

Media Release



CommonwealthBank

COMMONWEALTH BANK OF AUSTRALIA PROFIT ANNOUNCEMENT FOR HALF YEAR ENDED 31 DECEMBER 2010

Sydney 7 February 2011: The Commonwealth Bank of Australia (the Group) is scheduled to release its results for the half year ended 31 December 2010 on Wednesday 9 February 2011.

As part of its commitment to improved disclosure and increased transparency, the Group will be making the following changes to its external reporting disclosures:

- Reclassification of transfer pricing, including charges relating to the Group's capital investment in Bankwest, to the "Bankwest" segment to bring disclosure in line with other segments; and
- Enhanced geographic disclosure for Net interest margin, with the "Overseas" region being split into two separate regions – "New Zealand" and "Other".

To assist investors understanding these changes, the Group has restated existing financial information for the reported periods so that they are consistent with the new segment information which will be released on 9 February.

Copies of these historical figures, tabulated in a manner which is consistent with the Profit Announcement, along with other comparative tables where some minor reporting changes have been included, are attached in this release.

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Group Performance Summary	Half Year Ended					Statutory	
	31/12/10	30/06/10	31/12/09	Dec 10 vs Jun 10	Dec 10 vs Dec 09	result 31/12/10	Dec 10 vs Dec 09
	\$M	\$M	\$M	%	%	\$M	%
Net interest income		5,806	6,062				
Other banking income		2,034	2,078				
Total banking income		7,840	8,140				
Funds management income		951	947				
Insurance income		482	463				
Total operating income		9,273	9,550				
Investment experience		94	142				
Total income		9,367	9,692				
Operating expenses		(4,333)	(4,268)				
Loan impairment expense		(692)	(1,383)				
Net profit before income tax		4,342	4,041				
Corporate tax expense		(1,177)	(1,089)				
Non controlling interests		(7)	(9)				
Net profit after tax ("cash basis")		3,158	2,943				
Hedging and AIFRS volatility		(160)	177				
Bankwest non-cash items		(264)	48				
Tax on NZ structured finance transactions		-	(171)				
Other non-cash items		16	(83)				
Net profit after tax ("statutory basis")		2,750	2,914				
Represented by:							
Retail Banking Services		1,207	1,237				
Business and Private Banking		453	440				
Institutional Banking and Markets		646	553				
Wealth Management		339	379				
New Zealand		227	161				
Bankwest		(60)	15				
Other		346	158				
Net profit after income tax ("cash basis")		3,158	2,943				
Investment experience - after tax		(69)	(109)				
Net profit after tax ("underlying basis")		3,089	2,834				

Balance Sheet Summary	As at				
	31/12/10	30/06/10	31/12/09	Dec 10 vs Jun 10	Dec 10 vs Dec 09
	\$M	\$M	\$M	%	%
Lending assets		500,760	487,339		
Total assets		646,330	625,476		
Total liabilities		610,760	591,893		
Shareholders' Equity		35,570	33,583		
Assets held and Funds Under Administration (FUA)					
On Balance Sheet:					
Banking assets		623,398	601,560		
Insurance Funds Under Administration		14,201	15,537		
Other insurance and internal funds management assets		8,731	8,379		
		646,330	625,476		
Off Balance Sheet:					
Funds Under Administration		172,533	176,986		
Total assets held and FUA		818,863	802,462		

Wealth Management

Half Year Ended 30 June 2010

	Colonial				St Andrew's		
	CFS GAM	First State	CommInsure	Other	Sub-total	Insurance	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Funds management income	399	410	108	(1)	916	-	916
Insurance income	-	-	303	-	303	28	331
Total operating income	399	410	411	(1)	1,219	28	1,247
Volume expenses	(66)	(77)	(89)	(1)	(233)	(13)	(246)
Net operating income	333	333	322	(2)	986	15	1,001
Operating expenses	(188)	(213)	(136)	(65)	(602)	(7)	(609)
Net profit before tax	145	120	186	(67)	384	8	392
Corporate tax expense	(30)	(34)	(52)	23	(93)	(2)	(95)
Underlying profit after tax	115	86	134	(44)	291	6	297
Investment experience after tax	14	(1)	25	1	39	3	42
Cash net profit after tax	129	85	159	(43)	330	9	339

Half Year Ended 31 December 2009

	Colonial				St Andrew's		
	CFS GAM	First State	CommInsure	Other	Sub-total	Insurance	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Funds management income	390	401	118	(1)	908	-	908
Insurance income	-	-	327	-	327	26	353
Total operating income	390	401	445	(1)	1,235	26	1,261
Volume expenses	(60)	(83)	(98)	-	(241)	(9)	(250)
Net operating income	330	318	347	(1)	994	17	1,011
Operating expenses	(170)	(231)	(131)	(62)	(594)	(7)	(601)
Net profit before tax	160	87	216	(63)	400	10	410
Corporate tax expense	(39)	(26)	(64)	17	(112)	(3)	(115)
Underlying profit after tax	121	61	152	(46)	288	7	295
Investment experience after tax	16	(2)	69	1	84	-	84
Cash net profit after tax	137	59	221	(45)	372	7	379

Wealth Management

	Half Year Ended				
	31/12/10	30/06/10	31/12/09	Dec 10 vs Jun10 %	Dec 10 vs Dec 09 %
Sources of Profit from CommInsure	\$M	\$M	\$M		
Life insurance operating margins					
Planned profit margins		82	75		
Experience variations		(6)	8		
Funds management operating margins		60	60		
General insurance operating margins		(2)	9		
Operating margins		134	152		
Investment experience after tax		25	69		
Cash net profit after tax		159	221		

	Half Year Ended 30 June 2010				
	Opening Balance 31/12/09	Sales/New Business	Lapses	Other	Closing Balance 30/06/10
Annual Inforce Premiums - Risk Business	\$M	\$M	\$M	\$M	\$M
Retail life	741	96	(55)	-	782
Wholesale life	297	49	(23)	-	323
General insurance	391	49	(32)	-	408
Sub-total	1,429	194	(110)	-	1,513
St Andrew's Insurance	69	10	(8)	-	71
Total	1,498	204	(118)	-	1,584

	Half Year Ended 31 December 2009				
	Opening Balance 30/06/09	Sales/New Business	Lapses	Other	Closing Balance 31/12/09
Annual Inforce Premiums - Risk Business	\$M	\$M	\$M	\$M	\$M
Retail life	697	104	(60)	-	741
Wholesale life	435	17	(155)	-	297
General insurance	360	58	(27)	-	391
Sub-total	1,492	179	(242)	-	1,429
St Andrew's Insurance	68	13	(12)	-	69
Total	1,560	192	(254)	-	1,498

Bankwest

	Half Year Ended				
	31/12/10	30/06/10	31/12/09	Dec 10 vs Jun10 %	Dec 10 vs Dec 09 %
	\$M	\$M	\$M		
Net interest income		679	657		
Other banking income		112	121		
Total banking income		791	778		
Operating expenses		(437)	(443)		
Impairment expense		(441)	(313)		
Net profit before tax		(87)	22		
Corporate tax expense		27	(7)		
Cash net profit after tax		(60)	15		

Other

Half Year Ended 30 June 2010

	IFS Asia	Fiji	Corporate Centre	Eliminations/ Unallocated	Total
	\$M	\$M	\$M	\$M	\$M
Net interest income	32	-	370	(56)	346
Other banking income	66	-	67	(38)	95
Total banking income	98	-	437	(94)	441
Funds management income	-	-	-	14	14
Insurance income	21	-	-	3	24
Total operating income	119	-	437	(77)	479
Operating expenses	(85)	-	(124)	-	(209)
Impairment expense	(8)	-	-	160	152
Net profit before tax	26	-	313	83	422
Corporate tax expense	(4)	-	(82)	(7)	(93)
Non-controlling interests	(1)	-	-	(6)	(7)
Underlying profit after tax	21	-	231	70	322
Investment experience after tax	2	-	-	22	24
Cash net profit after tax	23	-	231	92	346

Half Year Ended 31 December 2009

	IFS Asia	Fiji	Corporate Centre	Eliminations/ Unallocated	Total
	\$M	\$M	\$M	\$M	\$M
Net interest income	30	9	513	(14)	538
Other banking income	58	3	(66)	(68)	(73)
Total banking income	88	12	447	(82)	465
Funds management income	-	-	-	14	14
Insurance income	19	6	-	(1)	24
Total operating income	107	18	447	(69)	503
Operating expenses	(79)	(12)	(152)	-	(243)
Impairment expense	(3)	1	-	(60)	(62)
Net profit before tax	25	7	295	(129)	198
Corporate tax expense	(3)	(1)	(81)	27	(58)
Non-controlling interests	(1)	-	-	(8)	(9)
Underlying profit after tax	21	6	214	(110)	131
Investment experience after tax	1	-	-	26	27
Cash net profit after tax	22	6	214	(84)	158

Notes to the Financial Statements

Note 5 Loans, Bills Discounted and Other Receivables

	As at		
	31/12/10	30/06/10	31/12/09
	\$M	\$M	\$M
Australia			
Overdrafts		19,924	18,040
Home loans (including securitisation)		292,140	279,653
Credit card outstandings		10,200	9,877
Lease financing		4,657	4,789
Bills discounted		14,379	15,499
Term loans		101,794	102,866
Other lending		1,288	1,535
Other securities		564	520
Total Australia		444,946	432,779
New Zealand			
Overdrafts		568	550
Home loans		30,670	30,457
Credit card outstandings		589	604
Lease financing		523	467
Term loans		15,299	15,308
Total New Zealand		47,649	47,386
Other Overseas			
Overdrafts		84	77
Home loans		763	712
Lease financing		47	56
Term loans		7,753	8,673
Other lending		27	1
Total Other Overseas		8,674	9,519
Gross loans, bills discounted and other receivables		501,269	489,684
Less:			
Provisions for Loan Impairment:			
Collective provision		(3,436)	(3,422)
Individually assessed provisions		(1,992)	(1,822)
Unearned income:			
Term loans		(1,213)	(1,197)
Lease financing		(1,169)	(1,224)
		(7,810)	(7,665)
Net loans, bills discounted and other receivables		493,459	482,019

Appendices

Note 7 Deposits and Other Public Borrowings

	As at		
	31/12/10	30/06/10	31/12/09
	\$M	\$M	\$M
Australia			
Certificates of deposit		40,891	54,818
Term deposits		122,712	108,716
On demand and short term deposits		158,874	154,087
Deposits not bearing interest		7,236	6,839
Securities sold under agreements to repurchase		5,440	3,816
Total Australia		335,153	328,276
New Zealand			
Certificates of deposit		407	434
Term deposits		15,715	14,472
On demand and short term deposits		8,327	8,895
Deposits not bearing interest		1,554	1,618
Securities sold under agreements to repurchase		85	162
Total New Zealand		26,088	25,581
Other Overseas			
Certificates of deposit		7,442	9,390
Term deposits		4,404	6,013
On demand and short term deposits		1,337	904
Deposits not bearing interest		4	3
Securities sold under agreements to repurchase		235	-
Total Other Overseas		13,422	16,310
Total deposits and other public borrowings		374,663	370,167

Notes to the Financial Statements continued

2. Net Interest Margin

	Half Year Ended		
	31/12/10	30/06/10	31/12/09
	%	%	%
Australia			
Interest spread		1.99	2.08
Benefit of interest-free liabilities, provisions and equity		0.19	0.21
Net interest margin		2.18	2.29
New Zealand			
Interest spread		1.18	1.14
Benefit of interest-free liabilities, provisions and equity		0.46	0.45
Net interest margin		1.64	1.59
Other Overseas			
Interest spread		0.88	0.95
Benefit of interest-free liabilities, provisions and equity		0.05	0.03
Net interest margin		0.93	0.98
Total Group			
Interest spread		1.85	1.96
Benefit of interest-free liabilities, provisions and equity		0.23	0.22
Net interest margin		2.08	2.18

Appendices

3. Average Balances and Related Interest

Geographical Analysis of Key Categories

	Half Year Ended 31/12/10			Half Year Ended 30/06/10			Half Year Ended 31/12/09		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
Loans, Bills Discounted and Other Receivables									
Australia				426,505	13,740	6.50	412,941	12,132	5.83
New Zealand				46,292	1,523	6.63	47,657	1,587	6.61
Other overseas				8,921	156	3.53	11,502	204	3.52
Total				481,718	15,419	6.45	472,100	13,923	5.85
Non-Lending Interest Earning Assets									
Australia				51,484	1,075	4.21	48,525	897	3.67
New Zealand				7,098	111	3.15	7,554	116	3.05
Other overseas				19,897	67	0.68	19,200	100	1.03
Total				78,479	1,253	3.22	75,279	1,113	2.93
Total Interest Bearing Deposits									
Australia				325,465	6,753	4.18	322,746	5,670	3.48
New Zealand				23,728	671	5.70	23,394	669	5.67
Other overseas				16,264	92	1.14	21,512	114	1.05
Total				365,457	7,516	4.15	367,652	6,453	3.48
Other Interest Bearing Liabilities									
Australia				123,410	2,883	4.71	95,757	2,035	4.22
New Zealand				16,991	406	4.82	17,211	411	4.74
Other overseas				23,818	92	0.78	32,516	119	0.73
Total				164,219	3,381	4.15	145,484	2,565	3.50

Appendices

13. Divisional Performance Summary

	Half Year Ended 30 June 2010							
	Retail Banking Services \$M	Business and Private Banking \$M	Institutional Banking and Markets \$M	Wealth Management \$M	New Zealand \$M	Bankwest \$M	Other \$M	Total \$M
Net interest income	2,808	821	651	-	365	679	482	5,806
Other banking income	660	623	574	-	106	112	(41)	2,034
Total banking income	3,468	1,444	1,225	-	471	791	441	7,840
Funds management income	-	-	-	916	21	-	14	951
Insurance income	-	-	-	331	127	-	24	482
Total operating income	3,468	1,444	1,225	1,247	619	791	479	9,273
Investment experience	-	-	-	66	3	-	25	94
Total income	3,468	1,444	1,225	1,313	622	791	504	9,367
Operating expenses	(1,414)	(671)	(405)	(855)	(342)	(437)	(209)	(4,333)
Loan impairment expense	(345)	(132)	72	-	2	(441)	152	(692)
Net profit before income tax	1,709	641	892	458	282	(87)	447	4,342
Corporate tax expense	(502)	(188)	(246)	(119)	(55)	27	(94)	(1,177)
Non-controlling interests	-	-	-	-	-	-	(7)	(7)
Net profit after tax ("cash basis")	1,207	453	646	339	227	(60)	346	3,158

13. Divisional Performance Summary

	Half Year Ended 31 December 2009							
	Retail Banking Services \$M	Business and Private Banking \$M	Institutional Banking and Markets \$M	Wealth Management \$M	New Zealand \$M	Bankwest \$M	Other \$M	Total \$M
Net interest income	2,888	822	683	-	351	657	661	6,062
Other banking income	672	626	683	-	172	121	(196)	2,078
Total banking income	3,560	1,448	1,366	-	523	778	465	8,140
Funds management income	-	-	-	908	25	-	14	947
Insurance income	-	-	-	353	86	-	24	463
Total operating income	3,560	1,448	1,366	1,261	634	778	503	9,550
Investment experience	-	-	-	117	(2)	-	27	142
Total income	3,560	1,448	1,366	1,378	632	778	530	9,692
Operating expenses	(1,380)	(639)	(387)	(851)	(325)	(443)	(243)	(4,268)
Loan impairment expense	(391)	(194)	(321)	-	(102)	(313)	(62)	(1,383)
Net profit before income tax	1,789	615	658	527	205	22	225	4,041
Corporate tax expense	(552)	(175)	(105)	(148)	(44)	(7)	(58)	(1,089)
Non-controlling interests	-	-	-	-	-	-	(9)	(9)
Net profit after tax ("cash basis")	1,237	440	553	379	161	15	158	2,943