and 0% respectively at the start of the program. This will continue to rise as additional initiatives are fully implemented.

Focus for 2006

The Bank continues to make significant progress in its customer service transformation and remains confident that with the momentum gained so far, it will meet all the Which new Bank market commitments.

The 2006 financial year will see the completion of all major Which new Bank projects including the deployment of CommSee across Australia. We expect customer service to continue to improve as our people further embrace the service and sales culture, our customer service staff are provided with better tools to serve customers and turnaround times continue to reduce.

Which new Bank Summary

Which New Bank	Full Year Ended 30/06/05 $M	Full Year Ended 30/06/04 $M	Half Year Ended 30/06/05 $M	Half Year Ended 31/12/04 $M
Gross spend	**601**	634	**346**	255
Change in provision for future costs	**(97)**	208	**(40)**	(57)
Investments capitalised	**(154)**	(112)	**(84)**	(70)
Net Which new Bank expenses	**350**	730	**222**	128
Less: Normal project spend	**(200)**	(200)	**(100)**	(100)
Expensing of previously capitalised software	**-**	219	**-**	-
Incremental WnB expense – before tax	**150**	749	**122**	28
Incremental WnB expense – after tax	**105**	535	**86**	19
Which new Bank expense to date	**1,235**	634	**1,235**	889

Incremental WnB expense by Segment	Full Year Ended 30/06/05 $M	Full Year Ended 30/06/04 $M	Half Year Ended 30/06/05 $M	Half Year Ended 31/12/04 $M
Banking	**112**	698	**97**	15
Funds Management	**36**	37	**24**	12
Insurance	**2**	14	**1**	1
Incremental WnB expense – before tax	**150**	749	**122**	28

Which new Bank benefits – total	Full Year Ended 30/06/05 $M	Full Year Ended 30/06/04 $M	Half Year Ended 30/06/05 $M	Half Year Ended 31/12/04 $M
Gross benefits – Revenue	**340**	152	**192**	148
Less: Additional operating expenses	**(67)**	(60)	**(36)**	(31)
Net benefits – Revenue	**273**	92	**156**	117
Gross benefits - Expenses	**451**	145	**267**	184
Net benefits pre tax	**724**	237	**423**	301
Target communicated to market	**620**	200		

The impact on current full year expenses is the net of $451 million cost benefits, less the impact of additional operating expenses of $67 million, totalling $384 million. The ratio of net benefits is: revenue 38% : expenses 62% (2004 was 39% and 61% respectively).

Investment capitalised under WnB	Full Year Ended 30/06/05 $M	Full Year Ended 30/06/04 $M	Half Year Ended 30/06/05 $M	Half Year Ended 31/12/04 $M
Branch Refurbishment	**58**	74	**45**	13
IT systems	**96**	38	**39**	57
Total amount capitalised	**154**	112	**84**	70

The balance of capitalised IT systems at 30 June 2005 was $182 million.

	Milestone	Percentage complete*	Target date
Customer	1. Service & Sales Management - remaining staff trained	100%	Jun 05
Customer	2. Branch Refurbishment - refurbish 125	100%	Jun 05
Customer	3. NetBank - new service implemented	100%	Mar 05
Customer	4. CommSee - platform built and deployment commenced	100%	Apr 05
Customer	5. CommSee - 40% customer-facing staff trained	100%	Jun 05
Customer	6. Segment Model - pilot completed	100%	Jun 05
People	7. Performance Culture - performance management system implemented	100%	Dec 04
People	8. Performance Culture - new learning curriculum available	100%	Jun 05
Process	9. CommWay - 40 process simplification initiatives completed	100%	Jun 05
Process	10. Support Function Redesign - implementation of 14 functions completed	100%	Jun 05
Process	11. Wealth management systems - reduced from 11 to 7	100%	Jun 05
Process	12. Procurement - 10 key categories renegotiated	100%	Jun 05
Process	13. IT Efficiency - run-rate savings of $80m realised	100%	Jun 05

* As at end June 2005 ¦ As at May 2005 WnB progress update

Banking Analysis

Financial Performance and Business Review

The 2005 underlying profit after tax for the banking business increased by 11% to $2,959 million. The performance during the year was underpinned by:

- Strong volume growth in home lending, up 15% to $140 billion and personal lending, up 19% to $16 billion;
- Stable net interest margin since June 2004 to bring the full year NIM to 2.45%, eight basis points below the average for the prior year;
- Continued market share growth in the key retail lending products;
- Good cost control, with relatively flat costs, and
- Bad debt expense as a proportion of Risk Weighted Assets remaining at 17 basis points.

The underlying result for the second half of the year increased 7% to $1,532 million from $1,427 million in the first half. The second half performance reflects:

- Home lending volumes remaining ahead of market growth, despite a slow down across the market in the second half;
- Continued stable product margins;
- Operating costs being relatively flat compared with the first half; and
- Improved productivity with the underlying cost to income ratio dropping to 48.1%.

Australian Retail

The Australian retail banking operations performed strongly over the year.

The Bank was able to further improve its market share position in home lending, credit cards and other personal lending through a combination of competitive products, effective marketing and good customer service. Margins increased in all products except home loans, where there was only a minor contraction, reflecting growth in third party volumes.

Credit quality remained sound. A decision was taken to increase the risk profile on personal lending unsecured credit, which had a positive impact on lending volume and revenue growth, but with some increase in the bad debt expense. The Bank's personal loan quality remains on par with the average of major competitors.

There has been some loss of retail deposit market share in the high interest rate segment as competitors aggressively price in an effort to gain market share. The Bank's strategy remains focused on delivering segmented product offers as the basis for maintaining profitable market share. In June, the Bank introduced its new NetBank Saver account to meet the needs of customers in this market segment.

The Bank introduced changes to its mortgage broker business model during the year with a progressive implementation from April 2005. Results to date have been in line with expectations, including a significant reduction in the proportion of introductory rate or "honeymoon" business. Separately, development continues on the Bank's new commission-only proprietary home loan channel "Innovators" (launched late 2004), with early results encouraging. The new channel is designed to acquire new home loan customers from external sources, and to complement our existing branch, mobile and broker channels.

Premium, Business & Corporate and Institutional

Premium Business Services provides financial services to a broad client base that incorporates the institutional, corporate and business segments as well as the Bank's high-net worth personal clients.

Our working capital services business had a strong year with continued market share growth and good earnings momentum. The global markets trading business was limited by the low volatility in the Australian dollar and in particular Australian interest rates, leading to some decline in domestic customer activity. The lending business saw intense competition, especially for larger credit and particularly during the first half of the year.

While business lending market share reduced slightly, the Bank's pricing and credit discipline led to further improvements in credit quality.

The Bank's relationship based service approach has been successful for a broad range of investment products including primary offerings of equities and debt.

Other performance highlights include:

- Lead roles in a number of new financings, including a $1 billion bond issue for Goldman Sachs and a $1.9 billion Syndicated Standby Revolving and Term Loan Facility for Qantas Airways Ltd. This was the largest Australian dollar syndicated debt raising by an Australian corporate in the market last year; and
- The acquisition of AOT Australia, which further leverages CommSec's scale into the institutional market. CommSec continues to be the most active broker by number of transactions on the ASX and has the busiest single purpose website in Australia.

Asia Pacific

Asia Pacific Banking incorporates the retail and commercial banking operations in New Zealand, Fiji, and Indonesia. ASB Bank in New Zealand represents the majority of this business and their results are separately disclosed in appendix 21 on page 64.

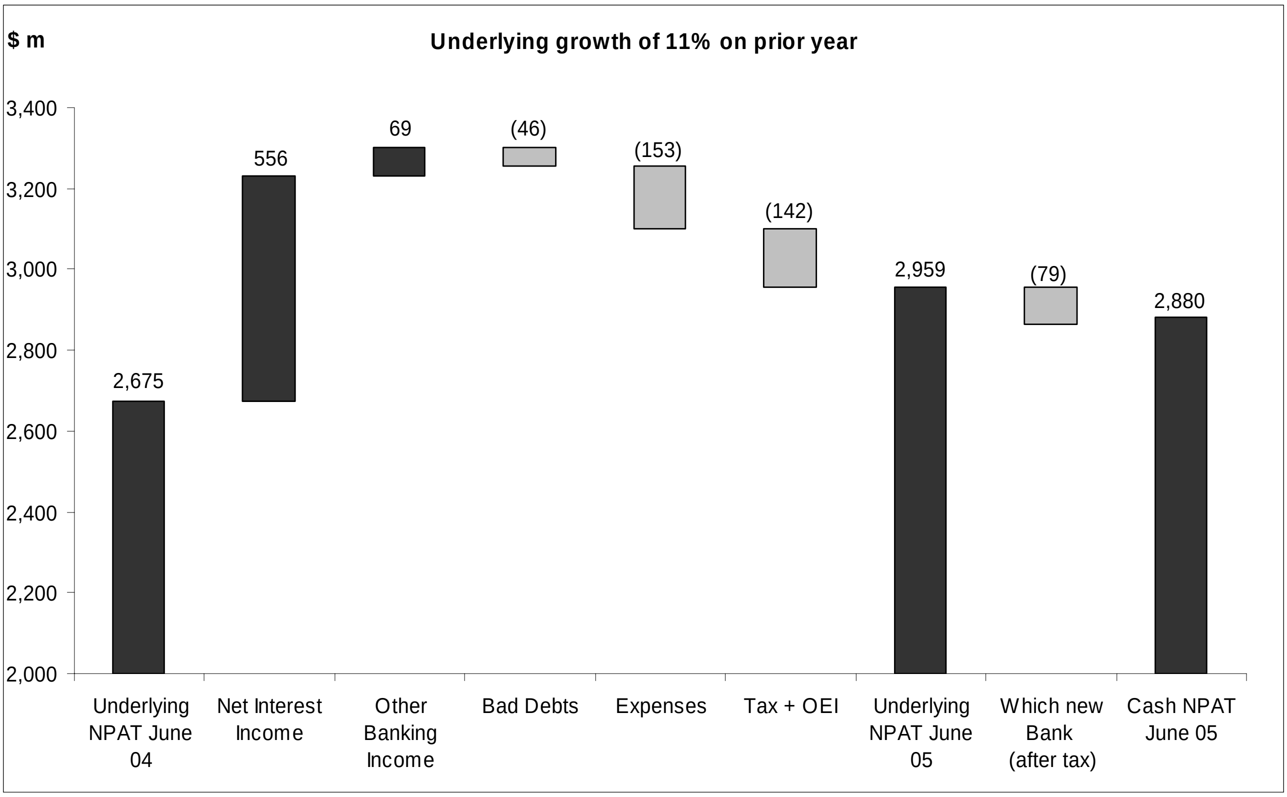
During the year, the Bank acquired an 11% interest in Jinan City Commercial Bank, one of the 10 largest city commercial banks in China by assets. Subject to regulatory approval, the Bank will also acquire a 19.9% interest in Hzangzhou City Commercial Bank, ranked in the top five city commercial banks by assets.

The New Zealand banking sector has continued to remain buoyant during the second half, with some evidence of a slowdown in the home loan market. The impact of the cash rate increases continues to be negative across the market and competition remains intense.

ASB Bank has strengthened its position, further increasing its market share in home lending throughout the year.

ASB Bank was recognised for the third consecutive year as the "Bank of the Year" for New Zealand (Source: Banker Magazine, UK) reflecting the Bank's strong operational performance and commitment to customer service.

Key Performance Indicators	Full Year Ended 30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	Half Year Ended 30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
Net interest income	**5,966**	5,410	10	**3,033**	2,933	3
Other operating income	**2,915**	2,846	2	**1,503**	1,412	6
Total Operating Income	**8,881**	8,256	8	**4,536**	4,345	4
Operating expenses	**4,344**	4,191	4	**2,184**	2,160	1
Which new Bank	**112**	698	large	**97**	15	large
Total Operating Expenses	**4,456**	4,889	(9)	**2,281**	2,175	5
Charge for bad and doubtful debts	**322**	276	17	**176**	146	21
Net profit before Income Tax	**4,103**	3,091	33	**2,079**	2,024	3
Income tax expense	**1,220**	914	33	**615**	605	2
Outside equity interests	**3**	1	-	**1**	2	-
NPAT ("cash basis")	**2,880**	2,176	32	**1,463**	1,417	3
NPAT("underlying basis") [(1)]	**2,959**	2,675	11	**1,532**	1,427	7
Productivity and other measures						
Expense to income (%)	**50.2**	59.2	15.2	**50.3**	50.1	(0.4)
Expense to income - underlying (%)	**48.9**	50.8	3.7	**48.1**	49.7	3.2
Effective corporate tax rate (%)	**29.7**	29.6	10 bpts	**29.6**	29.9	(30) bpts
Balance Sheet						
Lending assets ($m) [(2)]	**235,849**	205,946	15	**235,849**	224,202	5
Average interest earning assets ($m)	**243,948**	214,187	14	**249,586**	238,402	5
Average interest bearing liabilities ($m)	**225,592**	197,532	14	**230,354**	220,908	4
Asset Quality						
Risk weighted assets ($m)	**189,559**	169,321	12	**189,559**	180,673	5
Net impaired assets ($m)	**219**	197	11	**219**	238	(8)
General provision/Risk weighted assets (%)	**0.73**	0.82	(9) bpts	**0.73**	0.76	(3) bpts
Total provisions/Gross impaired assets (net of interest reserved) (%)	**411.4**	451.8	-	**411.4**	373.0	-
Bad debt expense as a % of Risk weighted assets annualised (%)	**0.17**	0.16	1 bpt	**0.19**	0.16	3 bpts



(1) Underlying basis excludes Which new Bank.
(2) Lending assets comprise Loans, Advances, and Other Receivables (gross of provisions for impairment) and Bank acceptances of customers.

Banking Analysis (cont'd)

Total Banking Income

Total banking income comprises income from the Australian Retail; Premium, Business & Corporate and Institutional; Group Treasury and Asia Pacific operations.

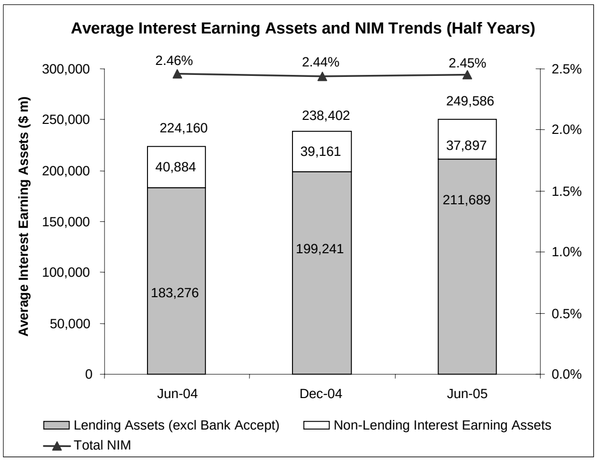
	Full Year		Half Year	
Total Banking Income	**30/06/2005 $M**	**30/06/2004 $M**	**30/06/2005 $M**	**31/12/2004 $M**
Australian Retail	4,679	4,292	2,392	2,287
Premium, Business, Corporate and Institutional and Group Treasury	2,877	2,715	1,443	1,434
Asia Pacific	833	710	428	405
Trading income	440	499	221	219
Other	52	40	52	-
Total Banking Income	**8,881**	**8,256**	**4,536**	**4,345**
Net Interest Income	5,966	5,410	3,033	2,933
Other Banking Income	2,915	2,846	1,503	1,412
Total Banking Income	**8,881**	**8,256**	**4,536**	**4,345**

- *Australian Retail Banking Services:* Total income increased by 9% from the prior year to $4,679 million, driven largely by higher interest income, with growth in lending assets of 15% while margins remained stable. Income during the second half was 5% above the first half.
- *Premium, Business & Corporate and Institutional and Group Treasury*: Total income was 6% above the prior full year and reflects improved growth in lending assets. Income in the second half of the year was relatively flat compared with the first half.
- *Asia Pacific:* The increase in total income by 17% from the prior year reflects the benefits of continued strong lending growth in ASB Bank combined with a stronger New Zealand Dollar. Income in the second half of the year was 6% above the first half.

Net Interest Income

Net interest income for the year increased by 10% to $5,966 million. The growth was driven by a 14% increase in average interest earning assets, partially offset by an eight basis points contraction in the net interest margin to 2.45%.

During the second half of the year, with evidence of a slow down in home lending activity, net interest income increased 3% on the first half. This was the result of a 5% growth in average interest earning assets, a stable net interest margin (2.45%) and three less days in the second half compared with the first half.



Volume

Average interest earning assets increased by $26 billion over the year to $250 billion, reflecting a $28 billion increase in lending assets. Average liquid assets reduced by $3 billion during the year.

The largest contributor to the increase in average interest earning assets was the continued resilience of home lending in Australia and New Zealand.

Average home loan balances increased by 19% since 30 June 2004 to $132 billion (19% growth excluding securtisation). This growth was ahead of the market, in both the Australia and New Zealand residential lending sectors.

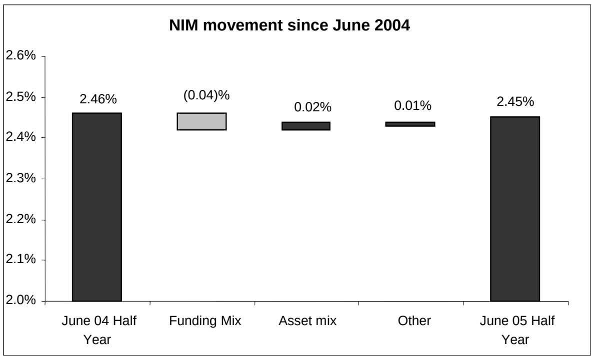
During the second half of the year, home lending activity across the market slowed as expected. Average home lending balances increased 6% (down from 10% in the first half).

Personal lending average balances increased $2 billion (15%) since June 2004, with strong growth across all major products including personal loans, credit cards and margin lending.

Average balances for Business, Corporate and Institutional lending grew 13% over the full year, across a number of lines of business including variable lending, hire purchase and term loans. During the second half average balances grew by 5% relative to the first half.

Interest Margin

The net interest margin for the full year of 2.45% was eight basis points below the prior year. Following the contraction which occurred during the second half of last year, the NIM has remained stable over the past 12 months. The average monthly margin for the June 2005 half year of 2.45% was in line with the average margin for the June 2004 half year of 2.46%.



Factors impacting on the margin relative to the June 2004 half year included:

- Funding Mix: increased reliance on wholesale funding as a result of the strong growth in home lending outpacing retail deposit growth. The impact was to reduce NIM by four basis points.
- Asset Mix: continued strong growth in home loans balances (lower margin than other products) compared with other lending caused a slight reduction in NIM, but this was more than offset by the reduced level of non-lending liquid assets.
- Other: while competition remained strong across all products, the Bank continued to focus on maintaining the net interest margin. Most product margins remained relatively flat, which together with a slight benefit from a cash rate increase led to a one basis point increase in NIM.

During the second half of the year the net interest margin stabilised at 2.45%, up one basis point from the first half. This outcome reflected relatively stable margins across the major lending assets.

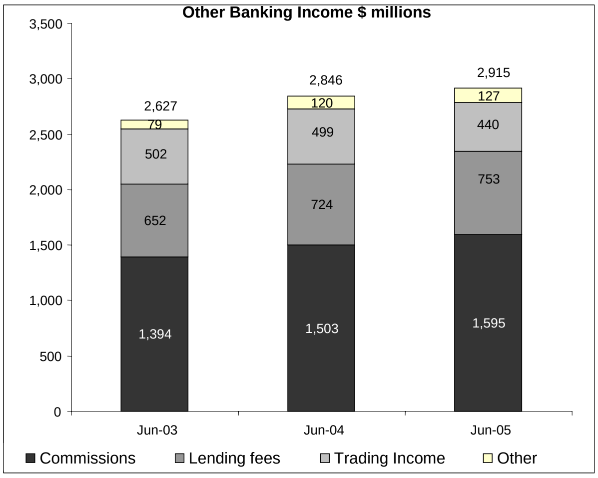
Banking Analysis (cont'd)

Other Banking Income

	Full Year Ended		Half Year Ended	
	30/06/05 $M	30/06/04 $M	30/06/05 $M	31/12/04 $M
Commissions and Fees	**1,595**	1,503	**798**	797
Lending fees	**753**	724	**395**	358
Trading income	**440**	499	**221**	219
Other	**127**	120	**89**	38
Other Banking Income	**2,915**	**2,846**	**1,503**	**1,412**

Other banking income increased 2% to $2,915 million compared with $2,846 million in the prior year. During the current year higher volume related commission and lending fees income were partially offset by lower trading income.

During the second half of the year, income increased 6% over the first half with increased volumes, changes in upfront commission payments to mortgage brokers and higher leasing income attributable to a change in tax legislation. Commission and trading income were broadly in line with the first half of the year.



During the year:

- Commissions and Fees increased 6% to $1,595 million driven by increased volumes and completion of major infrastructure transactions (including Tollways) during the first half of the year. Credit card volume increases were driven by increased activity levels, combined with the launch of the Platinum card during March 2004. There was no significant growth in commission and fee income in the second half, relative to the first half of the year.
- Lending Fees increased 4% to $753 million with volume increases in bill and overdraft facilities being the primary drivers. Second half income increased 10% on the first half, reflecting a reduction in upfront commission payments to mortgage brokers, combined with continued higher volumes in personal lending, overdraft and bill facilities.
- Trading Income of $440 million was 12% below the prior year with lower market volatility and difficult trading conditions while lower volumes were recorded across the derivatives and foreign exchange sectors. Second half trading income levels were in line with the first half.
- Other Banking Income was relatively flat for the year. Current year income includes an amount of $52 million due to the change in tax consolidation legislation for leasing (recognised in the second half of the year). The prior year included profits from strategic assets sales (Bank of Queensland and Fleet Lease) totalling $71 million, partially offset by a $31 million equity accounting loss of an associated entity due to a change in it's accounting policy.

Operating Expenses

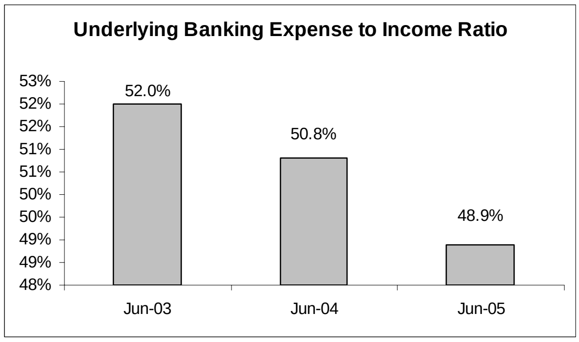
Operating expenses within the Banking business increased 4% to $4,344 million during the current year. Operating expenses during the year were impacted by:

- Average increase of 4% in staff expenses reflecting labour market movements and other inflation-related cost increases;
- Volume growth in the New Zealand Banking operations;
- A stronger New Zealand Dollar contributing an additional $20 million in costs; and
- Increased costs associated with large compliance related projects (e.g. Basel II, IFRS and Sarbanes Oxley) totalling $35 million for the year ($15 million in 2004).

Excluding the impact of the higher New Zealand Dollar and increased compliance project costs, operating expenses increased by 3%.

During the second half of the year, operating costs were virtually flat, increasing by only 1% to $2,184 million. Costs across the core Australian banking segments were at or below the first half, offset by volume related increases within the New Zealand Banking operations.

Productivity



The underlying Banking expense to income ratio dropped to below 50% for the first time to 48.9% over the year. This favourable result was attributable to higher income (8% increase) without a corresponding rise in underlying expenses. The benefits realised under the Which new Bank program continue to increase.

The underlying Banking expense to income ratio for the second half was 48.1%, down from 49.7% in the first half and 50.8% in the prior June half year.

Bad and Doubtful Debts

The total charge for bad and doubtful debts for the full year was $322 million, which is 17 basis points of Risk Weighted Assets. This level is consistent with the prior year.

Impaired assets were $395m at year end, down from $445m at December 2004 and up from $363m at June 2004.

The Bank remains well provisioned, with total provisions for impairment as a percentage of gross impaired assets net of interest reserved of 411% (December 2004: 373%, June 2004: 452%). General provision as a percentage of risk weighted assets is 0.73% compared with 0.76% as at 31 December 2004 and 0.82% as at 30 June 2004.

Taxation Expense

The corporate tax charge for the full year was $1,220 million, an effective tax rate of 29.7% compared with 29.6% in the prior year.

The effective tax rate in the second half of the current year was 29.6%, down from 29.9% in the first half.

Banking Analysis (cont'd)

Assets & Liabilities

Retail Lending

Major Balance Sheet Items (gross of impairment)	As at 30/06/05 $M	31/12/04 $M	30/06/04 $M	Jun 05 vs Dec 04 %	Jun 05 vs Jun 04 %
Lending assets - Home Lending (excl. securitisation)	**129,913**	121,704	112,488	7	15
Lending assets - Home Lending	**119,094**	115,313	104,883	3	14
Lending assets - Personal Lending	**15,477**	14,317	13,160	8	18
Market Share Percentage[1]					
Home Loans	**19.9**	19.6	19.3[2]		
Credit cards	**22.9**	23.2	22.7[2]		

(1) Refer to definitions on page 70
(2) As reported in the June 2004 Profit Announcement

Home Lending

Home loan balances (net of securitisation) increased by 14% from 30 June 2004 to $119 billion. Excluding the impact of securitisation, (there were a number of tranches in the past six months), the growth since June 2004 totalled 15% and 7% since December 2004. Home lending market share improved, rising 63 basis points since June 2004 (up 31 basis points from December 2004) to 19.9% as at June 2005. Market share has improved each month in the year to June 2005.

The Bank's branches continue to perform strongly, with growth ahead of the overall market. This has been supported by further increases in broker originated loans which now account for 21% of the Bank's total Australian book.

Personal Lending

Personal lending balances increased by 18% over the full year to $15.5 billion, and by 8% over the past six months.

Personal Loans have grown strongly, as the Bank has sought to optimise the relationship between risk and reward. Growth in credit card balances reflected higher activity levels and the launch of a new Platinum card in March 2004. Market share in credit cards has improved 20 basis points since June 2004. Margin Lending balances continued to grow throughout the year, assisted by strong equity markets.

Business, Corporate and Institutional Lending [1]

Major Balance Sheet Items (gross of impairment)	As at 30/06/05 $M	31/12/04 $M	30/06/04 $M	Jun 05 vs Dec 04 %	Jun 05 vs Jun 04 %
Interest earning lending assets	**51,584**	48,424	45,899	7	12
Bank acceptances of customers	**16,786**	16,297	15,019	3	12
Cash and other liquid assets	**11,144**	10,667	13,379	4	(17)
Trading & investment securities	**22,057**	23,525	23,884	(6)	(8)
Market Share Percentage					
Business Lending	**13.4**	13.5[2]	13.8[2]		
Asset Finance[4]	**16.6**	16.7[3]	16.8		
Transaction Services (Commercial)[5]	**24.8**	24.4[3]	24.4[3]		
Transaction Services (Corporate)[6]	**22.1**	21.4[3]	20.9[3]		

(1) Includes Group Treasury
(2) Refer to definitions on page 70
(3) As reported in the December 2004 Profit Announcement
(4) Source: AELA (Aust Equip Lessors Assoc) as at May 2005. The comparatives have been restated to now also include other CBA receivables (previously included CBFC business only)
(5) Source: East & Partners as at February 2005. Survey respondents included companies with $20 million to $340 million turnover.
(6) Source: East & Partners as at May 2005. Survey respondents are companies with turnover greater than $340 million

Lending Assets

Business, Corporate and Institutional interest earning lending has increased $5.7 billion or 12% over the year to $51.6 billion at June 2005 ($3.2 billion or 7% growth since December 2004). Bank acceptances increased by 12% since June 2004 (3% growth since December 2004) with Bill facilities continuing to be a valuable source of financing for our customers.

Total lending growth market share (including bank acceptances) decreased slightly during the second half of the year to 13.4%. Business credit spreads, particularly for large transactions, contracted further throughout the year, reflecting the higher competitive business environment.

Trading and Investment Securities

Trading and Investment securities decreased by $1.8 billion over the year ($1.5 billion since December 2005) to $22.1 billion at June 2005.

Transaction Services

Transaction market share for medium (commercial) and large corporations continued to grow, increasing 40 and 70 basis points respectively over the past year.

Deposits Australia

	As at 30/06/05 $M	31/12/04 $M	30/06/04 $M	Jun 05 vs Dec 04 %	Jun 05 vs Jun 04 %
Transaction Deposits	**30,501**	29,394	28,887	4	6
Savings Deposits	**34,205**	33,603	32,914	2	4
Investment Deposits	**52,286**	50,566	47,844	3	9
Deposits not bearing Interest	**5,823**	5,885	5,407	(1)	8
Sub Total Deposits (excl CD's and other)	**122,815**	119,448	115,052	3	7
Certificate of Deposits and other (1)	**18,299**	21,360	24,101	(14)	(24)
Total Deposits (Australia)	**141,114**	140,808	139,153	-	1
Debt issues	**51,682**	45,465	38,542	14	34
Market Share Percentage					
Household Deposits(2)	**29.8**	30.3	30.7		
Retail Deposits(3)	**22.9**	23.4	23.6 (4)		

(1) Other includes securities sold under agreement to repurchase and short sales.
(2) Source: APRA
(3) Source: RBA
(4) As reported in the June 2004 Profit Announcement

Deposits

In a competitive market, characterised by aggressive pricing, the Bank has grown its total deposits excluding Certificates of Deposit (CD's) by 7% over the year to 30 June 2005 (up 3% since 31 December 2004), whilst improving product margins. Across the three deposit categories, the strongest growth was in Investment Deposits, which have increased 9% over the past twelve months.

Transaction and Savings Deposits grew by 6% and 4% respectively during the past year. Savings performance reflected heightened competition as a number of competitors looked to compete aggressively on price in an effort to grow market share.

The Bank's strategy remains focussed on delivering segmented product offers as the basis for maintaining profitable market share. As part of this strategy the Bank introduced its new NetBank Saver account in June 2005.

Debt Issues

Debt issues were $51.7 billion at 30 June 2005, an increase of $13 billion or 34% from 30 June 2004 (14% or $6 billion increase since December 2004). The growth of debt issues reflects the wholesale funding requirement following the strong asset growth over the past twelve months. The majority of these issues were from offshore markets, where there was favourable market conditions and attractive funding rates.

Asia Pacific

Major Balance Sheet Items (gross of impairment)	As at 30/06/05 $M	31/12/04 $M	30/06/04 $M	Jun 05 vs Dec 04 %	Jun 05 vs Jun 04 %
Home Lending	**20,765**	18,945	16,967	10	22
Other Lending assets	**12,132**	10,906	10,018	11	21
Trading & investment securities	**2,843**	3,378	2,459	(16)	16
Cash and liquid assets	**821**	1,469	1,481	(44)	(45)
Debt issues	**6,939**	5,881	5,500	18	26
Deposits (1)	**23,006**	21,492	19,176	7	20
Market Share Percentage					
NZ Lending for housing (3)	**23.0**	22.7	22.2(4)		
NZ Retail Deposits(3)	**19.5**	18.7	17.5(2)		

(1) Asia Pacific Deposits exclude deposits held in other overseas countries (30 June 2005, $3,909 million).
(2) As reported in the June 2004 Profit Announcement.
(3) Source: Reserve Bank of NZ.
(4) Under the current definition used by the RBNZ, the equivalent prior period market share would be 22.4%.

Lending Assets

Total Asia Pacific home lending remained strong over the past twelve months, increasing by 22% to $20.8 billion at 30 June 2005. Growth in the second half of the year has been maintained, increasing 10% relative to December 2004. The strong performance reflects ASB Bank's prominence in the Auckland market, continued excellence in customer service and ongoing successful marketing campaigns.

ASB Bank has continued to grow its home lending market share increasing 30 basis points over the past six months to 23.0% by 30 June 2005.

Other lending assets, which comprise personal, rural and business/commercial lending assets, achieved similar growth levels to that of housing, increasing 21% in the twelve months to 30 June 2005.

Deposits

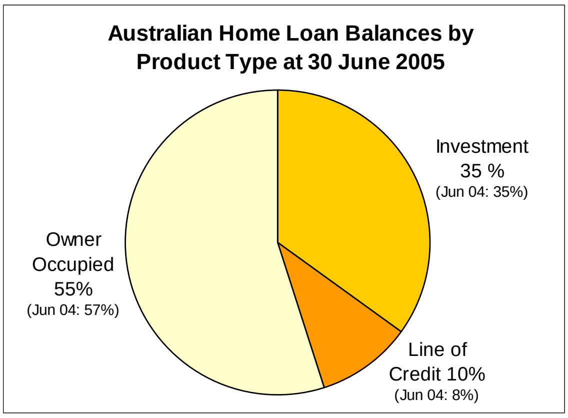
ASB Bank's retail deposits increased 20% over the year and 7% in the past six months. Growth in deposits have been ahead of market with market share increasing to 19.5% at June 2005 up from 17.5% at June 2004 and 18.7% at December 2004.

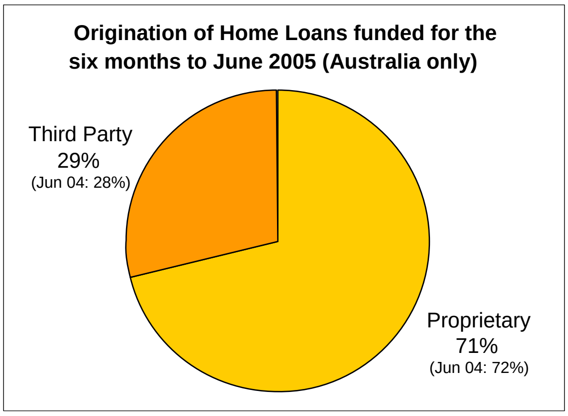
The ASB Bank net interest margin decreased over the year, primarily in the first half of the year. This was attributable to the impact of competitive pressures and higher wholesale funding costs.

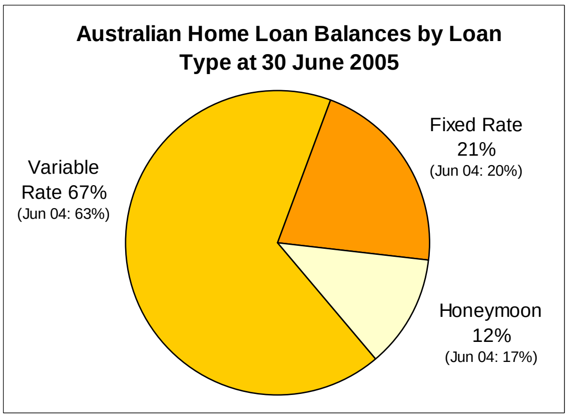
Banking Analysis (cont'd)

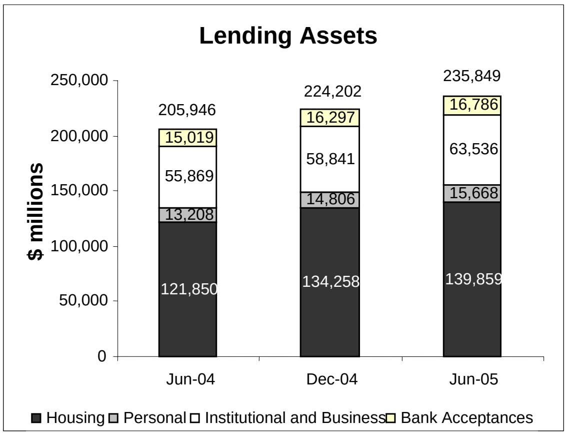
Total Banking	30/06/05 $M	31/12/04 $M	30/06/04 $M	Jun 05 vs Dec 04 %	Jun 05 vs Jun 04 %
		As at			
Interest Earning Assets					
Home Loans excl. securitisation	**150,677**	140,649	129,455	7	16
Less: Securitisation	**(10,818)**	(6,391)	(7,605)	69	42
Home Loans	**139,859**	134,258	121,850	4	15
Personal	**15,668**	14,806	13,208	6	19
Business and Corporate	**63,536**	58,841	55,869	8	14
Loans, Advances and Other Receivables (1)	**219,063**	207,905	190,927	5	15
Cash and other liquid assets(2)	**10,627**	10,284	13,704	3	(22)
Trading Securities	**14,628**	15,881	14,896	(8)	(2)
Investment Securities	**10,272**	11,022	11,447	(7)	(10)
Non Lending Interest Earning Assets	**35,527**	37,187	40,047	(4)	(11)
Total Interest Earning Assets	**254,590**	245,092	230,974	4	10
Other Assets(3)	**74,445**	75,860	75,021	(2)	(1)
Total Assets	**329,035**	320,952	305,995	3	8
Interest Bearing Liabilities					
Transaction Deposits	**34,694**	32,608	31,104	6	12
Savings Deposits	**38,461**	38,052	37,549	1	2
Investment Deposits	**66,087**	64,312	59,693	3	11
Certificates of Deposit and other	**21,809**	25,440	28,250	(14)	(23)
Total Interest Bearing Deposits	**161,051**	160,412	156,596	-	3
Deposits not bearing interest	**6,978**	7,013	6,581	-	6
Deposits and Other Public Borrowings	**168,029**	167,425	163,177	-	3
Due to Other Financial Institutions	**8,023**	9,512	6,641	(16)	21
Debt Issues	**58,621**	51,346	44,042	14	33
Loan Capital	**6,291**	5,801	6,631	8	(5)
Sub-Total	**240,964**	234,084	220,491	3	9
Other Non Interest Bearing Liabilities	**62,011**	61,801	60,619	-	2
Total Liabilities	**302,975**	295,885	281,110	2	8

(1) Gross of provisions for impairment, which are included in "other assets".
(2) Includes interest earning portion only. Non interest earning portion is included under "other assets".
(3) Other assets include Bank acceptances of customers and provision for impairment.









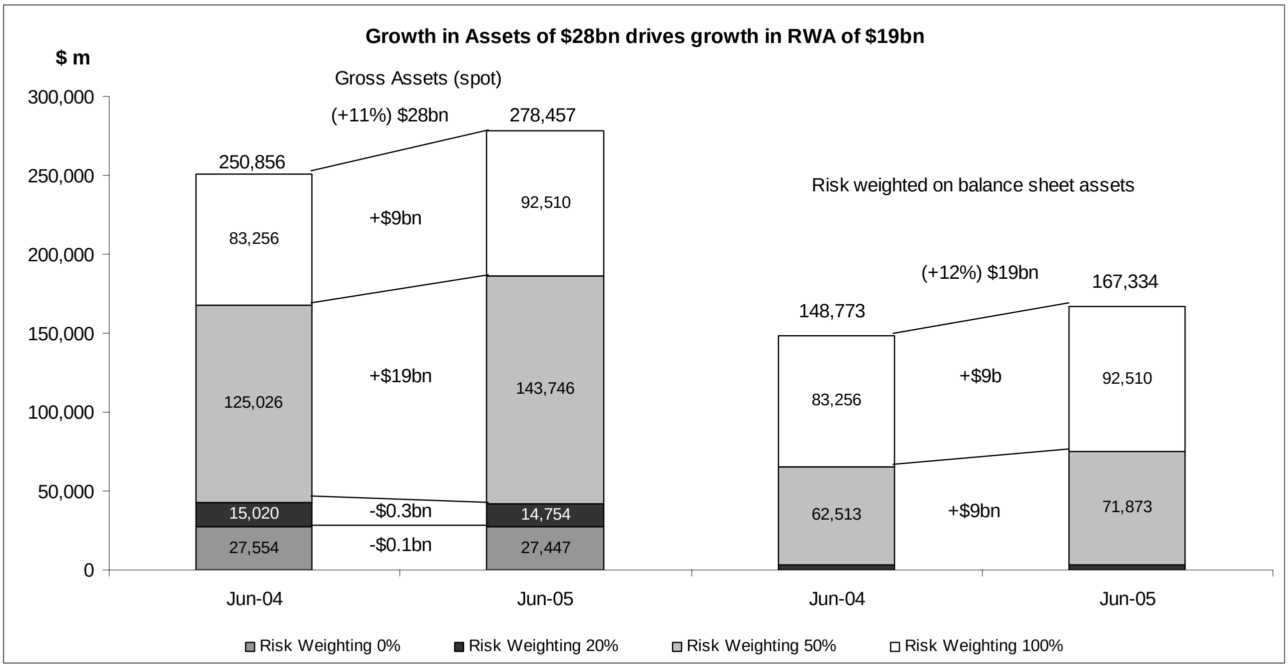
Provisions for Impairment	As at 30/06/05 $M	31/12/04 $M	30/06/04 $M
General provisions	**1,390**	1,379	1,393
Specific provisions	**157**	180	143
Total Provisions	**1,547**	1,559	1,536
Total provisions for impairment as a % of gross impaired assets net of interest reserved	**411.4**	373.0	451.8
Specific provisions for impairment as a % of gross impaired assets net of interest reserved	**41.8**	43.1	42.1
General provisions as a % of risk weighted assets	**0.73**	0.76	0.82
Bad debt expense as a % of risk weighted assets annualised.	**0.17**	0.16	0.16

Total provisions for impairment for the Bank at 30 June 2005 were $1,547 million. This level of provisioning is considered adequate to cover any bad debt write offs from the current lending portfolio having regard to the current outlook.

Specific provisions for impairment have increased by 10% to $157 million at 30 June 2005 as a result of an increase in the level of gross impaired assets over the year from $363 million to $395 million.

The general provision for impairment has decreased to $1,390 million at 30 June 2005. The general provision as a percentage of Risk Weighted Assets reduced to 0.73% from 0.82% in the prior year. The general provision as a percentage of risk weighted assets has declined over the last three years reflecting:

- The majority of growth in credit has been in home loans, which have a lower credit risk than other portfolios;
- The continuing strong asset quality in the business lending book; and
- A level of impaired assets which is at the lower level achieved over the past decade.



Funds Management Analysis

Financial Performance and Business Review

Performance Highlights

The full year underlying net profit after tax for the funds management business increased by 28% to $351 million. The performance during the year reflects:

- Strong funds under administration growth of 12% to $123 billion at 30 June; and
- Tight cost control which limited operating expenses growth including commissions to 1%.

The full year cash profit after tax increased by 30% to $349 million. Cash profit was also supported by strong investment markets which increased shareholder investment returns by 27% to $33 million.

The underlying result for the second half of the year increased 6% to $181 million from $170 million in the first half despite a higher effective tax rate. Profit momentum was sustained with operating income increasing by 5%, while costs remained flat.

The cash net profit after tax for the six months to June 2005 decreased by 5% to $170 million. The result was impacted by lower shareholder investment returns following less buoyant investment markets in the second half of the year, higher Which new Bank investment spend and changes to the effective tax rate.

Business Review

The operating environment was favourable, with revenue growth and fund flows benefiting from strong investment markets. At the same time competition remained intense. While the market environment has been conducive to volume growth, the focus of the business on expense control and margins has ensured this volume growth has translated to an excellent profit result.

The year also saw a significant improvement in retail flows and a corresponding increase in retail market share (following several years of declining share). Retail flows were driven by the FirstChoice product which continues to dominate industry retail flows due to a combination of competitive pricing, excellent service and extensive distribution reach.

Another highlight for the year was investment performance, where 95% (by value) of our domestic funds outperformed benchmark including our flagship Australian Equity funds which all ranked in first or second quartile.

Other key developments within the business during the year included:

- Acquisition of a minority stake in 452 Capital, which gives access to the rapidly growing boutique segment of the market;
- Establishment of a new quantitative asset management business (as a joint venture with Acadian);
- Continuing progress in rationalising legacy systems and products (now down to seven systems from 17 at the start of the program);
- Organisational changes which saw the creation of a discrete asset management business, quite separate from the platform/retail distribution business; and
- Excellent progress in selling funds management products through the Bank network, with productivity of planners up 38%.

Investment Performance

The investment performance of the asset management business continues to improve with 95% of retail domestic funds exceeding benchmark on a one year basis. This compares with 57% last year.

Importantly, the investment performance of our flagship Australian Equity funds are now well ahead of benchmark on a one year basis with rankings in first and second quartiles.

Operating Income

Operating income for the year increased by 8% to $1,271 million. Income growth was supported by a 12% increase in funds under administration balances to $123 billion as at 30 June 2005.

Margins were maintained against a background of increasing competition. The gross revenue margin for the business was 109 basis points, a decrease of two basis points on 2004. The good margin result is due to a combination of the wholesale net flows being skewed toward higher margin products, and the strong investment returns which meant there was little decline in the funds under management on the older retail products.

During the second half of the year operating income increased by 5% to $651 million. This result was underpinned by a 5% increase in funds under administration spot balances and margin contraction of one basis point.

Operating Expenses

Operating expenses for the year of $812 million were virtually flat compared with 2004. Volume expenses, which grew 2% for the year due to stronger sales volumes, accounted for all of the growth in expenses. Other operating expenses were flat year on year, despite the additional cost base of the Symetry business which was acquired during the year.

Key drivers of expenses for the period were:

- Significant savings due to WnB initiatives including the rationalisation of the legacy product systems;
- Redesign and rationalisation of back office functions resulting in head count savings, offset by;
- Average salary increases of 4%.

Expenses to average funds under administration for the year were 0.73%, a decline of seven basis points, reflecting good cost management during the year. On an underlying basis the ratio was 0.70% which represents an improvement of six basis points. This represents a productivity improvement of 8% for the year.

During the second half of the year, operating costs were flat compared with the first half.

Taxation

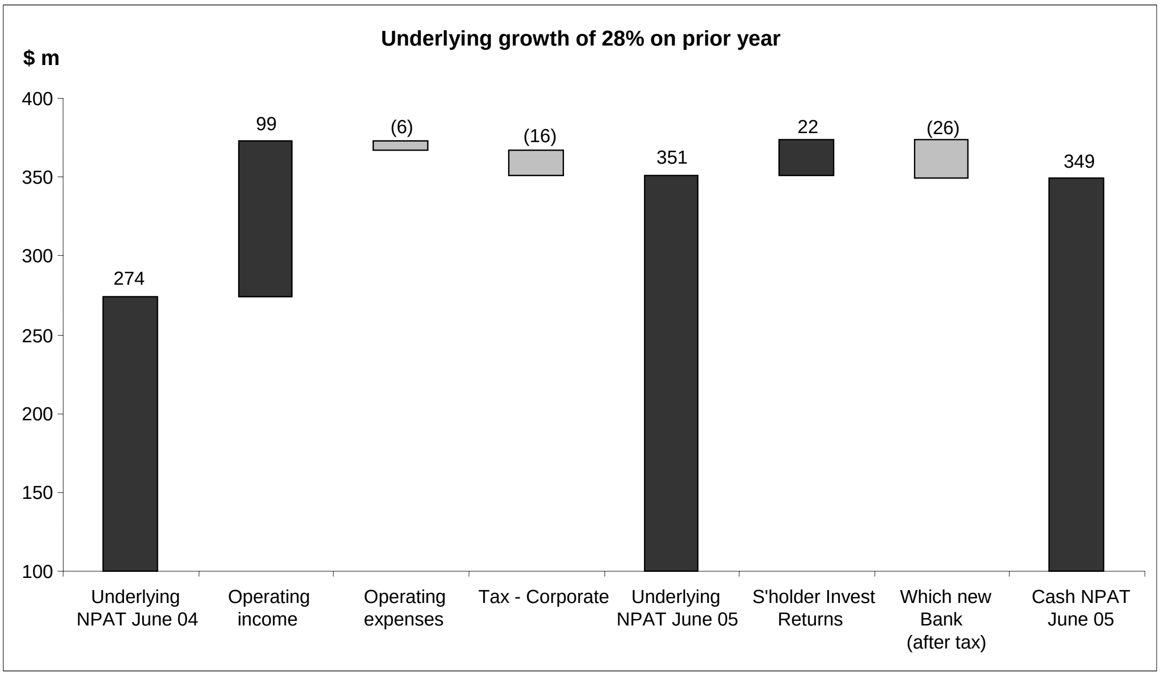
The corporate tax charge for the year was $100 million, with an effective tax rate of 21.9% compared with 22.3% for the prior year. The low effective tax rate in this business is due to the impact of transitional tax relief on investment style funds management products within life insurance legal entities and utilisation of prior period tax losses in offshore businesses. This is the last year where transitional relief is granted to life companies and the effective tax rate will be closer to the corporate tax rate in future periods.

Funds Management Analysis (cont'd)

Profit Summary

	Full Year Ended			Half Year Ended		
Key Performance Indicators	**30/06/05 $M**	**30/06/04 $M**	**Jun 05 vs Jun 04 %**	**30/06/05 $M**	**31/12/04 $M**	**Jun 05 vs Dec 04 %**
Operating income - external	**1,261**	1,158	9	**646**	615	5
Operating income - internal	**10**	14	(29)	**5**	5	-
Total Operating Income	**1,271**	1,172	8	**651**	620	5
Shareholder investment returns	**33**	26	27	**9**	24	(63)
Policyholder tax expense	**104**	149	(30)	**52**	52	-
Funds Management Income	**1,408**	1,347	5	**712**	696	2
Operating expenses	**812**	806	1	**406**	406	-
Which new Bank	**36**	37	(3)	**24**	12	large
Total Operating Expenses	**848**	843	1	**430**	418	3
Net Profit before Income Tax	**560**	504	11	**282**	278	1
Policyholder tax expense	**104**	149	(30)	**52**	52	-
Corporate tax expense	**100**	79	27	**56**	44	27
Outside equity interests	**7**	8	(13)	**4**	3	33
NPAT ("cash basis")	**349**	268	30	**170**	179	(5)
NPAT ("underlying basis") [(1)]	**351**	274	28	**181**	170	6
Funds Under Administration						
Funds under administration - average	**116,262**	105,458	10	**120,507**	112,185	7
Funds under administration - spot	**123,064**	109,883	12	**123,064**	117,440	5
Net flows	**456**	846	(46)	**(394)**	850	large
Total Retail net flows	**2,190**	(35)	large	**547**	1,643	large
Productivity and Other Measures						
Operating income to ave FUA	**1.09**	1.11	(2) bpts	**1.09**	1.10	(1) bpts
Expenses to ave FUA actual (%)	**0.73**	0.80	(7) bpts	**0.72**	0.74	(2) bpts
Expenses to ave FUA underlying (%)	**0.70**	0.76	(6) bpts	**0.68**	0.72	(4) bpts
Effective corporate tax rate (%)	**21.9**	22.3	(40) bpts	**24.3**	19.5	480 bpts

(1) Underlying basis excludes shareholder investment returns and Which new Bank.



Funds Management Analysis (cont'd)

Funds under Administration

Funds under Administration (spot balances) have increased by 12% over the year to $123 billion as at 30 June 2005. The growth in Funds under Administration was due predominantly to strong investment markets which contributed $13 billion. Net flows for the year were $0.5 billion. Pleasingly, overall retail flows were positive $2.2 billion, a turnaround on the flat net flows in the prior year.

Average Funds under Administration of $116.3 billion were 10% higher than the prior year.

The key drivers of funds flows were:

- Continuation of market leading flows into FirstChoice capturing in excess of 25% of the market net flows;
- Outflows from the cash management product due to competition from attractively priced retail deposit products;
- Outflows in other retail products which include closed legacy products, which was consistent with the prior year;
- Continuing outflows from GDP Equities Plus despite the improved investment performance;
- Loss of lower margin cash and indexed wholesale mandates; and
- Good flows into higher margin equity products in the International business.

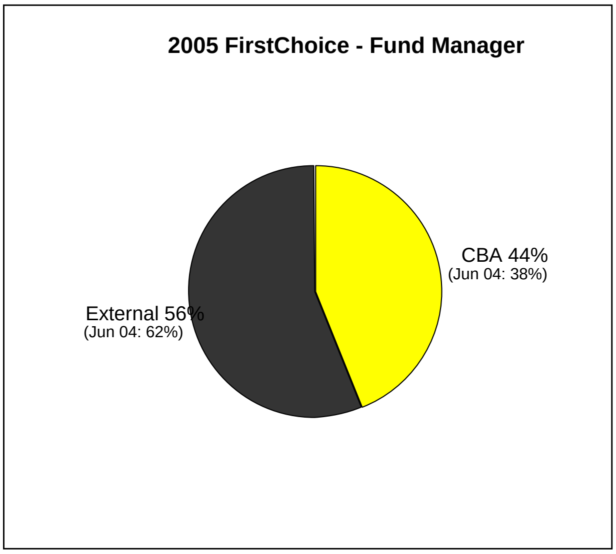
Market Share

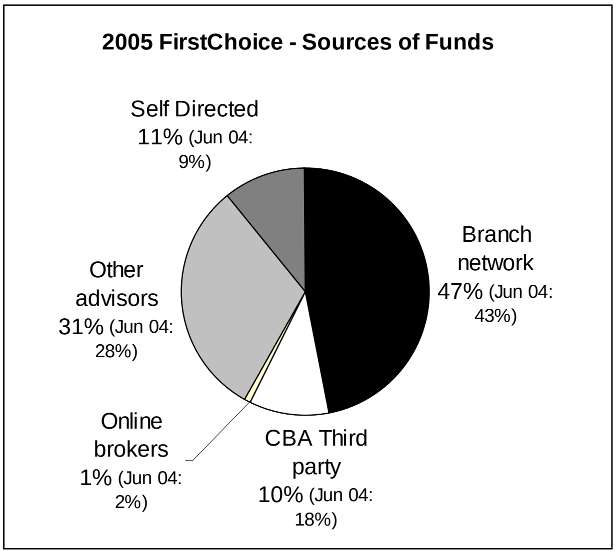
The Australian retail market share increased from 14.2% at 30 June 2004 to 14.8% at 31 March 2005 (31 December 2004: 14.7%). This was due to a reclassification of $3.1 billion of wholesale Funds under Administration to retail (equivalent to 0.6% of market share), following the launch of FirstChoice Wholesale.

The business has seen a significant turnaround in the net flow position of retail Funds under Administration in recent quarters. The most recent Plan for Life survey showed the Bank ranking No. 4 for total retail net flows and No. 3 for retail flows excluding cash trusts.

Market Share Percentage	30/06/05	31/12/04[1]	30/06/04[2]
Australian Retail – administrator view[3]	**14.8**	14.7	14.4[4]
New Zealand	**12.7**	13.3	13.2[5]
Australian Property[6]	**4.8**	5.2	5.5

(1) As reported in the December 2004 Profit Announcement.
(2) As reported in the June 2004 Profit Announcement.
(3) Source: Plan for Life. The administrator view considers market share from the perspective of the company which administers the product, and also includes badged products distributed by separate entities. Prior period market shares have not been restated to reflect the transfer of $3.1 billion of funds into FirstChoice Wholesale (a retail product).
(4) As at March 2004.
(5) Source: Fund Source Research. Prior period market shares have been updated to reflect total FUA rather than retail FUA as previously reported.
(6) Source: UBS Warburg.





Funds Under Administration	Opening Balance[1] 30/06/04 $M	Inflows $M	Outflows $M	Investment Income $M	Acquisitions & Disposals $M	Fx & other Movements[2] $M	Closing Balance 30/06/05 $M
	Full Year Ended 30 June 2005						
FirstChoice & Avanteos [1]	12,075	10,377	(4,265)	1,153	-	(271)[1]	**19,069**
Cash Management	4,414	2,961	(3,425)	232	-	-	**4,182**
Other Retail	34,705	4,417	(7,875)	3,951	-	871[3]	**36,069**
Australian Retail	**51,194**	**17,755**	**(15,565)**	**5,336**	**-**	**600**	**59,320**
Wholesale [1]	23,955	10,841	(13,350)	3,177	-	271	**24,894**
Property	12,624	1,207	(1,172)	1,668	-	(871)[3]	**13,456**
Other	3,033	248	(786)	391	-	-	**2,886**
Domestically Sourced	**90,806**	**30,051**	**(30,873)**	**10,572**	**-**	-	**100,556**
Internationally Sourced	19,077	9,209	(7,931)	2,453	-	(300)	**22,508**
Total	**109,883**	**39,260**	**(38,804)**	**13,025**	**-**	**(300)**	**123,064**

Funds Under Administration	Opening Balance 30/06/03 $M	Inflows $M	Outflows $M	Investment Income $M	Acquisition & Disposals $M	Fx & other Movements[2] $M	Closing Balance 30/06/04 $M
	Full Year Ended 30 June 2004						
FirstChoice & Avanteos	4,192	5,431	(1,370)	757	-	-	9,010
Cash Management	4,963	3,178	(3,930)	203	-	-	4,414
Other Retail	34,498	4,893	(8,237)	3,551	-	-	34,705
Australian Retail	**43,653**	**13,502**	**(13,537)**	**4,511**	**-**	**-**	**48,129**
Wholesale	25,485	12,322	(13,453)	2,666	-	-	27,020
Property	11,790	2,023	(2,079)	890	-	-	12,624
Other	3,251	-	(583)	365	-	-	3,033
Domestically Sourced	**84,179**	**27,847**	**(29,652)**	**8,432**	**-**	**-**	**90,806**
Internationally Sourced	14,387	7,769	(5,118)	1,592	(255)[4]	702	19,077
Total	**98,566**	**35,616**	**(34,770)**	**10,024**	**(255)**	**702**	**109,883**

Funds Under Administration	Opening Balance 31/12/04 $M	Inflows $M	Outflows $M	Investment Income $M	Acquisitions & Disposals $M	Fx & other Movements[2] $M	Closing Balance 30/06/05 $M
	Half Year Ended 30 June 2005						
FirstChoice & Avanteos	16,266	5,287	(2,317)	104	-	(271)[1]	19,069
Cash Management	4,460	1,330	(1,788)	180	-	-	4,182
Other Retail	35,743	1,822	(3,787)	1,420	-	871[3]	36,069
Australian Retail	**56,469**	**8,439**	**(7,892)**	**1,704**	**-**	**600**	**59,320**
Wholesale	24,274	5,805	(6,445)	989	-	271	24,894
Property	12,797	740	(661)	1,451	-	(871)[3]	13,456
Other	2,887	-	(674)	673	-	-	2,886
Domestically Sourced	**96,427**	**14,984**	**(15,672)**	**4,817**	**-**	**-**	**100,556**
Internationally Sourced	21,013	3,600	(3,306)	912	-	289	22,508
Total	**117,440**	**18,584**	**(18,978)**	**5,729**	**-**	**289**	**123,064**

Funds Under Administration	Opening Balance 30/06/04 $M	Inflows $M	Outflows $M	Investment Income $M	Acquisitions & Disposals $M	Fx & other Movements[2] $M	Closing Balance 31/12/04 $M
	Half Year Ended 31 December 2004						
FirstChoice & Avanteos	12,075	5,090	(1,948)	1,049	-	-	16,266
Cash Management	4,414	1,631	(1,637)	52	-	-	4,460
Other Retail	34,705	2,595	(4,088)	2,531	-	-	35,743
Australian Retail	**51,194**	**9,316**	**(7,673)**	**3,632**	**-**	**-**	**56,469**
Wholesale	23,955	5,036	(6,905)	2,188	-	-	24,274
Property	12,624	467	(511)	217	-	-	12,797
Other	3,033	248	(112)	(282)	-	-	2,887
Domestically Sourced	**90,806**	**15,067**	**(15,201)**	**5,755**	**-**	**-**	**96,427**
Internationally Sourced	19,077	5,609	(4,625)	1,541	-	(589)	21,013
Total	**109,883**	**20,676**	**(19,826)**	**7,296**	**-**	**(589)**	**117,440**

[1] During the period a wholesale version of FirstChoice was introduced targeted at retail customers. FUA flows to this product are categorised as retail FUA. To ensure consistency, $3.1 billion of existing wholesale business was reclassified from Wholesale to FirstChoice in the opening balance of the current year. During the half year ended 30 June 2005, an amount of $271 million was transferred from FirstChoice to wholesale business.
[2] Includes foreign exchange gains and losses from translation of internationally sourced business.
[3] Aligns classification to source of funds rather than product grouping.
[4] Scheduled withdrawal of Winterthur funds.

Insurance Analysis

Financial Performance and Business Review

Performance Highlights

The Bank is the largest life insurer in the Australian, New Zealand and Fiji markets. The Insurance business delivered a strong profit result for the year, with underlying net profit after tax increasing by 21% to $156 million. The performance during the year was underpinned by:

- Operating income growth of 10%
- In force premium growth of 8% to $1,265 million

The full year cash net profit after tax increased by 23% to $309 million. The result was supported by investment markets which increased shareholder investment returns by 20% to $204 million.

The underlying result for the second half of the year increased 33% to $89 million, due to continuing growth in income and a lower effective tax rate in the second half. However, the cash net profit after tax decreased by 7% to $149 million due to lower investment returns.

Business Review

Australia

The Australian business delivered a good profit result for the year, achieved through revenue growth, improved underwriting performance, reduced unit costs and favourable Life Insurance claims experience.

Key drivers were:

- Life insurance revenue growth, with life insurance premiums increasing by 5%, despite the loss of a large Group risk mandate;
- Positive claims experience in life insurance products; offset by
- Significant weather related claims in the general insurance portfolio, predominantly attributed to the February Eastern Seaboard storms.

The Bank maintained its number one market share of Australian risk premiums with 13.8% of the life insurance risk market. The Bank's share of retail life sales (new business) was 12.9%.

Total operating margin in the Australian business for the year increased by 21% to $94 million. Improved operating margins in Life Insurance offset the lower contribution from the underwritten General Insurance business. The Bank has the largest branch based general insurance distribution footprint in Australia.

Cash net profit after tax increased by 4% to $186 million as stronger operating margins were offset by lower shareholder investment returns.

New Zealand

The life insurance operations in New Zealand trade predominantly under the Sovereign brand.

Sovereign has continued to focus on the delivery of operational improvements and the successful execution of service excellence initiatives. The three key achievements during the year were:

- Continued strengthening of business volumes across all major business lines;
- Further improvements to operations and systems infrastructure; and
- Positive claims experience.

Total cash net profit after tax was $74 million for the year, an increase of 35% on prior year, while the operating margin was $52 million, 41% above same period last year.

Sovereign's sales momentum has continued into the second half of the year. New business market share increased significantly to 30.4% (March 2005 quarter), up from 28.4% in the previous corresponding period. The business has also maintained its market leadership position with 27.5% of the 'in-force' premium market. (*Source: ISI*).

Asia

Asia includes the life insurance and pension administration operations in Hong Kong, and life businesses in China, Vietnam, Indonesia and Fiji. The Hong Kong businesses represent the largest operations in the region.

The total cash net profit after tax in the Asia business was $49 million, up from $17 million in the prior year. Operating Margin for the year was $8 million, an increase from $3 million in the prior year. This primarily reflects positive investment returns, partly offset by a stronger Australian dollar.

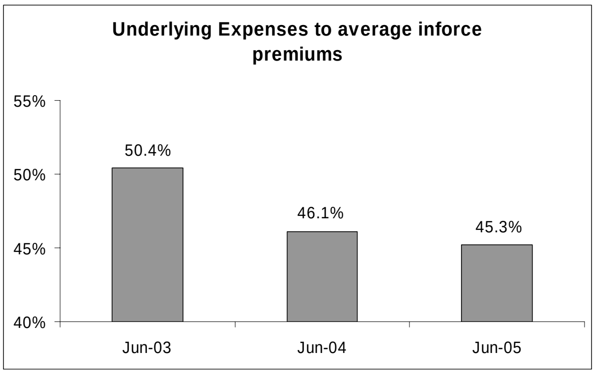
Post balance date, the Bank has entered into an agreement to sell its Hong Kong based life insurance, pensions administration and financial planning businesses to Sun Life Financial. The transaction, targeted for completion within three months, is subject to regulatory approvals. More detail is set out in appendix 16 on page 54.

Operating Income

Operating income of $747 million was 10% higher than the prior year. This result was mainly attributable to favourable Life Insurance claims experience in all regions, particularly on the Lump Sum and Wholesale life insurance business.

During the second half of the year, operating income increased 8%. This was also driven by the Life Insurance business.

Operating Expenses



Operating expenses of $551 million were 7% higher than last year. The underlying expense to average in force premium ratio was 45.3% a drop of 2% on the previous year.

The higher expenses were primarily related to the New Zealand operations, which was affected by:

- Adverse foreign exchange movements,
- Higher staff expenses driven by wage inflation associated with a tighter labour market; and
- Sales volume growth resulting in an increase in commission costs.

Corporate Taxation

The effective corporate tax rate for the year was 22.4% compared with 20.8% in the prior year. The increase in the effective corporate tax is due to the increased profitability and permanent differences. The tax rate is lower than the corporate tax rate due to utilisation of tax losses in the overseas businesses.

Summary Financial Performance (excluding appraisal value uplift)	Full Year Ended 30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	Half Year Ended 30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
Insurance						
Life Insurance Operating Income	**693**	618	12	**363**	330	10
General Insurance Operating Income	**54**	60	(10)	**24**	30	(20)
Total Operating Income	**747**	678	10	**387**	360	8
Shareholder investment returns	**204**	170	20	**83**	121	(31)
Policyholder tax	**124**	54	large	**65**	59	10
Total Insurance Income	**1,075**	902	19	**535**	540	(1)
Operating expenses[1]	**551**	517	7	**284**	267	6
Which new Bank	**2**	14	large	**1**	1	-
Total operating expenses	**553**	531	4	**285**	268	6
Net profit before income tax	**522**	371	41	**250**	272	(8)
Income tax expense attributable to:						
Policyholder	**124**	54	large	**65**	59	10
Corporate	**89**	66	35	**36**	53	(32)
NPAT ("cash basis")	**309**	251	23	**149**	160	(7)
NPAT ("underlying basis") [2]	**156**	129	21	**89**	67	33

Productivity and Other Measures	Full Year 30/06/05	30/06/04	Jun 05 vs Jun 04	Half Year 30/06/05	31/12/04	Jun 05 vs Dec 04
Expenses to ave inforce premiums (actual %)	**45.5**	47.3	3.8	**46.6**	44.9	(3.8)
Expenses to ave inforce premiums (underlying %)[2]	**45.3**	46.1	1.7	**46.5**	44.8	(3.8)
Effective corporate tax rate (%)	**22.4**	20.8	160 bpts	**19.5**	24.9	(540) bpts

(1) Operating expenses include $10 million internal expenses (2004: $14 million).
(2) Underlying basis excludes shareholder investment returns and Which new Bank.

Sources of Profit from Insurance Activities

The Margin on Services profit from ordinary activities after income tax is represented by:

	Full Year 30/06/05	30/06/04	Jun 05 vs Jun 04 %	Half Year 30/06/05	31/12/04	Jun 05 vs Dec 04 %
Planned profit margins	**122**	107	14	**60**	62	(3)
Experience variations	**27**	-	large	**28**	(1)	large
Other	**(8)**	(8)	-	**(8)**	-	large
General insurance operating margin	**13**	19	(32)	**6**	7	(14)
Operating margins	**154**	118	31	**86**	68	26
After tax shareholder investment returns	**155**	133	17	**63**	92	(32)
Net profit after Income Tax ("cash basis")	**309**	251	23	**149**	160	(7)

Geographical Analysis of Business Performance

Full Year Ended

Net Profit after Income Tax "Cash Basis"	Australia 30/06/05 $M	Australia 30/06/04 $M	New Zealand 30/06/05 $M	New Zealand 30/06/04 $M	Asia 30/06/05 $M	Asia 30/06/04 $M	Total 30/06/05 $M	Total 30/06/04 $M
Operating margins	**94**	78	**52**	37	**8**	3	**154**	118
After tax shareholder investment returns	**92**	101	**22**	18	**41**	14	**155**	133
Net Profit after Income Tax	**186**	179	**74**	55	**49**	17	**309**	251

Half Year Ended

Net Profit after Income Tax "Cash Basis"	Australia 30/06/05 $M	Australia 30/12/04 $M	New Zealand 30/06/05 $M	New Zealand 31/12/04 $M	Asia 30/06/05 $M	Asia 31/12/04 $M	Total 30/06/05 $M	Total 31/12/04 $M
Operating margins	**55**	39	**26**	26	**5**	3	**86**	68
After tax shareholder investment returns	**44**	48	**12**	10	**7**	34	**63**	92
Net Profit after Income Tax	**99**	87	**38**	36	**12**	37	**149**	160

Insurance Analysis (cont'd)

Annual Inforce Premiums [2]	Opening Balance 30/06/04 $M	Sales/New Business $M	Lapses $M	Other Movements[1] $M	Closing Balance 30/06/05 $M
	Full Year Ended 30 June 2005				
General Insurance[3]	**192**	**62**	**(39)**	**-**	**215**
Personal Life	**703**	**164**	**(89)**	**7**	**785**
Group Life	**272**	**74**	**(87)**	**6**	**265**
Total	**1,167**	**300**	**(215)**	**13**	**1,265**
Australia	**815**	**228**	**(187)**	**-**	**856**
New Zealand	**258**	**48**	**(15)**	**5**	**296**
Asia	**94**	**24**	**(13)**	**8**	**113**
Total	**1,167**	**300**	**(215)**	**13**	**1,265**

Annual Inforce Premiums[2]	Opening Balance 30/06/03 $M	Sales/New Business $M	Lapses $M	Other Movements[1] $M	Closing Balance 30/06/04 $M
	Full Year Ended 30 June 2004				
General Insurance[3]	196	46	(50)	-	192
Personal Life	626	156	(85)	6	703
Group Life	254	53	(34)	(1)	272
Total	1,076	255	(169)	5	1,167
Australia	771	177	(133)	-	815
New Zealand	221	42	(16)	11	258
Asia	84	36	(20)	(6)	94
Total	1,076	255	(169)	5	1,167

Annual Inforce Premiums[2]	Opening Balance 31/12/04 $M	Sales/New Business $M	Lapses $M	Other Movements[1] $M	Closing Balance 30/06/05 $M
	Half Year Ended 30 June 2005				
General Insurance[3]	205	33	(23)	-	**215**
Personal Life	750	84	(47)	(2)	**785**
Group Life	244	42	(19)	(2)	**265**
Total	1,199	159	(89)	(4)	**1,265**
Australia	809	123	(76)	-	**856**
New Zealand	281	24	(6)	(3)	**296**
Asia	109	12	(7)	(1)	**113**
Total	1,199	159	(89)	(4)	**1,265**

(1) Consists mainly of foreign exchange movements.
(2) Inforce premium relates to risk business. Savings products are disclosed within Funds Management.
(3) General insurance inforce premiums includes approximately $40 million of badged premium.

Inforce Premiums

Annual in force premiums grew by 8.4% for the year to $1,265 million. General Insurance and personal insurance premiums increased by 12.0% and 11.7% respectively. There was a decrease of 2.6% in the Group Life in force premiums mainly attributable to the loss of a large mandate in the Australian Life Insurance business in the first half of the year.

Australia maintained its leading position of inforce premiums with 13.8% of market share in total life insurance at 31 March 2005. Sovereign maintained its leading position in New Zealand with a market share of 27.5%.

During the second half of the year, inforce premiums increased by 8.6% in Group Life insurance, followed by 4.9% and 4.7% growth in General Insurance and retail life insurance premiums respectively.

Market Share Percentage – Annual Inforce Premiums	30/06/05	31/12/04[2]	30/06/04[1]
Australia (Total Risk)[4]	**13.8**	14.6	14.8[3]
Australia (Individual Risk)[4]	**13.0**	12.7	12.7[2]
New Zealand[5]	**27.5**	27.4	27.5[2]
Hong Kong[6]	**2.5**	2.5	2.5[3]

(1) As reported in the June 2004 Profit Announcement
(2) As reported in the December 2004 Profit Announcement
(3) As at March 2004
(4) Source: Plan for Life
(5) Source: ISI Statistics
(6) Source: HK Insurance Assoc

Shareholder Investment Returns

Shareholder Investment Returns	Full Year Ended 30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	Half Year Ended 30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
Funds Management Business	**33**	26	27	**9**	24	(63)
Insurance Business	**204**	170	20	**83**	121	(31)
Shareholder Investment Returns before Tax	**237**	196	21	**92**	145	(37)
Taxation	**60**	44	36	**26**	34	(24)
Shareholder Investment Returns after Tax	**177**	152	16	**66**	111	(41)

Shareholder Investments Asset Mix (%)	As at 30 June 2005 Australia %	New Zealand %	Asia %	Total %
Local equities	7	1	5	**5**
International equities	3	6	8	**5**
Property	20	5	1	**13**
Other	-	4	2	**1**
Growth	**30**	**16**	**16**	**24**
Fixed interest	24	54	59	**37**
Cash	46	27	6	**33**
Other [(1)]	-	3	19	**6**
Income	**70**	**84**	**84**	**76**
Total	**100**	**100**	**100**	**100**

Shareholder Investments Asset Mix ($M)	As at 30 June 2005 Australia $M	New Zealand $M	Asia $M	Total $M
Local equities	107	4	30	**141**
International equities	50	26	50	**126**
Property	306	19	6	**331**
Other	-	12	10	**22**
Growth	**463**	**61**	**96**	**620**
Fixed interest	370	224	346	**940**
Cash	684	112	36	**832**
Other [(1)]	-	12	109	**121**
Income	**1,054**	**348**	**491**	**1,893**
Total	**1,517**	**409**	**587**	**2,513**

(1) Other mainly includes non revenue generating assets

Domestic and international investment markets rebounded strongly over the year, with the benchmark S&P/ASX200 price index increasing by 21.1% and the MSCI World index by 8.3%. All other asset classes (fixed interest, property and cash) posted positive returns.

Shareholder investment returns of $237 million pre tax for the year represent an increase of 21% over the prior year. This reflected lower returns in Australia due to lower level of capital held in the business offset by the strong international investment markets.

Capital reduced during the year as a result of dividends to the shareholder in excess of profit ($56 million), foreign exchange movements ($58 million) and the acquisition of Symmetry Limited.

During the second half of the year, shareholder investment returns were 37% lower due to lower growth rates across most investment markets globally.

Life Company Valuations

The following table sets out the components of the carrying values of the Bank's life insurance and funds management businesses. These are Directors' valuations, based on appraisal values using a range of economic and business assumptions determined by management, which were reviewed by independent actuaries, Trowbridge Deloitte.

In determining the carrying value, Directors have taken account of certain market based factors which result in the adoption of a more conservative valuation that is $450 million lower at 30 June 2005 ($450 million lower at 30 June 2004) than that determined by Trowbridge Deloitte.

Carrying Value at 30 June 2005	Funds Management $M	Life Insurance Australia $M	Life Insurance New Zealand $M	Life Insurance Asia[1] $M	Total $M
Shareholders net tangible assets	500	1,017	409	587	2,513
Value of inforce business	1,859	533	359	-	2,751
Embedded Value	**2,359**	**1,550**	**768**	**587**	**5,264**
Value of future new business	3,096	330	350	22	3,798
Carrying Value	**5,455**	**1,880**	**1,118**	**609**	**9,062**
Increase/(Decrease) in Carrying Value since 30 June 2004	**316**	**219**	**140**	**(15)**	**660**

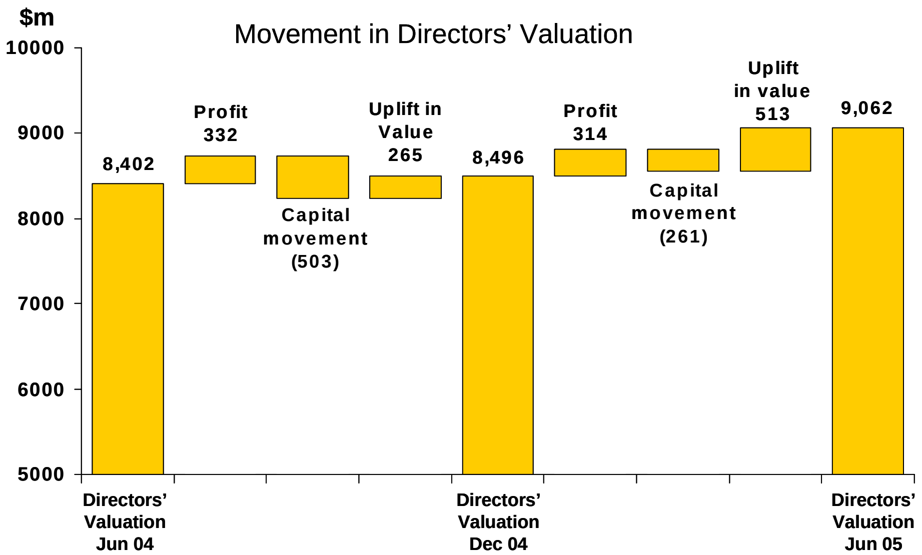
Analysis of Movement Since 30 June 2004	Funds Management $M	Life Insurance Australia $M	Life Insurance New Zealand $M	Life Insurance Asia[1] $M	Total $M
Profits	349	176	71	50	646
Net Capital movements [2]	(121)	195	(79)	1	(4)
Dividends paid	(213)	(485)	-	(4)	(702)
Acquisitions [3]	(30)	-	-	-	(30)
FX Movements	-	-	2	(60)	(58)
Change in Shareholders NTA	**(15)**	**(114)**	**(6)**	**(13)**	**(148)**
Acquired excess	30	-	-	-	30
Net Appraisal value uplift/(reduction)	**301**	**333**	**146**	**(2)**	**778**
Increase/(Decrease) to 30 June 2005	**316**	**219**	**140**	**(15)**	**660**

[1] The Asian life businesses are not held in a market value environment and are carried at net assets plus any excess representing the difference between appraisal value and net assets at the time of acquisition. This excess, which effectively represents goodwill, is being amortised on a straight line basis over 20 years subject to impairment. Subject to gaining the appropriate regulatory approval, the disposal of the Hong Kong life insurance operations will occur subsequent to 30 June 2005. Refer appendix 16 on page 54 for further information.
[2] Includes capital injections, transfers and movements in intergroup loans.
[3] Represents the purchase of Symmetry Limited. The goodwill on acquisition is reclassified as acquired excess, representing the difference between appraisal value and net assets at the time of acquisition.

Change in Valuations

The valuations adopted have resulted in a total positive change in value of $660 million since 30 June 2004. The main components comprised:

- An appraisal value uplift of $778 million, reflecting growth in Funds under Administration, and improved fund flows while persistency levels and claims ratios improved across each of the insurance businesses. The uplift also includes the negative impact of continued uncertainty of investment markets and industry funds flows;
- Decrease due to dividends in excess of profits of $56 million; and
- A $62 million decrease in net tangible assets due to net capital and foreign exchange movements.



Commonwealth Bank

Commonwealth Bank of Australia

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Financial Disclosures for the year ended 30 June 2005

Financial Disclosures

Consolidated Statement of Financial Performance
For the year ended 30 June 2005

	Appendix	Full Year Ended 30/06/05 $M	Full Year Ended 30/06/04 $M	Half Year Ended 30/06/05 $M	Half Year Ended 31/12/04 $M
Interest income		**16,194**	13,287	**8,354**	7,840
Interest expense		**10,228**	7,877	**5,321**	4,907
Net interest income	1	**5,966**	5,410	**3,033**	2,933
Other income:					
Revenue from sale of assets		**595**	943	**358**	237
Written down value of assets sold		**(604)**	(874)	**(369)**	(235)
Other		**2,924**	2,777	**1,514**	1,410
Net banking operating income	1,5	**8,881**	8,256	**4,536**	4,345
Funds management fee income including premiums		**1,261**	1,175	**650**	611
Investment revenue		**2,008**	1,967	**785**	1,223
Claims and policyholder liability expense		**(1,871)**	(1,809)	**(728)**	(1,143)
Net funds management operating income		**1,398**	1,333	**707**	691
Premiums and related revenue		**1,132**	1,012	**557**	575
Investment revenue		**1,186**	840	**470**	716
Claims and policyholder liability expense		**(1,243)**	(950)	**(492)**	(751)
Insurance margin on services operating income		**1,075**	902	**535**	540
Total net operating income before appraisal value uplift		**11,354**	10,491	**5,778**	5,576
Charge for bad and doubtful debts		**322**	276	**176**	146
Operating expenses:					
Operating expenses	6	**5,697**	5,500	**2,869**	2,828
Which new Bank	6	**150**	749	**122**	28
Total Operating Expenses		**5,847**	6,249	**2,991**	2,856
Appraisal value uplift		**778**	201	**513**	265
Goodwill amortisation	18	**(325)**	(324)	**(163)**	(162)
Profit from ordinary activities before income tax		**5,638**	3,843	**2,961**	2,677
Income tax expense	7	**1,637**	1,262	**824**	813
Profit from ordinary activities after income tax		**4,001**	2,581	**2,137**	1,864
Outside equity interests in net profit		**(10)**	(9)	**(5)**	(5)
Net profit attributable to members of the Bank		**3,991**	2,572	**2,132**	1,859
Foreign currency translation adjustment		**(141)**	(8)	**10**	(151)
Revaluation of properties		**33**	54	**33**	-
Total valuation adjustments		**(108)**	46	**43**	(151)
Total changes in equity other than those resulting from transactions with owners as owners		**3,883**	2,618	**2,175**	1,708

	Cents per Share		Cents per Share	
Earnings per share based on net profit distributable to members of the Bank:				
Basic	**303.1**	196.9	**161.5**	141.6
Fully Diluted	**303.0**	196.8	**161.4**	141.6
Dividends per share attributable to shareholders of the Bank:				
Ordinary shares	**197**	183	**112**	85
Preference shares (issued 6 Apr 2001)	**1,115**	1,065	**557**	558
Other equity instruments (issued 6 Aug 2003)	**7,795**	7,306	**4,074**	3,721
Other equity instruments (issued 6 Jan 2004)	**908**	402	**459**	449

	$M	$M	$M	$M
Net Profit after Income Tax comprises				
Net Profit after income tax ("underlying basis")	**3,466**	3,078	**1,802**	1,664
Shareholders investment returns	**177**	152	**66**	111
Which new Bank	**(105)**	(535)	**(86)**	(19)
Net Profit after income tax ("cash basis")	**3,538**	2,695	**1,782**	1,756
Add Appraisal value uplift	**778**	201	**513**	265
Less Goodwill amortisation	**(325)**	(324)	**(163)**	(162)
Net Profit after income tax ("statutory basis")	**3,991**	2,572	**2,132**	1,859

Consolidated Statement of Financial Position
As at 30 June 2005

Assets	Appendix	30/06/05 $M	31/12/04 $M	30/06/04 $M
Cash and liquid assets		**5,715**	5,648	6,453
Receivables due from other financial institutions		**6,205**	6,456	8,369
Trading securities		**14,628**	15,881	14,896
Investment securities		**10,272**	11,022	11,447
Loans, advances and other receivables	8	**217,516**	206,346	189,391
Bank acceptances of customers		**16,786**	16,297	15,019
Insurance investment assets		**27,837**	28,232	28,942
Deposits with regulatory authorities		**45**	32	38
Property, plant and equipment		**1,344**	1,262	1,204
Investment in associates		**52**	233	239
Intangible assets	17	**4,394**	4,555	4,705
Other assets		**24,241**	24,988	25,292
Total assets		**329,035**	320,952	305,995
Liabilities				
Deposits and other public borrowings	10	**168,029**	167,425	163,177
Payables due to other financial institutions		**8,023**	9,512	6,641
Bank acceptances		**16,786**	16,297	15,019
Provision for dividend		**14**	13	14
Income tax liability		**1,550**	1,195	811
Other provisions		**881**	891	997
Insurance policyholder liabilities	15	**24,694**	24,967	24,638
Debt issues		**58,621**	51,346	44,042
Bills payable and other liabilities		**18,086**	18,438	19,140
		296,684	290,084	274,479
Loan Capital		**6,291**	5,801	6,631
Total liabilities		**302,975**	295,885	281,110
Net assets		**26,060**	25,067	24,885
Shareholders' Equity				
Share Capital:				
Ordinary share capital	14	**13,871**	13,647	13,359
Preference share capital	14	**687**	687	687
Other equity instruments	14	**1,573**	1,573	1,573
Reserves	14	**4,624**	3,959	3,946
Retained profits	14	**3,516**	3,159	2,840
Shareholders' equity attributable to members of the Bank		**24,271**	23,025	22,405
Outside Equity Interests:				
Controlled entities	14	**631**	629	304
Insurance statutory funds and other funds		**1,158**	1,413	2,176
Total outside equity interests		**1,789**	2,042	2,480
Total shareholders' equity		**26,060**	25,067	24,885

Financial Disclosures

Consolidated Statement of Cash Flows

For the year ended 30 June 2005

	Full Year Ended	
	30/06/05 $M	30/06/04 $M
Cash Flows from Operating Activities		
Interest received	**16,205**	13,101
Dividends received	**3**	6
Interest paid	**(10,198)**	(7,543)
Other operating income received	**4,649**	3,410
Expenses paid	**(5,714)**	(5,529)
Income taxes paid	**(985)**	(1,366)
Net decrease (increase) in trading securities	**318**	(4,324)
Life insurance:		
Investment income	**1,572**	841
Premiums received [1]	**3,183**	3,562
Policy payments [1]	**(4,664)**	(4,529)
Net Cash provided by/(used in) operating activities	**4,369**	(2,371)
Cash Flows from Investing Activities		
Payments for shares in controlled entities, other companies and management rights	**(82)**	-
Proceeds from disposal of controlled entities	**-**	63
Proceeds from disposal of entities and businesses	**173**	-
Disposal of shares in other companies	**-**	114
Net movement in investment securities:		
Purchases	**(22,608)**	(25,587)
Proceeds from sale	**392**	697
Proceeds at or close to maturity	**22,799**	24,407
(Lodgement) withdrawal of deposits with regulatory authorities	**(7)**	(15)
Net increase in loans, advances and other receivables	**(28,447)**	(29,328)
Proceeds from sale of property, plant and equipment	**30**	69
Purchase of property, plant and equipment	**(286)**	(536)
Net decrease (increase) in receivables due from other financial institutions not at call	**933**	292
Net decrease (increase) in securities purchased under agreements to resell	**991**	(1,023)
Net decrease (increase) in other assets	**1,056**	(1,461)
Life insurance:		
Purchases of investment securities	**(14,165)**	(20,286)
Proceeds from sale/maturity of investment securities	**15,281**	21,500
Net cash (used in) investing activities	**(23,940)**	(31,094)
Cash Flows from Financing Activities		
Buy back of shares	**-**	(532)
Proceeds from issue of shares (net of costs)	**66**	505
Proceeds from issue of preference shares to outside equity interests	**323**	-
Proceeds from issue of other equity instruments (net of costs)	**-**	1,573
Net increase (decrease) in deposits and other borrowings	**6,332**	21,997
Net movement in debt issues	**14,579**	13,413
Dividends paid (excluding DRP buy back of shares)	**(2,083)**	(1,774)
Net movements in other liabilities	**(330)**	(242)
Net increase (decrease) in payables due to other financial institutions not at call	**449**	(929)
Net (decrease) increase in securities sold under agreements to repurchase	**(1,480)**	206
Issue of loan capital	**1,233**	985
Redemption of loan capital	**(1,392)**	(317)
Other	**(37)**	(2)
Net cash provided by financing activities	**17,660**	34,883
Net (decrease) increase in cash and cash equivalents	**(1,911)**	1,418
Cash and cash equivalents at beginning of period	**2,846**	1,428
Cash and cash equivalents at end of period	**935**	2,846

[1] These were gross premiums and policy payments before splitting between policyholder liabilities and premium revenue / claims expense.

It should be noted that the Bank does not use this accounting Statement of Cash Flows in the internal management of its liquidity positions.

Appendices

1. Net Interest Income
2. Net Interest Margin
3. Average Balances and Related Interest
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5. Other Banking Operating Income
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1. Net Interest Income

Interest Income	Full Year Ended 30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	Half Year Ended 30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
Loans	**14,244**	11,675	22	**7,358**	6,886	7
Other financial institutions	**229**	182	26	**128**	101	27
Cash and liquid assets	**198**	198	-	**91**	107	(15)
Trading securities	**785**	600	31	**391**	394	(1)
Investment securities	**723**	607	19	**379**	344	10
Dividends on redeemable preference shares	**15**	25	(40)	**7**	8	(13)
Total interest income	**16,194**	13,287	22	**8,354**	7,840	7
Interest Expense						
Deposits	**7,063**	5,949	19	**3,626**	3,437	5
Other financial institutions	**257**	160	61	**131**	126	4
Debt issues	**2,557**	1,505	70	**1,378**	1,179	17
Loan capital	**351**	263	33	**186**	165	13
Total interest expense	**10,228**	7,877	30	**5,321**	4,907	8
Net interest income	**5,966**	5,410	10	**3,033**	2,933	3

2. Net Interest Margin

	Full Year Ended 30/06/05 %	30/06/04 %	Half Year Ended 30/06/05 %	31/12/04 %
Australia				
Interest spread [(1)]	**2.36**	2.46	**2.36**	2.36
Benefit of interest free liabilities, provisions and equity [(2)]	**0.23**	0.22	**0.25**	0.21
Net interest margin [(3)]	**2.59**	2.68	**2.61**	2.57
Overseas				
Interest spread [(1)]	**1.03**	1.18	**0.95**	1.12
Benefit of Interest free liabilities, provisions and equity [(2)]	**0.68**	0.56	**0.70**	0.65
Net interest margin [(3)]	**1.71**	1.74	**1.65**	1.77
Total Bank				
Interest Spread [(1)]	**2.11**	2.22	**2.09**	2.12
Benefit Of Interest Free Liabilities, Provisions And Equity [(2)]	**0.34**	0.31	**0.36**	0.32
Net Interest Margin [(3)]	**2.45**	2.53	**2.45**	2.44

(1) Difference between the average interest rate earned and the average interest rate paid on funds.
(2) A portion of the Bank's interest earning assets is funded by interest free liabilities and shareholders' equity. The benefit to the Bank of these interest free funds is the amount it would cost to replace them at the average cost of funds.
(3) Net interest income divided by average interest earning assets for the year.

3. Average Balances and Related Interest

The following table lists the major categories of interest earning assets and interest bearing liabilities of the Bank together with the respective interest earned or paid and the average interest rates for each of the years ending 30 June 2005 and 30 June 2004. Averages used were predominantly daily averages. Interest is accounted for based on product yields, while all trading gains and losses are disclosed as trading income within other banking income. Where assets or liabilities are hedged, the amounts are shown net of the hedge, however individual items not separately hedged may be affected by movements in exchange rates. The overseas component comprises overseas branches of the Bank and overseas domiciled controlled entities.

Non-accrual loans were included in interest earning assets under loans, advances and other.

	Full Year Ended 30/06/05			Full Year Ended 30/6/04		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Average Balances	$M	$M	%	$M	$M	%
Interest Earning Assets						
Home Loans	132,086	8,769	6.64%	111,414	7,106	6.38%
Personal	14,615	1,541	10.54%	12,731	1,261	9.90%
Business and Corporate	58,713	3,949	6.73%	51,949	3,332	6.41%
Loans, Advances and Other	**205,414**	**14,259**	**6.94%**	**176,094**	**11,699**	**6.64%**
Cash and other liquid assets	10,812	427	3.95%	12,115	380	3.14%
Trading Securities	15,382	785	5.10%	13,127	600	4.57%
Investment Securities	12,340	723	5.86%	12,851	608	4.73%
Non Lending Interest Earning Assets	**38,534**	**1,935**	**5.02%**	**38,093**	**1,588**	**4.17%**
Total Interest Earning Assets	**243,948**	**16,194**	**6.64%**	**214,187**	**13,287**	**6.20%**
Non Interest Earning Assets	**73,201**			**73,536**		
Total Average Assets	**317,149**			**287,723**		
Interest Bearing Liabilities						
Transaction Deposits	31,788	770	2.42%	29,953	634	2.12%
Savings Deposits	38,221	1,274	3.33%	36,614	1,119	3.06%
Investment Deposits	64,025	3,618	5.65%	56,986	2,880	5.05%
Certificates of Deposits and other	25,828	1,401	5.42%	26,278	1,316	5.01%
Total Interest Bearing Deposits	**159,862**	**7,063**	**4.42%**	**149,831**	**5,949**	**3.97%**
Due to Other Financial Institutions	7,999	257	3.21%	6,958	160	2.30%
Debt Issues	51,393	2,557	4.98%	34,740	1,505	4.33%
Loan Capital	6,338	351	5.54%	6,003	263	4.38%
Total Interest Bearing Liabilities	**225,592**	**10,228**	**4.53%**	**197,532**	**7,877**	**3.98%**
Non Interest Bearing Liabilities	**66,085**			**68,041**		
Total Average Liabilities	**291,677**			**265,573**		

Geographical analysis of key categories

Loans, Advances and Other						
Australia	171,231	11,832	6.91%	149,487	9,927	6.64%
Overseas	34,183	2,427	7.10%	26,607	1,772	6.66%
Total	**205,414**	**14,259**	**6.94%**	**176,094**	**11,699**	**6.64%**
Non Lending Interest Earning Assets						
Australia	21,278	1,138	5.35%	21,502	955	4.44%
Overseas	17,256	797	4.62%	16,591	633	3.82%
Total	**38,534**	**1,935**	**5.02%**	**38,093**	**1,588**	**4.17%**
Total Interest Bearing Deposits						
Australia	134,360	5,422	4.04%	127,408	4,696	3.69%
Overseas	25,502	1,641	6.43%	22,423	1,253	5.59%
Total	**159,862**	**7,063**	**4.42%**	**149,831**	**5,949**	**3.97%**
Other Interest Bearing Liabilities						
Australia	42,126	2,466	5.85%	29,594	1,582	5.35%
Overseas	23,604	699	2.96%	18,107	346	1.91%
Total	**65,730**	**3,165**	**4.82%**	**47,701**	**1,928**	**4.04%**

	Full Year Ended 30/06/05			Full Year Ended 30/6/04		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Net Interest Margin	$M	$M	%	$M	$M	%
Total Interest Earning Assets	**243,948**	16,194	6.64	214,187	13,287	6.20
Total Interest Bearing Liabilities	**225,592**	10,228	4.53	197,532	7,877	3.98
Net Interest Income & Interest spread		**5,966**	**2.11**		**5,410**	**2.22**
Benefit of free funds			0.34			0.31
Net interest margin			**2.45**			**2.53**

3. Average Balances and Related Interest (Cont'd)

Average Balances	Half Year Ended 30/06/05			Half Year Ended 31/12/04			Half Year Ended 30/06/04		
	Avg Bal $M	Interest $M	Yield %	Avg Bal $M	Interest $M	Yield %	Avg Bal $M	Interest $M	Yield %
Interest Earning Assets									
Home loans	136,102	4,529	6.71	128,135	4,240	6.56	116,226	3,756	6.50
Personal	15,342	810	10.65	13,901	731	10.43	12,982	653	10.12
Business and Corporate	60,245	2,026	6.78	57,205	1,923	6.67	54,068	1,777	6.61
Loans, Advances and Other	**211,689**	**7,365**	**7.02**	**199,241**	**6,894**	**6.86**	**183,276**	**6,186**	**6.79**
Cash and other liquid assets	10,798	219	4.09	10,826	208	3.81	12,300	191	3.12
Trading Securities	14,957	391	5.27	15,800	394	4.95	14,526	331	4.58
Investment Securities	12,142	379	6.29	12,535	344	5.44	14,058	338	4.84
Non-Lending Interest Earning Assets	**37,897**	**989**	**5.26**	**39,161**	**946**	**4.79**	**40,884**	**860**	**4.23**
Total Interest Earning Assets	**249,586**	**8,354**	**6.75**	**238,402**	**7,840**	**6.52**	**224,160**	**7,046**	**6.32**
Non-Interest Earning Assets	**73,182**			**73,220**			**77,169**		
Total Average Assets	**322,768**			**311,622**			**301,329**		
Interest Bearing Liabilities									
Transaction Deposits	32,454	414	2.57	31,132	356	2.27	29,558	328	2.23
Savings Deposits	38,193	638	3.37	38,249	636	3.30	37,229	589	3.18
Investment Deposits	65,577	1,870	5.75	62,498	1,748	5.55	59,011	1,573	5.36
Certificates of Deposits and Other	25,469	704	5.57	26,182	697	5.28	30,369	789	5.22
Total Interest Bearing Deposits	**161,693**	**3,626**	**4.52**	**158,061**	**3,437**	**4.31**	**156,167**	**3,279**	**4.22**
Due to other Financial Institutions	8,181	131	3.23	7,820	126	3.20	7,097	84	2.38
Debt Issues	54,277	1,378	5.12	48,556	1,179	4.82	37,134	805	4.36
Loan Capital	6,203	186	6.05	6,471	165	5.06	6,075	139	4.60
Total Interest Bearing Liabilities	**230,354**	**5,321**	**4.66**	**220,908**	**4,907**	**4.40**	**206,473**	**4,307**	**4.19**
Non Interest Bearing Liabilities	**66,851**			**65,737**			**70,812**		
Total Average Liabilities	**297,205**			**286,645**			**277,285**		
Geographical Analysis of key categories									
Loans, Advances and Other									
Australia	176,181	6,085	6.96	166,361	5,747	6.85	154,929	5,246	6.81
Overseas	35,508	1,280	7.27	32,880	1,147	6.92	28,347	940	6.67
Total	**211,689**	**7,365**	**7.02**	**199,241**	**6,894**	**6.86**	**183,276**	**6,186**	**6.79**
Non Lending Interest Earning Assets									
Australia	20,878	574	5.54	21,672	564	5.16	23,739	534	4.52
Overseas	17,019	415	4.92	17,489	382	4.33	17,145	326	3.82
Total	**37,897**	**989**	**5.26**	**39,161**	**946**	**4.79**	**40,884**	**860**	**4.23**
Total Interest Bearing Deposits									
Australia	135,404	2,756	4.10	133,333	2,666	3.97	133,599	2,619	3.94
Overseas	26,289	870	6.67	24,728	771	6.19	22,568	660	5.88
Total	**161,693**	**3,626**	**4.52**	**158,061**	**3,437**	**4.31**	**156,167**	**3,279**	**4.22**
Other Interest Bearing Liabilities									
Australia	44,260	1,289	5.87	40,027	1,177	5.83	30,451	850	5.61
Overseas	24,401	406	3.36	22,820	293	2.55	19,855	178	1.80
Total	**68,661**	**1,695**	**4.98**	**62,847**	**1,470**	**4.64**	**50,306**	**1,028**	**4.11**

Net Interest Margin	Half Year Ended 30/06/05			Half Year Ended 31/12/04			Half Year Ended 30/06/04		
	Avg Bal $M	Interest $M	Yield %	Avg Bal $M	Interest $M	Yield %	Avg Bal $M	Interest $M	Yield %
Total Interest Earning Assets	249,586	8,354	6.75	238,402	7,840	6.52	224,160	7,046	6.32
Total Interest Bearing Liabilities	230,354	5,321	4.66	220,908	4,907	4.40	206,473	4,307	4.19
Net Interest Income & Interest spread		**3,033**	**2.09**		**2,933**	**2.12**		**2,739**	**2.13**
Benefit of free funds			0.36			0.32			0.33
Net interest margin			**2.45**			**2.44**			**2.46**

4. Interest Rate and Volume Analysis

Change in Net Interest Income	Full Year Ended Jun 05 vs Jun 04 Increase/(decrease)	Full Year Ended Jun 04 vs Jun 03 Increase/(decrease)
Due to changes in average volume of interest earning assets and interest bearing liabilities	**740**	**673**
Due to changes in interest margin	**(184)**	**(289)**
Change in net interest income	**556**	**384**

Volume & Rate Variance	Full Year Ended 30/06/05 Volume $M	Rate $M	Total $M	Full Year Ended 30/06/04 Volume $M	Rate $M	Total $M
Interest Earning Assets						
Home Loans	1,345	318	1,663	1,120	133	1,253
Personal	193	87	280	61	35	96
Business and Corporate	444	173	617	183	-	183
Loans, Advances and Other	**1,992**	**568**	**2,560**	**1,402**	**130**	**1,532**
Cash and other liquid assets	(46)	93	47	57	(18)	39
Trading Securities	109	76	185	104	42	146
Investment Securities	(27)	142	115	26	16	42
Non Lending Interest Earning Assets	**20**	**327**	**347**	**193**	**34**	**227**
Total Interest Earning Assets	**1,911**	**996**	**2,907**	**1,597**	**162**	**1,759**
Interest Bearing Liabilities						
Transaction Deposits	42	94	136	(38)	93	55
Savings Deposits	51	104	155	185	(6)	179
Investment Deposits	377	361	738	(157)	756	599
Certificates of Deposits and other	(23)	108	85	1,250	(866)	384
Total Interest Bearing Deposits	**421**	**693**	**1,114**	**656**	**561**	**1,217**
Due to Other Financial Institutions	29	68	97	(35)	(3)	(38)
Debt Issues	775	277	1,052	289	(136)	153
Loan Capital	17	71	88	24	19	43
Total Interest Bearing Liabilities	**1,196**	**1,155**	**2,351**	**879**	**496**	**1,375**
Change in net interest income	**740**	**(184)**	**556**	**673**	**(289)**	**384**

Geographical analysis of key categories

	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Loans, Advances and Other						
Australia	1,473	432	1,905	1,164	225	1,389
Overseas	521	134	655	239	(96)	143
Total	**1,992**	**568**	**2,560**	**1,402**	**130**	**1,532**
Non Lending Interest Earning Assets						
Australia	(11)	194	183	183	15	198
Overseas	28	136	164	20	9	29
Total	**20**	**327**	**347**	**193**	**34**	**227**
Total Interest Bearing Deposits						
Australia	268	458	726	519	499	1,018
Overseas	186	202	388	134	65	199
Total	**421**	**693**	**1,114**	**656**	**561**	**1,217**
Other Interest Bearing Liabilities						
Australia	702	182	884	263	26	289
Overseas	134	219	353	10	(141)	(131)
Total	**798**	**439**	**1,237**	**223**	**(65)**	**158**

4. Interest Rate and Volume Analysis (cont'd)

Change in Net Interest Income	Half Year Ended Jun 05 vs Dec 04 Increase/(decrease)	Half Year Ended Jun 05 vs Jun 04 Increase/(decrease)
Due to changes in average volume of interest earning assets and interest bearing liabilities	**136**	**310**
Due to changes in interest margin	**12**	**(16)**
Due to variations in time periods	**(48)**	**-**
Change in net interest income	**100**	**294**

Volume & Rate Variance	Half Year Ended Jun 05 vs Dec 04 Volume $M	Rate $M	Total $M	Half Year Ended Jun 05 vs Jun 04 Volume $M	Rate $M	Total $M
Interest Earning Assets						
Home Loans	265	24	289	652	121	773
Personal	76	3	79	122	35	157
Business and Corporate	102	1	103	205	44	249
Loans, Advances and Other	**432**	**39**	**471**	**974**	**205**	**1,179**
Cash and other liquid assets	(1)	12	11	(27)	55	28
Trading Securities	(22)	19	(3)	11	49	60
Investment Securities	(12)	47	35	(53)	94	41
Non Lending Interest Earning Assets	**(32)**	**75**	**43**	**(70)**	**199**	**129**
Total Interest Earning Assets	**371**	**143**	**514**	**825**	**483**	**1,308**
Interest Bearing Liabilities						
Transaction Deposits	16	42	58	35	51	86
Savings Deposits	(1)	3	2	16	33	49
Investment Deposits	87	35	122	181	116	297
CDs / Sec Sold Agree Repurch / Sht Sales	(19)	26	7	(131)	46	(85)
Total Interest Bearing Deposits	**80**	**109**	**189**	**120**	**227**	**347**
Due to Other Financial Institutions	6	(1)	5	15	32	47
Debt Issues	142	57	199	403	170	573
Loan Capital	(7)	28	21	3	44	47
Total Interest Bearing Liabilities	**214**	**200**	**414**	**525**	**489**	**1,014**
Change in net interest income	**136**	**12**	**148**	**310**	**(16)**	**294**
Change due to variation in time periods			**(48)**			**-**

Geographical analysis of key categories

Loans, Advances and Other						
Australia	339	(1)	338	727	112	839
Overseas	93	40	133	248	92	340
Total	**432**	**39**	**471**	**974**	**205**	**1,179**
Non Lending Interest Earning Assets						
Australia	(21)	31	10	(72)	112	40
Overseas	(11)	44	33	(3)	92	89
Total	**(32)**	**75**	**43**	**(70)**	**199**	**129**
Total Interest Bearing Deposits						
Australia	42	48	90	36	101	137
Overseas	50	49	99	116	94	210
Total	**80**	**109**	**189**	**120**	**227**	**347**
Other Interest Bearing Liabilities						
Australia	124	(12)	112	394	45	439
Overseas	23	90	113	58	170	228
Total	**140**	**85**	**225**	**414**	**253**	**667**

5. Other Banking Operating Income

	Full Year Ended			Half Year Ended		
	30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
Lending fees	**753**	724	4	**395**	358	10
Commission and other fees	**1,595**	1,503	6	**798**	797	-
Trading income	**440**	499	(12)	**221**	219	1
Dividends	**3**	6	(50)	**2**	1	large
Net (loss)/gain on investments and loans	**(13)**	80	large	**(14)**	1	large
Net gain/(loss) on sale of property, plant and equipment	**4**	(11)	large	**3**	1	large
Other	**133**	45	large	**98**	35	large
Total other banking operating income	**2,915**	2,846	2	**1,503**	1,412	6

6. Operating Expenses

	Full Year Ended			Half Year Ended		
	30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
Operating expenses	**5,697**	5,500	4	**2,869**	2,828	1
Which new Bank	**150**	749	large	**122**	28	large
Total	**5,847**	6,249	(6)	**2,991**	2,856	5

	Full Year Ended			Half Year Ended		
Expenses by Segment	30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
Banking	**4,344**	4,191	4	**2,184**	2,160	1
Funds management	**812**	806	1	**406**	406	-
Insurance	**541**	503	8	**279**	262	6
Operating expenses	**5,697**	5,500	4	**2,869**	2,828	1
Banking	**112**	698	large	**97**	15	large
Funds management	**36**	37	(3)	**24**	12	large
Insurance	**2**	14	large	**1**	1	-
Which new Bank	**150**	749	large	**122**	28	large
Total	**5,847**	6,249	(6)	**2,991**	2,856	5

	Full Year Ended			Half Year Ended		
Expenses by Category	30/06/05 $M	30/06/04 $M	Jun 05 vs Jun 04 %	30/06/05 $M	31/12/04 $M	Jun 05 vs Dec 04 %
Staff	**2,599**	2,448	6	**1,302**	1,297	-
Share based compensation	**44**	105	large	**22**	22	-
Total staff expenses	**2,643**	2,553	4	**1,324**	1,319	-
Occupancy and equipment	**613**	581	6	**308**	305	1
Information technology services	**956**	895	7	**476**	480	(1)
Other expenses	**1,485**	1,471	1	**761**	724	5
Operating expenses	**5,697**	5,500	4	**2,869**	2,828	1
Which new Bank	**150**	749	large	**122**	28	large
Total	**5,847**	6,249	(6)	**2,991**	2,856	5

6. Operating Expenses (Cont'd)

	Full Year Ended		Half Year Ended	
	30/06/05 $M	30/06/04 $M	30/06/05 $M	31/12/04 $M
Staff Expenses				
Salaries and wages[1]	**2,274**	2,152	**1,132**	1,142
Superannuation contributions	**7**	8	**6**	1
Provisions for employee entitlements	**67**	41	**40**	27
Payroll tax	**115**	115	**56**	59
Fringe benefits tax	**32**	32	**16**	16
Other staff expenses	**104**	100	**52**	52
Comparable business	**2,599**	2,448	**1,302**	1,297
Which new Bank	**50**	273	**43**	7
Total staff expenses (excluding share based compensation)	**2,649**	2,721	**1,345**	1,304
Share Based Compensation[1]	**44**	105	**22**	22
Total staff expenses	**2,693**	2,826	**1,367**	1,326
Occupancy and Equipment Expenses				
Operating lease rentals	**331**	340	**163**	168
Depreciation				
Buildings	**21**	21	**11**	10
Leasehold improvements	**58**	55	**29**	29
Equipment	**63**	50	**36**	27
Operating Lease Fixed Assets	**8**	-	**8**	-
Repairs and maintenance	**71**	68	**36**	35
Other	**61**	47	**25**	36
Comparable business	**613**	581	**308**	305
Which new Bank	**13**	20	**10**	3
Total occupancy and equipment expenses	**626**	601	**318**	308
Information Technology Services				
Projects and development	**322**	281	**157**	165
Data processing	**248**	238	**120**	128
Desktop	**150**	159	**71**	79
Communications	**204**	205	**103**	101
Software amortisation	**26**	11	**21**	5
IT Equipment Depreciation	**6**	1	**4**	2
Comparable business	**956**	895	**476**	480
Which new Bank	**52**	292	**39**	13
Total information technology services	**1,008**	1,187	**515**	493
Other Expenses				
Postage	**112**	112	**56**	56
Stationery	**108**	114	**52**	56
Fees and commissions	**628**	598	**303**	325
Advertising, marketing and loyalty rewards	**288**	311	**152**	136
Other	**349**	336	**198**	151
Comparable business	**1,485**	1,471	**761**	724
Which new Bank	**35**	164	**30**	5
Total other expenses	**1,520**	1,635	**791**	729
Comparable business	**5,697**	5,500	**2,869**	2,828
Which new Bank	**150**	749	**122**	28
Total	**5,847**	6,249	**2,991**	2,856

(1) Reduction in share based compensation reflects the cessation of the mandatory component of the equity participation plan in February 2005, which is now paid in cash and included within salaries and wages. As a consequence, the December 2004 half year comparatives have been restated.

Which new Bank

On 19 September 2003, the Bank launched the Which new Bank customer service vision. This is a three year transformation program and results in the Bank incurring additional expenditure in the key areas of staff training and skilling, systems and process simplification, and technology. In the year to 30 June 2005 transformation expenses totalled $150 million.

Total Full Time Equivalent (FTE) numbers have reduced to 35,313 at 30 June 2005 (includes domestic and offshore staff, as well as staff employed on Which new Bank projects). This compares with 36,296 FTEs at 30 June 2004. Total FTEs (excluding those working on Which new Bank projects and offshore) have reduced by 2,407 since the commencement of Which new Bank. This includes 3,115 redundancies.

7. Income Tax Expense

Income tax expense shown in the financial statements differs from the prima facie tax charge calculated at current taxation rates on net profit.

	Full Year Ended		Half Year Ended	
Profit from Ordinary Activities before Income Tax	**30/06/05 $M**	**30/06/04 $M**	**30/06/05 $M**	**31/12/04 $M**
Banking	**4,103**	3,091	**2,079**	2,024
Funds management	**560**	504	**282**	278
Insurance	**522**	371	**250**	272
Appraisal value uplift	**778**	201	**513**	265
Goodwill amortisation	**(325)**	(324)	**(163)**	(162)
	5,638	3,843	**2,961**	2,677
Prima Facie Income Tax at 30%				
Banking	**1,231**	927	**624**	607
Funds management	**168**	151	**85**	83
Insurance	**157**	111	**75**	82
Appraisal value uplift	**233**	60	**153**	80
Goodwill amortisation	**(98)**	(97)	**(49)**	(49)
	1,691	1,152	**888**	803
Add (or Deduct) Permanent Differences Expressed on a Tax Effect Basis				
Current period				
Specific provisions for offshore bad and doubtful debts not tax effected	**4**	3	**2**	2
Taxation offsets (net of accruals)	**(48)**	(47)	**(22)**	(26)
Tax adjustment referable to policyholder income	**160**	142	**82**	78
Non-assessable income – life insurance surplus	**(30)**	(30)	**(14)**	(16)
Change in excess of net market value over net assets of life insurance controlled entities	**(233)**	(60)	**(153)**	(80)
Non-deductible goodwill amortisation	**98**	97	**49**	49
Tax losses recognised	**(9)**	-	**(7)**	(2)
Other items	**4**	17	**(8)**	12
	(54)	122	**(71)**	17
Prior periods				
Other	**-**	(12)	**7**	(7)
Total income tax expense	**1,637**	1,262	**824**	813
Income Tax Attributable to Profit from Ordinary Activities				
Banking	**1,220**	914	**615**	605
Funds management	**100**	79	**56**	44
Insurance	**89**	66	**36**	53
Corporate tax	**1,409**	1,059	**707**	702
Policyholder tax	**228**	203	**117**	111
Total income tax expense	**1,637**	1,262	**824**	813

	Full Year Ended		Half Year Ended	
Income Tax Expense by business	**30/06/05 %**	**30/06/04 %**	**30/06/05 %**	**31/12/04 %**
Effective Tax Rate				
Total – corporate	**28.4**	28.1	**28.3**	28.5
Banking – corporate	**29.7**	29.6	**29.6**	29.9
Funds management – corporate	**21.9**	22.3	**24.3**	19.5
Insurance – corporate	**22.4**	20.8	**19.5**	24.9

Tax Consolidation

Legislation has been enacted to allow Australian resident entities to elect to consolidate and be treated as a single entity for Australian tax purposes. The Commonwealth Bank of Australia has elected to be taxed as a single entity with effect from 1 July 2002.

8. Loans Advances and other Receivables

Australia	30/06/05 $M	31/12/04 $M	30/06/04 $M
	As at		
Overdrafts	**2,564**	2,271	2,423
Housing loans	**119,094**	115,313	104,883
Credit card outstanding	**6,682**	6,456	5,890
Lease financing	**4,313**	4,795	3,843
Bills discounted	**3,399**	2,964	3,454
Term loans	**46,451**	43,329	39,708
Redeemable preference share financing	**9**	39	37
Equity participation in leveraged leases	**742**	777	1,120
Other lending	**390**	334	420
Total Australia	**183,644**	176,278	161,778
Overseas			
Overdrafts	**2,660**	2,521	2,481
Housing loans	**20,765**	18,945	16,967
Credit card outstanding	**406**	409	358
Lease financing	**195**	165	175
Term loans	**12,804**	11,018	10,314
Redeemable preference share financing	**-**	247	262
Other lending	**192**	18	60
Total overseas	**37,022**	33,323	30,617
Gross loans, advances and other receivables	**220,666**	209,601	192,395
Less:			
Provisions for impairment			
General provision	**(1,390)**	(1,379)	(1,393)
Specific provision against loans and advances	**(157)**	(180)	(143)
Unearned income			
Term loans	**(889)**	(824)	(758)
Lease financing	**(589)**	(725)	(541)
Leveraged leases	**(84)**	(96)	(111)
Interest reserved	**(19)**	(27)	(23)
Unearned tax remissions on leveraged leases	**(22)**	(24)	(35)
	(3,150)	(3,255)	(3,004)
Net loans, advances and other receivables	**217,516**	206,346	189,391

9. Asset Quality

Balances of Impaired Assets	30/06/05 $M	31/12/04 $M	30/06/04 $M
	As at		
Total Impaired Assets			
Gross non-accruals	**395**	445	363
Total gross impaired assets	**395**	445	363
Less Interest reserved	**(19)**	(27)	(23)
	376	418	340
Less Specific provisions for impairment	**(157)**	(180)	(143)
Total net impaired assets	**219**	238	197
Net Impaired Assets by Geographical Segment			
Australia	**218**	238	194
Overseas	**1**	-	3
Total	**219**	238	197

9. Asset Quality (Cont'd)

Provisions for Impairment	Full Year 30/06/05 $M	Full Year 30/06/04 $M	Half Year 30/06/05 $M	Half Year 31/12/04 $M
General Provisions				
Opening balance	**1,393**	1,325	**1,379**	1,393
Charge against profit and loss	**322**	276	**176**	146
Transfer to specific provisions	**(352)**	(202)	**(180)**	(172)
Bad debts recovered	**81**	79	**41**	40
Adjustments for exchange rate fluctuations and other items	**2**	2	**2**	-
	1,446	1,480	**1,418**	1,407
Bad debts written off	**(56)**	(87)	**(28)**	(28)
Closing balance	**1,390**	1,393	**1,390**	1,379
Specific Provisions				
Opening balance	**143**	205	**180**	143
Transfer from general provision for:				
New and increased provisioning	**408**	264	**205**	203
Less write-back of provisions no longer required	**(56)**	(62)	**(25)**	(31)
Net transfer	**352**	202	**180**	172
Adjustments for exchange rate fluctuations and other items	**(3)**	3	**-**	(3)
	492	410	**360**	312
Bad debts written off	**(335)**	(267)	**(203)**	(132)
Closing balance	**157**	143	**157**	180
Total provisions for impairment	**1,547**	1,536	**1,547**	1,559
Specific provisions for impairment comprise the following segments:				
Provisions against loans and advances	**157**	143	**157**	180
Total	**157**	143	**157**	180

Includes specific provisions on indemnified loans (Colonial portfolio)

Provision Ratios	%	%	%	%
Specific provisions for impairment as a % of gross impaired assets net of interest reserved	**41.8**	42.1	**41.8**	43.1
Total provisions for impairment as a % of gross impaired assets net of interest reserved	**411.4**	451.8	**411.4**	373.0
General provisions as a % of risk weighted assets	**0.73**	0.82	**0.73**	0.76
Impaired Asset Ratios				
Gross impaired assets net of interest reserved as % of risk weighted assets	**0.20**	0.20	**0.20**	0.23
Net impaired assets as % of:				
Risk weighted assets	**0.12**	0.12	**0.12**	0.13
Total shareholders' equity	**0.84**	0.79	**0.84**	0.95

Accounting Policy

Provisions for impairment are maintained at an amount adequate to cover anticipated credit related losses.

Specific provisions are established where full recovery of principal is considered doubtful. Specific provisions are made against:

- Individual facilities in the credit risk rated managed segment where exposure aggregates to $250,000 or more.
- Each statistically managed portfolio to cover facilities that are not well secured and past due 180 days or more.
- Credit risk rated managed segment for exposures aggregating to less than $250,000 and 90 days past due or more.
- Provisions against segments are determined primarily by reference to historical ratios of write offs to balances in default.
- Emerging credit risks identified in specific segments in the credit risk rated managed portfolio.

General provisions for bad and doubtful debts are maintained to cover non identified probable losses and latent risks inherent in the overall portfolio of advances and other credit transactions.

The provisions are determined having regard to the general risk profile of the credit portfolio, historical loss experience, economic conditions and a range of other criteria.

The amounts required to bring the provisions for impairment to their assessed levels are charged to profit. Provisions for impairment and movements therein are set out above.

9. Asset Quality (Cont'd)

Income Received and Forgone on Impaired Assets

Interest is only taken to profit on non-accrual loans when received in cash. Interest entitlement on non-accrual loans that is not received represents income forgone.

	Full Year Ended		Half Year Ended	
	30/06/05	30/06/04	30/06/05	31/12/04
Impaired Assets	$M	$M	$M	$M
Income received:				
Current period	**5**	8	**2**	3
Prior period	**4**	6	**2**	2
Total income received	**9**	14	**4**	5
Interest income forgone	**13**	10	**7**	6
Movement in Impaired Asset Balances				
Gross impaired assets at period beginning	**363**	665	**445**	363
New and increased	**769**	532	**383**	386
Balances written off	**(350)**	(278)	**(216)**	(134)
Returned to performing or repaid	**(387)**	(556)	**(217)**	(170)
Gross impaired assets at period end	**395**	363	**395**	445

	As at		
	30/06/05	31/12/04	30/06/04
Loans Accruing but Past Due 90 Days or More	$M	$M	$M
Housing loans	**183**	176	168
Other loans	**119**	94	78
	302	270	246

10. Deposits and Other Public Borrowings

	As at		
	30/06/05	31/12/04	30/06/04
Australia	$M	$M	$M
Certificates of deposit	**16,041**	18,594	20,516
Term deposits	**41,582**	40,738	38,530
On demand and short term deposits	**75,410**	72,855	71,115
Deposits not bearing interest	**5,823**	5,855	5,407
Securities sold under agreements to repurchase and short sales	**2,258**	2,766	3,585
Total Australia	**141,114**	140,808	139,153
Overseas			
Certificates of deposit	**3,105**	3,213	3,716
Term deposits	**13,617**	13,719	11,724
On demand and short term deposits	**8,633**	7,662	6,852
Deposits not bearing interest	**1,155**	1,158	1,174
Securities sold under agreements to repurchase and short sales	**405**	865	558
Total overseas	**26,915**	26,617	24,024
Total deposits and other public borrowings	**168,029**	167,425	163,177

11. Financial Reporting by Segments

This note sets out segment reporting in accordance with statutory reporting requirements. Refer to the business analysis at the front of this report for detailed profit and loss accounts by segment.

	Full Year Ended 30 June 2005			
Primary Segment		**Funds**		
Business Segments	**Banking**	**Management**	**Insurance**	**Total**
Financial Performance	**$M**	**$M**	**$M**	**$M**
Interest income	**16,194**	**-**	**-**	**16,194**
Premium and related revenue	**-**	**-**	**1,132**	**1,132**
Other income	**3,519**	**3,269**	**1,186**	**7,974**
Appraisal value uplift	**-**	**301**	**477**	**778**
Total revenue	**19,713**	**3,570**	**2,795**	**26,078**
Interest expense	**10,228**	**-**	**-**	**10,228**
Segment result before income tax, goodwill amortisation and appraisal value uplift	**4,103**	**560**	**522**	**5,185**
Income tax expense	**(1,220)**	**(204)**	**(213)**	**(1,637)**
Segment result after income tax and before goodwill amortisation and appraisal value uplift	**2,883**	**356**	**309**	**3,548**
Outside equity interest	**(3)**	**(7)**	**-**	**(10)**
Segment result after income tax and outside equity interest before goodwill amortisation and appraisal value uplift	**2,880**	**349**	**309**	**3,538**
Goodwill amortisation	**(303)**	**(17)**	**(5)**	**(325)**
Appraisal value uplift	**-**	**301**	**477**	**778**
Net profit attributable to shareholders of the Bank	**2,577**	**633**	**781**	**3,991**
Non-Cash Expenses				
Goodwill amortisation	**303**	**17**	**5**	**325**
Charge for bad and doubtful debts	**322**	**-**	**-**	**322**
Depreciation	**129**	**8**	**13**	**150**
Other	**84**	**27**	**-**	**111**
Financial Position				
Total assets	**292,026**	**19,306**	**17,703**	**329,035**
Acquisition of property, plant & equipment, intangibles and other non-current assets	**303**	**8**	**39**	**350**
Associate investments	**19**	**1**	**32**	**52**
Total liabilities	**275,751**	**16,844**	**10,380**	**302,975**

11. Financial Reporting by Segments (Cont'd)

Primary Segment Business Segments Financial Performance	Full Year Ended 30 June 2004 Banking $M	 Funds Management $M	 Insurance $M	 Total $M
Interest income	13,287	-	-	13,287
Premium and related revenue	-	-	1,012	1,012
Other income	3,720	3,142	840	7,702
Appraisal value uplift / (reduction)	-	(95)	296	201
Total revenue	17,007	3,047	2,148	22,202
Interest expense	7,877	-	-	7,877
Segment result before income tax, goodwill amortisation and appraisal value uplift/ (reduction)	3,091	504	371	3,966
Income tax (expense)/credit	(914)	(228)	(120)	(1,262)
Segment result after income tax and before goodwill amortisation and appraisal value uplift / (reduction)	2,177	276	251	2,704
Outside equity interest	(1)	(8)	-	(9)
Segment result after income tax and outside equity interest before goodwill amortisation and appraisal value uplift/ (reduction)	2,176	268	251	2,695
Goodwill amortisation [1]	(302)	(17)	(5)	(324)
Appraisal value uplift/ (reduction)	-	(95)	296	201
Net profit attributable to shareholders of the Bank	1,874	156	542	2,572
Non-Cash Expenses				
Goodwill amortisation	302	17	5	324
Charge for bad and doubtful debts	276	-	-	276
Depreciation	110	8	9	127
Which new Bank initiatives	427	-	-	427
Other	30	50	14	94
Financial Position				
Total assets	269,066	19,878	17,051[1]	305,995
Acquisition of property, plant & equipment and intangibles and other non-current assets	518	6	9	533
Associate investments	194	1	44	239
Total liabilities	254,284	17,439	9,387	281,110

[1] Restated to reflect a restructure and subsequent realignment in business segments.

11. Financial Reporting by Segments (Cont'd)

Secondary Segment	**Full Year Ended**			
Geographical Segments **Financial Performance**	**30/06/05** **$M**	**30/06/05** **%**	**30/06/04** **$M**	**30/06/04** **%**
Revenue				
Australia	**20,790**	**79.7**	17,911	80.7
New Zealand	**3,507**	**13.5**	2,728	12.3
Other Countries (1)	**1,781**	**6.8**	1,563	7.0
	26,078	**100.0**	22,202	100.0
Net Profit Attributable to Shareholders of the Bank				
Australia	**3,223**	**80.7**	2,091	81.3
New Zealand	**509**	**12.8**	309	12.0
Other Countries (1)	**259**	**6.5**	172	6.7
	3,991	**100.0**	2,572	100.0
Assets				
Australia	**271,596**	**82.5**	252,652	82.6
New Zealand	**41,650**	**12.7**	35,059	11.4
Other Countries (1)	**15,789**	**4.8**	18,284	6.0
	329,035	**100.0**	305,995	100.0
Acquisition of Property, Plant & Equipment and Intangibles and Other Non-current Assets				
Australia	**303**	**86.6**	495	92.9
New Zealand	**37**	**10.6**	29	5.4
Other Countries (1)	**10**	**2.8**	9	1.7
	350	**100.0**	533	100.0

(1) Other Countries were: United Kingdom, United States of America, Japan, Singapore, Hong Kong, Grand Cayman, Malta, the Philippines, Fiji, Indonesia, China and Vietnam.

The geographical segment represents the location in which the transaction was originated.

12. Integrated Risk Management

The major categories of risk actively managed by the Bank include credit risk, liquidity and funding risk, market risk and operational risks. The 2004 Annual Report pages 27 to 29, Integrated Risk Management, detail the major risks managed by a diversified financial institution.

Credit Risk

The Bank uses a portfolio approach for the management of its credit risk. A key element is a well diversified portfolio, and the Bank uses various portfolio management tools to assist in diversifying the credit portfolio. The 8.4% exposure to 'Property and Business Services' in the table below includes 0.7% of commercial property exposure for which risk has effectively been transferred to third party investors by way of a synthetic securitisation transaction.

The commercial portfolio remains well rated and we experienced low actual bad debts during the year.

	As at		
	30/06/05	**31/12/04**	**30/06/04**
Industry	**%**	**%**	**%**
Accommodation, Cafes and Restaurants	**1.2**	1.1	1.3
Agriculture, Forestry and Fishing	**3.2**	3.2	3.6
Communication Services	**0.3**	0.3	0.4
Construction	**1.4**	1.4	1.7
Cultural and Recreational Services	**0.7**	0.8	0.9
Electricity, Gas and Water Supply	**1.7**	1.4	1.4
Finance and Insurance	**11.6**	10.7	11.1
Government Administration and Defence	**1.6**	2.5	4.0
Health and Community Services	**1.8**	1.7	1.5
Manufacturing	**3.2**	3.1	3.8
Mining	**0.7**	0.6	0.7
Personal and Other Services	**0.5**	0.4	0.5
Property and Business Services	**8.4**	8.1	8.6
Retail Trade	**2.0**	2.0	2.1
Transport and Storage	**2.1**	2.0	2.4
Wholesale Trade	**1.3**	1.1	1.1
Consumer	**58.3**	59.6	54.9
	100.0	100.0	100.0

The bank is traditionally a large home loan provider in both Australia and New Zealand (see "Consumer" above), where historically losses have been less than 0.03% of the portfolio in most years.

	As at		
	30/06/05	**31/12/04**	**30/06/04**
Region	**%**	**%**	**%**
Australia	**83.8**	83.4	86.2
New Zealand	**11.7**	12.7	9.9
Europe	**3.1**	2.2	2.0
Americas	**0.7**	1.3	1.2
Asia	**0.6**	0.3	0.6
Other	**0.1**	0.1	0.1
	100.0	100.0	100.0

The bank has the bulk of committed exposures concentrated in Australia and New Zealand.

	As at		
	30/06/05	**31/12/04**	**30/06/04**
Commercial Portfolio Quality	**%**	**%**	**%**
AAA/AA	**32**	32	35
A	**18**	18	17
BBB	**16**	16	15
Other	**34**	34	33
	100	100	100

Within the Bank's commercial portfolio which has been individually risk rated (including finance and insurances) 66% of commercial exposures are of investment grade quality.

	As at		
Consumer Portfolio Quality	**30/06/05**	**31/12/04**	**30/06/04**
Housing loans accruing but past 90 days or more $M	**183**	176	168
Housing loan balances ($m) (1)	**139,859**	134,258	121,850
Arrears rate (%)	**0.13**	0.13	0.14

(1) Housing loan balances are net of securitisation and include home equity and similar facilities.

12. Integrated Risk Management (Cont'd)

Market Risk

The Bank in its daily operations is exposed to a number of market risks (which are detailed in the 2004 Annual Report under Integrated Risk Management (pages 27 to 29) and Note 39 Market Risk).

Interest Rate Risk

Interest rate risk in the balance sheet is discussed within Note 39 of the 2004 Annual Report

Next 12 months' Earnings

The potential impact on net interest earnings of a 1% parallel rate shock and the expected change in price of assets and liabilities held for purposes other than trading is as follows:

(expressed as a % of expected next 12 months' earnings)	**30/06/05 %**	**31/12/04 %**	**30/06/04 %**
Average monthly exposure	**1.1**	1.0	0.9
High month exposure	**1.5**	1.5	1.3
Low month exposure	**0.5**	0.5	0.5

Value at Risk (VaR)

VaR within Financial Markets Trading is discussed in the 2004 Annual Report.

VaR Expressed based on 97.5% confidence	**Average VaR During June 2005 Half Year $M**	**Average VaR During December 2004 Half Year $M**	**Average VaR During June 2004 Half Year $M**
Interest rate risk	**3.44**	3.68	2.88
Exchange rate risk	**0.26**	0.58	1.09
Implied volatility risk	**0.49**	0.53	0.84
Equities risk	**0.04**	0.22	0.70
Commodities risk	**0.18**	0.34	0.37
Prepayment risk	**0.38**	0.54	0.58
ASB Bank	**0.22**	0.26	0.14
Diversification benefit	**(0.98)**	(1.64)	(2.49)
	4.03	4.51	4.11
Credit Spread (1)	**4.85**	4.67	4.92
Total	**8.88**	9.18	9.03

VaR Expressed based on 99.0% confidence	**Average VaR During June 2005 Half Year $M**	**Average VaR During December 2004 Half Year $M**	**Average VaR During June 2004 Half Year $M**
Group			
Interest rate risk	**4.78**	4.72	3.69
Exchange rate risk	**0.31**	0.70	1.28
Implied volatility risk	**0.73**	0.70	1.04
Equities risk	**0.05**	0.30	0.98
Commodities risk	**0.21**	0.41	0.45
Prepayment risk	**0.38**	0.54	0.58
ASB Bank	**0.32**	0.34	0.19
Diversification benefit	**(1.28)**	(2.01)	(3.21)
	5.50	5.70	5.00
Credit Spread (1)	**5.75**	5.54	5.84
Total	**11.25**	11.24	10.84

(1) In the half year ending 30 June 2004 a new risk type covering credit spreads was added to the VaR model. Previously that risk has been captured by way of a "Specific Risk" capital allocation charge. The change reflects growth in this particular market segment and the increasing availability of data for credit spreads on which to model.

13. Capital Adequacy

Risk Weighted Capital Ratios %	30/06/05	31/12/04	30/06/04
Tier One	**7.46**	7.46	7.43
Tier Two	**3.21**	3.13	3.93
Less deductions	**(0.92)**	(0.99)	(1.11)
Total	**9.75**	9.60	10.25
Adjusted Common Equity [(1)]	**4.91**	4.76	4.75

		As at	
Regulatory Capital	**30/06/05 $M**	**31/12/04 $M**	**30/06/04 $M**
Tier One capital			
Shareholders' equity	**26,060**	25,067	24,885
Eligible loan capital	**304**	298	338
Estimated reinvestment under Dividend Reinvestment Plan [(2)]	**272**	206	250
Foreign currency translation reserve related to non-consolidated subsidiaries	**211**	216	179
Deduct:			
Asset revaluation reserve	**(92)**	(61)	(61)
Goodwill	**(4,394)**	(4,555)	(4,705)
Expected dividend	**(1,434)**	(1,083)	(1,315)
Intangible component of investment in non-consolidated subsidiaries [(3)]	**(5,397)**	(4,964)	(4,674)
Outside equity interest in entities controlled by non-consolidated subsidiaries	**(111)**	(111)	(114)
Outside equity interest in insurance statutory funds and other funds	**(1,158)**	(1,413)	(2,176)
Capitalised expenses [(4)]	**(107)**	(98)	-
Other	**(13)**	(15)	(19)
Total Tier One capital	**14,141**	13,487	12,588
Tier Two capital			
Asset revaluation reserve	**92**	61	61
General provision for bad and doubtful debts [(5)]	**1,389**	1,379	1,390
FITB related to general provision	**(414)**	(411)	(398)
Upper Tier Two note and bond issues	**237**	250	267
Lower Tier Two note and bond issues [(6), (7)]	**4,783**	4,374	5,338
Total Tier Two capital	**6,087**	5,653	6,658
Total Capital	**20,228**	19,140	19,246
Deduct:			
Investment in non-consolidated subsidiaries (net of intangible component deducted from Tier One capital)[(3)]	**(1,721)**	(1,776)	(1,886)
Other deductions	**(28)**	(27)	(5)
Capital Base	**18,479**	17,337	17,355
Adjusted Common Equity [(1)]			
Tier One capital	**14,141**	13,487	12,588
Deduct:			
Eligible loan capital	**(304)**	(298)	(338)
Preference share capital	**(687)**	(687)	(687)
Other equity instruments	**(1,573)**	(1,573)	(1,573)
Outside equity interest (net of outside equity interest component deducted from Tier One capital)	**(520)**	(518)	(190)
Investment in non consolidated subsidiaries (net of intangible component deducted from Tier One capital) [(3)]	**(1,721)**	(1,776)	(1,886)
Other deductions	**(28)**	(27)	(5)
Other	**-**	-	139
Total Adjusted Common Equity	**9,308**	8,608	8,048

(1) Adjusted Common Equity (“ACE”) is one measure considered by Standard & Poor’s in evaluating the Bank’s credit rating. The ACE ratio has been calculated in accordance with the Standard & Poor’s methodology.
(2) Based on reinvestment experience related to the Bank’s Dividend Reinvestment Plan.
(3) See page 51 for a reconciliation of the components of the carrying value of the life insurance and funds management business to the value of investments in non-consolidated subsidiaries.
(4) Effective 1 July 2004, APRA requires banks to deduct certain capitalised expenses from Tier One capital.
(5) Excludes general provision for bad and doubtful debts in non-consolidated subsidiaries.
(6) APRA requires the value of Lower Tier Two note and bond issues to be included as if they were un-hedged.
(7) For regulatory capital purposes, Lower Tier Two note and bond issues are amortised by 20% of the original amount during each of the last five years to maturity.

13. Capital Adequacy (Cont'd)

Risk-Weighted Assets	Face Value 30/06/05 $M	Face Value 31/12/04 $M	Face Value 30/06/04 $M	Risk Weights %	Risk - Weighted Balance 30/06/05 $M	Risk - Weighted Balance 31/12/04 $M	Risk - Weighted Balance 30/06/04 $M
On balance sheet assets							
Cash, claims on Reserve Bank, short term claims on Australian Commonwealth and State Government and Territories, and other zero-weighted assets	**27,447**	27,741	27,554	0	**-**	-	-
Claims on OECD banks and local governments	**14,754**	14,718	15,020	20	**2,951**	2,944	3,004
Advances secured by residential property	**143,746**	137,589	125,026	50	**71,873**	68,795	62,513
All other assets	**92,510**	87,961	83,256	100	**92,510**	87,961	83,256
Total on balance sheet assets – credit risk	**278,457**	268,009	250,856		**167,334**	159,700	148,773
Total off balance sheet exposures – credit risk (1)					**19,371**	18,300	18,141
Risk - weighted assets – market risk					**2,854**	2,674	2,407
Total risk - weighted assets					**189,559**	180,674	169,321

(1) Off balance sheet exposures secured by residential property account for $6.2 billion of off balance sheet credit equivalent assets ($3.1 billion of off balance sheet risk-weighted assets).

Active Capital Management

The Bank maintains a strong capital position. The Tier One capital ratio increased from 7.43% to 7.46% and the Total Capital ratio decreased from 10.25% to 9.75% during the year to 30 June 2005. The Bank's credit ratings remained unchanged.

During the year, the Bank's risk-weighted assets grew from $169 billion to $190 billion.

The change in the regulatory capital ratios is attributed to the following movements and significant initiatives undertaken to actively manage the Bank's capital:

Tier One capital

- Issue of NZ$350 million (A$323 million) of Perpetual Preference Shares in December 2004;
- Issue of $200 million of shares in March 2005 to satisfy the DRP in respect of the interim dividend for 2004/05; and
- In accordance with APRA guidelines, the estimated issue of $272 million of shares to satisfy the DRP in respect of the final dividend for 2004/05.
  Further details of these transactions are provided in Appendix 14.
- From 1 July 2004, APRA requires banks to deduct certain capitalised expenses from Tier One capital. The change in regulatory requirements resulted in a $107 million decrease in Tier One capital.

Tier Two capital

- Issue of the equivalent of A$1,554 million Lower Tier Two capital;
- Call of the equivalent of A$1,866 million notes. However, as some of the notes had been amortised in accordance with APRA requirements, the impact was to reduce Tier Two capital in the year to 30 June 2005 by A$1,592 million; and
- Reduction in Tier Two note and bond issues of A$319 million resulting from changes in foreign exchange rates (whilst these notes are hedged, the unhedged value is included in the calculation of regulatory capital in accordance with APRA regulations).

Deductions from Total Capital

- Dividends paid to the Bank from the life insurance and funds management businesses in excess of the dividend paid in respect of the after-tax profits of these businesses (refer to Appendix 15).

As required by APRA, the Bank's investment in its life insurance and funds management companies is deducted from regulatory capital to arrive at the Bank's Capital Ratios. The Bank's life and funds management companies held an estimated A$580 million excess over regulatory capital requirements at 30 June 2005 in aggregate.

14. Share Capital

	Full Year Ended	
		30/06/05
	Shares Issued	$M
Ordinary Share Capital		
Opening balance 1 July 2004	**1,264,006,062**	**13,359**
Exercise of executive options	**2,516,200**	**67**
DRP 2003/2004 final dividend fully paid shares at $30.14	**8,172,546**	**246**
DRP 2004/2005 interim dividend fully paid shares at $35.90	**5,581,364**	**200**
Issue costs	**-**	**(1)**
Closing balance 30 June 2005	**1,280,276,172**	**13,871**
Preference Share Capital (PERLS)		
Opening balance 1 July 2004	**3,500,000**	**687**
Closing balance 30 June 2005	**3,500,000**	**687**
Other Equity Instruments		
Issues during the year (net of issue costs)	**4,300,000**	**1,573**
Closing balance 30 June 2005	**4,300,000**	**1,573**
Retained Profits		
Opening balance 1 July 2004		**2,840**
Net profit for the year		**3,991**
Payment of final dividend		**(1,315)**
Payment of interim dividend		**(1,083)**
Appropriations to reserves (net)		**(786)**
Payment of other dividends		**(131)**
Closing balance 30 June 2005		**3,516**
Reserves		
Opening balance 1 July 2004		**3,946**
Appropriation from retained profits (net)		**786**
Movement in foreign currency translation reserve [1]		**(141)**
Movement in asset revaluation reserve		**33**
Closing balance 30 June 2005		**4,624**
Outside Equity Interests: Controlled Entities		
Opening balance 1 July 2004		**304**
Issue of Perpetual Preference Shares[2]		**323**
Movement in retained profits and reserves		**4**
Closing balance 30 June 2005		**631**

(1) The movement in the foreign exchange translation reserve adjustment relates primarily to the revaluation of subsidiaries in Hong Kong, New Zealand, United Kingdom and United States of America as a result of foreign exchange rate movements.

(2) Issue of NZ$350 million (A$323 million) by ASB Capital No.2 Limited.

14. Share Capital (Cont'd)

Outside Equity Interests

On 22 December 2004, ASB Capital No.2 Limited, a New Zealand subsidiary, issued NZ$350 million (A$323 million) of perpetual preference shares. These shares are non-redeemable and carry limited voting rights. Dividends are payable quarterly and are non-cumulative.

Dividend Franking Account

After fully franking the final dividend to be paid for the year ending 30 June 2005 the amount of credits available as at 30 June 2005 to frank dividends for subsequent financial years is $194 million (2004: $75 million). This figure is based on the combined franking accounts of the Bank at 30 June 2005, which have been adjusted for franking credits that will arise from the payment of income tax payable on profits for the year ended 30 June 2005, franking debits that will arise from the payment of dividends proposed for the year and franking credits that the Bank may be prevented from distributing in subsequent financial periods. The Bank expects that future tax payments will generate sufficient franking credits for the Bank to be able to continue fully frank future dividend payments. Dividend payments on or after 1 July 2005 will be franked at the 30% tax rate. These calculations have been based on the taxation laws as at 30 June 2005.

Dividends

The Directors have declared a fully franked final dividend of 112 cents per share amounting to $1,434 million. The dividend will be payable on 23 September 2005 to shareholders on the register at 5pm on 19 August 2005.

Dividends per share are based on net profit after tax ("cash basis") per share, having regard to a range of factors including:

- Current and expected rates of business growth and the mix of business;
- Capital needs to support economic, regulatory and credit ratings requirements;
- The rate of return on assets; and
- Investments and/or divestments to support business development.

Dividends paid since the end of the previous financial year:

- As declared in last year's Annual Report, a fully franked final dividend of 104 cents per share amounting to $1,315 million was paid on 24 September 2004. The payment comprised cash disbursements of $1,069 million with $246 million being reinvested by participants through the Dividend Reinvestment Plan;
- In respect of the current year, a fully franked interim dividend of 85 cents per share amounting to $1,083 million was paid on 31 March 2005. The payment comprised cash disbursements of $883 million with $200 million being reinvested by participants through the Dividend Reinvestment Plan; and
- Additionally, quarterly dividends totalling $39 million for the year were paid on the PERLS, $34 million on the PERLS II; $42 million on the Trust Preferred Securities; $9 million on the ASB Capital preference shares; and $7 million on the ASB Capital No.2 preference shares.

Dividend Reinvestment Plan

The Bank expects to issue around $272 million of shares in respect of the Dividend Reinvestment Plan for the final dividend for 2004/05.

The Dividend Reinvestment Plan continues to be capped at 10,000 shares per shareholder.

Record Date

The register closes for determination of dividend entitlement and for participation in the DRP at 5:00pm on 19 August 2005 at ASX Perpetual Registrars Limited, Locked Bag A14, Sydney South, 1235.

Ex Dividend Date

The ex-dividend date is 15 August 2005.

15. Life Company Valuations and Policy Liabilities

Carrying Values of Insurance and Funds Management Businesses

The following table sets out the components of the carrying values of the Bank's life insurance and funds management businesses, together with the key actuarial assumptions that have been used. These are Directors' valuations based on appraisal values using a range of economic and business assumptions determined by management which were reviewed by independent actuaries Trowbridge Deloitte.

Analysis of Movement since 30 June 2004	Funds Management $M	Life Insurance Australia $M	Life Insurance New Zealand $M	Life Insurance Asia[1] $M	Total $M
Profits	**349**	**176**	**71**	**50**	**646**
Net capital movements[2]	**(121)**	**195**	**(79)**	**1**	**(4)**
Dividends paid	**(213)**	**(485)**	**-**	**(4)**	**(702)**
Acquisitions[3]	**(30)**	**-**	**-**	**-**	**(30)**
Foreign exchange movements	**-**	**-**	**2**	**(60)**	**(58)**
Change in shareholders net tangible assets	**(15)**	**(114)**	**(6)**	**(13)**	**(148)**
Acquired excess [3]	**30**	**-**	**-**	**-**	**30**
Net appraisal value uplift/(reduction)	**301**	**333**	**146**	**(2)**	**778**
Increase/(Decrease) to 30 June 2005	**316**	**219**	**140**	**(15)**	**660**

Shareholders' Net Tangible Assets	Funds Management $M	Life Insurance Australia $M	Life Insurance New Zealand $M	Life Insurance Asia[1] $M	Total $M
30 June 2004 balance	**515**	**1,131**	**415**	**600**	**2,661**
Profits	**349**	**176**	**71**	**50**	**646**
Net capital movements[2]	**(121)**	**195**	**(79)**	**1**	**(4)**
Dividends paid	**(213)**	**(485)**	**-**	**(4)**	**(702)**
Acquisitions[3]	**(30)**	**-**	**-**	**-**	**(30)**
Foreign exchange movements	**-**	**-**	**2**	**(60)**	**(58)**
30 June 2005 balance	**500**	**1,017**	**409**	**587**	**2,513**

Value in Force Business	Funds Management $M	Life Insurance Australia $M	Life Insurance New Zealand $M	Life Insurance Asia[1] $M	Total $M
30 June 2004 balance	**1,850**	**295**	**286**	**-**	**2,431**
Uplift	**9**	**238**	**73**	**-**	**320**
30 June 2005 balance	**1,859**	**533**	**359**	**-**	**2,751**

Value Future New Business	Funds Management $M	Life Insurance Australia $M	Life Insurance New Zealand $M	Life Insurance Asia[1] $M	Total $M
30 June 2004 balance	**2,774**	**235**	**277**	**24**	**3,310**
Acquisitions[3]	**30**	**-**	**-**	**-**	**30**
Uplift/(reduction)	**292**	**95**	**73**	**(2)**	**458**
30 June 2005 balance	**3,096**	**330**	**350**	**22**	**3,798**

(1) The Asian life insurance businesses are not held in a market value environment and are carried at net assets plus any excess representing the difference between appraisal value and net assets at the time of acquisition. This excess which effectively represents goodwill is being amortised on a straight line basis over 20 years, subject to impairment. Subject to regulatory approval, the disposal of the Hong Kong life insurance operations will occur subsequent to 30 June 2005. Refer appendix 16 on page 54 for further information.

(2) Includes capital injections, transfers and movements in intergroup loans.

(3) Represents the purchase of Symmetry Limited. The goodwill on acquisition is reclassified as acquired excess, representing the difference between appraisal value and net assets at the time of acquisition.

15. Life Company Valuations and Policy Liabilities (Cont'd)

Carrying Value at 30 June 2005	Funds Management $M	Life Insurance Australia $M	Life Insurance New Zealand $M	Life Insurance Asia[1] $M	Total $M
Shareholders' net tangible assets	**500**	**1,017**	**409**	**587**	**2,513**
Value in force business	**1,859**	**533**	**359**	**-**	**2,751**
Embedded value	**2,359**	**1,550**	**768**	**587**	**5,264**
Value future new business	**3,096**	**330**	**350**	**22**	**3,798**
Carrying value	**5,455**	**1,880**	**1,118**	**609**	**9,062**

[1] The Asian life insurance businesses are not held in a market value environment and are carried at net assets plus any excess representing the difference between appraisal value and net assets at the time of acquisition. This excess which effectively represents goodwill is being amortised on a straight line basis over 20 years, subject to impairment. Subject to regulatory approval, the disposal of the Hong Kong life insurance operations will occur subsequent to 30 June 2005. Refer note 16 on page 54 for further information.

Change in Valuations

The valuations adopted have resulted in a total positive change in value of $660 million since 30 June 2004. The main components comprised:

- An appraisal value uplift of $778 million, reflecting growth in Funds under Administration and improved fund flows, while persistency levels and claims ratios improved across each of the insurance businesses. The uplift also includes the negative impact of continued uncertainty of investment markets and industry funds flows.
- Decrease due to dividends in excess of profits of $56 million; and
- A $62 million decrease in net tangible assets due to net capital and foreign exchange movements.

Reconciliation of the Components of the Carrying Value to the Value of Investments in Non-Consolidated Subsidiaries

The following table reconciles the carrying values of the life insurance and funds management businesses to the value of investments in non-consolidated subsidiaries as shown in the capital adequacy calculation in Appendix 13.

	30/06/05 $M	31/12/04 $M	30/06/04 $M
Intangible component of investment in non-consolidated subsidiaries deducted from Tier One capital comprises:			
Value future new business	**3,798**	**3,352**	3,310
Value of self-generated in force business	**1,599**	**1,532**	1,279
Other	**-**	**80**	85
	5,397	**4,964**	4,674
Investment in non-consolidated subsidiaries deducted from Total Capital comprises:			
Shareholders' net tangible assets in life and funds management businesses	**2,513**	**2,460**	2,661
Capital in other non-consolidated subsidiaries	**348**	**404**	351
Value of acquired in force business	**1,152**	**1,152**	1,152
Less non-recourse debt	**(2,292)**	**(2,240)**	(2,278)
	1,721	**1,776**	1,886

Key Assumptions Used in Appraisal Values

The following key assumptions have been used in determining the appraisal values. Other actuarial assumptions used in the valuation were described in the section Actuarial Methods and Assumptions.

30 June 2005	New Business Multiplier	Risk Discount Rate %	Value of Franking Credits %
Life insurance entities			
Australia	**8**	**10.1**	**70**
New Zealand	**9**	**9.8**	**-**
Asia			
- Hong Kong[1]	**n/a**	**n/a**	**-**
- Other	**Various**	**Various**	**-**
Funds management entities			
Australia	**n/a**	**11.7**	**70**

[1] Refer appendix 16 on page 54 for comments relating to the sale of the Hong Kong life insurance entities.

15. Life Company Valuations and Policy Liabilities (Cont'd)

	30 June 2004		
	New Business Multiplier	Risk Discount Rate %	Value of Franking Credits %
Life insurance entities			
Australia	8	10.9	70
New Zealand	9	10.3	-
Asia			
- Hong Kong	8	12	-
- Other	various	various	-
Funds management entities			
Australia	n/a	12.5	70

The movement in the risk discount rate is based on the change in the underlying risk free rate using a capital asset pricing model framework. This framework utilises the local 10-year government bond yield as the proxy for the risk free rate.

The movement in risk discount rates have been accompanied by broadly equivalent movements in assumed future investment returns on the Australian funds management business.

The assumptions for future new business are set after considering current levels of new business and the expected growth in business. A review of current experience has resulted in an increase in the future sales volume assumption for Australian funds management and life insurance businesses.

Policy Liabilities

Appropriately qualified actuaries have been appointed in respect of each life insurance business and they have reviewed and satisfied themselves as to the accuracy of the policy liabilities included in this financial report, including compliance with the regulations of the Life Insurance Act (Life Act) 1995 where appropriate. Details were set out in the various statutory returns of these life insurance businesses.

Components of Policy Liabilities	30/06/05 $M	31/12/04 $M	30/06/04 $M
Future policy benefits (1)	**27,790**	27,701	27,779
Future bonuses	**1,385**	1,362	1,346
Future expenses	**1,829**	1,757	1,762
Future profit margins	**1,795**	1,596	1,472
Future charges for acquisition expenses	**(540)**	(542)	(527)
Balance of future premiums	**(7,660)**	(6,966)	(7,266)
Provisions for bonuses not allocated to participating policyholders	**95**	59	72
Total policy liabilities	**24,694**	24,967	24,638

(1) Including bonuses credited to policyholders in prior years.

Taxation

Taxation has been allowed for in the determination of policy liabilities in accordance with the relevant legislation applicable in each territory.

Actuarial Methods and Assumptions

Policy liabilities have been calculated in accordance with the Margin on Services (MoS) methodology as set out in Actuarial Standard 1.03 – Valuation Standard ('AS1.03') issued by the Insurance Actuarial Standards Board ('LIASB'). The principal methods and profit carriers used for particular product groups were as follows:

Product Type	Method	Profit Carrier
Individual		
Conventional	Projection	Bonuses or expected claim payments
Investment account	Projection	Bonuses or funds under management
Investment linked	Accumulation	Not applicable
Lump sum risk	Projection	Premiums/expected claim payments
Income stream risk	Projection	Expected claim payments
Immediate annuities	Projection	Annuity payments
Group		
Investment account	Projection	Bonuses or funds under management
Investment linked	Accumulation	Not applicable
Lump sum risk	Accumulation	Not applicable
Income stream risk	Projection	Expected claim payments

The 'Projection Method' measures the present values of estimated future policy cash flows to calculate policy liabilities. The policy cash flows incorporate investment income, premiums, expenses, redemptions and benefit payments.

The 'Accumulation Method' for investment linked measures the accumulation of amounts invested by policyholders plus investment earnings less fees specified in the policy to calculate policy liabilities. Deferred acquisition costs were offset against this liability.

Bonuses were amounts added, at the discretion of the life insurer, to the benefits currently payable under Participating Business. Under the Life Act, bonuses are a distribution to policyholders of profits and may take a number of forms including reversionary bonuses, interest credits and capital growth bonuses (payable on the termination of the policy).

Actuarial assumptions

Set out below is a summary of the material assumptions used in the calculation of policy liabilities. These assumptions were also used in the determination of the appraisal values.

Discount rates

These were the rates used to discount future cash flows to determine their net present value in the policy liabilities. The discount rates were determined with reference to the expected earnings rate of the assets that support the policy liabilities adjusted for taxation where relevant. The following table shows the applicable rates for the major classes of business in Australia and New Zealand. The changes relate to changes in long term earnings rates and asset mix.

Class of Business	June 2005 Rate Range %	June 2004 Rate Range %
Traditional – ordinary business (after tax)	**5.52 – 6.26**	6.11 – 6.86
Traditional – superannuation business (after tax)	**6.74 – 7.67**	7.46 – 8.40
Annuity business (after tax)	**4.37 – 6.49**	6.17 – 6.98
Term insurance – ordinary business (after tax)	**3.58 – 4.36**	3.45 – 4.15
Term insurance – superannuation business (after tax)	**3.58 – 3.85**	3.45 – 4.15
Disability business (before tax)	**5.11 – 5.70**	5.93
Investment linked – ordinary business (after tax)	**4.98 – 6.10**	5.61 – 6.04
Investment linked – superannuation business (after tax)	**6.50 – 6.71**	7.37 – 7.42
Investment linked – exempt (after tax)	**7.38 – 7.61**	8.41 – 8.80
Investment account – ordinary business (after tax)	**3.74**	4.32
Investment account – superannuation business (after tax)	**4.55**	5.25
Investment account – exempt (after tax)	**5.31**	6.13

Bonuses

The valuation assumes that the long-term supportable bonuses will be paid, which is in line with company bonus philosophy. There have been no significant changes to these assumptions.

Maintenance expenses

The maintenance expenses are based on an internal analysis of experience and are assumed to increase in line with inflation each year and to be sufficient to cover the cost of servicing the business in the coming year after adjusting for one off expenses. For participating business, expenses continue on the previous charging basis with adjustments for actual experience, and are assumed to increase in line with inflation each year.

Investment management expenses

Investment management expense assumptions now vary by asset classes and are based on the recently renegotiated investment fees as set out in the Fund Management Agreements. There has been no significant change to overall investment fees.

Inflation

The inflation assumption is consistent with the investment earning assumptions.

Benefit indexation

The indexation rates were based on an analysis of past experience and estimated long term inflation and vary by business and product type. There have been no significant changes to these assumptions.

Taxation

The taxation basis and rates assumed vary by territory and product type.

Voluntary discontinuance

Discontinuance rates were based on recent company and industry experience and vary by territory, product, age and duration in force. The experience has been broadly in line with assumptions. There have been no significant changes to these assumptions.

Surrender values

Current surrender value bases were assumed to apply in the future. There have been no significant changes to these assumptions.

Unit price growth

Unit prices were assumed to grow in line with assumed investment earnings assumptions, net of asset charges as per current company practice. There have been no significant changes to these assumptions.

Mortality and morbidity

Rates vary by sex, age, product type and smoker status. Rates were based on standard mortality tables applicable to each territory e.g. IA95-97 in Australia for risk, IM/IF80 for annuities, adjusted for recent company and industry experience where appropriate. Mortality and morbidity assumptions have been reduced on some products.

Solvency

Australian life insurers

Australian life insurers are required to hold prudential reserves in excess of the amount of policy liabilities. These reserves are required to support capital adequacy requirements and provide protection against adverse experience. Actuarial Standard AS2.03 'Solvency Standard' ('AS2.03') prescribes a minimum capital requirement and the minimum level of assets required to be held in each insurance fund. All controlled Australian insurance entities complied with the solvency requirements of AS2.03. Further information is available from the individual statutory returns of subsidiary life insurers.

Overseas life insurers

Overseas insurance subsidiaries were required to hold reserves in excess of policy liabilities in accordance with local Acts and prudential rules. Each of the overseas subsidiaries complied with local requirements. Further information is available from the individual statutory returns of subsidiary life insurers.

Managed assets and fiduciary activities

Arrangements were in place to ensure that asset management and other fiduciary activities of controlled entities were independent of the insurance funds and other activities of the Bank.

Disaggregated information

Life Insurance business is conducted through a number of life insurance entities in Australia and overseas. Under the Australian Life Insurance Act 1995, life insurance business is conducted within one or more separate statutory funds that are distinguished from each other and from the shareholders' funds. The financial statements of Australian life insurers prepared in accordance with AASB 1038, (and which will be lodged with the relevant Australian regulators) show all major components of the financial statements disaggregated between the various insurance statutory funds and their shareholder funds.

16. Post Balance Date Event

On 7 July 2005 the Bank entered into an agreement to sell its life insurance and financial planning business in Hong Kong for approximately $600 million to Sun Life Financial. The business consisted of CMG Asia Limited, CommServe Financial Limited and Financial Solutions Limited, with a combined carrying value of $527 million under current Australian GAAP. The carrying value is expected to reduce under AIFRS, principally due to differences in discount rates used in the actuarial valuation of policyholder liabilities and differences in treatment of historic foreign exchange losses under AIFRS. The impact of conversion to AIFRS is included in appendix 20.

The transaction, targeted for completion within three months, and together with the determination of the final profit is subject to conditions precedent.

17. Intangible Assets

	As at		
	30/06/05 $M	**31/12/04 $M**	**30/06/04 $M**
Purchased goodwill - Colonial	**5,591**	5,591	5,591
Purchased goodwill - other	**1,169**	1,167	1,155
Accumulated amortisation	**(2,366)**	(2,203)	(2,041)
Total intangible assets	**4,394**	4,555	4,705

18. Amortisation Schedule

	Full Year Ended		Half Year Ended	
	30/06/05 $M	**30/06/04 $M**	**30/06/05 $M**	**31/12/04 $M**
Goodwill				
Opening balance	**4,705**	5,029	**4,555**	4,705
Purchased goodwill	**14**	-	**2**	12
Amortisation for the year	**(325)**	(324)	**(163)**	(162)
Closing balance	**4,394**	4,705	**4,394**	4,555

19. Performance Summaries

	Full Year 30/06/05 $M	Half Year 30/06/05 $M	Half Year 31/12/04 $M	Full Year 30/06/04 $M	Half Year 30/06/04 $M	Half Year 31/12/03 $M
Profit from ordinary activities after income tax ("statutory basis")	**3,991**	**2,132**	1,859	2,572	1,329	1,243
Profit from ordinary activities after income tax ("cash basis")	**3,538**	**1,782**	1,756	2,695	1,455	1,240
Income						
Interest income	**16,194**	**8,354**	7,840	13,287	7,046	6,241
Interest expense	**10,228**	**5.321**	4,907	7,877	4,307	3,570
Net interest income	**5,966**	**3,033**	2,933	5,410	2,739	2,671
Other banking operating income	**2,915**	**1,503**	1,412	2,846	1,471	1,375
Total banking income	**8,881**	**4,536**	4,345	8,256	4,210	4,046
Funds management income	**1,261**	**646**	615	1,158	576	582
Life insurance income	**747**	**387**	360	678	356	322
Total Operating Income	**10,889**	**5,569**	5,320	10,092	5,142	4,950
Shareholder investment returns	**237**	**92**	145	196	55	141
Policyholder tax benefit	**228**	**117**	111	203	83	120
Total Income	**11,354**	**5,778**	5,576	10,491	5,280	5,211
Expenses						
Operating expenses - comparable business	**5,697**	**2,869**	2,828	5,500	2,791	2,709
Which new Bank	**150**	**122**	28	749	255	494
Total expenses	**5,847**	**2,991**	2,856	6,249	3,046	3,203
Charge for bad and doubtful debts	**322**	**176**	146	276	126	150
Profit from ordinary activities before goodwill amortisation, appraisal value uplift and income tax	**5,185**	**2,611**	2,574	3,966	2,108	1,858
Income tax expense	**1,637**	**824**	813	1,262	648	614
Profit from ordinary activities after income tax	**3,548**	**1,787**	1,761	2,704	1,460	1,244
Outside equity interests	**(10)**	**(5)**	(5)	(9)	(5)	(4)
Profit from ordinary activities after income tax and before goodwill amortisation and appraisal value uplift	**3,538**	**1,782**	1,756	2,695	1,455	1,240
Appraisal value uplift	**778**	**513**	265	201	36	165
Goodwill amortisation	**(325)**	**(163)**	(162)	(324)	(162)	(162)
Net profit after income tax attributable to shareholders of the Bank	**3,991**	**2,132**	1,859	2,572	1,329	1,243
Contributions to profit (after income tax)						
Banking	**2,959**	**1,532**	1,427	2,675	1,381	1,294
Funds management	**351**	**181**	170	274	148	126
Life insurance	**156**	**89**	67	129	62	67
Profit from ordinary activities after income tax ("underlying basis")	**3,466**	**1,802**	1,664	3,078	1,591	1,487
Shareholder Investment Returns (after tax)	**177**	**66**	111	152	53	99
Which new Bank (after tax)	**(105)**	**(86)**	(19)	(535)	(189)	(346)
Profit after income tax from ordinary activities ("cash basis")	**3,538**	**1,782**	1,756	2,695	1,455	1,240
Goodwill amortisation	**(325)**	**(163)**	(162)	(324)	(162)	(162)
Appraisal value uplift	**778**	**513**	265	201	36	165
Net profit after income tax attributable to shareholders of the Bank	**3,991**	**2,132**	1,859	2,572	1,329	1,243

19. Performance Summaries (Cont'd)

Banking **Profit Summary**	**Full Year 30/06/05 $M**	**Half Year 30/06/05 $M**	**Half Year 31/12/04 $M**	**Full Year 30/06/04 $M**	**Half Year 30/06/04 $M**	**Half Year 31/12/03 $M**
Interest income	**16,194**	**8,354**	7,840	13,287	7,046	6,241
Interest expense	**10,228**	**5,321**	4,907	7,877	4,307	3,570
Net interest income	**5,966**	**3,033**	2,933	5,410	2,739	2,671
Other operating income	**2,915**	**1,503**	1,412	2,846	1,471	1,375
Total Operating Income	**8,881**	**4,536**	4,345	8,256	4,210	4,046
Expenses						
Operating expenses - comparable business	**4,344**	**2,184**	2,160	4,191	2,140	2,051
Which new Bank	**112**	**97**	15	698	235	463
Charge for bad and doubtful debts	**322**	**176**	146	276	126	150
Net profit before income tax	**4,103**	**2,079**	2,024	3,091	1,709	1,382
Income tax expense	**1,220**	**615**	605	914	502	412
Net profit after income tax	**2,883**	**1,464**	1,419	2,177	1,207	970
Outside equity interests	**3**	**1**	2	1	1	-
Net profit after income tax ("cash basis")	**2,880**	**1,463**	1,417	2,176	1,206	970
Net profit after income tax ("underlying basis")	**2,959**	**1,532**	1,427	2,675	1,381	1,294

Net Interest Income	**Full Year 30/06/05 $M**	**Half Year 30/06/05 $M**	**Half Year 31/12/04 $M**	**Full Year 30/06/04 $M**	**Half Year 30/06/04 $M**	**Half Year 31/12/03 $M**
Interest Income						
Loans	**14,244**	**7,358**	6,886	11,675	6,179	5,496
Other financial institutions	**229**	**128**	101	182	85	97
Liquid assets	**198**	**91**	107	198	106	92
Trading securities	**785**	**391**	394	600	331	269
Investment securities	**723**	**379**	344	607	337	270
Dividends on redeemable preference shares	**15**	**7**	8	25	8	17
Total interest income	**16,194**	**8,354**	7,840	13,287	7,046	6,241
Interest Expense						
Deposits	**7,063**	**3,626**	3,437	5,949	3,279	2,670
Other Financial institutions	**257**	**131**	126	160	84	76
Debt issues	**2,557**	**1,378**	1,179	1,505	805	700
Loan capital	**351**	**186**	165	263	139	124
Total interest expense	**10,228**	**5,321**	4,907	7,877	4,307	3,570
Net interest income	**5,966**	**3,033**	2,933	5,410	2,739	2,671

Other Banking Income	**Full Year 30/06/05 $M**	**Half Year 30/06/05 $M**	**Half Year 31/12/04 $M**	**Full Year 30/06/04 $M**	**Half Year 30/06/04 $M**	**Half Year 31/12/03 $M**
Lending fees	**753**	**395**	358	724	382	342
Commission and other fees	**1,595**	**798**	797	1,503	732	771
Trading income	**440**	**221**	219	499	230	269
Dividends	**3**	**2**	1	6	3	3
Net gain on investment and loans	**(13)**	**(14)**	1	80	80	0
Net profit/(loss) on sale of property, plant and equipment	**4**	**3**	1	(11)	(8)	(3)
Other	**133**	**98**	35	45	52	(7)
Total other banking income	**2,915**	**1,503**	1,412	2,846	1,471	1,375

19. Performance Summaries (Cont'd)

Funds Management **Profit Summary**	**Full Year 30/06/05 $M**	**Half Year 30/06/05 $M**	**Half Year 31/12/04 $M**	**Full Year 30/06/04 $M**	**Half Year 30/06/04 $M**	**Half Year 31/12/03 $M**
Funds Management Profit after tax						
Total operating income	**1,271**	**651**	620	1,172	583	589
Shareholder investment returns	**33**	**9**	24	26	12	14
Policyholder tax expense	**104**	**52**	52	149	67	82
Operating expenses - comparable business	**812**	**406**	406	806	390	416
Which new Bank	**36**	**24**	12	37	10	27
Profit before income tax	**560**	**282**	278	504	262	242
Income tax expense attributable to:						
Policyholder	**104**	**52**	52	149	67	82
Corporate	**100**	**56**	44	79	40	39
Outside equity interests	**7**	**4**	3	8	4	4
Net profit after income tax ("cash basis")	**349**	**170**	179	268	151	117
Net profit after income tax ("underlying basis")	**351**	**181**	170	274	148	126

Insurance **Profit Summary**	**Full Year 30/06/05 $M**	**Half Year 30/06/05 $M**	**Half Year 31/12/04 $M**	**Full Year 30/06/04 $M**	**Half Year 30/06/04 $M**	**Half Year 31/12/03 $M**
Total operating income	**747**	**387**	360	678	356	322
Shareholder investment returns	**204**	**83**	121	170	43	127
Policyholder tax expense	**124**	**65**	59	54	16	38
Operating expenses - comparable business	**551**	**284**	267	517	268	249
Which new Bank	**2**	**1**	1	14	10	4
Profit before income tax	**522**	**250**	272	371	137	234
Income tax expense attributable to:						
Policyholder	**124**	**65**	59	54	16	38
Corporate	**89**	**36**	53	66	23	43
Net profit after income tax ("cash basis")	**309**	**149**	160	251	98	153
Net profit after income tax ("underlying basis")	**156**	**89**	67	129	62	67

20. International Financial Reporting Standards

Transition Management

On 1 July 2005 the Bank commenced application of the Australian equivalent of International Financial Reporting Standards ("AIFRS") to the maintenance of all financial records. This is in line with the conversion deadline set out by the Financial Reporting Council of Australia.

The Bank completed its review of the AIFRS and their impact during the planning stage of the project. Conversion issues were then identified and methodologies designed to resolve those issues.

Implementation of these changes was completed during the financial year ended 30 June 2005, including the maintenance of a shadow set of AIFRS-compliant financial records for that year.

Although all AIFRSs are applied by the Bank from 1 July 2005 some standards are not applicable to the comparative financial year (the financial year beginning 1 July 2004). As such, on release of AIFRS-compliant financial statements for the financial year beginning 1 July 2005, the financial results for the comparative financial year will only be restated to a limited extent. Descriptions of the key AIFRS issues are set out below and segregated between those issues which have an effective impact from 1 July 2004 and those which have an effective impact from 1 July 2005. Where the financial impact of conversion can be reasonably estimated, and where it is material, details are provided below, both within the narrative disclosures and in summary tabular form. It should be noted that the Bank cannot reliably estimate the prospective financial impact beyond 1 July 2005 of AIFRS issues, as the eventual impact of these issues depend upon uncertain future events and transactions.

All amounts set out below are audited estimates based upon prevailing world-wide accounting interpretations and existing financial instrument valuation methodologies. To the extent that those interpretations or valuation methodologies change, the amounts quoted below may be subject to alteration prior to the release of the Bank's AIFRS-compliant financial statements for the financial year ending 30 June 2006. All amounts are stated on an 'after-tax' basis.

Key Accounting Issues

Whilst the implementation of AIFRS has no impact on the Bank's cash flows, underlying economic strength, nor risk management practices, the following key areas of difference between current accounting practice and the treatment under AIFRS have been identified:

Issues with effective impact from 1 July 2004

(i) Employee Benefits – Defined Benefit Superannuation Plans

With the introduction of AIFRS, the surpluses and/or deficits that arise within individual defined benefit superannuation plans must be recognised in the statement of financial position. There is a choice of three options for the recognition of actuarial gains and losses related to defined benefit superannuation plans within Profit or Retained Earnings. The options available include direct recognition in Profit of all of the actuarial gain or loss, direct recognition in Retained Earnings of all of the actuarial gain or loss, or the 'corridor' approach which progressively recognises a certain portion of the gain or loss within Profit over the expected average remaining working lives of employees within the plan. Under each of these options, the net surpluses or deficits of the defined benefit superannuation plans must be recognised within the Statement of Financial Position. The Bank has selected direct recognition in Retained Earnings as the method of accounting for the defined benefit superannuation plans from 1 July 2004.

The Bank currently sponsors two defined benefit plans. Actuarial valuations of these plans are carried out periodically, and a large surplus currently exists on a net basis. On transition to AIFRS, the comparative period beginning 1 July 2004 has recorded an opening Retained Earnings adjustment reflecting the value of this surplus. It should be noted that the value of the net surplus for financial reporting purposes does not reflect the actuarial valuation used when assessing funding requirements of the plans. The actuarial valuation is higher than the value used for financial reporting purposes principally due to the use of prescribed discount rates in the latter. This opening adjustment to Retained Earnings as at 1 July 2004 is a net increase of $389 million. This is comprised of both an increase in Retained Earnings of $443 million due to the recognition of the defined benefit plan currently in surplus, and a decrease in Retained Earnings of $54 million due to the recognition of the defined benefit plan currently in deficit.

For the AIFRS comparative financial year ended 30 June 2005, the restatement of the statement of financial performance includes an additional, non-cash, expense item of $52 million, reflecting the accrual accounting charge to profit and loss associated with accounting for defined benefit plans.

For the AIFRS comparative financial year ended 30 June 2005 there was an actuarial gain of $102 million and other movements totalling $8 million (principally foreign exchange movements) resulting in a total increase of $110 million to net assets and Retained Earnings. The total movement of $110 million comprised a $108 million increase in respect of the defined benefit plan currently in surplus, and a $2 million increase in respect of the defined benefit plan currently in deficit. The balance of the net accounting surplus remaining as at 1 July 2005 is $447 million after tax, being a plan surplus of $502 million less a plan deficit of $55 million. The above adjustments are summarised in the table below:

	Group $M
1 July 2004 net plan surplus	389
Accounting expense	(52)
Net actuarial gains and other movements - to Retained Earnings	110
30 June 2005 net plan surplus	447

(ii) Employee Benefits – Employee Share Schemes

The Bank currently accrues all share based compensation on a cost basis and amortises it to expense over the vesting period where there are performance hurdles to be met. Shares in the Bank are purchased by a Trust when the shares are granted and held until they vest to the employee.

Under AIFRS the fair value of the share based compensation is calculated at grant date and amortised to expense over the vesting period, subject to service and performance conditions being met. Transitional arrangements are in place under AIFRS such that only those shares granted after 7 November 2002 and vesting after 1 January 2005 are accounted for in this manner. Shares in the Bank held by the Trust have been consolidated, reclassified as 'Treasury Shares' and accounted for as a deduction from Share Capital.

The opening adjustment as at 1 July 2004 includes a decrease of $126 million in Share Capital being the recognition of Treasury Shares at cost, an increase of $47 million in Equity Compensation Reserve reflecting the cumulative expense amortisation related to the purchase of Treasury Shares, and an increase of $141 million in Retained Earnings, comprising an adjustment to recognise the unamortised expense of $79 million together with the reversal of the accrued payable previously recorded under Australian GAAP of $62 million.

For the AIFRS comparative financial year ended 30 June 2005, there is an additional expense of $30 million being the difference in the amortisation expense for the year between Australian GAAP and AIFRS (which includes a one-off increase in expense of $32 million due to the discontinuance of the mandatory component of the Equity

Participation Plan and the resulting recognition of cash incentives on an accruals basis). Within Shareholders Equity there has been a decrease in Share Capital of $6 million being the net movement in Treasury Shares for the year reflecting both purchases and vesting of shares, and a net decrease in Equity Compensation Reserve of $24 million reflecting both the vesting of Treasury Shares in the half year period prior to 1 January 2005 transition date and the amortisation during the year.

The only share based compensation which remains after 1 July 2005 is in relation to the Long Term Incentive program.

The Bank does not expect that the application of AIFRS to share based compensation from 1 July 2005 will have a material impact on net profit relative to current Australian GAAP.

(iii) Consolidation of Special Purpose Vehicles

AIFRS requires the consolidation of certain special purpose vehicles that are not consolidated under the current accounting standards.

Vehicles related to the securitisation of Bank assets, and certain other customer asset securitisation vehicles, will be consolidated under AIFRS. This has resulted in a gross up of the assets and liabilities recorded within the statement of financial position of $8,795 million as at 1 July 2004. A small number of special purpose vehicles in respect of structured transactions will also be consolidated, but this only results in reclassification between categories of assets within the statement of financial position.

During the comparative AIFRS financial year ended 30 June 2005 there was a net increase in the carrying value of the assets and liabilities held by the securitisation vehicles of $3,435 million. This reflects the net impact of repayment and securitisation of new assets during the year. As these adjustments simply involve a grossing up of assets and liabilities on the Bank's balance sheet, with no material impact on shareholders' equity, they do not form part of the tabular presentation of summary financial impacts below.

There is no net profit impact arising from the consolidation of these vehicles.

(iv) Accounting for Life Insurance and Funds Management Business

Appraisal Value Accounting

On transition to AIFRS, the asset representing the excess of the net market value over net assets of the Bank's life insurance controlled entities can no longer be recognised in full. As a result, the Bank will on the adoption of AIFRS, cease to recognise any movement in this asset in the statement of financial performance. The write off of the internally generated component will principally be reflected against the General Reserve and the acquired component will be reclassified as Goodwill within the statement of financial position and subject to an annual impairment test. The opening adjustments as at 1 July 2004 was a decrease to General Reserve of $2,836 million, being the reversal of internally generated appraisal value increases of $3,123 million less a $287 million transfer of historic writedowns of acquired goodwill to Retained Earnings. There is also a reversal of the asset representing the excess of the net market value over the net assets of the Bank's life insurance controlled entities of $5,852 million and a net increase in goodwill of $2,729 million. During the AIFRS comparative financial year ended 30 June 2005, a further uplift in the appraisal value of $778 million was recognised under Australian GAAP. This amount has been reversed in the AIFRS comparative statement of financial performance.

Treasury Shares

Under current Australian GAAP direct investments in Commonwealth Bank shares by the Bank's life insurance statutory funds are recognised in the statement of financial position at net market value. On transition to AIFRS these assets will be reclassified as 'Treasury Shares' and accounted for as a deduction from Share Capital. These adjustments only occur at the consolidated Group level, and do not affect the financial statements of the underlying life insurance entities. The opening adjustment as at 1 July 2004 was a decrease of $300 million in Insurance Investment Assets; a decrease in Deferred Income Tax Liability of $9 million; a decrease of $245 million in Share Capital, being the cost of the investments; and a decrease of $46 million in Retained Earnings, being the reversal of the cumulative opening market value appreciation. During the AIFRS comparative financial year ended 30 June 2005, all realised and unrealised gains and dividend income on these shares of $39 million was recognised under current Australian GAAP. This amount has been reversed in the AIFRS comparative statement of financial performance, although an amount of $19 million representing realised gains and dividend income earned during the year has been transferred directly to Retained Earnings. As at 1 July 2005 a net decrease in Share Capital of $8 million has been recorded under AIFRS, being the net movement in the cost of Treasury Shares held during the AIFRS comparative financial year ended 30 June 2005. As the calculation of life insurance policyholder liabilities continues to include the fair values of policyholders' interest in these Treasury Shares, the removal of movements in Treasury Share assets attributable to policyholders result in a mismatch within the consolidated financial statements.

Income and Expense Recognition

Initial entry fee income on investment style products issued by entities other than life insurers is currently immediately recognised as income in the statement of financial performance. The application of AIFRS to such investment contracts is currently being considered internationally with one possible interpretation requiring the deferral of all upfront fees over the life of the underlying investment contract. The Bank's approach under AIFRS is to recognise upfront fees immediately as income where the Bank has provided financial advice. However, assuming the entire amount of this fee income was deferred, the adjustment to opening Retained Earnings as at 1 July 2004 would be a decrease of $69 million, and statutory profit for the year ended 30 June 2005 would be decreased by $9 million. Given the uncertainty around the eventual accounting interpretation this adjustment has been omitted from the tables below.

(v) Accounting for Goodwill

On transition to AIFRS Goodwill is no longer amortised but continues to be subject to an annual assessment for impairment to ensure that the carrying value of Goodwill is not greater than the recoverable amount. As a result, the statement of financial performance will no longer include an expense item reflecting the annual Goodwill amortisation. No impairment adjustment to opening Retained Earnings arises as at 1 July 2004 in respect of this issue. During the AIFRS comparative financial year ended 30 June 2005, goodwill amortisation of $325 million was recognised under Australian GAAP. This amount has been reversed in the AIFRS comparative statement of financial performance, net of amortisation totalling $4 million in respect of separately identifiable intangible assets.

(vi) Foreign Currency Translation Reserve

On transition to AIFRS, an option exists to deem any amounts recorded with Foreign Currency Translation Reserve ('FCTR') as zero. The Bank has adopted this transition option, resulting in a reduction of Retained Earnings of $205 million from FCTR as at 1 July 2004.

(vii) Taxation

A "balance sheet" approach to tax-effect accounting is followed under AIFRS replacing the current "statement of financial performance" approach. This approach recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and its tax base. As at 1 July 2004 this change in approach did not result in any material adjustment to Shareholders' Equity.

Issues with effective impact from 1 July 2005

(viii) Derivative Financial Instruments including Hedge Accounting and Embedded Derivatives

Under AIFRS all derivative financial instruments, including embedded derivatives and those used for balance sheet hedging purposes, are to be recognised on-balance sheet and measured at fair value. These amounts in particular, are audited estimates based upon prevailing world-wide accounting interpretations and existing financial instrument valuation methodologies. To the extent that those interpretations or valuation methodologies change, the amounts quoted below may be subject to alteration prior to the release of the Bank's AIFRS-compliant financial statements for the financial year ending 30 June 2006.

Hedge accounting can be applied, subject to certain rules, for fair value hedges, cash flow hedges, and hedges of investments in foreign operations. Cash flow hedges are the predominant form of hedging applied by the Bank. Embedded derivatives relate to certain structured transactions and potential changes in the future ownership structures of certain entities within the Bank.

It is expected that these new rules on accounting for hedge instruments and embedded derivatives will introduce significant volatility within equity reserves, and the potential for some volatility within the statement of financial performance.

As at 1 July 2005, the Bank recognised the following two amounts within Shareholders' Equity in relation to the hedge accounting and embedded derivatives, being:

- an adjustment to Retained Earnings of $313 million to reflect both the initial recognition of embedded derivatives and non-hedged derivatives at fair value, and also the cumulative cash flow and fair value hedge ineffectiveness inherent within the entire 1 July 2005 hedge accounting portfolio; and
- the recognition of a Cash Flow Hedge Reserve of $40 million representing the cumulative hedge effectiveness of all 1 July 2005 cash flow hedge relationships.

(ix) Provisions for Loan Impairment

In line with market practice, the Bank's current general provisioning for impairment covers non-identifiable probable losses and latent risks inherent in the overall portfolio of loans, advances and other credit transactions. Under AIFRS the Bank will at each reporting date first assess whether any objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. The Bank uses judgement to estimate the amount of any impairment loss.

As a result of this change, there may be a reduction in the amount of the Bank's general/collective provisioning for impairment. Due to current uncertainty around AIFRS accounting interpretations and the development of Australian industry practice in this area, a loan impairment provision in accordance with AIFRS cannot be reliably estimated.

The practice of recording specific provisions for loan impairment will continue under AIFRS, however, such provisions – termed provisions for individually significant impaired loans - must be based on the discounted values of estimated future cash flows. The discount unwinds during the period between the initial recognition of the provision and the eventual recovery of the written down amount, resulting in the recording of interest in the statement of financial performance, within interest income. At 1 July 2005 there was no material change in the specific/individually significant impaired loan provision.

(x) Classification of Hybrid Financial Instruments

The Bank currently has on issue three types of hybrid financial instruments: Preferred Exchangeable Resettable Listed Shares ("PERLS"); Perpetual Exchangeable Resettable Listed Securities ("PERLS II") and Trust Preferred Securities ("TPS"). These instruments are currently classified as equity instruments.

Under AIFRS these instruments were reclassified as debt within the statement of financial position on 1 July 2005. Those instruments denominated in a foreign currency were re-translated at exchange rates prevailing on 30 June 2005, rather than the exchange rate prevailing at the date of issue. This resulted in a decrease to Shareholders' Equity of $2,159 million. This adjustment is comprised of a decrease in Preference Share Capital and Other Equity Instruments of $2,260 million; an increase in Retained Earnings of $22 million; and an increase in the Foreign Currency Translation Reserve of $79 million.

From 1 July 2005 onwards, distributions to the holders of these hybrid financial instruments will be treated as interest expense in the statement of financial performance.

(xi) Revenue and Expense Recognition

Under AIFRS, the Bank has changed the timing of the recognition of certain revenue and expense items. Any fee income integral to the yield of an originated financial instrument, net of any direct incremental costs, must be capitalised and deferred over the expected life of the instrument. This is not expected to have a material impact on net profit within the statement of financial performance, however, some re-classifications of revenue between fee income and interest income will occur.

As at 1 July 2005, a decrease in Retained Earnings of $61 million has been recognised, reflecting the deferral of previously recognised revenue and expense items. This adjustment comprises a net deferral of expense in relation to the retail banking portfolios and a larger, net deferral of income in relation to the corporate banking portfolios.

(xii) Accounting for Life Insurance Business

Measurement differences

Under AIFRS, measurement differences arise within the insurance products and investment-style products of the life insurance and funds management businesses. Specifically, the actuarial calculation of policyholder liabilities is affected by a change in the discount rates applied, and certain acquisition costs related to investment-style products which were deferred under current Australian GAAP can no longer be deferred under AIFRS. On transition to AIFRS, this will have the effect of increasing the amount of Insurance Policyholder Liabilities and decreasing Retained Earnings by a total of $248 million.

Income and Expense Recognition

A similar issue in respect of initial entry fee income on investment style products as described in section (iv) above for entities other than life insurers, will apply to life insurance entities from 1 July 2005. Given the uncertainty around the eventual accounting interpretation this adjustment has been omitted from the tables below. However, assuming the entire amount of this fee income was deferred, as at 1 July 2005, this would result in a reduction to Retained Earnings of $17 million.

The Bank's approach under AIFRS is to recognise upfront fees immediately where the Bank has provided financial advice. Where initial entry fee income has been deferred under AIFRS and to the extent that there is an excess of the initial fee over the initial commission, this has resulted in a decrease to Retained Earnings of $75 million on 1 July 2005.

Outside Equity interests

On transition to AIFRS, the outside equity interests in controlled unit trusts of the life companies no longer qualify as equity. As a result, the Bank has, on adoption of AIFRS, reclassified outside equity interests in life insurance statutory funds and other funds to liabilities. As at 1 July 2005, this will result in a reduction to Total Shareholders' Equity of $1,158 million.

(xiii) Financial Instruments Classification for Banking Business

Certain of the Bank's financial assets currently carried at amortised cost will be reclassified as Available-for-sale investments (measured at fair value with unrealised gains and losses carried in a reserve) and financial assets held at fair value with changes in value recognised in profit and loss.

On transition to AIFRS, the reclassification of financial instruments, principally being investment securities, as Available-for-sale investments resulted in an increase in Total Assets and an Available-for-sale Asset Revaluation Reserve of $68 million. Additionally, those financial instruments designated as fair value through profit and loss resulted in a decrease in Total Assets and Retained Earnings of $3 million.

Regulatory Capital Treatment

Several of the above accounting issues affect the assets and equity items currently included in the calculation of the Bank's regulatory capital. Current accounting definitions for asset and equity measurement are central to the capital adequacy requirements set by prudential regulators. The Australian Prudential Regulation Authority (APRA) has released a discussion paper setting out some of its proposed prudential responses to the adoption of AIFRS by APRA regulated institutions.

However, there are a number of specific AIFRS related changes where it is unclear whether the Bank's current capital measurement methodologies will be maintained. APRA are consulting with regulated entities, including the Bank, prior to their finalisation of any amendments to the prudential regulations.

Summary of Financial Impacts

A summary of the material after-tax financial impacts of conversion to AIFRS is set out in the following three tables:

Table 1 represents the reconciliation of Australian GAAP Shareholders' Equity to AIFRS Shareholders' Equity as at 1 July 2004, for those standards with an effective date of 1 July 2004.

Table 2 sets out the expected adjustments to the result for the year ended 30 June 2005, for those standards with an effective impact from 1 July 2004.

Table 3 sets out the additional adjustments to Shareholders Equity as at 1 July 2005 for those standards with an effective date of 1 July 2005, which deal with Financial Instruments and Insurance.

References are provided within the tables to the detailed narrative disclosures in the section above.

Table 1: Shareholders' Equity Reconciliation as at 1 July 2004

Shareholders' Equity Reconciliation	Reference	Consolidated Group TOTAL SHAREHOLDERS' EQUITY $m
Australian GAAP Total as at 1 July 2004		24,885
AIFRS 1 July 2004 After Tax Adjustments to Shareholders' Equity		
Retained Earnings Impacts:		
Initial recognition of defined benefit superannuation plan in surplus	(i)	443
Initial recognition of defined benefit superannuation plan in deficit	(i)	(54)
Net adjustment in respect of share based payment compensation	(ii)	141
Reversal of market value appreciation on treasury shares held within the Bank's life insurance statutory funds	(iv)	(46)
Transfer of historic write-downs of acquired goodwill within the appraisal value of the life insurance and funds management businesses	(iv)	(287)
Transfer from Foreign Currency Translation Reserve	(vi)	(205)
Change in the revenue recognition pattern for 'net of tax' leveraged leases		17
Share Capital Impacts:		
Initial recognition of treasury shares held within employee share scheme trust	(ii)	(126)
Initial recognition of treasury shares held within the Bank's life insurance statutory funds	(iv)	(245)
General Reserve:		
Net write down of internally generated appraisal value of the life insurance and funds management businesses	(iv)	(2,836)
Other Reserves:		
Transfer from the Foreign Currency Translation Reserve to Retained Earnings	(vi)	205
Increase in Asset Revaluation Reserve following change in valuation methodology for owner-occupied property		32
Initial recognition of Equity Compensation Reserve	(ii)	47
AIFRS restated Shareholders' Equity as at 1 July 2004		21,971

Table 2: Restatement of After Tax Profit & Loss for year ended 30 June 2005

	Reference	Group $m	Group $m	Bank $m	Bank $m
Australian GAAP Statutory Profit After Tax for year ended 30 June 2005			**3,991**		**2,921**
Recognition of non-cash pension expense related to defined benefit superannuation plans	(i)	(52)		(52)	
Recognition of amortisation expense related to treasury shares held within the employee share scheme trust	(ii)	(30)		(31)	
Reversal of realised and unrealised gains and dividend income accrued on treasury shares held within the Bank's life insurance statutory funds	(iv)	(39)		-	
Reversal of goodwill expense net of separately identifiable intangible asset amortisation	(v)	321		186	
Change in the revenue recognition pattern for 'net of tax' leveraged leases		(9)		(9)	
Total AIFRS after tax adjustment to distributable earnings for the year ended 30 June 2005		**191**		**94**	
Reversal of internally generated appraisal value uplift in the life insurance and funds management businesses	(iv)	(778)		-	
Total AIFRS after tax adjustment to Statutory Profit for the year ended 30 June 2005			**(587)**		**94**
Restated AIFRS after tax Statutory Profit for the year ended 30 June 2005			**3,404**		**3,015**

Table 3: Shareholders' Equity Reconciliation as at 1 July 2005

	Reference	Consolidated Group TOTAL SHAREHOLDERS' EQUITY $m
AIFRS restated Shareholders' Equity as at 1 July 2004		**21,971**
Australian GAAP after tax Statutory Profit for the year ended 30 June 2005		**3,991**
Total AIFRS after tax adjustment to Statutory Profit for the year ended 30 June 2005 per Table 2		**(587)**
Other current Australian GAAP Reserve Movements for the year ended 30 June 2005		**(2,816)[1]**
IFRS 1 July 2005 After Tax Adjustments to Shareholders' Equity		
Retained Earnings Impacts:		
Actuarial and other movements within the defined benefit superannuation plan in surplus	(i)	108
Actuarial and other movements within the defined benefit superannuation plan in deficit	(i)	2
Net movement in the calculation of life insurance policyholder liabilities due to actuarial methodology changes and the write off of deferred acquisition cost asset on products reclassified from insurance contracts to investment contracts	(xii)	(248)
Adjustment in respect of realised gains and dividend income on treasury shares held within the Bank's life insurance statutory funds	(iv)	19
Deferral of initial entry fee income in excess of initial commission costs earned by life insurance entities	(xii)	(75)
Adjustment to fair value calculation for assets and liabilities held by life insurance and funds management business		(14)
Adjustment in respect of derivative financial instruments on initial application of hedge accounting and recognition of embedded derivatives	(viii)	(313)
Deferral of previously recognised net income and expenses within banking business	(xi)	(61)
Foreign exchange adjustment on the reclassification of hybrid financial instruments from equity to liabilities	(x)	22
Adjustment to fair value calculation for trading assets within the banking portfolios and for other financial instruments designated as fair value through profit and loss	(xiii)	(3)
Share Capital Impacts:		
Net movement in treasury shares held within employee share scheme trust	(ii)	(6)
Net movement in treasury shares held within the Bank's life insurance statutory funds	(iv)	(8)
Other Reserves and Capital Movements:		
Asset Revaluation Reserve adjustment for change in valuation methodology for owner-occupied property		(4)
Reclassification of outside equity interest in the life insurance statutory funds and other funds as liabilities	(xii)	(1,158)
Initial recognition of Cash Flow Hedge Reserve on initial application of hedge accounting	(viii)	40
Reclassification of hybrid financial instruments from equity to liabilities	(x)	(2,260)
Foreign currency translation reserve adjustment due to reclassification of hybrid financial instruments from equity to liabilities at exchange rates at 30 June 2005	(x)	79
Reclassification and revaluation of Australian GAAP investment securities at cost to available-for-sale financial assets at fair value	(xiii)	68
Net movement in Equity Compensation Reserve	(ii)	(24)
AIFRS Restated Shareholders' Equity as at 1 July 2005		**18,723**

[1] Represents movements in Shareholders' Equity other than profit for the year:

Change in Ordinary Shareholders' Equity	512
Change in Reserves	676
Change in Outside Equity Interests	
Controlled entities	327
Insurance statutory funds	(1,018)
Change in Retained Earnings	678
Less: Net profit after tax ("statutory basis")	(3,991)
Net adjustment	(2,816)

21. ASB Bank Limited (and its subsidiaries)

Refer to the General Disclosure Statement of ASB Bank Limited for the full financial results. Note that the tables below contain both New Zealand Dollars (NZ$) and Australian Dollars (A$), and relate to the consolidated entity.

Statement of Financial Performance	Full Year Ended 30/06/05 NZ$M	30/06/04 NZ$M	30/06/05 A$M	30/06/04 A$M
Interest Income	**2,686**	2,099	2,480	1,852
Interest Expense	**1,905**	1,411	1,759	1,245
Net Interest Earnings	**781**	688	721	607
Other Income	**268**	249	247	220
Total Operating Income	**1,049**	937	968	827
Debt Provisions Expense	**16**	21	15	19
Total Operating Income after Debt Provisions Expense	**1,033**	916	953	808
Total Operating Expenses	**470**	446	434	394
Salaries and Other Staff Expenses	**258**	228	238	201
Building Occupancy and Equipment Expenses	**80**	77	74	68
Information Technology Expenses	**52**	61	48	54
Other Expenses	**80**	80	74	71
Net Surplus before Taxation	**563**	470	519	414
Taxation	**180**	153	166	135
Net Surplus after Taxation	**383**	317	353	279

Statement of Financial Position	As at 30/06/05 NZ$M	30/06/04 NZ$M	30/06/05 A$M	30/06/04 A$M
Assets				
Cash and Liquid Assets	**53**	75	48	68
Due from Other Banks	**521**	1,355	478	1,235
Investment Securities	**399**	440	366	401
Other Securities	**2,497**	2,128	2,291	1,941
Advances	**34,978**	28,789	32,089	26,250
	38,448	32,787	35,272	29,895
Less: General Provision for Bad and Doubtful Debts	**123**	108	112	98
	38,325	32,679	35,160	29,797
Property, Plant and Equipment	**164**	154	150	140
Other Assets	**293**	200	269	182
Deferred Taxation Benefit	**17**	15	16	14
Total Assets	**38,799**	33,048	35,595	30,133
Total Interest Earning and Discount Bearing Assets	**38,395**	32,713	35,224	29,828
Liabilities				
Deposits and Other Borrowings				
Deposits	**31,959**	26,395	29,320	24,067
Due to Other Banks	**4,091**	4,437	3,753	4,046
Other Liabilities				
Other Current Liabilities	**478**	369	438	336
	36,528	31,201	33,511	28,449
Subordinated Debt	**-**	251	-	229
Total Liabilities	**36,528**	31,452	33,511	28,678
Shareholder's Equity				
Contributed Capital - Ordinary Shareholder	**323**	323	280	280
Asset Revaluation Reserves	**19**	17	16	14
Accumulated Surplus	**1,379**	1,056	1,202	903
Ordinary Shareholder's Equity	**1,721**	1,396	1,498	1,197
Contributed Capital - Perpetual Preference Shareholder	**550**	200	500	177
Total Shareholder's Equity	**2,271**	1,596	1,998	1,374
Total Liabilities and Shareholder's Equity	**38,799**	33,048	35,509	30,052
Total Interest and Discount Bearing Liabilities	**34,802**	29,807		

Exchange rates	**30/06/05**	**30/06/04**
Closing rate	1.090	1.097
Average rate	1.083	1.133

Note: The Australian dollar equivalent Statement of Financial Position does not balance due to the impact of using historical and closing exchange rates. At a consolidated CBA level, the difference would effectively be represented by the foreign currency translation reserve.

22. Summary

			Full Year Ended				Half Year Ended			
					2005 vs2004				Jun vs Dec	
		Page	30/06/05	30/06/04		%	30/06/05	31/12/04		%
Net profit after tax - underlying	$M	3	**3,466**	3,078	388	13	1,802	1,664	138	7
Net profit after tax - cash basis	$M	3	**3,538**	2,695	843	31	1,782	1,756	26	1
Appraisal value uplift	$M	3	**778**	201	577	Large	513	265	248	large
Goodwill Amortisation	$M	3	**(325)**	(324)	(1)	-	(163)	(162)	(1)	-
Net profit after tax - statutory	$M	3	**3,991**	2,572	1,419	55	2,132	1,859	273	15
Earnings per share cash basis - basic (cents)	Cents	3	**267.6**	206.6	61	30	134.1	133.5	0.6	-
Dividend per share	Cents	3	**197**	183	14	8	112	85	27	32
Dividend pay-out ratio cash basis	%	3	**73.9**	73.9	-	-	83.8	63.9	-	-
Tier 1 capital	%	4	**7.46**	7.43	-	3bpts	7.46	7.46	-	-
Total capital	%	4	**9.75**	10.25	-	(50)bpts	9.75	9.60	-	(15)bpts
Adjusted Common Equity	%	4	**4.91**	4.75	-	16bpts	4.91	4.76	-	(15)bpts
Number of full time equivalent staff	No.	-	**35,313**	36,296	(983)	(3)	35,313	35,442	(129)	-
Return on equity - cash	%	3	**16.0**	12.7	-	330bpts	15.9	16.0	-	(10)bpts
Return on equity - underlying	%	3	**15.6**	14.6	-	100bpts	16.1	15.1	-	100bpts
Weighted average number of shares - basic	No.	3	**1,273**	1,256	17	1	1,277	1,269	8	1
Net tangible assets per share	$	68	**13.76**	12.22	1.54	13	13.76	12.72	1.04	8
Banking										
Net profit after tax - underlying	$M	9	**2,959**	2,675	284	11	1,532	1,427	105	7
Net profit after tax - cash basis	$M	9	**2,880**	2,176	704	32	1,463	1,417	46	3
Net Interest Income	$M	9	**5,966**	5,410	556	10	3,033	2,933	100	3
Net Interest Margin	%	4	**2.45**	2.53	-	(8)bpts	2.45	2.44	-	1 bpt
Other banking income	$M	9	**2,915**	2,846	69	2	1,503	1,412	91	6
Other bank income/total bank income	%	-	**32.8**	34.5	-	(170)bpts	33.1	32.5	-	60bpts
Expense to income ratio - underlying	%	9	**48.9**	50.8	-	(190)bpts	48.1	49.7	-	(160)bpts
Average interest earning assets	$M	9	**243,948**	214,187	29,761	14	249,586	238,402	11,184	5
Average interest earning liabilities	$M	9	**225,592**	197,532	28,060	14	230,354	220,908	9,446	4
Bad debts charge	$M	9	**322**	276	46	17	176	146	30	21
Bad debts to risk-weighted assets (annual)	%	9	**0.17**	0.16	-	1bpt	0.19	0.16	-	3 bpts
General provision to risk-weighted assets	%	9	**0.73**	0.82	-	(9)bpts	0.73	0.76	-	(3)bpts
Total provision to gross impaired assets	%	9	**411.4**	451.8	-	large	411.4	373.0	-	large
Specific Provision to Impaired Assets	%	15	**41.8**	42.1	-	(30)bpts	41.8	43.1	-	(130)bpts
Risk weighted assets	$M	9	**189,559**	169,321	20,238	12	189,559	180,673	8,886	5
Funds Management										
Net profit after tax - underlying	$M	17	**351**	274	77	28	181	170	11	6
Net profit after tax - cash basis	$M	17	**349**	268	81	30	170	179	(9)	(5)
Shareholder investment returns	$M	17	**33**	26	7	27	9	24	(15)	(63)
Average funds under administration	$M	17	**116,262**	105,458	10,804	10	120,507	112,185	8,322	7
Net inflows/(outflows)	$M	17	**456**	846	(390)	large	(394)	850	(1,244)	large
Income to average funds under administration	%	17	**1.09**	1.11	-	(2)bpts	1.09	1.10	-	(1)bpt
Expenses to average funds							-		-	
under administration -underlying	%	17	**0.70**	0.76	-	(6)bpts	0.68	0.72	-	(4)bpts
Insurance										
Net profit after tax - underlying	$M	21	**156**	129	27	21	89	67	22	33
Net profit after tax - cash basis	$M	21	**309**	251	58	23	149	160	(11)	(7)
Shareholder investment returns	$M	21	**204**	170	34	20	83	121	(38)	(31)
Inforce premiums	$M	22	**1,265**	1,167	98	8	1,265	1,199	66	6
Expenses to Average Inforce premiums - underlying	%	21	**45.3**	46.1	-	(80)bpts	46.5	44.8	-	170bpts
Funds Management and Life Insurance Company Valuations										
Profits	$M	24	**646**	519	127	-	314	332	(18)	-
Capital Movements	$M	24	**(4)**	52	(56)	-	-	(4)	4	-
Dividends	$M	24	**(702)**	(900)	198	-	(269)	(433)	164	-
Disposals and Acquisitions	$M	24	**(30)**	-	(30)	-	-	(30)	30	-
Acquired Excess	$M	24	**30**	-	30	-	-	30	(30)	-
Foreign exchange movements	$M	24	**(58)**	(16)	(42)	-	8	(66)	74	-
Net appraisal value uplift	$M	24	**778**	201	577	-	513	265	248	-
Total movement in carrying value	$M	24	**660**	(144)	804	-	566	94	472	-

23. Analysis Template

Profit Summary - Input schedule	Full Year		Half Year		June 2005 Profit Announcement
	Jun 05 $M	Jun 04 $M	Jun 05 $M	Dec 04 $M	
Income					
Net Interest Income	5,966	5,410	3,033	2,933	page 4
Other banking operating income	2,915	2,846	1,503	1,412	page 4
Total Banking Income	**8,881**	**8,256**	**4,536**	**4,345**	
Operating Income	1,261	1,158	646	615	page 17, excl internal income
Shareholder investment returns	33	26	9	24	page 17
Policyholder tax benefits	104	149	52	52	page 17
Funds Management income	**1,398**	**1,333**	**707**	**691**	
Operating Income - Life insurance	693	618	363	330	page 21
Operating Income - General insurance	54	60	24	30	page 21
Operating Income Insurance	**747**	**678**	**387**	**360**	
Shareholder investment returns	204	170	83	121	page 21
Policyholder tax	124	54	65	59	page 21
Insurance Income	**1,075**	**902**	**535**	**540**	
Total Income	**11,354**	**10,491**	**5,778**	**5,576**	
Expenses					
Banking	4,344	4,191	2,184	2,160	page 9
Funds Management	812	806	406	406	page 17
Insurance	541	503	279	262	page 21, excl internal expense
Operating Expenses	**5,697**	**5,500**	**2,869**	**2,828**	
Banking	112	698	97	15	page 9
Funds Management	36	37	24	12	page 17
Insurance	2	14	1	1	page 21
Which new Bank expenses	**150**	**749**	**122**	**28**	
Total Expenses	**5,847**	**6,249**	**2,991**	**2,856**	
Profit before bad debt expense	**5,507**	**4,242**	**2,787**	**2,720**	
Charge for Bad and Doubtful Debts	322	276	176	146	page 4
Profit before tax expense	**5,185**	**3,966**	**2,611**	**2,574**	
Income Tax - Policyholder	228	203	117	111	page 4
Income Tax - Corporate	1,409	1,059	707	702	page 4
Income Tax	**1,637**	**1,262**	**824**	**813**	
Operating Profit after Tax	**3,548**	**2,704**	**1,787**	**1,761**	
Outside Equity Interest (OEI)	10	9	5	5	page 4
Net Profit After Tax & OEI – Cash Basis	**3,538**	**2,695**	**1,782**	**1,756**	
Appraisal Value Uplift	778	201	513	265	page 4
Goodwill Amortisation	(325)	(324)	(163)	(162)	page 4
Net Profit after Tax & OEI - Statutory	**3,991**	**2,572**	**2,132**	**1,859**	
Investment Return on Shareholder Funds	237	196	92	145	
Tax Expense on Shareholder Investment Returns	60	44	26	34	page 23
Shareholder Investment Returns - after tax	**177**	**152**	**66**	**111**	
Which new Bank Transformation expenses	150	749	122	28	
Tax Expense on Which new Bank Transformation expenses	(45)	(214)	(36)	(9)	page 7
Which new Bank expenses - after tax	**105**	**535**	**86**	**19**	
Net Profit After Tax - Cash - underlying	**3,466**	**3,078**	**1,802**	**1,664**	
Other Data					
Average Interest Earning Assets	243,948	214,187	249,586	238,402	page 4
Average Net Assets	25,473	23,519	25,564	24,976	page 27 -ave of opening & closing bal
Average Outside Equity Interest	2,135	2,304	1,916	2,261	page 27 -ave of opening & closing bal
Average preference shares & other equity instruments	2,260	1,474	2,260	2,260	page 27 -ave of opening & closing bal
Accumulated AV uplift and goodwill	(262)	(711)	(262)	(608)	
Preference dividends	131	101	70	61	page 3
Average number of shares	1,273	1,256	1,277	1,269	page 3
Average number of shares - fully diluted	1,274	1,257	1,278	1,270	page 3
Dividends per share	197	183	112	85	page 3
No of shares at end of period	1,280	1,264	1,280	1,274	page 48
Average Funds under Administration	116,262	105,458	120,507	112,185	page 17
Operating expenses - Internal	10	14	5	5	
Avg Inforce Premiums	1,216	1,122	1,232	1,183	page 22 -ave of opening & closing bal
Net Assets	26,060	24,885	26,060	25,067	page 27
Goodwill	4,394	4,705	4,394	4,555	page 27
Outside Equity Interests	1,789	2,480	1,789	2,042	page 27
Preference Share Capital	687	687	687	687	page 27
Other equity instruments	1,573	1,573	1,573	1,573	page 27
Tier One capital	14,141	12,588	14,141	13,487	page 46
Eligible Loan Capital	304	338	304	298	page 46
Preference Share capital	687	687	687	687	page 46
Other equity interests	1,573	1,573	1,573	1,573	page 46
Outside Equity Interest (net of OEI deducted from Tier 1 capital)	520	190	520	518	page 46
Investment in non consolidated subsidiaries (net of Intangible component deducted from Tier 1 capital)	1,721	1,886	1,721	1,776	page 46
Other deductions	28	5	28	27	page 46
Other	-	139	-	-	page 46
Risk-Weighted Assets	189,559	169,321	189,559	180,673	page 47

Ratio's - Output summary	Full Year		Half Year	
	Jun 05 $M	Jun 04 $M	Jun 05 $M	Dec 04 $M
EPS				
Earnings per Share - cash basis	**267.6**	**206.6**	**134.1**	**133.5**
Net profit after tax - cash basis	3,538	2,695	1,782	1,756
less preference dividends	(131)	(101)	(70)	(61)
Adjusted profit for EPS calculation	3,407	2,594	1,712	1,695
Average number of shares	1,273	1,256	1,277	1,269
Diluted average number of shares	1,274	1,257	1,278	1,270
EPS diluted - Cash basis	**267.5**	**206.5**	**134.0**	**133.5**
Earnings per Share - underlying basis	**261.9**	**237.1**	**135.5**	**126.3**
Net profit after tax - underlying	3,466	3,078	1,802	1,664
less preference dividends	(131)	(101)	(70)	(61)
Adjusted profit for EPS calculation	3,335	2,977	1,732	1,603
Average number of shares	1,273	1,256	1,277	1,269
DPS				
Dividends				
Dividends per share	**197**	**183**	**112**	**85**
No of shares at end of period	1,280	1,264	1,280	1,274
Total Dividend	**2,517**	**2,311**	**1,434**	**1,083**
Dividend payout ratio - Cash basis				
Net profit after tax - cash basis	3,538	2,695	1,782	1,756
less preference dividends	(131)	(101)	(70)	(61)
Add back: Which new Bank after tax[1]	-	535	-	-
NPAT - ordinary shareholders	3,407	3,129	1,712	1,695
Total Dividend	2,517	2,311	1,434	1,083
Payout ratio - cash basis	**73.9**	**73.9**	**83.8**	**63.9**
Dividend Cover				
NPAT - ordinary shareholders	3,407	2,594	1,712	1,695
Total Dividend	2,517	2,311	1,434	1,083
Dividend Cover - cash	**1.4**	**1.1**	**1.2**	**1.6**
ROE				
Return on Equity - cash				
Avg Net Assets	25,473	23,519	25,564	24,976
Less:				
OEI	(2,135)	(2,304)	(1,916)	(2,261)
Pref shares	(2,260)	(1,474)	(2,260)	(2,259)
Av. Equity	21,078	19,741	21,388	20,456
Less Accum AV uplift and goodwill	(262)	(715)	(262)	(608)
Net	21,340	20,456	21,650	21,064
NPAT (Cash)	3,538	2,695	1,782	1,756
less preference dividends	(131)	(101)	(70)	(61)
Adjusted profit for ROE calculation	3,407	2,594	1,712	1,695
Return on Equity - cash	**16.0%**	**12.7%**	**15.9%**	**16.0%**
Return on Equity - underlying				
Avg Net Assets	25,473	23,519	25,564	24,976
OEI	(2,135)	(2,304)	(1,916)	(2,261)
Pref shares	(2,260)	(1,474)	(2,260)	(2,259)
Av. Equity	21,078	19,741	21,388	20,456
Accum AV uplift and goodwill	(262)	(715)	(262)	(608)
Net	21,340	20,456	21,650	21,064
Underlying NPAT (Cash)	3,466	3,078	1,802	1,664
less preference dividends	(131)	(101)	(70)	(61)
Adjusted profit for ROE calculation	3,335	2,977	1,732	1,603
Return on Equity - Underlying	**15.6%**	**14.6%**	**16.1%**	**15.1%**
NIM				
Net Interest Income	5,966	5,410	3,033	2,933
Average Interest Earning assets	243,948	214,187	249,586	238,402
NIM %pa	**2.45%**	**2.53%**	**2.45%**	**2.44%**

[1] Adjusted for Which new Bank in 2004 only

Ratio's - Output summary	Full Year Jun 05 $M	Full Year Jun 04 $M	Half Year Jun 05 $M	Half Year Dec 04 $M
Productivity				
Banking expense to income ratio				
Expenses including Which new Bank expenses	4,456	4,889	2,281	2,175
Banking Income	8,881	8,256	4,536	4,345
Expense to Income - cash	**50.2%**	**59.2%**	**50.3%**	**50.1%**
Operating Expenses	4,344	4,191	2,184	2,160
Banking Income	8,881	8,256	4,536	4,345
Expense to Income - underlying	**48.9%**	**50.8%**	**48.1%**	**49.7%**
Funds Management expenses to average FUA ratio				
Expenses	848	843	430	418
Average Funds under Administration	116,262	105,848	120,507	112,185
Expenses to average FUA - cash	**0.73%**	**0.80%**	**0.72%**	**0.74%**
Expenses	812	806	406	406
Average Funds under Administration	116,262	105,848	120,507	112,185
Expenses to average FUA - underlying	**0.70%**	**0.76%**	**0.68%**	**0.72%**
Insurance expenses to average in-force premiums ratio				
Operating expenses - External	543	517	280	263
Operating expenses - Internal	10	14	5	5
Total Expenses	553	531	285	268
Average inforce premiums	1,216	1,122	1,232	1,183
Expenses to average in-force premiums - cash	**45.5%**	**47.3%**	**46.6%**	**44.9%**
Operating expenses - External	541	503	279	262
Operating expenses - Internal	10	14	5	5
Total Expenses	551	517	284	267
Average inforce premiums	1,216	1,122	1,232	1,183
Expenses to average in-force premiums - underlying	**45.3%**	**46.1%**	**46.5%**	**44.8%**
Net Tangible Assets (NTA) per share				
Net Assets	26,060	24,885	26,060	25,067
Less:				
Goodwill	(4,394)	(4,705)	(4,394)	(4,555)
Outside Equity Interests	(1,789)	(2,480)	(1,789)	(2,042)
Preference Share Capital	(687)	(687)	(687)	(687)
Other equity instruments	(1,573)	(1,573)	(1,573)	(1,573)
Total Net Tangible Assets	17,617	15,440	17,617	16,210
No of shares at end of period	1,280	1,264	1,280	1,274
Net Tangible Assets (NTA) per share	**$ 13.76**	**$ 12.22**	**$ 13.76**	**$ 12.72**
ACE Ratio				
Tier One capital	14,141	12,588	14,141	13,487
Deduct:				
Eligible loan capital	(304)	(338)	(304)	(298)
Preference Share capital	(687)	(687)	(687)	(687)
Other equity instruments	(1,573)	(1,573)	(1,573)	(1,573)
Outside Equity Interest (net of OEI deducted from Tier 1 capital)	(520)	(190)	(520)	(518)
Investment in non-consolidated subsidiaries (net of intangible component deducted from Tier 1 capital)	(1,721)	(1,886)	(1,721)	(1,776)
Other deductions	(28)	(5)	(28)	(27)
Add Other	-	139	-	0
Total Adjusted Common Equity	9,308	8,048	9,308	8,608
Risk Weighted Assets	189,559	169,321	189,559	180,673
ACE Ratio	**4.91%**	**4.75%**	**4.91%**	**4.76%**

24. Definitions

Term	Description
Appraisal Value	The embedded value plus estimated value of profits from future business.
Banking	Banking operations includes retail; business, corporate and institutional; Asia Pacific banking; treasury and centre support functions. Retail banking operations include banking services which were distributed through the Premium and Retail distribution divisions. Business, Corporate and Institutional banking includes banking services which were distributed to all business customers through the Premium Business Services division and the small business customers which were serviced through the Premium and Retail divisions and funding operations. Asia Pacific banking includes offshore banking subsidiaries, primarily ASB Bank operations in New Zealand.
Dividend Payout Ratio	Dividends paid on ordinary shares divided by earnings (earnings are net of dividends on preference shares).
DRP	Dividend reinvestment plan.
DRP Participation Rate	The percentage of total issued capital participating in the dividend reinvestment plan.
Earnings Per Share	Calculated in accordance with the revised AASB 1027: Earnings per Share. Dividends paid on preference shares and other equity instruments are deducted from earnings to arrive at earnings per share (30 June 2005: $131 million).
Embedded Value	The estimated value of future profits from existing business together with net tangible assets.
Funds Management	Funds management business includes funds management within the Wealth Management division and International Financial Services division.
Insurance	Insurance business includes the life risk business within the Wealth Management division and the International Financial Services division and general insurance.
Net Profit after Tax ("Cash Basis")	Represents profit after tax and outside equity interest before appraisal value uplift /(reduction) and goodwill amortisation.
Net Profit after Tax ("Statutory")	Represents profit after tax and outside equity interests and after goodwill amortisation and appraisal value uplift/(reduction). This is equivalent to the statutory item "Net Profit attributable to Members of the Bank".
Net Tangible Assets per Share	Net assets excluding goodwill, outside equity interests, preference shares and other equity instruments divided by ordinary shares on issue at the end of the period.
Return on Average Shareholders' Equity	Based on net profit after tax and outside equity interests applied to average shareholders equity, excluding outside equity interests.
Return on Average Shareholders Equity Cash Basis	As per the return on average shareholder equity, excluding the effect of goodwill amortisation and appraisal value uplift/(reduction) from profit and equity.
Return on Average Total Assets	Based on profit after tax and outside equity interests. Averages were based on beginning and end of period balances.
Staff Numbers	Staff numbers include all permanent full time staff, part time staff equivalents and external contractors employed by 3rd party agencies. Prior year staff numbers have been restated to reflect this.
Underlying Expense to Income Ratio	Represents operating expenses (excluding strategic initiative expenses) as a percentage of total operating revenue.
Underlying Profit	Represents net profit after tax ("cash basis") excluding Which new Bank initiatives and shareholder investment returns.

Market Share Calculations

RETAIL

Home Loans: Total Household Loans(APRA) – MISA (Pre Sep 04) + Securitised Assets (APRA) + Homepath
Total Housing Loans (incl securitisations) (from RBA which includes NBFI's unlike APRA)*

Credit Cards: CBA Total Credit Card Lending (APRA)
Total Credit Cards with Interest Free + Total Credit Cards without Interest Free (from RBA which includes NBFI's unlike APRA)*

Retail Deposits: CBA Current Deposits with banks + Term (excl CD's) + Other (All as reported to RBA)
Total Current Deposits with banks + Term(excl CD's) + Other (from RBA Monetary Aggregates which includes NBFI's unlike APRA)*

BUSINESS

Business Lending** CBA Business Credit (as reported to RBA)
Total Business Credit (per RBA Table Lending & Credit Aggregates) (Includes Debt securities & bills unlike APRA)*

* The RBA restates numbers retrospectively when required. This may be due to a change in definition, the inclusion of a new participant or correction of errors in prior returns. The Bank will restate its market shares where the RBA denominator has changed.

** In the 2004 Annual Report the Bank's Business Lending market share was reported as 14.2% at 30 June 2004. In July 2004 the RBA made the decision to include securitised balances from discrete independent entities and retrospectively adjusted the numbers. Using the RBA restated balances the Bank's 30 June 2004 revised market share is 13.8%.

25. Abbreviations

ACE:	Adjusted common equity
ave:	average
CAGR:	Compound average growth rate
FUA:	Funds under administration
MoS:	Margin on services
NPAT:	Net Profit after Income Tax. Refer to definition on page 69.
PERLS:	Perpetual Exchangeable Resettable Listed Securities
ROA:	Return on average Total Assets. Refer to definition on page 69.
ROE:	Return on average Shareholders Equity. Refer to definition on page 69.
RWA:	Risk Weighted Assets.
WnB:	Which new Bank.