Profit Announcement

FOR THE FULL YEAR ENDED 30 JUNE 2011

CommonwealthBank

ASX Appendix 4E

Results for announcement to the market [(1)]

Report for the year ended 30 June 2011	**$M**	
Revenue from ordinary activities	46,215	Up 11%
Profit/(loss) from ordinary activities after tax attributable to Equity holders	6,394	Up 13%
Net profit/(loss) for the period attributable to Equity holders	6,394	Up 13%
Dividends (distributions)		
Final Dividend - fully franked (cents per share)		188
Interim Dividend - fully franked (cents per share)		132
Record date for determining entitlements to the dividend		19 August 2011

(1) Rule 4.3C.2

This preliminary final report is provided to the ASX under Rule 4.3A. Refer to Appendix 17 ASX Appendix 4E for disclosures required under ASX Listing Rules.

This report should be read in conjunction with the 30 June 2011 Annual Financial Report of the Commonwealth Bank of Australia and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Important Dates for Shareholders	
Full Year Results Announcement	10 August 2011
Ex-dividend Date	15 August 2011
Record Date	19 August 2011
Final Dividend Payment Date	6 October 2011
Annual General Meeting	8 November 2011
2012 Interim Results Date	15 February 2012

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All figures relate to the full year ended 30 June 2011 and comparatives for the full year ended 30 June 2010 unless stated otherwise. The term “prior year” refers to the full year ended 30 June 2010, while the term “prior half” refers to the half year ended 31 December 2010.

Group Performance

Divisional Performance

Financial Statements & Appendices

Highlights

Group Performance Highlights

Net Profit after Income Tax	Full Year Ended 30/06/11 $M	Full Year Ended 30/06/10 $M	Half Year Ended 30/06/11 $M	Half Year Ended 31/12/10 $M
Statutory basis	**6,394**	5,664	**3,342**	3,052
Cash basis	**6,835**	6,101	**3,500**	3,335

The Group's net profit after tax ("statutory basis") for the year ended 30 June 2011 was $6,394 million, up 13% on the prior year.

Return on equity ("statutory basis") was 18.4% and Earnings per share ("statutory basis") was 411.2 cents, up 12% on the prior year.

The Management Discussion and Analysis discloses the net profit after tax on both a "statutory basis" and a "cash basis". The statutory basis is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Group's underlying operating results, excluding a number of items that introduce volatility and/or one off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently year on year and do not discriminate between positive and negative adjustments. A complete list of items excluded from statutory profit is provided in the reconciliation of the Net profit after tax ("cash basis") on page 3 and described in greater detail on page 10.

This result was achieved in a challenging environment where the impacts of the Global Financial Crisis (GFC) continue to linger. Credit growth remains at historic lows, business and consumer confidence is fragile and there is significant uncertainty in global markets.

Despite these difficult conditions, the Group, with its well managed, diversified business model and strong and stable financial platform, has delivered another solid result. This has been supported by a continued disciplined approach to the execution of the Group's five strategic priorities and prudent management in uncertain times.

Operating income growth was impacted by a low credit growth environment, strong competition, particularly in the home lending and deposit markets, together with difficult trading conditions for the Markets and Wealth businesses.

Operating expenses were managed tightly, laying the platform for continued investment in the business, including the effective execution of the Core Banking initiative which is now past the half way stage, having achieved significant milestones during the year.

Impairment expense continued to decrease as credit quality gradually improved however some of the Group's customers are finding business conditions challenging. The Group has maintained a conservative approach to provisioning.

Net profit after tax ("cash basis") for the year ended 30 June 2011 was $6,835 million, which represented an increase of 12% on the prior year.

Cash earnings per share increased 11% to 438.7 cents per share.

Return on Equity ("cash basis") for the year ended 30 June 2011 was 19.5%, up 80 basis points on the prior year, reflecting increased profitability and effective capital management.

Performance highlights include:

- "Bank of the Year" in the 2011 Money Magazine Awards, for the second year in a row;
- Awarded the "Australian Financial Institution of the Year – Major Banks" at the 2011 Australian Banking and Finance Awards;
- Continued investment in the business, including the Core Banking Modernisation initiative with customers now enjoying the benefits of real time banking; and
- The Group achieved a major milestone when its first teams began working out of new state-of-the-art buildings in Sydney's Darling Harbour. This facility will be home to approximately 6,300 staff by early next year.

Capital and Funding

The Group maintained a strong capital position and remains one of a handful of global banks with a AA credit rating. The Tier One capital ratio was 10.01%, up 86 basis points over the year.

The Group remains well funded which has enabled it to provide ongoing support to customers. Strong deposit growth coupled with subdued system credit growth has seen the Group satisfy a significant proportion of its funding requirements from domestic deposits.

Customer deposits made up 61% of the Group's total funding source at 30 June 2011, up from 58% in the prior year. Customer deposits increased $26 billion to $349 billion.

Recent initiatives by global regulators have helped to clarify future capital and liquidity requirements for the Australian banking industry. The G-20 and Basel III initiatives regarding capital are manageable within the timeframes however the new liquidity rules require further clarification.

The Group remains actively involved in the consultation process, working closely with other industry participants and the regulators.

Dividends

The final dividend declared was $1.88 per share, up 11% on the prior year. The total dividend for the year to 30 June 2011 was $3.20, taking the dividend payout ratio ("cash basis") to 73.2%.

The final dividend payment will be fully franked and will be paid on 6 October 2011 to owners of ordinary shares at the close of business on 19 August 2011 ("record date"). Shares will be quoted ex–dividend on 15 August 2011.

Outlook

The 2011 financial year has been a challenging one for the Group and many of its customers. While the resources sector has continued to perform well, many other parts of the economy have been impacted by a range of headwinds including fragile consumer confidence, political uncertainty, a high Australian dollar and natural disasters.

Ongoing offshore instability, often flowing from the GFC, continues to impact the domestic economy and has the potential to place further upward pressure on wholesale funding costs for the domestic banking industry.

The 2011 financial year has been characterised by subdued system credit growth and intense competition. At this stage there is nothing to suggest that the 2012 financial year will see any material improvement nor is it clear what the catalyst will be for a meaningful revival in consumer and corporate confidence which is prerequisite to stronger demand for credit.

Against this backdrop the Group will continue to operate in a disciplined and prudent manner with a focus on driving productivity initiatives which will deliver sustainable improvements in business performance. The Group's priority is to maintain a robust and stable financial and operating platform, which will enable us to support our customers and provide superior returns to shareholders.

Group Performance Summary	Full Year Ended 30/06/11 $M	Full Year Ended 30/06/10 $M	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11 $M	Half Year Ended 31/12/10 $M	Jun 11 vs Dec 10 %	Statutory Full Year Ended 30/06/11 $M	Statutory Jun 11 vs Jun 10 %
Net interest income	**12,658**	11,868	7	**6,488**	6,170	5	**12,607**	6
Other banking income	**3,983**	4,112	(3)	**1,924**	2,059	(7)	**3,630**	(14)
Total banking income	**16,641**	15,980	4	**8,412**	8,229	2	**16,237**	1
Funds management income	**2,041**	1,898	8	**1,024**	1,017	1	**2,042**	6
Insurance income	**856**	945	(9)	**398**	458	(13)	**1,118**	(9)
Total operating income	**19,538**	18,823	4	**9,834**	9,704	1	**19,397**	1
Investment experience	**121**	236	(49)	**86**	35	large	**n/a**	n/a
Total income	**19,659**	19,059	3	**9,920**	9,739	2	**19,397**	1
Operating expenses	**(8,891)**	(8,601)	3	**(4,483)**	(4,408)	2	**(9,060)**	4
Loan impairment expense	**(1,280)**	(2,075)	(38)	**(558)**	(722)	(23)	**(1,280)**	(46)
Net profit before tax	**9,488**	8,383	13	**4,879**	4,609	6	**9,057**	11
Corporate tax expense (1)	**(2,637)**	(2,266)	16	**(1,372)**	(1,265)	8	**(2,647)**	5
Non-controlling interests (2)	**(16)**	(16)	-	**(7)**	(9)	(22)	**(16)**	-
Net profit after tax ("cash basis")	**6,835**	6,101	12	**3,500**	3,335	5	**n/a**	n/a
Hedging and IFRS volatility	**(265)**	17	large	**(49)**	(216)	(77)	**n/a**	n/a
Bankwest non-cash items (3)	**(147)**	(216)	(32)	**(99)**	(48)	large	**n/a**	n/a
Tax on NZ structured finance transactions	**-**	(171)	large	**-**	-	-	**n/a**	n/a
Other non-cash items (3)	**(29)**	(67)	(57)	**(10)**	(19)	(47)	**n/a**	n/a
Net profit after tax ("statutory basis")	**6,394**	5,664	13	**3,342**	3,052	10	**6,394**	13
Represented by:								
Retail Banking Services (4)	**2,845**	2,461	16	**1,453**	1,392	4		
Business and Private Banking (4)	**1,039**	898	16	**532**	507	5		
Institutional Banking and Markets (4)	**1,004**	1,173	(14)	**506**	498	2		
Wealth Management	**642**	718	(11)	**283**	359	(21)		
New Zealand	**470**	388	21	**236**	234	1		
Bankwest	**463**	(45)	large	**239**	224	7		
Other (4)	**372**	508	(27)	**251**	121	large		
Net profit after tax ("cash basis")	**6,835**	6,101	12	**3,500**	3,335	5		
Investment experience - after tax	**(81)**	(178)	(54)	**(52)**	(29)	79		
Net profit after tax ("underlying basis")	**6,754**	5,923	14	**3,448**	3,306	4		

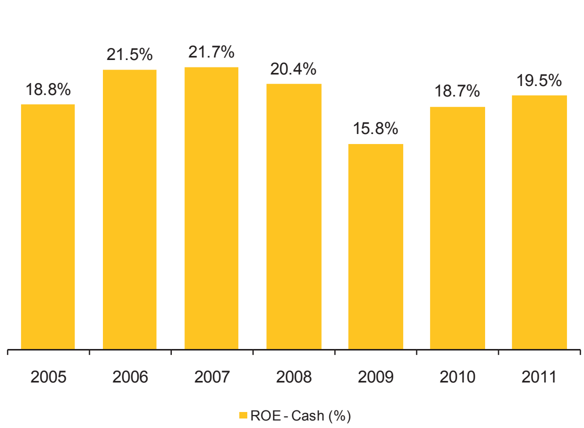
(1) For purposes of presentation, Policyholder tax expense components of Corporate tax expense are shown on a net basis (30 June 2011: $166 million, 30 June 2010: $130 million and for the half years ended 30 June 2011: $66 million and 31 December 2010: $100 million).

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

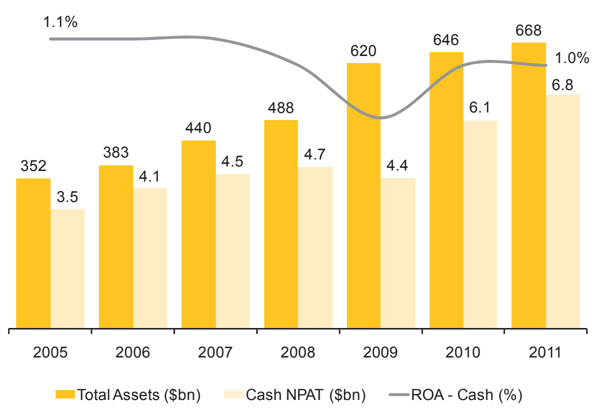
(3) Refer to Appendix 18 for details.

(4) Comparatives have been restated for the impact of business resegmentation.

Group Return on Equity



Group Return on Assets



Highlights continued

Shareholder Summary	Full Year Ended 30/06/11	30/06/10	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11	31/12/10	Jun 11 vs Dec 10 %
Dividends per share - fully franked (cents)	**320**	290	10	**188**	132	42
Dividend cover - cash (times)	**1. 4**	1. 4	-	**1. 2**	1. 6	(25)
Earnings per share (cents) (1)						
Statutory basis - basic	**411. 2**	367. 9	12	**214. 7**	196. 5	9
Cash basis - basic	**438. 7**	395. 5	11	**224. 4**	214. 3	5
Dividend payout ratio (%) (1)						
Statutory basis	**78. 3**	79. 7	(140)bpts	**88. 2**	67. 5	large
Cash basis	**73. 2**	73. 9	(70)bpts	**84. 2**	61. 7	large
Weighted average no. of shares - statutory basic (M) (1)	**1,545**	1,527	1	**1,547**	1,542	-
Weighted average no. of shares - cash basic (M) (1) (2)	**1,548**	1,531	1	**1,551**	1,546	-
Return on equity - cash (%) (1)	**19. 5**	18. 7	80 bpts	**20. 0**	19. 2	80 bpts

(1) For definitions refer to Appendix 23.

(2) Fully diluted EPS and weighted average number of shares are disclosed in Appendix 20.

Credit Ratings	Long–term	Short–term	Outlook
Fitch Ratings	AA	F1+	Stable
Moody’s Investor Services (1)	Aa2	P-1	Stable
Standard & Poor's	AA	A-1+	Stable

(1) On 18 May 2011, Moody’s Investor Services downgraded the long-term credit ratings of the Bank along with the other three major Australian banks.

Market Share Percentage [1]	30/06/11 %	31/12/10 %	30/06/10 %
	As at		
Home loans	**25.7**	25.9	26.1
Credit cards [2] [3]	**22.6**	22.7	22.5
Personal lending (APRA and other Household) [4]	**14.9**	14.6	14.6
Household deposits	**30.0**	30.5	31.3
Retail deposits [2] [5]	**26.9**	26.7	27.4
Business Lending - APRA	**18.1**	18.6	19.5
Business Lending - RBA [2]	**17.0**	17.2	17.4
Business Deposits - APRA	**21.2**	21.3	22.9
Asset Finance	**14.8**	14.6	14.3
Equities trading	**5.9**	5.7	6.3
Australian Retail - administrator view [2] [6]	**15.0**	15.0	14.6
FirstChoice Platform [2] [6]	**11.3**	11.2	10.9
Australia (total risk) [2] [6]	**12.4**	12.5	12.6
Australia (individual risk) [2] [6]	**13.3**	13.3	13.3
NZ Lending for housing	**22.2**	22.4	22.8
NZ Retail Deposits	**21.4**	21.2	21.6
NZ Lending to business [2]	**9.1**	9.2	9.5
NZ Retail FUM [2]	**14.4**	14.5	17.9
NZ Annual inforce premiums	**29.9**	30.3	31.0

(1) For market share definitions refer to Appendix 24.
(2) Prior periods have been restated in line with market updates.
(3) As at 31 May 2011.
(4) Personal lending market share includes personal loans and margin loans.
(5) In accordance with RBA guidelines, these measures include some products relating to both the Retail and Corporate segments.
(6) As at 31 March 2011.

Highlights continued

Key Performance Indicators	Full Year Ended 30/06/11	30/06/10	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11	31/12/10	Jun 11 vs Dec 10 %
Group						
Cash profit after tax ($M)	**6,835**	6,101	12	**3,500**	3,335	5
Net interest margin (%)	**2. 19**	2. 13	6 bpts	**2. 25**	2. 12	13 bpts
Average interest earning assets ($M) (1)	**576,369**	553,735	4	**578,982**	573,800	1
Average interest bearing liabilities ($M) (1)	**538,843**	521,338	3	**540,772**	536,948	1
Funds management income to average FUA (%)	**1. 04**	1. 02	2 bpts	**1. 04**	1. 04	-
Funds Under Administration (FUA) - average ($M)	**196,254**	186,418	5	**198,851**	194,011	2
Insurance income to average inforce premiums (%)	**41. 5**	47. 1	large	**39. 2**	44. 9	large
Average inforce premiums ($M)	**2,063**	2,005	3	**2,050**	2,022	1
Operating expenses to total operating income (%)	**45. 5**	45. 7	(20)bpts	**45. 6**	45. 4	20 bpts
Effective corporate tax rate (%)	**27. 8**	27. 0	80 bpts	**28. 1**	27. 4	70 bpts
Retail Banking Services (2)						
Cash net profit after tax ($M)	**2,845**	2,461	16	**1,453**	1,392	4
Operating expenses to total banking income (%)	**38. 7**	39. 5	(80)bpts	**38. 6**	38. 7	(10)bpts
Business and Private Banking (2)						
Cash net profit after tax ($M)	**1,039**	898	16	**532**	507	5
Operating expenses to total banking income (%)	**43. 7**	44. 9	(120)bpts	**44. 3**	43. 2	110 bpts
Institutional Banking and Markets (2)						
Cash net profit after tax ($M)	**1,004**	1,173	(14)	**506**	498	2
Operating expenses to total banking income (%)	**33. 6**	32. 0	160 bpts	**34. 2**	32. 9	130 bpts
Wealth Management						
Cash profit after tax ($M)	**642**	718	(11)	**283**	359	(21)
FUA - average ($M)	**188,866**	179,802	5	**191,252**	186,849	2
Average inforce premiums ($M)	**1,612**	1,572	3	**1,608**	1,580	2
Funds management income to average FUA (%)	**1. 05**	1. 01	4 bpts	**1. 05**	1. 04	1 bpt
Insurance income to average inforce premiums (%)	**38. 8**	43. 5	(470)bpts	**35. 7**	42. 7	large
Operating expenses to net operating income (%) (3)	**61. 6**	60. 1	150 bpts	**65. 6**	57. 7	large
New Zealand						
Cash profit after tax ($M)	**470**	388	21	**236**	234	1
FUA - average ($M)	**7,388**	6,616	12	**7,599**	7,162	6
Average inforce premiums ($M)	**451**	433	4	**442**	442	-
Funds management income to average FUA (%)	**0. 54**	0. 70	(16)bpts	**0. 53**	0. 55	(2)bpts
Insurance income to average inforce premiums (%)	**46. 8**	49. 2	(240)bpts	**47. 9**	47. 6	30 bpts
Operating expenses to total operating income (%)	**51. 1**	53. 2	(210)bpts	**51. 3**	51. 0	30 bpts
Bankwest						
Cash net profit after tax ($M)	**463**	(45)	large	**239**	224	7
Operating expenses to total banking income (%)	**53. 0**	56. 1	(310)bpts	**52. 3**	53. 7	(140)bpts
Capital Adequacy						
Common Equity (%)	**7. 66**	6. 86	80 bpts	**7. 66**	7. 35	31 bpts
Tier One (%)	**10. 01**	9. 15	86 bpts	**10. 01**	9. 71	30 bpts
Total Capital (%)	**11. 70**	11. 49	21 bpts	**11. 70**	11. 50	20 bpts

(1) Average interest earning assets and average interest bearing liabilities have been adjusted to remove the impact of securitisation. Refer to Average Balances and Related Interest in Appendix 3.

(2) Comparatives have been restated for the impact of business resegmentation.

(3) Net operating income represents total operating income less volume expenses.

Financial Performance and Business Review

The Group's net profit after tax ("cash basis") for the year ended 30 June 2011 was $6,835 million, which represented a 12% increase on the prior year.

Earnings per share ("cash basis") increased 11% on the prior year to 438.7 cents per share, whilst Return on equity ("cash basis") increased 80 basis points to 19.5%.

This solid result was achieved in an environment where the impacts of the GFC continue to linger. Credit growth remains at historic lows, business and consumer confidence is fragile and there is significant uncertainty in global markets. Despite the challenging market conditions, effective execution of the Group's five strategic priorities has driven a sound financial performance. The result was characterised by:

- Net interest income increased 7% to $12,658 million, reflecting a six basis point increase in net interest margin and 4% growth in average interest earning assets;
- Other banking income declined 3% to $3,983 million, with reduced retail fees and commissions, lower CommSec brokerage and Markets trading income partly offset by higher bills income and improved Treasury earnings derived through management of short dated interest rate exposures;
- Funds management income increased 8% to $2,041 million, supported by a 5% increase in average funds under administration and stronger investment performance, partly offset by the appreciation of the Australian dollar;
- Insurance income declined 9% to $856 million, partly reflecting the sale of the St Andrew's insurance business. After adjusting for the sale of St Andrew's, insurance income decreased 4% due to higher claims in the wholesale and retail life businesses;
- Operating expenses increased 3% on the prior year to $8,891 million, with 1% of the growth driven by continued investment in projects supporting the Group's strategic priorities. Operating expenses, excluding investment expenses, increased 2% reflecting the Group's disciplined approach and continued focus on productivity initiatives which have delivered operational efficiencies; and
- Impairment expense decreased 38% to $1,280 million, mainly reflecting lower Bankwest property related impairments.

The Group's net profit after tax ("cash basis") for the half year ended 30 June 2011 increased 5% on the prior half, underpinned by a 13 basis point improvement in net interest margin and lower loan impairment expense.

More comprehensive disclosure of performance highlights by key business segments is contained on pages 14-32.

Net Interest Income

Net interest income increased by 7% on the prior year to $12,658 million. This was a result of growth in average interest earning assets of 4% together with a six basis point improvement in net interest margin to 2.19%.

Net interest income increased by 5% on the prior half driven by average interest earning assets growth of 1% and a 13 basis point improvement in net interest margin.

Average Interest Earning Assets

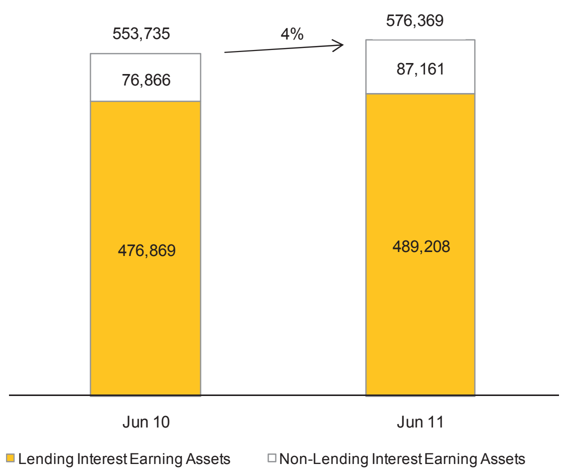
Average interest earning assets increased by $22 billion on the prior year to $576 billion, reflecting a $12 billion increase in average lending interest earning assets and a $10 billion increase in average non-lending interest earning assets.

Home loan average balances, excluding the impact of securitisation, increased by $20 billion or 7% since 30 June 2010 to $318 billion.

Average balances for business and corporate lending decreased by $8 billion since 30 June 2010 to $150 billion, largely due to institutional clients deleveraging their balance sheets, a strategic shift away from higher risk property and complex lending in Bankwest and the impact of the strengthening Australian dollar on foreign currency denominated loans.

Average non-lending interest earning assets have increased $10 billion since 30 June 2010 due to higher levels of liquid assets driven by balance sheet growth and in anticipation of future regulatory requirements.

Average Interest Earning Assets ($M)



Net Interest Margin

The Group's net interest margin increased six basis points compared to the prior year to 2.19%. The Australian contribution to Group net interest margin (which excludes the IFRS reclassification and New Zealand) decreased one basis point. The key drivers were:

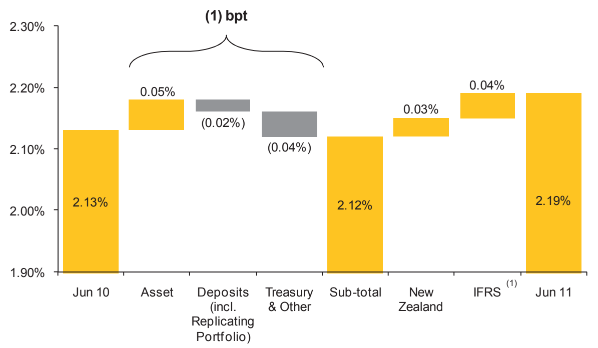
<u>Asset pricing and mix:</u> Increase in margin of five basis points, reflecting the impact of repricing on home loans (six basis points) and personal loans (one basis point), partly offset by a reduction in business lending margins (one basis point). The solid growth in home loans relative to business lending, which has a higher average margin, resulted in a negative mix impact (one basis point).

<u>Deposit pricing and mix:</u> Decrease of two basis points as market competition for retail deposits continues to impact Investment account margins (one basis point). In addition, the favourable impact of the increasing cash rate environment on transaction and savings account margins has been offset by a reduction in replicating portfolio benefit and ongoing market competition (one basis point).

<u>Treasury and other:</u> Decrease of four basis points driven by holding higher levels of non-lending interest earning assets.

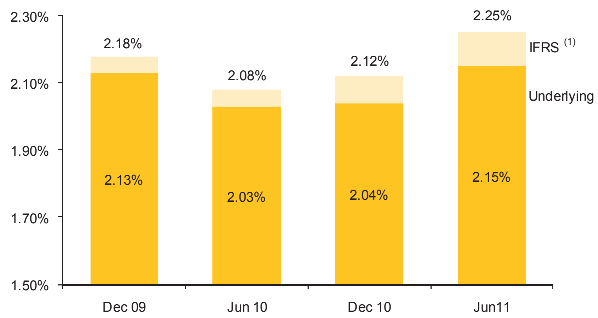
Group Performance Analysis continued

NIM movement since June 2010



The New Zealand contribution to Group net interest margin has increased three basis points compared to 30 June 2010. This reflected a shift in portfolio mix as customers switched from fixed to variable rate home loans together with repricing initiatives.

Group NIM (Half Year Ended)



Over the last six months, net interest margin increased 13 basis points compared to the prior half to 2.25%. Excluding the IFRS reclassification[(1)], the underlying net interest margin for the Group increased 11 basis points. This was mainly due to asset repricing (seven basis points).

Other Banking Income

	Full Year Ended		Half Year Ended	
	30/06/11	30/06/10	30/06/11	31/12/10
	$M	$M	$M	$M
Commissions	**1,946**	2,006	**961**	985
Lending fees	**1,467**	1,435	**760**	707
Trading income	**717**	597	**291**	426
Other income	**351**	333	**183**	168
	4,481	4,371	**2,195**	2,286
IFRS reclassification of net swap costs [(1)]	**(498)**	(259)	**(271)**	(227)
Other banking income	**3,983**	4,112	**1,924**	2,059

Excluding the impact of IFRS reclassification of net swap costs, other banking income increased 3% on the prior year to $4,481 million.

(1) The reclassification from Net interest income to Other banking income relates to certain economic hedges which do not qualify for IFRS hedge accounting.

Factors impacting other banking income were:

- Commissions: decreased 3% on the prior year to $1,946 million. This was primarily driven by lower dishonour exception fees, customer migration to lower fee products and lower contract note volumes in CommSec;
- Lending fees: increased 2% on the prior year to $1,467 million. This was driven by higher commercial bill income, partially offset by lower early repayment and overdrawn exception fees;
- Trading income: increased 20% on the prior year to $717 million. This was due to improved Treasury earnings relating to the management of short dated interest rate exposures, partly offset by lower Institutional Banking and Markets earnings impacted by a challenging environment characterised by lower domestic volatility, flattening yield curves and narrowing credit spreads; and
- Other income: increased 5% on the prior year to $351 million mainly due to higher leasing fee income.

Excluding the impact of the IFRS reclassification of net swap costs, other banking income decreased 4% on the prior half. This was mainly driven by lower Markets income following continued challenging market conditions together with a decrease in the counterparty fair value adjustment.

Funds Management Income

	Full Year Ended		Half Year Ended	
	30/06/11	30/06/10	30/06/11	31/12/10
	$M	$M	$M	$M
CFS GAM	**907**	789	**458**	449
Colonial First State	**860**	811	**434**	426
CommInsure	**208**	224	**101**	107
New Zealand and Other	**66**	74	**31**	35
Funds management income	**2,041**	1,898	**1,024**	1,017

Funds Management income increased 8% on the prior year to $2,041 million. This outcome was supported by a 5% increase in average funds under administration (FUA) to $196 billion. Internationally sourced fund flows were solid and FirstChoice and FirstWrap attracted their share of net flows ahead of system.

Investment performance was solid but impacted by difficult market conditions, particularly through the quarter leading up to 30 June 2011. Base fee contributions were higher as a result of improved business mix. This was partially offset by the continued strengthening of the Australian dollar.

Funds management income to average FUA increased by two basis points to 1.04% compared to the prior year, mainly reflecting improved business mix.

Funds management income increased 1% compared to the prior half. Average FUA growth was 2%, with investment performance being subdued and the Australian dollar continuing to appreciate.

Insurance Income

	Full Year Ended		Half Year Ended	
	30/06/11	30/06/10	30/06/11	31/12/10
	$M	$M	$M	$M
CommInsure	**625**	630	**285**	340
New Zealand and Other	**231**	261	**113**	118
	856	891	**398**	458
St Andrew's Insurance	**-**	54	**-**	-
Insurance income	**856**	945	**398**	458

Insurance income decreased 9% on the prior year to $856 million. On 1 July 2010 the Group completed the sale of the St Andrew's insurance business. Excluding St Andrew's from the prior year, insurance income decreased by 4%. This result was impacted by higher claims in the wholesale and retail life businesses. The general insurance business saw improved performance with inforce premium growth of 7% together with improved claims despite the impact of severe weather events.

Insurance income decreased 13% compared to the prior half. While inforce premiums increased 4%, the result was impacted by higher life insurance claims.

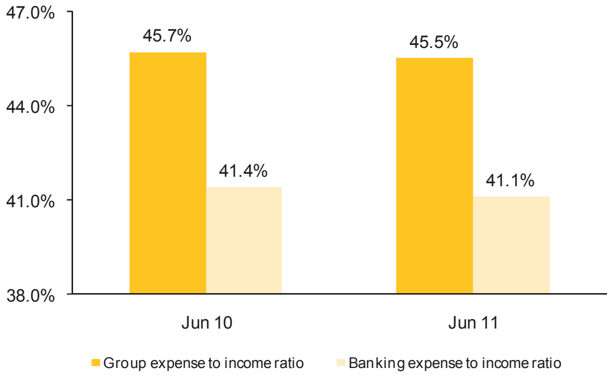
Operating Expenses

Operating expenses increased 3% on the prior year to $8,891 million. Of this increase, 1% was driven by continued investment in projects supporting the Group's strategic priorities, including the Core Banking Modernisation initiative. Operating expenses, excluding investment expenses, increased only 2% on the prior year. This reflects the Group's continued focus on productivity initiatives which have delivered operational efficiencies. This was offset by inflation-related salary increases, investment in staff (with full time equivalent employees increasing by 2%) and higher defined benefit superannuation plan expense (30 June 2011: $137 million; 30 June 2010: $103 million).

Operating expenses increased 2% on the prior half mainly driven by higher technology expenses.

Group Expense to Income Ratio

The expense to income ratio decreased by 20 basis points over the prior year to 45.5%. Whilst income growth has slowed, the Group maintained a continued focus on technology and operational efficiencies.

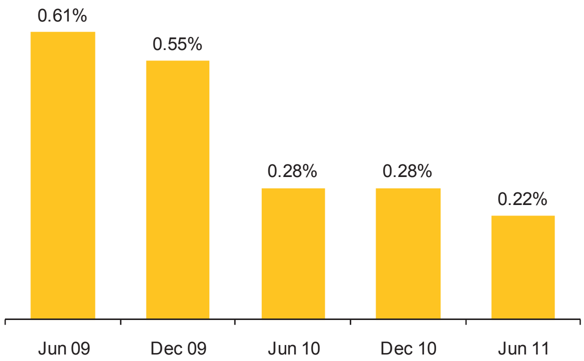


Loan Impairment Expense

Loan impairment expense for the year was $1,280 million, representing 25 basis points of average gross loans and acceptances. Loan impairment expense decreased 38% on the prior year, largely driven by:

- A significant reduction in Bankwest's loan impairment expense following the detailed review and increased provisioning of the business banking portfolio in the prior year;
- Improved average arrears rates in the unsecured retail portfolio in this financial year resulting in a lower collective provision charge for these portfolios; and
- Improvement in ASB's loan impairment expense in line with the improvement of the economic environment in New Zealand. This improvement has been partially offset by provisions set aside to assist customers impacted by the Christchurch earthquakes.

Half Year Impairment Expense (annualised) as a % of Average Gross Loans and Acceptances

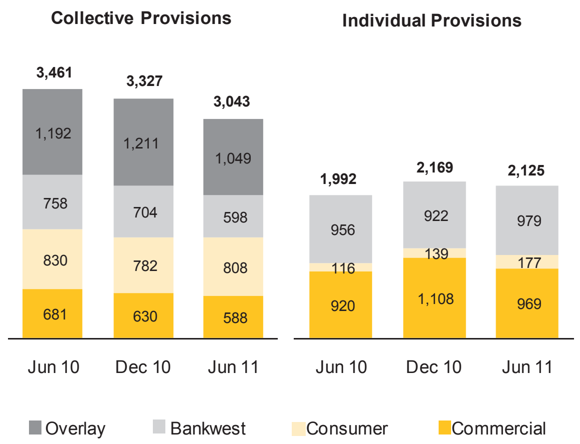


Provisions for Impairment

The Group maintains a prudent and conservative approach to provisioning, with total provisions for impairment losses of $5,168 million as at 30 June 2011, which is a 5% reduction compared to 30 June 2010. The current level of provision reflects:

- A reduction of Bankwest provisions as pre-acquisition troublesome or impaired loans run off, and the credit quality of new loans improve;
- Increased CBA individually assessed provisions associated with new impaired loans as the conservative coverage of impaired loans continues; and
- A decline in management overlay as the modelled overlay reduced in line with the reduction in the base collective provisions. This was partly offset by a slight increase in the economic overlay.

Group Performance Analysis continued



Taxation Expense

The corporate tax expense was $2,637 million, representing an effective tax rate of 27.8%.

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

Non-cash items included in statutory profit

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

Hedging and IFRS volatility

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

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

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

Fair value gains or losses on all of these economic hedges are excluded from cash profit since the asymmetric recognition of the gains or losses does not affect the Group's performance over the life of the hedge. A $265 million after tax loss was recognised in statutory profit for the year ended 30 June 2011 (2010: $17 million gain).

Bankwest non-cash items

Integration expenses: As part of the acquisition of Bankwest, the Group has incurred $246 million of integration expenses since acquisition. A $66 million after tax expense was recognised in the year ended 30 June 2011 (2010: $29 million expense).

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

Merger related amortisation: The acquisition of Bankwest resulted in the recognition of fair value adjustments on certain financial instruments, core deposits and brand name intangible assets that will be amortised over their useful lives. An $81 million after tax expense was recognised in the year ended 30 June 2011 (2010: $25 million gain).

Loan impairment: In the prior year, a $212 million after tax loan impairment expense was recognised relating to Bankwest pre-acquisition loans. This non-cash treatment was consistent with the treatment of the gain on acquisition of Bankwest.

Tax on NZ structured finance transactions

A $171 million tax expense on New Zealand structured finance transactions was recognised in the prior year representing a significant one-off impact from an adverse tax ruling which ASB Bank and the New Zealand Commissioner of Inland Revenue settled in December 2009.

Gains/losses on disposal of controlled entities/investments

The statutory profit for the current year includes a $7 million after tax loss mainly representing the loss on sale of the St Andrew's insurance business (2010: $23 million after tax loss from the disposal of the Group's Fiji operations and sale of Visa shares).

Treasury shares valuation adjustment

Under IFRS, CBA shares held by the Group in the managed funds and life insurance businesses are defined as treasury shares and are held at cost. Unrealised gains or losses are recognised in cash profit representing the underlying performance of the asset portfolio attributable to the wealth and life insurance businesses. These unrealised gains or losses are reversed as a non-cash item for statutory reporting purposes. A $22 million after tax gain was included in cash profit in the year ended 30 June 2011 (2010: $44 million gain).

Policyholder tax

Policyholder tax is included in the Wealth Management business results for statutory reporting purposes. In the year ended 30 June 2011, tax expense of $166 million (2010: $130 million tax expense), funds management income of $62 million (2010: $50 million income) and insurance income of $104 million (2010: $80 million income) was recognised. The gross up of these items are excluded from cash profit as they do not reflect the underlying performance of the business which is measured on a net of policyholder tax basis.

Core Banking Modernisation

Gross investment spend remained strong during the year at $1,179 million, with the primary focus being on the Core Banking Modernisation (CBM) initiative. The CBM initiative continues to make significant progress. Highlights over the year include the:

- Launch of new retail savings and transaction account functionality, with over 1.2 million new accounts opened on the new platform;
- Successful migration of 10 million retail savings and transaction accounts onto the new platform, allowing these customers to enjoy the benefits of real time banking and providing the organisation with streamlined customer centric processes; and
- Development of business savings and transaction account functionality.

The 2012 financial year will see the launch of business savings and transaction account functionality and migration of an additional one million business savings and transaction accounts onto the platform. In addition, SAP will be implemented as the primary customer solution for the Group, with the existing customer system decommissioned. Planning for the lending phases of the initiative has begun, with development commencing in the 2012 financial year.

Credit Quality

During the year ended 30 June 2011, the credit quality of the business and corporate portfolios gradually improved. The retail portfolios arrears improved over the first half, however there were some increases in arrears over the second half of the year.

Home loan arrears reduced over the first half of the year, but that trend reversed over the second half with 30+ day arrears increasing over the full year from 1.90% to 2.08% and 90+ day arrears increasing from 1.02% to 1.17%. The increase in arrears is due to loans originated in 2008 and early 2009, along with the impact from some home owners finding it difficult to service their higher monthly payments arising from increasing interest rates. The increase in arrears also reflects assistance provided to customers for natural disasters.

Unsecured retail arrears improved substantially over the first half of the year but experienced some deterioration over the second half. Credit Card 30+ days arrears fell from 3.09% to 2.99% over the year, and 90+ days arrears increased slightly from 1.14% to 1.20%. Personal Loans showed significant improvement over the year with 30+ day arrears falling from 3.69% to 3.07% and 90+ days arrears falling from 1.52% to 1.26%.

The CBA commercial and institutional portfolio improved during the year with more upgrades than downgrades. In addition, troublesome assets reduced and impaired assets remained stable throughout the year.

In New Zealand, asset quality continued to improve with the broader economy.

Gross impaired assets were $5,297 million as at 30 June 2011, broadly in line with 30 June 2010. Gross impaired assets as a proportion of Gross Loans and Acceptances of 1.02% remained stable compared to 30 June 2010. The impaired asset portfolio remains well provisioned with provision coverage of 40.12%.

Loans 90 days past due but not impaired have increased to 0.73% of gross loans and acceptances, from 0.65% at 30 June 2010.

	Full Year Ended			Half Year Ended		
Other Credit Quality Metrics	**30/06/11**	**30/06/10**	**Jun 11 vs Jun 10 %**	**30/06/11**	**31/12/10**	**Jun 11 vs Dec 10 %**
Gross loans and acceptances ($M)	**518,075**	512,838	1	**518,075**	509,779	2
Risk weighted assets (RWA) ($M)	**281,711**	290,821	(3)	**281,711**	285,563	(1)
Credit risk weighted assets ($M)	**246,742**	256,763	(4)	**246,742**	244,608	1
Gross impaired assets ($M)	**5,297**	5,216	2	**5,297**	5,184	2
Net impaired assets ($M)	**3,172**	3,224	(2)	**3,172**	3,015	5
Collective provision as a % of risk weighted assets	**1. 08**	1. 19	(11)bpts	**1. 08**	1. 17	(9)bpts
Total provision as a % of credit risk weighted assets	**2. 09**	2. 12	(3)bpts	**2. 09**	2. 25	(16)bpts
Collective provision as a % of gross loans and acceptances	**0. 59**	0. 67	(8)bpts	**0. 59**	0. 65	(6)bpts
Individually assessed provisions for impairment as a % of gross impaired assets	**40. 12**	38. 19	193 bpts	**40. 12**	41. 84	(172)bpts
Impairment expense annualised as a % of average RWA - cash basis (1)	**0. 45**	0. 71	(26)bpts	**0. 40**	0. 50	(10)bpts
Impairment expense annualised as a % of average gross loans and acceptances - cash basis (2)	**0. 25**	0. 41	(16)bpts	**0. 22**	0. 28	(6)bpts

(1) Impairment expense as a percentage of average RWA including the Bankwest non-cash loan impairment expense of $304 million was 0.81% for the year ended 30 June 2010.

(2) Impairment expense as a percentage of average gross loans and acceptances including the Bankwest non-cash loan impairment expense of $304 million was 0.48% for the year ended 30 June 2010.

Review of Group Assets and Liabilities

Asset growth of $22 billion or 3% over the prior year, was driven mainly by growth in home lending and non-lending interest earning assets, partly offset by lower business and corporate lending balances as a result of institutional clients deleveraging and strengthening of the Australian dollar.

Asset growth was funded by an increase in customer deposits which now represent 61% of total funding (June 2010: 58%). Wholesale funding decreased compared to the prior year, as a result of the strong growth in customer deposits, the low credit growth environment and the strengthening of the Australian dollar.

Home loans excluding securitisation

Home loans excluding securitisation experienced steady growth with balances increasing $11 billion to $325 billion as at 30 June 2011, a 3% increase on the prior year. This outcome was impacted by moderating credit growth and intense price competition. The Group has maintained its competitive position through product innovation, targeted discounting and a focus on customer service.

Personal loans

Personal loans, including credit cards, margin lending and other personal loans, increased 2% over the prior year. Steady growth in credit card balances was influenced by new product offerings. This was offset by a decline in margin lending balances due to continued conservative investor sentiment. Other personal loans remained flat compared to the prior year.

Business and corporate loans

Business and corporate loans declined by $6 billion to $148 billion as at 30 June 2011, a 4% decrease on the prior year. This was driven mainly by institutional clients deleveraging, a strategic shift away from higher risk property and complex lending in Bankwest and the strengthening of the Australian dollar. This was partly offset by solid growth in business lending in Business and Private Banking.

Non-lending interest earning assets

Non-lending interest earning assets increased $14 billion to $88 billion as at 30 June 2011, an 18% increase on the prior year. This was primarily an increase in liquid assets in anticipation of future regulatory requirements.

Other assets

Other assets, including bank acceptances of customers, derivative assets, provisions for impairments, securitisation assets, insurance assets and intangibles, increased $3 billion to $86 billion as at 30 June 2011, a 4% increase on the prior year. This was impacted by higher derivative asset balances as a result of volatility in foreign exchange and interest rate markets.

Interest bearing deposits

Interest bearing deposits increased by $26 billion to $392 billion as at 30 June 2011, a 7% increase on the prior year.

Targeted campaigns in a highly competitive market resulted in growth of $19 billion in investment deposits, representing a 12% increase on the prior year. Transaction deposits increased 8% to $79 billion.

Other demand deposits decreased 2% compared to the prior year and decreased 14% compared to the prior half. This was mainly driven by lower certificates of deposits being replaced by the growth in customer deposits.

Debt issues

Debt issues have decreased $13 billion to $108 billion as at 30 June 2011, an 11% decrease on the prior year. The decrease in term funding was driven by the strengthening Australian dollar in addition to maturing debt being replaced by the growth in customer deposits. Refer to Appendix 12 for further information on debt programmes and issuance for the year ended 30 June 2011.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through the income statement and amounts due to other financial institutions, decreased $4 billion to $38 billion as at 30 June 2011, an 8% decrease on the prior year. This was driven mainly by New Zealand replacing maturing facilities with debt issues.

Non-interest bearing liabilities

Non-interest bearing liabilities, including derivative liabilities, insurance policy liabilities and bank acceptances, increased $9 billion to $82 billion as at 30 June 2011, a 12% increase on the prior year. This was driven predominantly by foreign exchange volatility impacting derivative liabilities hedging term debt.

Total Group Assets & Liabilities	As at 30/06/11 $M	31/12/10 $M	30/06/10 $M	Jun 11 vs Dec 10 %	Jun 11 vs Jun 10 %
Interest earning assets					
Home loans including securitisation	**335,841**	327,704	323,573	2	4
Less: securitisation	**(11,296)**	(9,583)	(9,696)	18	17
Home loans excluding securitisation	**324,545**	318,121	313,877	2	3
Personal	**20,943**	20,665	20,572	1	2
Business and corporate	**148,420**	148,984	154,742	-	(4)
Loans, bills discounted and other receivables [1]	**493,908**	487,770	489,191	1	1
Non-lending interest earning assets	**88,142**	83,633	74,610	5	18
Total interest earning assets	**582,050**	571,403	563,801	2	3
Other assets	**85,849**	78,239	82,529	10	4
Total assets	**667,899**	649,642	646,330	3	3
Interest bearing liabilities					
Transaction deposits [2]	**79,466**	72,150	73,783	10	8
Savings deposits [2]	**81,680**	81,798	79,435	-	3
Investment deposits [2]	**176,100**	168,770	156,694	4	12
Other demand deposits [2]	**54,613**	63,361	55,957	(14)	(2)
Total interest bearing deposits	**391,859**	386,079	365,869	1	7
Deposits not bearing interest	**9,288**	9,266	8,794	-	6
Deposits and other public borrowings	**401,147**	395,345	374,663	1	7
Debt issues	**108,421**	105,086	121,438	3	(11)
Other interest bearing liabilities	**37,950**	37,678	41,461	1	(8)
Total interest bearing liabilities	**538,230**	528,843	528,768	2	2
Securitisation debt issues	**10,231**	8,523	8,772	20	17
Non-interest bearing liabilities	**82,151**	76,927	73,220	7	12
Total liabilities	**630,612**	614,293	610,760	3	3
Provisions for impairment losses					
Collective provision	**3,043**	3,327	3,461	(9)	(12)
Individually assessed provisions	**2,125**	2,169	1,992	(2)	7
Total provisions for impairment losses	**5,168**	5,496	5,453	(6)	(5)
Less: Off balance sheet provisions	**(21)**	(25)	(25)	(16)	(16)
Total provisions for loan impairment	**5,147**	5,471	5,428	(6)	(5)

(1) Excludes provisions for impairment which are included in Other Assets.

(2) Comparatives have been restated following alignment of Bankwest product classifications with the Group.

Retail Banking Services

Financial Performance and Business Review

Retail Banking Services cash net profit after tax for the year ended 30 June 2011 was $2,845 million, representing a 16% increase on the prior year. The result was driven by solid growth in net interest income partially offset by lower other banking income, sound management of operational expenses and an improvement in loan impairment expense.

Cash net profit after tax increased 4% compared to the prior half. The six month result was driven by income growth of 5% reflecting improved lending margins and volume growth, offset by a fall in other banking income, and an increase in impairment expense.

CBA remains committed to excellence in customer service, with all retail channels performing strongly.

Business performance and innovation highlights during the year included:

- The successful launch of Core Banking with the migration of 10 million existing accounts to the new platform, delivering real time banking and new account functionality to Retail Deposit customers;
- The introduction of GoalSaver, a high interest bearing savings product, and the launch of the new premium Diamond Awards credit card;
- Continued growth in registered Netbank users, with 20% of monthly log-ons now happening via a mobile device; and
- Ongoing commitment to improving the financial literacy skills of Australian students through expansion of the School Banking programme, now in its 80th year.

Service improvement progress and product innovation in the business was recognised through:

- "Best Retail Bank in Asia Pacific" and the "Best Retail Bank in Australia" at the Asian Banker Excellence in Retail Financial Services Awards;
- Money Magazine "Credit Card Issuer of the Year" and "Banking Website of the Year" awards;
- CANSTAR CANNEX "Best Online Banking" award for the second year in a row;
- "Innovative Mortgage Product of the Year" at the Australian Banking and Finance awards for the No Fee Variable rate home loan; and
- The iPhone Property Guide application won the "Best of the Best", "Best Financial Service" and "Best Mobile Advertising or Marketing" awards at the Australian Interactive Media Industry Awards.

Home Loans

Home Loan income for the year ended 30 June 2011 was $2,893 million, a 20% increase on the prior year. Average volume growth was 6% in a period of reduced market activity. Net interest margin improved, benefitting from portfolio repricing and the continued roll off of fixed rate loans written at historically low margins. Funding costs continued to increase as lower cost funding rolled off and was replaced with higher priced new wholesale debt.

Other banking income fell 3% primarily due to the abolition of switching fees for customers refinancing loans with CBA. Deferred establishment fees for new customers were also removed in March 2011.

Consumer Finance

Consumer Finance income for the year ended 30 June 2011 was $1,700 million, an increase of 9% on the prior year. This result benefited from improved margins and volume growth in both the Credit Card and Personal Lending portfolios. Other banking income was flat as the impact from the reduction in over-limit and late payment fees was offset by higher volume related income.

Other banking income decreased 5% compared to the prior half. This was a result of seasonally lower credit card spend.

Retail Deposits

Retail Deposit income for the year ended 30 June 2011 was $2,609 million, a decrease of 7% on the prior year. Net interest income fell by 5% with continued margin pressure from price competition and a shift towards lower margin products within the portfolio offsetting strong average balance growth of 10%. Other banking income decreased 15% primarily due to the reduction in exception fees in October 2009.

Retail Deposit income was flat compared to the prior half, as volume growth eased and margins stabilised.

Distribution

Distribution income for the year ended 30 June 2011 was $306 million, an increase of 11% on the prior year. This reflected increased revenue from foreign exchange products and commissions received from the distribution of Business Banking and Wealth Management products through the retail network. The Group continues to focus on building deeper relationships with customers and now has the highest average products per customer(1) of the major banks.

Distribution income increased by 5% compared to the prior half due to higher foreign exchange income.

Operating Expenses

Expenses for the year were $2,903 million, up 4% on the prior year, with the cost to income ratio falling to 38.7%. Expenses included investment spend relating to the Core Banking Modernisation initiative. Underlying expense growth was 2%, driven primarily by staff inflationary increases.

Expense growth was 5% in the second half, inclusive of investment in Core Banking Modernisation. Excluding the impact of Core Banking, growth was 4%. This was primarily a result of higher credit card loyalty redemptions in the second half and increased marketing spend.

Impairment Expense

Impairment expense for the year ended 30 June 2011 was $558 million, a decrease of 24% on the prior year. This result was supported by improved average arrears rates in the unsecured portfolio as well as continued investment in collections and credit decisioning capabilities.

In the second half impairment expense increased 21% as a result of an uplift in arrears rates and the support that the Group provided through special assistance to customers following the severe weather events during the half.

(1) Roy Morgan Research, Australians 14+, Banking and Finance products per Banking and Finance customers, six months rolling average.

	Full Year Ended 30 June 2011				
	Home Loans $M	Consumer Finance [1] $M	Retail Deposits $M	Distribution $M	Total $M
Net interest income	2,706	1,281	2,222	-	6,209
Other banking income	187	419	387	306	1,299
Total banking income	2,893	1,700	2,609	306	7,508
Operating expenses					(2,903)
Loan impairment expense					(558)
Net profit before tax					4,047
Corporate tax expense					(1,202)
Cash net profit after tax					2,845

	Full Year Ended 30 June 2010 [2]				
	Home Loans $M	Consumer Finance [1] $M	Retail Deposits $M	Distribution $M	Total $M
Net interest income	2,213	1,143	2,340	-	5,696
Other banking income	192	417	457	276	1,342
Total banking income	2,405	1,560	2,797	276	7,038
Operating expenses					(2,779)
Loan impairment expense					(736)
Net profit before tax					3,523
Corporate tax expense					(1,062)
Cash net profit after tax					2,461

	Half Year Ended 30 June 2011				
	Home Loans $M	Consumer Finance [1] $M	Retail Deposits $M	Distribution $M	Total $M
Net interest income	1,441	660	1,115	-	3,216
Other banking income	87	204	187	157	635
Total banking income	1,528	864	1,302	157	3,851
Operating expenses					(1,486)
Loan impairment expense					(305)
Net profit before tax					2,060
Corporate tax expense					(607)
Cash net profit after tax					1,453

	As at				
Balance Sheet	30/06/11 $M	31/12/10 $M	30/06/10 $M	Jun 11 vs Dec 10 %	Jun 11 vs Jun 10 %
Home loans (including securitisation)	**260,583**	255,484	250,428	2	4
Consumer finance	**13,989**	13,504	12,961	4	8
Other assets	**201**	243	250	(17)	(20)
Total assets	**274,773**	269,231	263,639	2	4
Home loans (net of securitisation)	**252,438**	249,466	243,695	1	4
Transaction deposits	**19,357**	19,060	19,050	2	2
Savings deposits	**59,127**	60,519	59,206	(2)	-
Investments and other deposits	**83,951**	78,558	71,719	7	17
Deposits not bearing interest	**3,057**	2,984	2,840	2	8
Other liabilities	**2,926**	2,307	2,519	27	16
Total liabilities	**168,418**	163,428	155,334	3	8

(1) Consumer Finance includes personal loans and credit cards.

(2) Comparatives have been restated for the impact of business resegmentation.

Business and Private Banking

Financial Performance and Business Review

Business and Private Banking delivered a strong performance, achieving cash net profit after tax of $1,039 million for the year ended 30 June 2011, which represented a 16% increase on the prior year.

The business banking segments contributed significantly to this result, experiencing growth in lending and deposit volumes, improving deposit margins and a lower impairment expense. While equities trading market volumes were lower, CommSec continued to maintain its leading share of the online non advisory market in a highly competitive environment.

Compared to the prior half, cash net profit after tax increased 5%, with the first half of the year benefiting from the increasing cash rate environment and three more calendar days.

Performance highlights during the year included:

- CBA consistently held either equal first or equal second position in the whole-of-market business banking segment throughout the past year, according to DBM Business Financial Services Monitor(1);
- CBA was awarded “Best Cash Management Bank in Australia” for the second year running by the Asian Banker magazine. The award acknowledges commitment to customer service and operational excellence;
- Further improvements within CommBiz continued to make it simpler for customers to do business. These included improved security features and greater analytical functionality giving customers insights into their business, demographics and cashflow;
- CBA launched a new Business Debit MasterCard in January 2011 and has since issued over 20,000 cards. The card offers customers greater service, security and accessibility;
- Private Bank was recognised in the Australian Private Banking Council Awards, winning “Outstanding Private Banking Institution of the Year” in the $1 million to $10 million category for the third year running;
- CommSec was awarded the CANSTAR CANNEX “Online Share Trading Outstanding Value” award for casual and active investors, together with a Gold award for “Best Feature-Packed Online Broker” for the fourth year running in Money Magazine’s 2011 Best of the Best Awards; and
- Equities and Margin Lending was awarded “Margin Lender of The Year” in Money Magazine’s Bank of The Year awards in recognition of its competitive pricing and Smart Risk Management tool which promotes responsible lending.

Corporate Financial Services

Corporate Financial Services income increased 13% on the prior year to $1,084 million. This was driven by commercial lending balance growth of 10% and deposit balance growth of 13%.

CBA has maintained outright or equal first position in customer satisfaction in both the medium and large segments among the four major banks for 10 out of the past 12 months(2).

There has been ongoing investment in people, systems and processes and a focus on delivering an outstanding client experience for new and existing customers. Following a national rollout, the Acquisition Finance and Advisory team has continued to build on its early success.

Regional and Agribusiness Banking

Regional and Agribusiness Banking income increased 8% on the prior year to $426 million. This reflected a 5% increase in lending balances and a 5% increase in deposit balances, whilst margins were stable.

Through the Specialised Agri Solutions team, the business continued to focus on identifying and delivering innovative solutions to customers with more complex needs. The business has also strongly supported its customers who were affected by the natural disasters which occurred earlier in the year. In addition, the business continued to make targeted investment in frontline staff and brand awareness, and customer satisfaction has improved significantly.

Local Business Banking

Local Business Banking income increased 9% on the prior year to $774 million. This was driven by growth in both lending and deposit balances of 9%.

This result reflected continued investment of business bankers within the retail branch network and a focus on broadening frontline staff capabilities. In addition, a proactive outbound contact programme has reached the majority of customers resulting in improved customer satisfaction. The business also successfully launched a new BizAwards credit card in March 2011, which provides additional benefits to customers.

Private Bank

Private Bank income increased 5% on the prior year to $251 million. This result was driven by growth in home lending and deposit balances.

Funds under administration balances grew 16%, driven by a stronger financial advisory services offering which includes enhanced research capabilities and an expanded investment support function.

Equities and Margin Lending

Equities and Margin Lending income decreased 12% on the prior year to $410 million. This result reflected lower market volumes in equities trading and subdued market volumes in margin lending, while cautious investor sentiment contributed to strong balance growth in cash management products.

Despite lower equities trading volumes, CommSec maintained market share above 50% and stable yields in a highly competitive market while strong market share was also maintained in margin lending.

Operating Expenses

Operating expenses of $1,335 million increased 3% on the prior year reflecting a disciplined approach to expense management. The business continued to make targeted investments in frontline staff and technology whilst continuing to focus on achieving operational efficiencies.

Impairment Expense

Impairment expense of $261 million decreased 20% on the prior year and 7% on the prior half. This trend reflects the strong underlying quality of the business lending portfolio.

(1) DBM Business Financial Services Monitor (June 2011), average satisfaction rating of all Australian businesses, six month rolling average. Rank is among four major banks.

(2) DBM Business Financial Services Monitor (June 2011), average satisfaction rating of all Australian businesses, with annual turnover between $5 million and $50 million (medium) and over $50 million (large), six month rolling average. Rank is among four major banks.

	Full Year Ended 30 June 2011						
	Corporate Financial Services $M	Regional & Agri-business $M	Local Business Banking $M	Private Bank $M	Equities & Margin Lending $M	Other $M	Total $M
Net interest income	528	265	515	110	177	92	1,687
Other banking income	556	161	259	141	233	15	1,365
Total banking income	1,084	426	774	251	410	107	3,052
Operating expenses							(1,335)
Loan impairment expense							(261)
Net profit before tax							1,456
Corporate tax expense							(417)
Cash net profit after tax							1,039

	Full Year Ended 30 June 2010 (1)						
	Corporate Financial Services $M	Regional & Agri-business $M	Local Business Banking $M	Private Bank $M	Equities & Margin Lending $M	Other $M	Total $M
Net interest income	541	257	461	114	183	87	1,643
Other banking income	419	137	247	126	284	26	1,239
Total banking income	960	394	708	240	467	113	2,882
Operating expenses							(1,295)
Loan impairment expense							(326)
Net profit before tax							1,261
Corporate tax expense							(363)
Cash net profit after tax							898

	Half Year Ended 30 June 2011						
	Corporate Financial Services $M	Regional & Agri-business $M	Local Business Banking $M	Private Bank $M	Equities & Margin Lending $M	Other $M	Total $M
Net interest income	258	133	260	54	86	45	836
Other banking income	291	82	133	74	120	3	703
Total banking income	549	215	393	128	206	48	1,539
Operating expenses							(682)
Loan impairment expense							(126)
Net profit before tax							731
Corporate tax expense							(199)
Cash net profit after tax							532

		As at			
Balance Sheet	30/06/11 $M	31/12/10 $M	30/06/10 $M	Jun 11 vs Dec 10 %	Jun 11 vs Jun 10 %
Interest earning lending assets (excluding margin loans)	**67,737**	63,559	63,132	7	7
Bank acceptances of customers	**9,808**	9,149	10,155	7	(3)
Non-lending interest earning assets	**480**	473	295	1	63
Margin loans	**4,213**	4,489	4,771	(6)	(12)
Other assets (2)	**690**	235	448	large	54
Total assets	**82,928**	77,905	78,801	6	5
Transaction deposits	**49,309**	43,461	45,026	13	10
Savings deposits	**5,720**	5,164	4,744	11	21
Investments deposits	**41,650**	38,684	37,147	8	12
Certificates of deposit and other	**57**	171	162	(67)	(65)
Due to other financial institutions	**403**	366	895	10	(55)
Other non-interest bearing liabilities (2)	**16,149**	14,580	15,324	11	5
Total liabilities (3)	**113,288**	102,426	103,298	11	10

(1) Comparatives have been restated for the impact of resegmentation.

(2) Other assets include intangible assets, and Other non-interest bearing liabilities include bank acceptances.

(3) Includes deposits relating to Institutional Banking and Markets as well as Business and Private Banking customers.

Institutional Banking and Markets

Financial Performance and Business Review

Institutional Banking and Markets achieved a cash net profit after tax of $1,004 million for the year ended 30 June 2011, which represented a 14% decrease on the prior year, reflecting:

- A 5% decrease in banking income to $2,467 million primarily due to lower trading income in Markets as a result of lower volatility and the effect of the decline in lending balances in Institutional Banking;
- A reduction in investment allowance tax credits; and
- An increase in impairment expense as a result of a write-back in provisions in the prior year.

Compared to the prior half, banking income decreased 4% primarily due to a reduction in Markets trading revenue and a less favourable contribution of the counterparty fair value mark to market valuation. This was offset by lower impairment expense reflecting stabilisation in the credit quality of the portfolio.

The business has maintained its focus of continuous investment through its foreign exchange platform renewal, enhanced online Transaction Banking Platform (CommBiz) and continued build-out of the Institutional Equities and Debt Capital Markets business. Customer service continues to be a key focus for Institutional Banking and Markets through deepening client relationships, growing transaction banking, increasing foreign exchange market share and developing stronger institutional investor focus.

Performance highlights in our goal to provide Total Capital Solutions to clients during the year include:

- East & Partners semi-annual "Australian Institutional Banking Markets" survey has listed CBA as best in market for the last five years in the categories of "Loyalty to the Relationship" and "Understanding Customers' Business". Over the last five years, CBA has also been cited as the number one primary lender and ranked first in product satisfaction for 10 out of the 17 products measured against the major peer banks;
- DBM Business Financial Services Monitor[(1)] ranked CBA first or equal first in the Institutional Banking segment in 10 out of the past 12 months;
- Global Finance magazine recognised CBA as the best Australian foreign exchange provider for the third year in a row based on transaction volume, market share, scope of global coverage, customer service, competitive pricing and the use of innovative technologies;
- In a global poll, Bloomberg has awarded CBA ninth most accurate overall foreign exchange forecaster and fifth most accurate Asia Currency foreign exchange forecaster for the six quarters ending 30 June 2011;
- Insto 12th Annual Distinction Awards (March 2011) acknowledged CBA as the "Australian Issuer of the Year (Australian Bond Market)";
- Insto Fixed Income Credit Research poll of institutional investors (August 2010) ranked CBA as the number one provider of Australian macroeconomic research and strategy, and Australian credit research and analysis;
- CBA was the multi-product lead relationship banking provider for the privatisation of Queensland Rail National; and
- Institutional Banking and Markets was the arranger and sole lead manager of a $3 billion Residential Mortgage Backed Security (RMBS) issue for the CBA Group, which was the largest Australian dollar RMBS tranche issued since 2007.

Institutional Banking

Net interest income decreased 5% on the prior year to $1,073 million as a result of a 10% decrease in average loan balances, higher funding costs and reduced margins on deposits from transactional banking customers. This was partly offset by the recognition of deferred fees from the early repayment of debt facilities and improved deposit volumes from transactional banking customers.

Other banking income increased 2% on the prior year to $755 million driven by increased leasing fee income and a favourable contribution from hedging credit exposures.

Other banking income increased 19% on the prior half due to higher leasing fee income and gains from the sale of an equity investment in the second half of the year.

Markets

Net interest income increased 6% on the prior year to $220 million primarily due to modest growth in interest earning assets.

Other banking income decreased 19% on the prior year to $419 million due to a challenging trading environment as a result of flattening yield curves, lower domestic market volatility, narrowing spreads and weaker activity in equity capital markets. This was partly offset by the favourable contribution of the counterparty fair value mark to market valuation as credit spreads tightened.

Compared to the prior half, other banking income was down 42% due to a less favourable contribution of the counterparty fair value mark to market valuation and lower trading income as market activity remained subdued.

Operating Expenses

Operating expenses decreased slightly on the prior year to $828 million representing a disciplined approach to cost management across the business while continuing to focus on maintaining a competitive advantage through targeted investment in technology and people.

Impairment Expense

Impairment expense increased 30% on the prior year to $324 million. This was impacted by the write-back of provisions on a small number of single names in the prior year.

Impairment expense decreased 32% on the prior half due to continued stabilisation in the credit quality of the portfolio.

Corporate Tax Expense

Corporate tax expense for the year ended 30 June 2011 was $311 million. The effective tax rate of 23.7% benefited from profit generated from offshore jurisdictions attracting lower corporate tax rates and tax credits associated with asset finance transactions.

(1) DBM Business Financial Services Monitor (June 2011), average satisfaction rating of each financial institution's MFI business customers across all Australian businesses, six month rolling average. Rank is among four major banks. Institutional Banking segment includes businesses with annual turnover of $100 million and above.

	Full Year Ended 30 June 2011		
	Institutional Banking $M	Markets $M	Total $M
Net interest income	1,073	220	1,293
Other banking income	755	419	1,174
Total banking income	1,828	639	2,467
Operating expenses			(828)
Loan impairment expense			(324)
Net profit before tax			1,315
Corporate tax expense			(311)
Cash net profit after tax			1,004

	Full Year Ended 30 June 2010 (1)		
	Institutional Banking $M	Markets $M	Total $M
Net interest income	1,127	207	1,334
Other banking income	742	515	1,257
Total banking income	1,869	722	2,591
Operating expenses			(830)
Loan impairment expense			(249)
Net profit before tax			1,512
Corporate tax expense			(339)
Cash net profit after tax			1,173

	Half Year Ended 30 June 2011		
	Institutional Banking $M	Markets $M	Total $M
Net interest income	528	115	643
Other banking income	410	154	564
Total banking income	938	269	1,207
Operating expenses			(413)
Loan impairment expense			(131)
Net profit before tax			663
Corporate tax expense			(157)
Cash net profit after tax			506

	As at				
Balance Sheet	30/06/11 $M	31/12/10 $M	30/06/10 $M	Jun 11 vs Dec 10 %	Jun 11 vs Jun 10 %
Interest earning lending assets	**48,097**	51,414	54,892	(6)	(12)
Bank acceptances of customers	**925**	996	1,414	(7)	(35)
Non-lending interest earning assets	**32,664**	34,953	29,434	(7)	11
Other assets (2)	**15,452**	11,395	8,755	36	76
Total assets	**97,138**	98,758	94,495	(2)	3
Certificates of deposit and other	**8,241**	14,421	12,834	(43)	(36)
Investments deposits	**6,982**	8,064	5,082	(13)	37
Due to other financial institutions	**13,457**	11,684	10,055	15	34
Liabilities at fair value through Income Statement	**4,234**	3,891	3,974	9	7
Debt issues	**3,490**	1,475	2,506	large	39
Loan capital	**544**	555	627	(2)	(13)
Other non-interest bearing liabilities (2)	**26,683**	25,526	23,820	5	12
Total liabilities	**63,631**	65,616	58,898	(3)	8

(1) Comparatives have been restated for the impact of business resegmentation.

(2) Other assets include intangible assets and derivative assets, and Other non-interest bearing liabilities include derivative liabilities.

Wealth Management

Financial Performance and Business Review

Underlying profit after tax for the year was $581 million, up marginally on the prior year. A solid Funds Management and General Insurance result was partially offset by an increase in claims and compliance related expenditure.

Funds under Administration increased 5% on the prior year to $189 billion as at 30 June 2011. This was supported by solid internationally sourced fund flows, partly offset by the outflow of cash mandates and the run-off of the legacy book. FirstChoice and FirstWrap have achieved an above market share of net flows in the retail domestic market.

Cash net profit after tax was $642 million, which represents a 9% decrease on the prior year mainly due to the unwinding of mark to market losses on the Guaranteed Annuities portfolio in the prior years.

Cash net profit after tax in the second half decreased 21% to $283 million, reflecting subdued investment market returns, higher compliance costs and an increase in Life insurance claims.

CFS Global Asset Management (CFSGAM)

CFSGAM provides asset management services to wholesale and institutional investors. CFSGAM continues to execute strategies to capitalise on global growth opportunities and enhance its domestic business.

Underlying profit after tax of $275 million increased 17% on the prior year, reflecting strong investment performance and higher base fee contributions due to improved business mix even as the Australian dollar strengthened.

Funds under Management as at 30 June 2011 were $149 billion, up 3% on the prior year mainly driven by improving equity markets offset by foreign exchange movements.

Investment performance continues to be strong with 76%, 74% and 83% of funds outperforming benchmark over one, three and five year periods respectively.

Highlights include:

- CFSGAM received in excess of 60 global industry accolades including First State Investments being named “Best International Equity Group” and “Best Fund Management Group of the Year (Small)” in the Professional Adviser Awards 2011 (UK);
- “Fund Manager of the Year” in Australia at the Standard & Poor’s Investment Manager of the Year awards, recognising the strength and range of high-quality competencies of the business;
- Chadstone Shopping Centre won the Laing O’Rourke award for best Shopping Centre Development for the West Mall at the Property Council of Australia Innovation and Excellence Awards in Sydney; and
- First State Infrastructure was awarded “Best Infrastructure Provider” at the Global Pension Awards 2011 (UK).

Cash net profit after tax of $281 million represents an increase of 6% on the prior year.

Cash net profit after tax in the second half decreased 19% to $126 million driven by a decline in equity markets and further strengthening of the Australian dollar.

Colonial First State (CFS)

Colonial First State provides wealth creation solutions for retail customers and market leading platforms for advisers, offering product packaging, administration, distribution and advice.

Underlying profit after tax of $141 million decreased 4% on the prior year, reflecting solid funds growth and stable margins offset by increasing compliance costs and claims.

FirstChoice and Custom Solutions platforms performed well in a challenging retail market with positive net flows of $3.4 billion.

Highlights include:

- FirstChoice retaining the largest flagship platform as at March 2011[(1)] with a market share of 11% and ranked second for net flows in the year to March 2011 with 24% of the market;
- CFS won the “Best Fund Manager” service level award from Wealth Insights for the fourth year running. FirstWrap had the highest overall satisfaction rating from advisers with FirstChoice ranking second; and
- FirstChoice Wholesale Personal Superannuation introduced lowered minimum entry limits, positioning it well for pending “Future of Financial Advice” reforms.

Cash net profit after tax of $143 million represents a decrease of 1% on the prior year.

Cash net profit after tax in the second half decreased 14% to $66 million due to slowing markets and compliance activities.

CommInsure

CommInsure is a provider of life and general insurance in Australia. CommInsure’s strategy continues to focus on improving service and streamlining processes.

Underlying profit after tax of $254 million decreased 11% on the prior year:

- Life Insurance performance declined due to higher claims in income protection and wholesale risk, balanced by strong growth in bank channels;
- General Insurance performance improved due to volume growth and improved claims despite the impact of weather events in the second half of the year; and
- Legacy funds management income declined in line with expectations.

Highlights include:

- Awarded the Plan for Life/Association of Financial Advisers “Life Insurance Company of the Year” and the “Service Quality Award” for the second consecutive year, recognising excellence in new business/underwriting and claims services;
- General Insurance business awarded the “Australian Service Excellence Award” in the NSW Medium Business category; and
- Delivery of enhancements to Retail Life products aimed at improving flexibility and affordability for customers by allowing existing insurance policies to be integrated with the FirstChoice and FirstWrap platforms.

Cash net profit after tax of $305 million represents a decrease of 20% on the prior year, mainly due to the unwinding of mark to market losses on the Guaranteed Annuities portfolio in the prior years.

Cash net profit after tax in the second half decreased 22% to $134 million impacted by claims experience in both the Life and General Insurance business.

Operating Expenses

Total operating expenses of $1,280 million increased 7% on the prior year. Expense growth reflects strategic investment in the business to support offshore growth and expansion as well as meeting the compliance related costs in the retail advice and platform businesses.

(1) March 2011 Plan for Life quarterly market release.

	Full Year Ended 30 June 2011				
	CFSGAM	Colonial First State	CommInsure	Other	Total
	$M	$M	$M	$M	$M
Funds management income	907	860	209	(1)	1,975
Insurance income	-	-	625	-	625
Total operating income	907	860	834	(1)	2,600
Volume expenses	(151)	(171)	(199)	-	(521)
Net operating income	756	689	635	(1)	2,079
Operating expenses	(391)	(489)	(276)	(124)	(1,280)
Net profit before tax	365	200	359	(125)	799
Corporate tax expense	(90)	(59)	(105)	36	(218)
Underlying profit after tax	275	141	254	(89)	581
Investment experience after tax	6	2	51	2	61
Cash net profit after tax	281	143	305	(87)	642

	Full Year Ended 30 June 2010					
	CFSGAM	Colonial First State	CommInsure	Other	Total	St Andrew's Insurance (1)
	$M	$M	$M	$M	$M	$M
Funds management income	789	811	226	(2)	1,824	-
Insurance income	-	-	630	-	630	54
Total operating income	789	811	856	(2)	2,454	54
Volume expenses	(126)	(160)	(187)	(1)	(474)	(22)
Net operating income	663	651	669	(3)	1,980	32
Operating expenses	(358)	(444)	(267)	(127)	(1,196)	(14)
Net profit before tax	305	207	402	(130)	784	18
Corporate tax expense	(69)	(60)	(116)	40	(205)	(5)
Underlying profit after tax	236	147	286	(90)	579	13
Investment experience after tax	30	(3)	94	2	123	3
Cash net profit after tax	266	144	380	(88)	702	16

	Half Year Ended 30 June 2011				
	CFSGAM	Colonial First State	CommInsure	Other	Total
	$M	$M	$M	$M	$M
Funds management income	458	434	101	-	993
Insurance income	-	-	285	-	285
Total operating income	458	434	386	-	1,278
Volume expenses	(80)	(87)	(103)	(1)	(271)
Net operating income	378	347	283	(1)	1,007
Operating expenses	(201)	(259)	(140)	(61)	(661)
Net profit before tax	177	88	143	(62)	346
Corporate tax expense	(44)	(26)	(42)	18	(94)
Underlying profit after tax	133	62	101	(44)	252
Investment experience after tax	(7)	4	33	1	31
Cash net profit after tax	126	66	134	(43)	283

(1) The St Andrew's insurance business was sold effective 1 July 2010.

Wealth Management continued

Summary	Full Year Ended 30/06/11 $M	30/06/10 $M	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11 $M	31/12/10 $M	Jun 11 vs Dec 10 %
Funds under administration - average (1)	**188,866**	179,802	5	**191,252**	186,849	2
Funds under administration - spot (1)	**188,511**	179,614	5	**188,511**	191,454	(2)
Funds under management - average (1)	**150,396**	144,624	4	**151,411**	149,723	1
Funds under management - spot (1)	**148,639**	144,298	3	**148,639**	152,791	(3)
Retail Net funds flows (Australian Retail)	**(349)**	246	large	**317**	(666)	large

Funds Under Management (FUM) (1)	Full Year Ended 30/06/11 $M	30/06/10 $M	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11 $M	31/12/10 $M	Jun 11 vs Dec 10 %
Australian equities	**22,336**	21,499	4	**22,336**	23,716	(6)
Global equities	**50,860**	45,685	11	**50,860**	52,831	(4)
Cash and fixed interest	**50,946**	54,180	(6)	**50,946**	52,097	(2)
Property and Infrastructure (2)	**24,497**	22,934	7	**24,497**	24,147	1
Total	**148,639**	144,298	3	**148,639**	152,791	(3)

Sources of Profit from CommInsure	Full Year Ended 30/06/11 $M	30/06/10 $M	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11 $M	31/12/10 $M	Jun 11 vs Dec 10 %
Life insurance operating margins						
Planned profit margins	**164**	157	4	**86**	78	10
Experience variations	**(36)**	2	large	**(40)**	4	large
Funds management operating margins	**112**	120	(7)	**53**	59	(10)
General insurance operating margins	**14**	7	100	**2**	12	(83)
Operating margins	**254**	286	(11)	**101**	153	(34)
Investment experience after tax	**51**	94	(46)	**33**	18	83
Cash net profit after tax	**305**	380	(20)	**134**	171	(22)

Annual Inforce Premiums - Risk Business	Full Year Ended 30 June 2011 Opening Balance 30/06/10 $M	Sales/New Business $M	Lapses $M	Other $M	Closing Balance 30/06/11 $M
Retail life	782	208	(130)	-	860
Wholesale life	323	67	(46)	-	344
General insurance	408	100	(72)	-	436
Sub-total	1,513	375	(248)	-	1,640
St Andrew's Insurance	71	-	-	(71)	-
Total	1,584	375	(248)	(71)	1,640

Annual Inforce Premiums - Risk Business	Full Year Ended 30 June 2010 Opening Balance 30/06/09 $M	Sales/New Business $M	Lapses $M	Other $M	Closing Balance 30/06/10 $M
Retail life	697	200	(115)	-	782
Wholesale life (3)	435	66	(178)	-	323
General insurance	360	107	(59)	-	408
Sub-total	1,492	373	(352)	-	1,513
St Andrew's Insurance	68	23	(20)	-	71
Total	1,560	396	(372)	-	1,584

Annual Inforce Premiums - Risk Business	Half Year Ended 30 June 2011 Opening Balance 31/12/10 $M	Sales/New Business $M	Lapses $M	Other $M	Closing Balance 30/06/11 $M
Retail life	820	103	(63)	-	860
Wholesale life	331	41	(28)	-	344
General insurance	424	49	(37)	-	436
Total	1,575	193	(128)	-	1,640

(1) FUM & FUA do not include the Group's interest in the China Cinda JV.

(2) This asset class includes wholesale and listed property trusts as well as indirect listed property securities funds which are traded through the ASX.

(3) Lapses include a $130 million reduction as a result of the loss of the wholesale portfolio for the Australian Super business.

Funds Under Administration	Opening Balance 30/06/10 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [6] $M	Closing Balance 30/06/11 $M
	Full Year Ended 30 June 2011					
FirstChoice	43,640	13,690	(11,194)	2,496	2,982	49,118
Custom Solutions [1]	6,114	2,496	(1,599)	897	425	7,436
Standalone (including Legacy) [2]	22,942	3,589	(7,210)	(3,621)	1,319	20,640
Retail products [3]	72,696	19,775	(20,003)	(228)	4,726	77,194
Other retail [4]	1,153	39	(160)	(121)	73	1,105
Australian retail	73,849	19,814	(20,163)	(349)	4,799	78,299
Wholesale	41,050	18,658	(23,069)	(4,411)	2,985	39,624
Property	17,167	1,948	(352)	1,596	145	18,908
Other [5]	3,033	33	(156)	(123)	173	3,083
Domestically sourced	135,099	40,453	(43,740)	(3,287)	8,102	139,914
Internationally sourced	44,515	12,857	(9,462)	3,395	687	48,597
Total Wealth Management	179,614	53,310	(53,202)	108	8,789	188,511

Funds Under Administration	Opening Balance 30/06/09 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [6] $M	Closing Balance 30/06/10 $M
	Full Year Ended 30 June 2010					
FirstChoice	35,955	12,418	(9,019)	3,399	4,286	43,640
Custom Solutions [1]	5,341	1,713	(1,497)	216	557	6,114
Standalone (including Legacy) [2]	24,950	4,021	(7,303)	(3,282)	1,274	22,942
Retail products [3]	66,246	18,152	(17,819)	333	6,117	72,696
Other retail [4]	1,154	42	(129)	(87)	86	1,153
Australian retail	67,400	18,194	(17,948)	246	6,203	73,849
Wholesale	45,092	17,638	(24,631)	(6,993)	2,951	41,050
Property	18,722	955	(1,759)	(804)	(751)	17,167
Other [5]	3,236	36	(145)	(109)	(94)	3,033
Domestically sourced	134,450	36,823	(44,483)	(7,660)	8,309	135,099
Internationally sourced	34,760	11,748	(7,275)	4,473	5,282	44,515
Total Wealth Management	169,210	48,571	(51,758)	(3,187)	13,591	179,614

Funds Under Administration	Opening Balance 31/12/10 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [6] $M	Closing Balance 30/06/11 $M
	Half Year Ended 30 June 2011					
FirstChoice	47,729	6,969	(5,589)	1,380	9	49,118
Custom Solutions [1]	6,887	1,404	(807)	597	(48)	7,436
Standalone (including Legacy) [2]	22,224	1,749	(3,358)	(1,609)	25	20,640
Retail products [3]	76,840	10,122	(9,754)	368	(14)	77,194
Other retail [4]	1,155	20	(71)	(51)	1	1,105
Australian retail	77,995	10,142	(9,825)	317	(13)	78,299
Wholesale	41,183	10,617	(13,026)	(2,409)	850	39,624
Property	18,523	188	(63)	125	260	18,908
Other [5]	3,243	17	(74)	(57)	(103)	3,083
Domestically sourced	140,944	20,964	(22,988)	(2,024)	994	139,914
Internationally sourced	50,510	4,827	(5,690)	(863)	(1,050)	48,597
Total Wealth Management	191,454	25,791	(28,678)	(2,887)	(56)	188,511

(1) Custom Solutions includes the FirstWrap product.
(2) Includes cash management trusts.
(3) Retail Funds that align to Plan for Life market share releases.
(4) Includes regular premium plans. These retail products are not reported in market share data.
(5) Includes life company assets sourced from retail investors but not attributable to a funds management product.
(6) Includes foreign exchange gains and losses from translation of internationally sourced business.

New Zealand

Financial Performance and Business Review

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

New Zealand cash net profit after tax(1) for the year ended 30 June 2011 was NZ$588 million, an increase of 28% on the prior year. The result was driven by a strong performance from ASB Bank with margins benefiting from a shift in portfolio mix towards variable rate loans and repricing initiatives. Sovereign's growth in inforce premiums, positive claims experience and lower lapse rates were offset by the impacts of the Christchurch earthquakes.

Cash net profit after tax(1) in the second half increased 1% to NZ$295 million with the result impacted by the Christchurch earthquakes.

Following the earthquakes in Christchurch, ASB Bank donated NZ$1.5 million to earthquake relief funds and launched a NZ$250 million investment programme, which included NZ$1 million in community assistance grants. This was in addition to support offered by both ASB Bank and Sovereign to their customers and people.

ASB Bank

ASB Bank cash net profit after tax(1) for the year ended 30 June 2011 was NZ$504 million, up 42% on the prior year.

Net interest income for the year ended 30 June 2011 was NZ$1,107 million, up 22% on the prior year reflecting:

- Improving home loan margins as a result of a continued shift by customers from fixed to variable rate loans and repricing initiatives. Home loan balances remained steady at NZ$37 billion;
- Business lending margins also benefited from a shift in portfolio mix from fixed to variable rate loans and from risk based pricing initiatives. Business lending balances declined slightly as customers continued to deleverage; and
- Deposit margins remained under pressure in a competitive local market with customers moving towards higher yielding investment deposits. Balances have increased 3% to NZ$32 billion.

Other banking income for the year ended 30 June 2011 was NZ$367 million, up 7% on the prior year due to higher trading income, partially offset by lower early repayment adjustment fees from customers.

Operating expenses for the year ended 30 June 2011 were NZ$733 million, up 10% on the prior year. The increase was driven by investment in strategic initiatives to benefit and support ASB Bank's customers (including Christchurch) and enhanced risk management, partially offset by disciplined expense management and efficiency gains.

Impairment expense decreased 42% on the prior year to NZ$72 million, as asset quality improved in line with the broader economic conditions.

Cash net profit after tax(1) for the second half was NZ$258 million, up 5% on the prior half, reflecting ongoing margin improvement, partially offset by higher operating expenses.

Key highlights for ASB Bank include:

- Continued commitment to customer satisfaction has seen ASB Bank ranked first in an independent survey(2) for being "the most dedicated to providing the customer with the best possible service";
- Multiple awards for innovation, including New Zealand's "Best use of Social Media" for the world-first Virtual Branch on Facebook and CANSTAR CANNEX Innovation Excellence Award for the online savings tool "Save the Change";
- Recognition in the inaugural New Zealand Randstad Awards for ASB Bank as the employer offering the most job security; and
- Ongoing commitment to the communities in which ASB Bank operates, including working together with St John to create safer communities; and school banking and financial literacy, with more than 100,000 children now having taken part in the ASB GetWise programme.

Sovereign Insurance

Sovereign cash net profit after tax(1) for the year ended 30 June 2011 was NZ$86 million, a decrease of 17% on the prior year. The major drivers of the result were:

- Policy valuation gains recognised in the prior year due to legislation changes in life tax and premium changes in legacy disability income products;
- The non-recurrence of a gain on the revaluation of deferred tax on policy liabilities in the prior year as a result of the reduction of the New Zealand corporate tax rate from 30% to 28%;
- Claims due to the Christchurch earthquake, partially offset by;
- 5% growth in inforce premiums; and
- Positive claims experience and a continued improvement in risk and health lapse rates.

Cash net profit after tax(1) for the second half was NZ$41 million, down 9% on the prior half primarily due to the impact of the Christchurch earthquakes.

Key highlights for Sovereign include:

- Being accepted as a Qualifying Financial Entity, enabling Sovereign to provide a high level of support for its advisors in complying with new financial advisor legislation, streamline distribution processes and offer customers a greater level of customer protection;
- Winning an Innovation Excellence Award from CANSTAR CANNEX for Sovereign's Best Doctors programme, a service initiative unique in New Zealand; and
- Continuing its reputation as New Zealand's most financially secure life insurance company by retaining an AM Best A+(3) financial strength rating, the only life insurer in New Zealand to achieve this rating.

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

(2) Source: Colmar Brunton Poll, a member of the Millward Brown Group.

(3) Source: A.M. Best Company

	Full Year Ended 30 June 2011				
	ASB	Sovereign	Other [1]	Total	Total
	NZ$M	NZ$M	NZ$M	NZ$M	A$M
Net interest income	1,107	-	(10)	1,097	840
Other banking income [2]	367	-	(30)	337	286
Total banking income	1,474	-	(40)	1,434	1,126
Funds management income	54	-	(2)	52	40
Insurance income	-	257	19	276	211
Total operating income	1,528	257	(23)	1,762	1,377
Operating expenses	(733)	(218)	32	(919)	(704)
Loan impairment expense	(72)	-	-	(72)	(54)
Net profit before tax	723	39	9	771	619
Corporate tax expense	(219)	34	-	(185)	(150)
Underlying profit after tax	504	73	9	586	469
Investment experience after tax	-	13	(11)	2	1
Cash net profit after tax	504	86	(2)	588	470

	Full Year Ended 30 June 2010				
	ASB	Sovereign	Other [1]	Total	Total
	NZ$M	NZ$M	NZ$M	NZ$M	A$M
Net interest income	908	-	(9)	899	716
Other banking income [2]	342	-	(31)	311	278
Total banking income	1,250	-	(40)	1,210	994
Funds management income	61	-	(3)	58	46
Insurance income	-	251	15	266	213
Total operating income	1,311	251	(28)	1,534	1,253
Operating expenses	(666)	(205)	42	(829)	(667)
Loan impairment expense	(125)	-	-	(125)	(100)
Net profit before tax	520	46	14	580	486
Corporate tax expense	(166)	45	1	(120)	(99)
Underlying profit after tax	354	91	15	460	387
Investment experience after tax	-	12	(11)	1	1
Cash net profit after tax	354	103	4	461	388

	Half Year Ended 30 June 2011				
	ASB	Sovereign	Other [1]	Total	Total
	NZ$M	NZ$M	NZ$M	NZ$M	A$M
Net interest income	569	-	(12)	557	421
Other banking income [2]	189	-	(17)	172	148
Total banking income	758	-	(29)	729	569
Funds management income	27	-	(1)	26	20
Insurance income	-	126	15	141	105
Total operating income	785	126	(15)	896	694
Operating expenses	(378)	(107)	13	(472)	(356)
Loan impairment expense	(36)	-	-	(36)	(26)
Net profit before tax	371	19	(2)	388	312
Corporate tax expense	(113)	18	-	(95)	(77)
Underlying profit after tax	258	37	(2)	293	235
Investment experience after tax	-	4	(2)	2	1
Cash net profit after tax	258	41	(4)	295	236

(1) Other includes ASB and Sovereign funding entities and elimination entries between Sovereign and ASB.

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

New Zealand continued

Balance Sheet	As at 30/06/11 NZ$M	31/12/10 NZ$M	30/06/10 NZ$M	Jun 11 vs Dec10 %	Jun 11 vs Jun 10 %
Home lending	**37,444**	37,508	37,778	-	(1)
Assets at fair value through Income Statement	**4,165**	4,232	5,815	(2)	(28)
Other lending assets	**15,148**	15,740	15,960	(4)	(5)
Non-lending interest earning assets	**4,003**	3,665	1,543	9	large
Other assets	**4,597**	4,714	4,723	(2)	(3)
Total assets	**65,357**	65,859	65,819	(1)	(1)
Deposits	**31,921**	31,279	30,889	2	3
Liabilities at fair value through Income Statement	**7,671**	10,426	13,261	(26)	(42)
Debt issues	**6,910**	5,680	3,805	22	82
Due to other financial institutions (1)	**6,368**	6,934	6,488	(8)	(2)
Other liabilities	**7,314**	6,525	6,640	12	10
Total liabilities	**60,184**	60,844	61,083	(1)	(1)
Assets					
ASB Bank	**63,050**	63,496	63,557	(1)	(1)
Other	**2,307**	2,363	2,262	(2)	2
Total assets	**65,357**	65,859	65,819	(1)	(1)
Liabilities					
ASB Bank	**59,103**	59,686	60,010	(1)	(2)
Other	**1,081**	1,158	1,073	(7)	1
Total liabilities	**60,184**	60,844	61,083	(1)	(1)

Sources of Profit from Insurance Activities	Full Year Ended 30/06/11 NZ$M	30/06/10 NZ$M	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11 NZ$M	31/12/10 NZ$M	Jun 11 vs Dec 10 %
The Margin on Services profit from ordinary activities after income tax is represented by:						
Planned profit margins (2)	**58**	60	(3)	**29**	29	-
Experience variations (2)	**15**	31	(52)	**8**	7	14
Operating margins	**73**	91	(20)	**37**	36	3
Investment experience after tax	**13**	12	8	**4**	9	(56)
Cash net profit after tax	**86**	103	(17)	**41**	45	(9)

New Zealand - Funds Under (2) Administration	Full Year Ended 30/06/11 NZ$M	30/06/10 NZ$M	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11 NZ$M	31/12/10 NZ$M	Jun 11 vs Dec 10 %
Opening balance	**8,771**	7,389	19	**9,580**	8,771	9
Inflows	**2,528**	3,233	(22)	**1,151**	1,377	(16)
Outflows	**(1,529)**	(2,439)	(37)	**(439)**	(1,090)	(60)
Net Flows	**999**	794	26	**712**	287	large
Investment income & other	**637**	588	8	**115**	522	(78)
Closing balance	**10,407**	8,771	19	**10,407**	9,580	9

New Zealand - Annual Inforce Premiums	Full Year Ended 30/06/11 NZ$M	30/06/10 NZ$M	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11 NZ$M	31/12/10 NZ$M	Jun 11 vs Dec 10 %
Opening balance	**554**	516	7	**570**	554	3
Sales/New business	**87**	97	(10)	**42**	45	(7)
Lapses	**(55)**	(59)	(7)	**(27)**	(28)	(4)
Other movements	**(2)**	-	large	**(1)**	(1)	-
Closing balance	**584**	554	5	**584**	570	2

(1) Includes deposits due to Group companies.

(2) Comparatives have been restated to conform to the presentation in the Wealth Management business.

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Bankwest

Financial Performance and Business Review

Bankwest cash net profit after tax for the year ended 30 June 2011 was $463 million, up significantly from the $45 million loss in the prior year. The improved performance was driven by a 12% increase in operating performance and lower loan impairment expense.

Key drivers of the year's performance were:

- Banking income increased to $1,640 million, up 5% compared to the prior year, mainly due to improved deposit margins and above system home loan balance growth;
- Operating expenses decreased by 1% from the prior year due to a continuing focus on discretionary expenditure and efficiency gains from the integration of processes with CBA. The expense to income ratio continues to improve, now at 53%; and
- Impairment expense of $109 million, 86% lower than the prior year due to the non-recurrence of property related impairment that impacted the prior year.

Lending balances increased 1% on the prior year, with the increase in home lending partly offset by the strategic run-off of complex business lending. Lending margins increased on the prior year with higher funding costs in the first half offset by improved margins in the second half due to pricing initiatives.

Deposit balances increased 2% on the prior year, however were down 1% on the first half following a reduction in lower margin investment deposits. Deposit margins increased on the prior year due to improved pricing of Term Deposits and Institutional Clients.

Bankwest retains an absolute focus on customer satisfaction, with a commitment to value, innovation and service. A number of initiatives during the year have supported this vision, these include:

- Continued reinvigoration of the Bankwest brand in Western Australia (WA), with new WA-specific marketing strategies;
- Further investment in the WA branch network, with four new branches, 38 branches refurbished and innovative new customer concepts such as an Express Kiosk;
- The implementation of a Drought Assistance Initiative to support WA Rural & Regional customers who were impacted by record low winter rainfalls in 2010; and
- The successful launch of new internet and mobile phone banking services.

The success of the above initiatives has been reflected in:

- Winning the AFR Smart Investor 2010 "Bank of the Year Award";
- An outstanding achievement award from the International Interactive Media Council for the new public website;
- Five products receiving gold awards in Money Magazine's 2011 Best of the Best Awards, including "Best Everyday Branch Access Account" and "Cheapest Business Transaction Account";
- The CANSTAR CANNEX 2011 "Innovation Excellence Award" for the Business Zero Transaction Account; and
- An improvement in both Retail and Business customer satisfaction, with the Retail score increasing 4.7% to 83.6% at June 2011[(1)] and the Business score increasing 0.2 to 6.8 at June 2011[(2)].

Retail

Home loan balances increased 10% on the prior year with above system growth driven by new products and targeted marketing campaigns. Full year and second half margins improved on prior periods following repricing in November 2010, partly offset by increased funding costs.

Retail deposit balances increased below system growth, reflecting a strategy of margin management over pricing for growth.

Business

Business lending balances decreased 13% on the prior year due to higher risk exposures being managed down. Lending margins increased on the prior year due to improved product mix.

Business deposit balances increased 2% on the prior year driven by growth in Transaction Accounts, partly offset by a second half decrease in lower margin money market balances driving an improvement in deposit margins.

Operating Expenses

Operating expenses decreased 1% over the prior year to $869 million due to efficiency gains, lower consultancy and discretionary spend. For the six months to 30 June 2011, costs increased 3% on the prior half due to increased marketing spend and the continued refresh of the branch network.

Impairment Expense

Impairment expense for the year was $109 million, down 86% compared to the prior year.

Business lending experienced more stable client ratings, exits and reductions of troublesome asset exposures and non-recurrence of property related impairments, primarily in Queensland and New South Wales. Retail lending benefited from higher recoveries driving an overall lower impairment charge.

Home loan arrears remained flat on the prior year, while credit card arrears increased slightly, mainly as a result of the Queensland floods.

(1) Source: Roy Morgan Research six months rolling average Main Financial Institution score.

(2) Source: DBM Business Financial Services Monitor (June 2011), average satisfaction rating of each financial institution's MFI business customers across all Australian businesses, six month rolling average on a scale of 0 to 10.

	Full Year Ended			Half Year Ended		
	30/06/11 $M	30/06/10 $M (3)	Jun 11 vs Jun 10 %	30/06/11 $M	31/12/10 $M	Jun 11 vs Dec 10 %
Net interest income	**1,420**	1,336	6	**741**	679	9
Other banking income	**220**	233	(6)	**102**	118	(14)
Total banking income	**1,640**	1,569	5	**843**	797	6
Operating expenses	**(869)**	(880)	(1)	**(441)**	(428)	3
Loan impairment expense	**(109)**	(754)	(86)	**(60)**	(49)	22
Net profit before tax	**662**	(65)	large	**342**	320	7
Corporate tax expense	**(199)**	20	large	**(103)**	(96)	7
Cash net profit after tax	**463**	(45)	large	**239**	224	7

	As at				
Balance Sheet	30/06/11 $M	31/12/10 $M	30/06/10 $M	Jun 11 vs Dec 10 %	Jun 11 vs Jun 10 %
Home lending (including securitisation)	**45,673**	43,070	41,681	6	10
Other lending assets	**22,722**	23,956	25,975	(5)	(13)
Other assets	**8,433**	8,813	7,028	(4)	20
Total assets	**76,828**	75,839	74,684	1	3
Transaction deposits	**8,731**	8,034	8,409	9	4
Savings deposits	**7,033**	7,189	6,848	(2)	3
Investments deposits	**26,956**	27,766	26,584	(3)	1
Certificates of deposit and other	**59**	25	130	large	(55)
Debt issues	**9,064**	8,637	10,211	5	(11)
Due to other financial institutions (1)	**16,644**	15,682	15,382	6	8
Other liabilities	**3,068**	3,647	2,304	(16)	33
Total liabilities (2)	**71,555**	70,980	69,868	1	2

(1) Includes amounts due to Group companies (30 June 2011: $16.5 billion, 31 December 2010: $15.7 billion, 30 June 2010: $15.4 billion).
(2) Comparatives have been restated following alignment of Bankwest product classifications with the Group.
(3) Net interest income has been restated following an allocation of capital costs previously held centrally in Other.

Integration Progress – Bankwest and St Andrew's

The integration of the Bankwest and the remaining St Andrew's businesses into the Group that began in the 2009 financial year is now largely complete.

Major outcomes achieved include :

- Integration of various support functions, including property and procurement;
- Alignment of risk models, data definitions, market rate risk and pricing models, and operating models;
- Upgrade and integration of general ledger and financial reporting capabilities;
- Reciprocal ATM access with customers of both CBA and Bankwest having access to over 4,000 ATMs, the largest network of any bank nationally, without paying any additional fees;
- Bankwest and CBA IT interoperability links;
- Aligning various IT and business contract arrangements between Bankwest and CBA, including cheque processing supplier; and
- Establishment of strong and collaborative cross divisional working arrangements between Bankwest and CBA, building strong foundations for the future.

The total integration expenditure incurred to complete the programme was $246 million. Costs synergies of $240 million (annualised run rate) have largely been delivered, including the benefits associated with restructuring and the cessation of the Bankwest east coast branch rollout.

Integration Expenditure (1)	Year Ended 30/06/11 $M	Total $M
Restructuring	**2**	18
Property	**28**	41
Operations	**40**	87
IT expenditure	**24**	93
Other	**-**	7
Total	**94**	246

(1) These costs are recognised as non-cash items as they are one off in nature and therefore are not representative of the Group's ongoing performance.

Other

Financial Performance and Business Review

IFS Asia

International Financial Services Asia (IFS Asia) incorporates the Asian retail and SME banking operations (Indonesia, China, Vietnam and India), investments in Chinese and Vietnamese retail banks, the joint venture Chinese life insurance business and the life insurance operations in Indonesia. It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.

IFS Asia cash net profit after tax for the year ended 30 June 2011 was $53 million, an increase of 18% over the prior year. The key drivers of the result were as follows:

- Banking income increased 10% to $204 million driven by strong lending growth from the Indonesian retail business together with strong contributions from the Bank of Hangzhou and Vietnam International Bank (VIB) investments;
- Insurance income increased by 18% to $47 million, reflecting improved sales volumes from the Indonesian life insurance business, particularly bancassurance sales; partially offset by,
- An increase of 12% in operating expenses to $184 million, largely due to the continued expansion of the Indonesian businesses.

After adjusting for foreign exchange movements, cash net profit after tax increased 36% compared to the prior year.

IFS Asia cash net profit after tax for the half year ended 30 June 2011 was $27 million, an increase of 4% on the prior half. Strong revenue growth from Bank of Hangzhou and VIB was partly offset by the adverse impact of the strengthening Australian dollar. After adjusting for foreign exchange movements, cash net profit after tax increased 8% compared to the prior half.

IFS Asia continued its investment during the year with the key activities being:

- Expansion of the PT Bank Commonwealth branch and ATM network in Indonesia bringing the total number of branches and ATMs to 84 and 129 respectively, from 74 and 89 in 2010;
- PTBC lending balances grew 54% during the year, with growth of 86% in SME, 154% in Consumer and 29% in Commercial. Net interest margin increased 84 basis points in 2011;
- Opening of three County Banks in China in Jiyuan, DengFeng and Lankao, following the signing of a strategic cooperation agreement with the Henan Government (China's most populated Province);
- BoCommLife was ranked third of the foreign and joint venture insurers for bancassurance new business premium in Shanghai;
- Development of the bancassurance model between PT Bank Commonwealth and PT Commonwealth Life in Indonesia. 42% of new business sales in PT Commonwealth Life for the year were sourced via the PT Bank Commonwealth branch network, up from 27% in the prior year. Total bancassurance new business sales increased 124% on the prior year;
- PT Bank Commonwealth in Indonesia maintained its number one ranking among foreign banks for customer service as rated by Synovate for the sixth consecutive year;
- PT Commonwealth Life in Indonesia received several awards during the year in recognition of its strong financial performance and excellent customer service. The awards included being the highest ranked life insurance company in Indonesia by Infobank Magazine, the "Best Mid Size Life Insurance Company 2011" by Investor Magazine and "Best Call Centre 2011" by Service Excellence Magazine;
- Bank of Hangzhou was ranked number two (out of 147) among City Commercial Banks in a review by the prestigious Chinese Banker magazine;
- Acquisition of 15% shareholding in VIB on 1 September 2010. VIB appointed two CBA nominated Directors to the Board following the completion of the transaction. CBA received Prime Ministerial approval to move to 20% ownership in VIB in July 2011; and
- Official opening of the CBA India Branch in August 2010.

Fiji

The Fiji business was sold on 15 December 2009.

Corporate Centre

Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Strategy, Secretariat and Treasury. Operating income in the Corporate Centre represents the business activities of the Group's Treasury function.

Treasury is primarily focussed on the management of the Group's interest rate risk, funding and liquidity requirements, and management of the Group's capital. The Treasury function includes:

- Asset & Liability Management: manages the interest rate risk of the Group's non-traded balance sheet using transfer pricing to consolidate risk into Treasury and hedging the residual mismatch between assets and liabilities using swaps, futures and options;
- Liquidity Operations: manages the Group's short term wholesale funding and prudential liquidity requirements;
- Group Funding: manages the Group's long term wholesale funding requirements; and
- Capital Management: manages the Group's capital requirements.

Corporate Centre cash net profit after tax for the year ended 30 June 2011 was $403 million, a 10% decrease on the prior year.

Total banking income decreased 8% to $812 million driven by:

- Lower Asset and Liability Management earnings from the impact of the rising interest rate environment on interest rate positioning and reduced loan prepayment fees; partially offset by
- Wider spreads achieved on liquid portfolios in Liquidity Operations; and
- Increased Capital Management earnings from growth in retained earnings.

Group wide Eliminations/Unallocated

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

Group wide Eliminations/Unallocated cash net loss after tax for the year ended 30 June 2011 was $84 million, a $92 million decrease compared to the prior year. This was primarily driven by the release of centrally held impairment provisions of $100 million in the prior year.

	Full Year Ended 30 June 2011			
	IFS Asia	Corporate Centre	Eliminations [(3)] / Unallocated	Total
	$M	$M	$M	$M
Net interest income [(1)]	80	718	(87)	711
Other banking income [(1)]	124	94	(81)	137
Total banking income	204	812	(168)	848
Funds management income	-	-	26	26
Insurance income	47	-	(27)	20
Total operating income	251	812	(169)	894
Operating expenses	(184)	(267)	-	(451)
Loan impairment expense	(10)	-	36	26
Net profit before tax	57	545	(133)	469
Corporate tax expense	(5)	(142)	47	(100)
Non-controlling interests	(2)	-	(14)	(16)
Underlying profit after tax	50	403	(100)	353
Investment experience after tax	3	-	16	19
Cash net profit after tax	53	403	(84)	372

	Full Year Ended 30 June 2010				
	IFS Asia	Corporate Centre [(4)]	Eliminations [(3)] / Unallocated [(2)]	Total	Fiji
	$M	$M	$M	$M	$M
Net interest income [(1)]	62	883	(70)	875	9
Other banking income [(1)]	124	1	(106)	19	3
Total banking income	186	884	(176)	894	12
Funds management income	-	-	28	28	-
Insurance income	40	-	2	42	6
Total operating income	226	884	(146)	964	18
Operating expenses	(164)	(268)	-	(432)	(12)
Loan impairment expense	(11)	-	100	89	1
Net profit before tax	51	616	(46)	621	7
Corporate tax expense	(7)	(167)	20	(154)	(1)
Non-controlling interests	(2)	-	(14)	(16)	-
Underlying profit after tax	42	449	(40)	451	6
Investment experience after tax	3	-	48	51	-
Cash net profit after tax	45	449	8	502	6

	Half Year Ended 30 June 2011			
	IFS Asia	Corporate Centre	Eliminations [(3)] / Unallocated	Total
	$M	$M	$M	$M
Net interest income [(1)]	40	351	(31)	360
Other banking income [(1)]	64	14	(35)	43
Total banking income	104	365	(66)	403
Funds management income	(1)	-	12	11
Insurance income	22	-	(14)	8
Total operating income	125	365	(68)	422
Operating expenses	(89)	(84)	-	(173)
Loan impairment expense	(8)	-	98	90
Net profit before tax	28	281	30	339
Corporate tax expense	(2)	(70)	(29)	(101)
Non-controlling interests	-	-	(7)	(7)
Underlying profit after tax	26	211	(6)	231
Investment experience after tax	1	-	19	20
Cash net profit after tax	27	211	13	251

(1) Excludes the impact of the reclassification of net swap costs from Net interest income to Other banking income related to certain economic hedges which do not qualify for IFRS hedge accounting (June 2011: $498 million; June 2010: $259 million; half year to 30 June 2011: $271 million).

(2) Net interest income has been restated following an allocation of capital costs to Bankwest.

(3) Represents Group wide eliminations.

(4) Comparatives have been restated for the impact of business resegmentation.

Investment Experience

Investment Experience	Full Year Ended 30/06/11 $M	30/06/10 $M	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11 $M	31/12/10 $M	Jun 11 vs Dec 10 %
Wealth Management	**83**	183	(55)	**52**	31	68
New Zealand	**1**	1	-	**1**	-	large
Other	**37**	52	(29)	**33**	4	large
Investment experience before tax	**121**	236	(49)	**86**	35	large
Corporate tax expense	**(40)**	(58)	(31)	**(34)**	(6)	large
Investment experience after tax	**81**	178	(54)	**52**	29	79

Shareholder Investment Asset Mix (%)	As at 30 June 2011 (1) Australia %	New Zealand %	Asia %	Total %
Local equities	1	1	-	-
International equities	-	-	-	-
Property	13	-	-	10
Sub-total	14	1	-	10
Fixed interest	23	51	96	32
Cash	63	48	4	58
Sub-total	86	99	100	90
Total	100	100	100	100

Shareholder Investment Asset Mix ($M)	As at 30 June 2011 (1) Australia $M	New Zealand $M	Asia $M	Total $M
Local equities	9	2	-	11
International equities	-	1	-	1
Property	242	-	-	242
Sub-total	251	3	-	254
Fixed interest	424	280	80	784
Cash	1,171	267	3	1,441
Sub-total	1,595	547	83	2,225
Total	1,846	550	83	2,479

(1) Includes Shareholders' funds in the CFS Global Asset Management, Colonial First State and CommInsure businesses.

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Financial Statements

Consolidated Income Statements

For the year ended 30 June 2011

		Full Year Ended		Half Year Ended	
		30/06/11	30/06/10	30/06/11	31/12/10
	Appendix	$M	$M	$M	$M
Interest income	1	**37,304**	32,215	**18,834**	18,470
Interest expense	1	**(24,697)**	(20,293)	**(12,356)**	(12,341)
Net interest income	1	**12,607**	11,922	**6,478**	6,129
Other banking income	5	**3,630**	4,208	**1,850**	1,780
Net banking operating income		**16,237**	16,130	**8,328**	7,909
Funds management income		**1,996**	1,906	**1,030**	966
Investment revenue		**854**	975	**224**	630
Claims and policyholder liability expense		**(808)**	(953)	**(223)**	(585)
Net funds management operating income		**2,042**	1,928	**1,031**	1,011
Premiums from insurance contracts		**1,884**	1,794	**942**	942
Investment revenue		**547**	687	**240**	307
Claims and policyholder liability expense from insurance contracts		**(1,313)**	(1,251)	**(650)**	(663)
Net insurance operating income		**1,118**	1,230	**532**	586
Total net operating income		**19,397**	19,288	**9,891**	9,506
Loan impairment expense	9	**(1,280)**	(2,379)	**(558)**	(722)
Operating expenses	6	**(9,060)**	(8,716)	**(4,598)**	(4,462)
Net profit before income tax	7	**9,057**	8,193	**4,735**	4,322
Corporate tax expense	7	**(2,481)**	(2,383)	**(1,320)**	(1,161)
Policyholder tax expense	7	**(166)**	(130)	**(66)**	(100)
Net profit after income tax		**6,410**	5,680	**3,349**	3,061
Non-controlling interests	11	**(16)**	(16)	**(7)**	(9)
Net profit attributable to Equity holders of the Bank	11	**6,394**	5,664	**3,342**	3,052

	Full Year Ended		Half Year Ended	
	30/06/11	30/06/10	30/06/11	31/12/10
	Cents per Share			
Earnings per share:				
Basic	**411. 2**	367. 9	**214. 7**	196. 5
Diluted	**395. 1**	354. 2	**206. 1**	189. 1

Consolidated Statements of Comprehensive Income

For the year ended 30 June 2011

	Full Year Ended		Half Year Ended	
	30/06/11	**30/06/10**	**30/06/11**	**31/12/10**
	$M	**$M**	**$M**	**$M**
Profit from ordinary activities after income tax for the period	**6,410**	5,680	**3,349**	3,061
Other comprehensive income/(expense):				
Actuarial gains and losses from defined benefit superannuation plans	**(89)**	(64)	**(181)**	92
Gains and losses on cash flow hedging instruments:				
Recognised in equity	**(754)**	(239)	**(391)**	(363)
Transferred to Income Statement	**769**	828	**516**	253
Gains and losses on available-for-sale investments:				
Recognised in equity	**124**	327	**320**	(196)
Transferred to Income Statement on disposal	**(24)**	(24)	**(3)**	(21)
Transferred to Income Statement on impairment	**-**	2	**-**	-
Revaluation of properties	**6**	50	**9**	(3)
Foreign currency translation reserve	**(546)**	(19)	**(60)**	(486)
Income tax on items transferred directly to/from equity:				
Foreign currency translation reserve	**16**	(1)	**7**	9
Available-for-sale investments revaluation reserve	**(28)**	(77)	**(94)**	66
Revaluation of properties	**-**	(9)	**(2)**	2
Cash flow hedge reserve	**-**	(193)	**(37)**	37
Other comprehensive income/(expense) net of income tax	**(526)**	581	**84**	(610)
Total comprehensive income for the period	**5,884**	6,261	**3,433**	2,451
Total comprehensive income for the period is attributable to:				
Equity holders of the Bank	**5,868**	6,245	**3,426**	2,442
Non-controlling interests	**16**	16	**7**	9
Total comprehensive income for the period	**5,884**	6,261	**3,433**	2,451

Financial Statements continued

Consolidated Balance Sheets

As at 30 June 2011

		As at		
		30/06/11	31/12/10	30/06/10
Assets	Appendix	$M	$M	$M
Cash and liquid assets		**13,241**	14,362	10,119
Receivables due from other financial institutions		**10,393**	12,771	10,072
Assets at fair value through Income Statement:				
Trading		**20,469**	20,240	22,851
Insurance		**14,998**	15,205	15,940
Other		**824**	358	654
Derivative assets		**30,317**	25,988	27,689
Available-for-sale investments		**45,171**	38,029	32,915
Loans, bills discounted and other receivables	8	**500,057**	491,882	493,459
Bank acceptances of customers		**10,734**	10,146	11,569
Property, plant and equipment		**2,366**	2,268	2,351
Investment in associates		**1,712**	1,683	1,490
Intangible assets	16	**9,603**	9,482	9,420
Deferred tax assets		**1,300**	1,334	1,270
Other assets		**6,681**	5,855	6,482
		667,866	649,603	646,281
Assets held for sale		**33**	39	49
Total assets		**667,899**	649,642	646,330

		As at		
		30/06/11	31/12/10	30/06/10
Liabilities	Appendix	$M	$M	$M
Deposits and other public borrowings	10	**401,147**	395,345	374,663
Payables due to other financial institutions		**15,899**	13,242	12,608
Liabilities at fair value through Income Statement		**10,491**	12,578	15,342
Derivative liabilities		**33,976**	32,092	24,884
Bank acceptances		**10,734**	10,146	11,569
Current tax liabilities		**1,222**	971	1,056
Deferred tax liabilities		**301**	249	221
Other provisions		**1,277**	1,194	1,197
Insurance policy liabilities		**13,652**	14,099	14,592
Debt issues		**118,652**	113,609	130,210
Managed funds units on issue		**1,048**	851	880
Bills payable and other liabilities		**10,652**	8,056	10,025
		619,051	602,432	597,247
Loan capital		**11,561**	11,861	13,513
Total liabilities		**630,612**	614,293	610,760
Net assets		**37,287**	35,349	35,570

		As at		
		30/06/11	31/12/10	30/06/10
Shareholders' Equity	Appendix	$M	$M	$M
Share capital:				
Ordinary share capital	15	**23,602**	23,083	23,081
Other equity instruments		**939**	939	939
Reserves		**392**	269	1,089
Retained profits	17	**11,826**	10,534	9,938
Shareholders' equity attributable to Equity holders of the Bank		**36,759**	34,825	35,047
Non-controlling interests		**528**	524	523
Total Shareholders' equity		**37,287**	35,349	35,570

Consolidated Statements of Changes in Equity

For the year ended 30 June 2011

	Ordinary share capital $M	Other equity instruments $M	Reserves $M	Retained profits $M	Shareholders' equity attributable to Equity holders of the Bank $M	Non-controlling interests $M	Total Shareholders' equity $M
Opening Balance As at 31 December 2009	22,344	939	459	9,320	**33,062**	521	**33,583**
Total comprehensive income for the period	-	-	452	2,588	**3,040**	7	**3,047**
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(1,857)	**(1,857)**	-	**(1,857)**
Dividend reinvestment plan (net of issue costs)	772	-	-	-	**772**	-	**772**
Other equity movements:							
Share based payments	1	-	140	-	**141**	-	**141**
Sale/(purchase) and vesting of treasury shares	(36)	-	-	-	**(36)**	-	**(36)**
Other changes	-	-	38	(113)	**(75)**	(5)	**(80)**
As at 30 June 2010	23,081	939	1,089	9,938	**35,047**	523	**35,570**
Total comprehensive income for the period	-	-	(702)	3,144	**2,442**	9	**2,451**
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(2,650)	**(2,650)**	-	**(2,650)**
Dividend reinvestment plan (net of issue costs) (1)	-	-	-	-	**-**	-	**-**
Other equity movements:							
Share based payments	6	-	(25)	-	**(19)**	-	**(19)**
Sale/(purchase) and vesting of treasury shares	(3)	-	-	-	**(3)**	-	**(3)**
Other changes	(1)	-	(93)	102	**8**	(8)	**-**
As at 31 December 2010	23,083	939	269	10,534	**34,825**	524	**35,349**
Total comprehensive income for the period	-	-	265	3,161	**3,426**	7	**3,433**
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(2,057)	**(2,057)**	-	**(2,057)**
Dividend reinvestment plan (net of issue costs)	511	-	-	-	**511**	-	**511**
Other equity movements:							
Share based payments	-	-	35	-	**35**	-	**35**
(Purchase)/sale and vesting of treasury shares	7	-	-	-	**7**	-	**7**
Other changes	1	-	(177)	188	**12**	(3)	**9**
As at 30 June 2011	23,602	939	392	11,826	**36,759**	528	**37,287**

(1) The dividend reinvestment plan in respect of the final dividend for 2009/10 was satisfied in full through the on market purchased and transfer of $679 million of shares to participating shareholders.

	Full Year Ended 30/06/11	Full Year Ended 30/06/10	Half Year Ended 30/06/11	Half Year Ended 31/12/10
	Cents per Share			
Dividends per share attributable to shareholders of the Bank:				
Ordinary Shares	**320**	290	**188**	132
Trust preferred securities (TPS) - issued 15 March 2006	**6,020**	6,715	**2,912**	3,108

Consolidated Statements of Cash Flows [1]

For the year ended 30 June 2011

	Appendix	Full Year Ended 30/06/11 $M	30/06/10 $M
Cash flows from operating activities			
Interest received		**36,961**	31,663
Interest paid		**(24,278)**	(19,387)
Other operating income received		**5,725**	5,573
Expenses paid		**(8,474)**	(7,766)
Income taxes paid		**(2,370)**	(2,022)
Net decrease/(increase) in assets at fair value through Income Statement (excluding life insurance)		**4,452**	(2,466)
Net increase/(decrease) in liabilities at fair value through Income Statement:			
Life insurance:			
Investment income		**552**	335
Premiums received [2]		**2,200**	2,094
Policy payments [2]		**(3,374)**	(3,901)
Other liabilities at fair value through Income Statement		**(4,317)**	(1,200)
Cash flows from operating activities before changes in operating assets and liabilities		**7,077**	2,923
Changes in operating assets and liabilities arising from cash flow movements			
Movement in available-for-sale investments:			
Purchases		**(62,733)**	(60,021)
Proceeds from sale		**4,440**	4,107
Proceeds at or close to maturity		**45,417**	44,201
Net change in deposits with regulatory authorities		**(72)**	-
Net increase in loans, bills discounted and other receivables		**(11,489)**	(28,999)
Net decrease in receivables due from other financial institutions not at call		**1,115**	2,725
Net (increase)/decrease in securities purchased under agreements to resell		**(2,834)**	776
Life insurance business:			
Purchase of insurance assets at fair value through Income Statement		**(4,101)**	(5,660)
Proceeds from sale/maturity of insurance assets at fair value through Income Statement		**5,914**	8,384
Net decrease in other assets		**201**	254
Net increase in deposits and other public borrowings		**31,893**	8,852
Net increase/(decrease) in payables due to other financial institutions not at call		**5,112**	(1,157)
Net decrease in securities sold under agreements to repurchase		**(1,698)**	(2,814)
Net decrease in other liabilities		**(575)**	(240)
Changes in operating assets and liabilities arising from cash flow movements		**10,590**	(29,592)
Net cash provided by/(used in) operating activities	19 (a)	**17,667**	(26,669)
Cash flows from investing activities			
Net proceeds from disposal of controlled entities	19 (c)	**19**	(11)
Net proceeds from disposal of entities and businesses (net of cash disposals)		**15**	(22)
Dividends received		**26**	71
Proceeds from sale of property, plant and equipment		**27**	70
Purchases of property, plant and equipment		**(443)**	(293)
Payments for acquistions of investments in associates/joint ventures		**(164)**	(414)
Purchase of intangible assets		**(533)**	(454)
Sale of assets held for sale		**12**	542
Net cash used in investing activities		**(1,041)**	(511)

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

(2) Represents gross premiums and policy payments before splitting between policyholders and shareholders.

Consolidated Statements of Cash Flows [1] (continued)

For the year ended 30 June 2011

		Full Year Ended	
		30/06/11	30/06/10
	Appendix	$M	$M
Cash flows from financing activities			
Proceeds from the issue of shares (net of issue costs)		**6**	2
Dividends paid (excluding Dividend Reinvestment Plan)		**(4,188)**	(2,149)
Net proceeds from issuance of debt securities		**(8,321)**	30,128
Net sale/(purchase) of treasury shares		**4**	(20)
Issue of loan capital		**-**	3,707
Redemption of loan capital		**(1,064)**	(1,760)
Other		**(52)**	3
Net cash (used in)/provided by financing activities		**(13,615)**	29,911
Net increase in cash and cash equivalents		**3,011**	2,731
Cash and cash equivalents at beginning of year		**4,917**	2,186
Cash and cash equivalents at end of year	19 (b)	**7,928**	4,917

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

Appendices

1. Net Interest Income

	Full Year Ended			Half Year Ended		
	30/06/11 $M	30/06/10 $M	Jun 11 vs Jun 10 %	30/06/11 $M	31/12/10 $M	Jun 11 vs Dec 10 %
Interest Income [(1)]						
Loans and bills discounted	**34,192**	29,849	15	**17,212**	16,980	1
Other financial institutions	**92**	141	(35)	**33**	59	(44)
Cash and liquid assets	**291**	192	52	**157**	134	17
Assets at fair value through Income Statement	**877**	793	11	**415**	462	(10)
Available-for-sale investments	**1,852**	1,240	49	**1,017**	835	22
Total interest income ("statutory basis")	**37,304**	32,215	16	**18,834**	18,470	2
Interest Expense [(1)]						
Deposits	**17,347**	13,830	25	**8,918**	8,429	6
Other financial institutions	**222**	164	35	**104**	118	(12)
Liabilities at fair value through Income Statement	**590**	764	(23)	**245**	345	(29)
Debt issues	**5,891**	4,920	20	**2,765**	3,126	(12)
Loan capital	**647**	615	5	**324**	323	-
Total interest expense ("statutory basis")	**24,697**	20,293	22	**12,356**	12,341	-
Net interest income ("statutory basis")	**12,607**	11,922	6	**6,478**	6,129	6

(1) Certain comparative information has been realigned to conform with presentation in the current period.

Net Interest Income – reconciliation of cash to statutory basis.

The table below sets out the accounting impacts arising from the application of "AASB 139 Financial Instruments: Recognition and Measurement" to the Group's derivative hedging activities and other non-cash items.

	Full Year Ended			Half Year Ended		
	30/06/11 $M	30/06/10 $M	Jun 11 vs Jun 10 %	30/06/11 $M	31/12/10 $M	Jun 11 vs Dec 10 %
Total interest income ("cash basis")	**37,330**	32,242	16	**18,847**	18,483	2
Fair value adjustment interest income	**(26)**	(27)	(4)	**(13)**	(13)	-
Total interest income ("statutory basis")	**37,304**	32,215	16	**18,834**	18,470	2
Total interest expense ("cash basis")	**24,672**	20,374	21	**12,359**	12,313	-
Fair value adjustment interest expense	**-**	(138)	large	**-**	-	-
Hedging and IFRS volatility	**25**	57	(56)	**(3)**	28	large
Total interest expense ("statutory basis")	**24,697**	20,293	22	**12,356**	12,341	-

2. Net Interest Margin

	Full Year Ended		Half Year Ended	
	30/06/11	30/06/10	30/06/11	31/12/10
	%	%	%	%
Australia				
Interest spread (1)	**1. 95**	2. 04	**1. 99**	1. 90
Benefit of interest-free liabilities, provisions and equity (2)	**0. 30**	0. 19	**0. 32**	0. 29
Net interest margin (3)	**2. 25**	2. 23	**2. 31**	2. 19
New Zealand				
Interest spread (1)	**1. 62**	1. 16	**1. 67**	1. 57
Benefit of interest-free liabilities, provisions and equity (2)	**0. 34**	0. 46	**0. 34**	0. 35
Net interest margin (3)	**1. 96**	1. 62	**2. 01**	1. 92
Other Overseas				
Interest spread (1)	**0. 94**	0. 92	**1. 04**	0. 84
Benefit of interest-free liabilities, provisions and equity (2)	**0. 05**	0. 03	**0. 08**	0. 03
Net interest margin (3)	**0. 99**	0. 95	**1. 12**	0. 87
Total Group				
Interest spread (1)	**1. 90**	1. 91	**1. 95**	1. 84
Benefit of interest-free liabilities, provisions and equity (2)	**0. 29**	0. 22	**0. 30**	0. 28
Net interest margin (3)	**2. 19**	2. 13	**2. 25**	2. 12

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

(2) A portion of the Group's interest earning assets are funded by net interest free liabilities and Shareholders' equity. The benefit to the Group 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 or for the half year annualised.

3. Average Balances and Related Interest

The following table lists the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for the years ended 30 June 2011 and 30 June 2010 as well as half years ended 30 June 2011, 31 December 2010 and 30 June 2010. Averages used were predominantly daily averages. Interest is accounted for based on product yield, while all trading gains and losses are disclosed as trading income within Other banking income.

Where assets or liabilities are hedged, the interest amounts are shown net of the hedge, however individual items not separately hedged may be affected by movements in exchange rates.

The New Zealand and Other Overseas components comprises overseas branches of the Bank and overseas domiciled controlled entities.

Non-accrual loans are included in interest earning assets under Loans, bills discounted and other receivables.

The official cash rate in Australia increased by 25 basis points during the year while rates in New Zealand decreased by 25 basis points.

Average Balances

	Full Year Ended 30/06/11			Full Year Ended 30/06/10		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Earning Assets	$M	$M	%	$M	$M	%
Home loans excluding securitisation	318,234	21,654	6. 80	298,085	17,883	6. 00
Personal (1)	20,673	2,627	12. 71	20,146	2,376	11. 79
Business and corporate (2)	150,301	9,363	6. 23	158,638	9,083	5. 73
Loans, bills discounted and other receivables	489,208	33,644	6. 88	476,869	29,342	6. 15
Cash and other liquid assets	26,542	383	1. 44	25,216	333	1. 32
Assets at fair value through Income Statement (excluding life insurance)	21,656	877	4. 05	22,805	793	3. 48
Available-for-sale investments	38,963	1,852	4. 75	28,845	1,240	4. 30
Non-lending interest earning assets	87,161	3,112	3. 57	76,866	2,366	3. 08
Total interest earning assets (excluding securitisation) (3)	576,369	36,756	6. 38	553,735	31,708	5. 73
Securitisation home loan assets	9,705	574	5. 91	10,967	534	4. 87
Non-interest earning assets	74,031			75,715		
Total average assets	660,105			640,417		

	Full Year Ended 30/06/11			Full Year Ended 30/06/10		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Bearing Liabilities	$M	$M	%	$M	$M	%
Transaction deposits (4)	73,743	1,633	2. 21	67,201	1,183	1. 76
Saving deposits (4)	80,622	3,158	3. 92	78,887	2,397	3. 04
Investment deposits (4)	171,241	9,006	5. 26	148,047	6,162	4. 16
Certificates of deposit and other (2) (4)	60,263	3,551	5. 89	72,429	4,227	5. 84
Total interest bearing deposits (4)	385,869	17,348	4. 50	366,564	13,969	3. 81
Payables due to other financial institutions	14,675	222	1. 51	14,744	164	1. 11
Liabilities at fair value through Income Statement (4)	13,255	590	4. 45	16,074	764	4. 75
Debt issues (2)	112,670	5,341	4. 74	109,901	4,396	4. 00
Loan capital (2)	12,374	654	5. 29	14,055	622	4. 43
Total interest bearing liabilities	538,843	24,155	4. 48	521,338	19,915	3. 82
Securitisation debt issues	8,920	517	5. 80	9,927	459	4. 62
Non-interest bearing liabilities	76,273			75,618		
Total average liabilities	624,036			606,883		

(1) Personal loans includes personal loans, credit cards, and margin loans.

(2) Comparisons between reporting periods are impacted by the reclassification of net swap interest from Net interest income to Other banking income related to certain economic hedges which do not qualify for IFRS hedge accounting.

(3) Used for calculating Net interest margin.

(4) Comparative information has been realigned to conform with presentation in the current period.

3. Average Balances and Related Interest (continued)

Net Interest Margin	Full Year Ended 30/06/11 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30/06/10 Avg Bal $M	Interest $M	Yield %
Total interest earning assets excluding securitisation	576,369	36,756	6. 38	553,735	31,708	5. 73
Total interest bearing liabilities excluding securitisation	538,843	24,155	4. 48	521,338	19,915	3. 82
Net interest income and interest spread (excluding securitisation)		12,601	1. 90		11,793	1. 91
Benefit of free funds			0. 29			0. 22
Net interest margin			2. 19			2. 13

Geographical analysis of key categories [1]

	Full Year Ended 30/06/11 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30/06/10 Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables						
Australia	436,988	30,493	6. 98	419,667	25,872	6. 16
New Zealand	44,235	2,837	6. 41	46,980	3,110	6. 62
Other overseas	7,985	314	3. 93	10,222	360	3. 52
Total	489,208	33,644	6. 88	476,869	29,342	6. 15
Non-Lending Interest Earning Assets						
Australia	59,297	2,731	4. 61	49,991	1,972	3. 94
New Zealand	6,746	218	3. 23	7,328	227	3. 10
Other overseas	21,118	163	0. 77	19,547	167	0. 85
Total	87,161	3,112	3. 57	76,866	2,366	3. 08
Total Interest Bearing Deposits						
Australia	343,927	15,943	4. 64	324,095	12,423	3. 83
New Zealand	23,658	1,175	4. 97	23,559	1,340	5. 69
Other overseas	18,284	230	1. 26	18,910	206	1. 09
Total	385,869	17,348	4. 50	366,564	13,969	3. 81
Other Interest Bearing Liabilities						
Australia	122,704	6,049	4. 93	109,469	4,918	4. 49
New Zealand	16,038	667	4. 16	17,102	817	4. 78
Other overseas	14,232	91	0. 64	28,203	211	0. 75
Total	152,974	6,807	4. 45	154,774	5,946	3. 84

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

The New Zealand and Other Overseas components comprises overseas branches of the Group and overseas domiciled controlled entities. Overseas intragroup borrowings have been adjusted into the interest spread and margin calculations to more appropriately reflect the overseas cost of funds. Non-accrual loans were included in interest earning assets under loans, bills discounted and other receivables.

In calculating net interest margin, assets, liabilities, interest income and interest expense related to securitisation vehicles have been excluded. This has been done to more accurately reflect the Group’s underlying net margin.

3. Average Balances and Related Interest (continued)

Average Balances

Interest Earning Assets	Half Year Ended 30/06/11 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31/12/10 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30/06/10 Avg Bal $M	Interest $M	Yield %
Home loans excluding securitisation	320,505	10,959	6. 90	316,002	10,695	6. 71	305,967	9,584	6. 32
Personal [1]	21,009	1,348	12. 94	20,342	1,279	12. 47	20,622	1,239	12. 12
Business and corporate [2]	148,925	4,618	6. 25	151,654	4,745	6. 21	155,129	4,596	5. 97
Loans, bills discounted and other receivables	490,439	16,925	6. 96	487,998	16,719	6. 80	481,718	15,419	6. 45
Cash and liquid assets	25,832	190	1. 48	27,240	193	1. 41	24,847	155	1. 26
Assets at fair value through Income Statement (excluding life insurance)	20,475	415	4. 09	22,819	462	4. 02	23,120	425	3. 71
Available-for-sale investments	42,236	1,017	4. 86	35,743	835	4. 63	30,512	673	4. 45
Non-lending interest earning assets	88,543	1,622	3. 69	85,802	1,490	3. 44	78,479	1,253	3. 22
Total interest earning assets (excluding securitisation) [3]	578,982	18,547	6. 46	573,800	18,209	6. 30	560,197	16,672	6. 00
Securitisation home loan assets	10,087	300	6. 00	9,330	274	5. 83	10,141	267	5. 31
Non-interest earning assets	79,853			68,303			78,422		
Total average assets	668,922			651,433			648,760		

Interest Bearing Liabilities	Half Year Ended 30/06/11 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31/12/10 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30/06/10 Avg Bal $M	Interest $M	Yield %
Transaction deposits [4]	75,047	841	2. 26	72,461	792	2. 17	68,736	652	1. 91
Saving deposits [4]	81,670	1,607	3. 97	79,591	1,551	3. 87	78,092	1,299	3. 35
Investment deposits [4]	175,815	4,701	5. 39	166,743	4,305	5. 12	154,451	3,583	4. 68
Certificates of deposit and other [2] [4]	60,391	1,770	5. 91	60,138	1,781	5. 87	64,178	1,982	6. 23
Total interest bearing deposits [4]	392,923	8,919	4. 58	378,933	8,429	4. 41	365,457	7,516	4. 15
Payables due to other financial institutions	15,124	104	1. 39	14,232	118	1. 64	14,575	82	1. 13
Liabilities at fair value through Income Statement	11,191	245	4. 41	15,285	345	4. 48	15,352	351	4. 61
Debt issues [2]	109,735	2,491	4. 58	115,558	2,850	4. 89	120,377	2,603	4. 36
Loan capital [2]	11,799	327	5. 59	12,940	327	5. 01	13,915	345	5. 00
Total interest bearing liabilities	540,772	12,086	4. 51	536,948	12,069	4. 46	529,676	10,897	4. 15
Securitisation debt issues	9,081	273	6. 06	8,761	244	5. 52	8,924	236	5. 33
Non-interest bearing liabilities	82,401			70,247			75,590		
Total average liabilities	632,254			615,956			614,190		

(1) Personal loans includes personal loans, credit cards, and margin loans.

(2) Comparisons between reporting periods are impacted by the reclassification of net swap interest from Net interest income to Other banking income related to certain economic hedges which do not qualify for IFRS hedge accounting.

(3) Used for calculating net interest margin.

(4) Certain comparative information has been realigned to confirm with presentation in the current period.

3. Average Balances and Related Interest (continued)

	Half Year Ended 30/06/11			Half Year Ended 31/12/10			Half Year Ended 30/06/10		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Net Interest Margin	$M	$M	%	$M	$M	%	$M	$M	%
Total interest earning assets excluding securitisation	**578,982**	**18,547**	**6. 46**	573,800	18,209	6. 30	560,197	16,672	6. 00
Total interest bearing liabilities excluding securitisation	**540,772**	**12,086**	**4. 51**	536,948	12,069	4. 46	529,676	10,897	4. 15
Net interest income and interest spread (excluding securitisation)		**6,461**	**1. 95**		6,140	1. 84		5,775	1. 85
Benefit of free funds			**0. 30**			0. 28			0. 23
Net interest margin			**2. 25**			2. 12			2. 08

Geographical analysis of key categories [1]

	Half Year Ended 30/06/11			Half Year Ended 31/12/10			Half Year Ended 30/06/10		
	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	**439,292**	**15,414**	**7. 08**	434,721	15,079	6. 88	426,505	13,740	6. 50
New Zealand	**43,109**	**1,357**	**6. 35**	45,343	1,480	6. 47	46,292	1,523	6. 63
Other overseas	**8,038**	**154**	**3. 86**	7,934	160	4. 00	8,921	156	3. 53
Total	**490,439**	**16,925**	**6. 96**	487,998	16,719	6. 80	481,718	15,419	6. 45
Non-Lending Interest Earning Assets									
Australia	**60,665**	**1,437**	**4. 78**	57,952	1,294	4. 43	51,484	1,075	4. 21
New Zealand	**6,699**	**103**	**3. 10**	6,792	115	3. 36	7,098	111	3. 15
Other overseas	**21,179**	**82**	**0. 78**	21,058	81	0. 76	19,897	67	0. 68
Total	**88,543**	**1,622**	**3. 69**	85,802	1,490	3. 44	78,479	1,253	3. 22
Total Interest Bearing Deposits									
Australia	**351,272**	**8,252**	**4. 74**	336,703	7,691	4. 53	325,465	6,753	4. 18
New Zealand	**23,758**	**554**	**4. 70**	23,560	621	5. 23	23,728	671	5. 70
Other overseas	**17,893**	**113**	**1. 27**	18,670	117	1. 24	16,264	92	1. 14
Total	**392,923**	**8,919**	**4. 58**	378,933	8,429	4. 41	365,457	7,516	4. 15
Other Interest Bearing Liabilities									
Australia	**117,666**	**2,820**	**4. 83**	127,658	3,229	5. 02	123,410	2,883	4. 71
New Zealand	**15,987**	**317**	**4. 00**	16,089	350	4. 32	16,991	406	4. 82
Other overseas	**14,196**	**30**	**0. 43**	14,268	61	0. 85	23,818	92	0. 78
Total	**147,849**	**3,167**	**4. 32**	158,015	3,640	4. 57	164,219	3,381	4. 15

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

The New Zealand and Other Overseas components comprises overseas branches of the Group and overseas domiciled controlled entities. Overseas intragroup borrowings have been adjusted into the interest spread and margin calculations to more appropriately reflect the overseas cost of funds. Non-accrual loans were included in interest earning assets under loans, bills discounted and other receivables.

In calculating net interest margin, assets, liabilities, interest income and interest expense related to securitisation vehicles have been excluded. This has been done to more accurately reflect the Group’s underlying net margin.

4. Interest Rate and Volume Analysis

	Full Year Ended Jun 11 vs Jun 10			Full Year Ended Jun 10 vs Jun 09		
	Volume	Rate	Total	Volume	Rate	Total
Interest Earning Assets	$M	$M	$M	$M	$M	$M
Home loans excluding securitisation	1,290	2,481	3,771	3,843	(1,995)	1,848
Personal	65	186	251	89	(69)	20
Business and corporate	(498)	778	280	582	(790)	(208)
Loans, bills discounted and other receivables	804	3,498	4,302	4,590	(2,930)	1,660
Cash and liquid assets	18	32	50	(135)	(476)	(611)
Assets at fair value through Income Statement (excluding life insurance)	(43)	127	84	(104)	(339)	(443)
Available-for-sale investments	458	154	612	481	(142)	339
Non-lending interest earning assets	342	404	746	61	(776)	(715)
Total interest earning assets	1,370	3,678	5,048	4,392	(3,447)	945
Securitisation home loan assets	(69)	109	40	(72)	(136)	(208)

	Full Year Ended Jun 11 vs Jun 10			Full Year Ended Jun 10 vs Jun 09 (1)		
	Volume	Rate	Total	Volume	Rate	Total
Interest Bearing Liabilities	$M	$M	$M	$M	$M	$M
Transaction deposits	130	320	450	98	(88)	10
Saving deposits	60	701	761	385	(425)	(40)
Investment deposits	1,093	1,751	2,844	1,128	(2,131)	(1,003)
Certificates of deposit and other	(713)	37	(676)	443	204	647
Total interest bearing deposits	802	2,577	3,379	1,976	(2,362)	(386)
Payables due to other financial institutions	(1)	59	58	(79)	(266)	(345)
Liabilities at fair value through Income Statement	(130)	(44)	(174)	(72)	(185)	(257)
Debt issues	121	824	945	1,046	(691)	355
Loan capital	(82)	114	32	47	(134)	(87)
Total interest bearing liabilities	727	3,513	4,240	2,804	(3,524)	(720)
Securitisation debt issues	(54)	112	58	(109)	(116)	(225)

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

The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

4. Interest Rate and Volume Analysis (continued)

Change in Net Interest Income	Full Year Ended Jun 11 vs Jun 10 Increase/(Decrease) $M	Jun 10 vs Jun 09 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	488	1,535
Due to changes in interest margin	320	130
Change in net interest income (excluding securitisation)	808	1,665

"Volume" reflects the change in net interest income over the period due to balance growth (assuming rates held constant), and "Rate" reflects the change due to movements in yield (assuming volumes were held constant). "Variation in time periods" only applies to reporting periods of differing lengths (e.g. between half years). The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

Geographical analysis of key categories	Full Year Ended Jun 11 vs Jun 10			Full Year Ended Jun 10 vs Jun 09 (1)		
	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	1,138	3,483	4,621	4,834	(2,060)	2,774
New Zealand	(179)	(94)	(273)	(26)	(716)	(742)
Other overseas	(82)	36	(46)	(173)	(199)	(372)
Total	804	3,498	4,302	4,590	(2,930)	1,660
Non-Lending Interest Earning Assets						
Australia	395	364	759	147	(279)	(132)
New Zealand	(18)	9	(9)	(26)	(138)	(164)
Other overseas	13	(17)	(4)	(20)	(399)	(419)
Total	342	404	746	61	(776)	(715)
Total Interest Bearing Deposits						
Australia	840	2,680	3,520	1,884	(1,689)	195
New Zealand	5	(170)	(165)	63	(754)	(691)
Other overseas	(7)	31	24	7	103	110
Total	802	2,577	3,379	1,976	(2,362)	(386)
Other Interest Bearing Liabilities						
Australia	625	506	1,131	1,283	(815)	468
New Zealand	(47)	(103)	(150)	(63)	(77)	(140)
Other overseas	(96)	(24)	(120)	(89)	(573)	(662)
Total	(74)	935	861	829	(1,163)	(334)

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

The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

4. Interest Rate and Volume Analysis (continued)

Interest Earning Assets	Half Year Ended Jun 11 vs Dec 10 Volume $M	Rate $M	Total $M	Half Year Ended Jun 11 vs Jun 10 Volume $M	Rate $M	Total $M
Home loans excluding securitisation	153	111	264	476	899	1,375
Personal	42	27	69	24	85	109
Business and corporate	(84)	(43)	(127)	(187)	209	22
Loans, bills discounted and other receivables	84	122	206	291	1,215	1,506
Cash and liquid assets	(10)	7	(3)	7	28	35
Assets at fair value through Income Statement (excluding life insurance)	(47)	-	(47)	(51)	41	(10)
Available-for-sale investments	154	28	182	270	74	344
Non-lending interest earning assets	49	83	132	173	196	369
Total interest earning assets	166	172	338	581	1,294	1,875
Securitisation home loan assets	21	5	26	(3)	36	33

Interest Bearing Liabilities	Half Year Ended Jun 11 vs Dec 10 Volume $M	Rate $M	Total $M	Half Year Ended Jun 11 vs Jun 10 Volume $M	Rate $M	Total $M
Transaction deposits	29	20	49	65	124	189
Saving deposits	41	15	56	65	243	308
Investment deposits	238	158	396	533	585	1,118
Certificates of deposit and other	8	(19)	(11)	(113)	(99)	(212)
Total interest bearing deposits	315	175	490	595	808	1,403
Payables due to other financial institutions	7	(21)	(14)	3	19	22
Liabilities at fair value through Income Statement	(91)	(9)	(100)	(93)	(13)	(106)
Debt issues	(138)	(221)	(359)	(236)	124	(112)
Loan capital	(31)	31	-	(57)	39	(18)
Total interest bearing liabilities	86	(69)	17	238	951	1,189
Securitisation debt issues	8	21	29	3	34	37

The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

4. Interest Rate and Volume Analysis (continued)

Change in Net Interest Income	Half Year Ended Jun 11 vs Dec 10 Increase/(Decrease) $M	Half Year Ended Jun 11 vs Jun 10 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	57	203
Due to changes in interest margin	364	483
Due to variation in time period	(100)	-
Change in net interest income (excluding securitisation)	321	686

"Volume" reflects the change in net interest income over the period due to balance growth (assuming rates held constant), and "Rate" reflects the change due to movements in yield (assuming volumes were held constant). "Variation in time periods" only applies to reporting periods of differing lengths (e.g. between half years). The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

	Half Year Ended Jun 11 vs Dec 10			Half Year Ended Jun 11 vs Jun 10		
Geographical analysis of key categories	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	159	176	335	430	1,244	1,674
New Zealand	(71)	(52)	(123)	(101)	(65)	(166)
Other overseas	2	(8)	(6)	(16)	14	(2)
Total	84	122	206	291	1,215	1,506
Non-Lending Interest Earning Assets						
Australia	62	81	143	205	157	362
New Zealand	(2)	(10)	(12)	(6)	(2)	(8)
Other overseas	-	1	1	5	10	15
Total	49	83	132	173	196	369
Total Interest Bearing Deposits						
Australia	338	223	561	572	927	1,499
New Zealand	5	(72)	(67)	1	(118)	(117)
Other overseas	(5)	1	(4)	10	11	21
Total	315	175	490	595	808	1,403
Other Interest Bearing Liabilities						
Australia	(247)	(162)	(409)	(137)	74	(63)
New Zealand	(2)	(31)	(33)	(22)	(67)	(89)
Other overseas	-	(31)	(31)	(29)	(33)	(62)
Total	(227)	(246)	(473)	(345)	131	(214)

The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

5. Other Banking Income

	Full Year Ended			Half Year Ended		
	30/06/11 $M	30/06/10 $M	Jun 11 vs Jun 10 %	30/06/11 $M	31/12/10 $M	Jun 11 vs Dec 10 %
Lending fees	**1,467**	1,435	2	**760**	707	7
Commissions	**1,946**	2,006	(3)	**961**	985	(2)
Trading income	**717**	597	20	**291**	426	(32)
Net gains/(losses) on disposal of available-for-sale investments	**24**	27	(11)	**3**	21	(86)
Net losses on disposal of other non-fair valued financial instruments	**(4)**	(52)	(92)	**10**	(14)	large
Dividends	**5**	5	-	**3**	2	50
Net losses on sale of property, plant and equipment	**(6)**	(4)	50	**(8)**	2	large
Net hedging ineffectiveness	**4**	(62)	large	**68**	(64)	large
Net gains/(losses) on other fair valued financial instruments:						
Fair value through Income Statement	**(2)**	8	large	**2**	(4)	large
Reclassification of net interest on swaps (1)	**(498)**	(259)	92	**(271)**	(227)	19
Non-trading derivatives	**(301)**	217	large	**(115)**	(186)	(38)
Other	**278**	290	(4)	**146**	132	11
Total other banking income	**3,630**	4,208	(14)	**1,850**	1,780	4

(1) Relates to the impact of the reclassification of net swap costs from Net interest income to Other banking income related to certain economic hedges which do not qualify for IFRS hedge accounting.

Other banking income – reconciliation of cash and statutory basis

The table below sets out various accounting impacts arising from the application of "AASB 139 Financial Instruments: Recognition and Measurement" to the Group's derivative hedging activities and other non-cash items.

	Full Year Ended			Half Year Ended		
	30/06/11 $M	30/06/10 $M	Jun 11 vs Jun 10 %	30/06/11 $M	31/12/10 $M	Jun 11 vs Dec 10 %
Other banking income ("cash basis")	**3,983**	4,112	(3)	**1,924**	2,059	(7)
Revenue hedge of New Zealand operations - unrealised	**(2)**	(25)	(92)	**(15)**	13	large
Gains/(losses) on disposal of controlled entities/investments	**(7)**	(23)	(70)	**-**	(7)	large
Hedging and IFRS volatility	**(344)**	144	large	**(59)**	(285)	(79)
Other banking income ("statutory basis")	**3,630**	4,208	(14)	**1,850**	1,780	4

6. Operating Expenses

	Full Year Ended			Half Year Ended		
	30/06/11 $M	30/06/10 $M	Jun 11 vs Jun 10 %	30/06/11 $M	31/12/10 $M	Jun 11 vs Dec 10 %
Staff Expenses						
Salaries and wages	**4,081**	3,845	6	**2,034**	2,047	(1)
Share-based compensation	**156**	130	20	**75**	81	(7)
Superannuation - defined contribution plans	**48**	48	-	**30**	18	67
Superannuation - defined benefit plan	**137**	103	33	**53**	84	(37)
Provisions for employee entitlements	**88**	58	52	**47**	41	15
Payroll tax	**213**	202	5	**105**	108	(3)
Fringe benefits tax	**38**	40	(5)	**19**	19	-
Other staff expenses	**110**	157	(30)	**58**	52	12
Total staff expenses	**4,871**	4,583	6	**2,421**	2,450	(1)
Occupancy and Equipment Expenses						
Operating lease rentals	**532**	527	1	**273**	259	5
Depreciation:						
Buildings	**35**	30	17	**17**	18	(6)
Leasehold improvements	**103**	98	5	**53**	50	6
Equipment	**82**	90	(9)	**40**	42	(5)
Operating lease assets	**42**	45	(7)	**22**	20	10
Repairs and maintenance	**87**	84	4	**45**	42	7
Other	**112**	103	9	**57**	55	4
Total occupancy and equipment expenses	**993**	977	2	**507**	486	4
Information Technology Services						
Application maintenance and development	**235**	209	12	**125**	110	14
Data processing	**267**	227	18	**138**	129	7
Desktop	**120**	141	(15)	**55**	65	(15)
Communications	**221**	199	11	**124**	97	28
Amortisation of software assets	**183**	178	3	**102**	81	26
IT equipment depreciation	**78**	75	4	**39**	39	-
Total information technology services	**1,104**	1,029	7	**583**	521	12
Other Expenses						
Postage	**112**	115	(3)	**55**	57	(4)
Stationery	**84**	97	(13)	**45**	39	15
Fees and commissions:						
Fees payable on trust and other fiduciary activities	**537**	497	8	**277**	260	7
Other	**318**	367	(13)	**170**	148	15
Advertising, marketing and loyalty	**457**	398	15	**275**	182	51
Amortisation of intangible assets (excluding software and merger related amortisation)	**15**	27	(44)	**7**	8	(13)
Non-lending losses	**83**	103	(19)	**51**	32	59
Other	**317**	408	(22)	**92**	225	(59)
Total other expenses	**1,923**	2,012	(4)	**972**	951	2
Investment and restructuring						
Integration expenses	**94**	40	large	**76**	18	large
Merger related amortisation (1)	**75**	75	-	**39**	36	8
Total investment and restructuring	**169**	115	47	**115**	54	large
Total operating expenses	**9,060**	8,716	4	**4,598**	4,462	3

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

7. Income Tax Expense

	Full Year Ended		Half Year Ended	
	30/06/11	30/06/10	30/06/11	31/12/10
	$M	$M	$M	$M
Profit before Income Tax	**9,057**	8,193	**4,735**	4,322
Prima facie income tax at 30%	**2,717**	2,458	**1,420**	1,297
Effect of amounts which are non deductible/(assessable) in calculating taxable income:				
Taxation offsets and other dividend adjustments	**(7)**	(18)	**(5)**	(2)
Tax adjustment referable to policyholder income	**116**	91	**46**	70
Tax losses not previously brought to account	**(6)**	(4)	**(1)**	(5)
Offshore tax rate differential	**(55)**	(66)	**(27)**	(28)
Offshore banking unit	**(17)**	(32)	**(3)**	(14)
Investment allowance	**(2)**	(57)	**-**	(2)
Effect of changes in tax rates (1)	**3**	(12)	**3**	-
Income tax under/(over) provided in prior year (2)	**(71)**	164	**(1)**	(70)
Other	**(31)**	(11)	**(46)**	15
Total income tax expense	**2,647**	2,513	**1,386**	1,261
Corporate tax expense	**2,481**	2,383	**1,320**	1,161
Policyholder tax expense/(benefit)	**166**	130	**66**	100
Total income tax expense	**2,647**	2,513	**1,386**	1,261
Effective Tax Rate	**%**	**%**	**%**	**%**
Total – corporate (2)	**27. 9**	29. 6	**28. 3**	27. 5
Retail Banking Services – corporate	**29. 7**	30. 1	**29. 5**	29. 9
Business and Private Banking – corporate (4)	**28. 6**	28. 8	**27. 2**	30. 1
Institutional Banking and Markets – corporate (4)	**23. 7**	22. 4	**23. 7**	23. 6
Wealth Management – corporate	**28. 1**	28. 0	**29. 6**	26. 9
New Zealand - corporate (1) (2)	**24. 0**	56. 9	**24. 0**	23. 9
Bankwest - corporate (3)	**34. 7**	22. 5	**34. 8**	34. 5

(1) The New Zealand corporate tax rate reduced from 30% to 28% for tax years starting on or after 1 April 2011. This change is effective for the Group from 1 July 2011.
(2) The year ended 30 June 2010 includes the impact of the tax on New Zealand structured finance transactions of $171 million.
(3) Comparative effective tax rates have been adjusted for the reallocation of central capital charges to Bankwest.
(4) Comparative effective tax rates have been adjusted for the impact of business resegmentation.

Taxation of Financial Arrangements "TOFA"

The new tax regime for financial arrangements TOFA began to apply to the Tax Consolidated Group from 1 July 2010. The regime allows a closer alignment of the tax and accounting recognition and measurement of financial arrangements and their related flows. Following adoption, deferred tax balances from financial arrangements progressively reverse over a four year period.

8. Loans, Bills Discounted and Other Receivables

	As at		
	30/06/11	31/12/10	30/06/10
	$M	$M	$M
Australia			
Overdrafts	**21,930**	17,725	19,924
Home loans (including securitisation)	**306,250**	298,513	292,140
Credit card outstandings	**10,798**	10,624	10,200
Lease financing	**4,404**	4,674	4,657
Bills discounted	**14,820**	15,297	14,379
Term loans	**96,097**	99,066	101,794
Other lending	**1,310**	1,627	1,288
Other securities	**4**	558	564
Total Australia	**455,613**	448,084	444,946
New Zealand			
Overdrafts	**502**	544	568
Home loans	**28,927**	28,491	30,670
Credit card outstandings	**572**	582	589
Lease financing	**388**	416	523
Term loans	**13,460**	13,955	15,299
Total New Zealand	**43,849**	43,988	47,649
Other Overseas			
Overdrafts	**127**	103	84
Home loans	**664**	700	763
Lease financing	**80**	75	47
Term loans	**7,008**	6,663	7,753
Other lending	**-**	20	27
Total Other Overseas	**7,879**	7,561	8,674
Gross loans, bills discounted and other receivables	**507,341**	499,633	501,269
Less:			
Provisions for Loan Impairment:			
Collective provision	**(3,022)**	(3,302)	(3,436)
Individually assessed provisions	**(2,125)**	(2,169)	(1,992)
Unearned income:			
Term loans	**(1,153)**	(1,183)	(1,213)
Lease financing	**(984)**	(1,097)	(1,169)
	(7,284)	(7,751)	(7,810)
Net loans, bills discounted and other receivables	**500,057**	491,882	493,459

9. Provisions for Impairment and Asset Quality

	As at 30 June 2011				
	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	197,257	3,054	781	83,558	284,650
Pass Grade	114,903	11,807	8,373	48,554	183,637
Weak	12,158	1,809	170	5,440	19,577
Total loans which were neither past due nor impaired	324,318	16,670	9,324	137,552	487,864
Loans which were past due but not impaired (1)					
Past due 1 - 29 days	4,575	749	87	1,419	6,830
Past due 30 - 59 days	1,952	193	29	226	2,400
Past due 60 - 89 days	1,045	121	18	155	1,339
Past due 90 - 179 days	1,494	204	25	193	1,916
Past due 180 days or more	1,553	28	17	244	1,842
Total loans past due but not impaired	10,619	1,295	176	2,237	14,327

	As at 30 June 2010				
	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	202,699	2,297	978	76,082	282,056
Pass Grade	101,364	10,569	7,886	60,126	179,945
Weak	8,584	2,440	241	8,518	19,783
Total loans which were neither past due nor impaired	312,647	15,306	9,105	144,726	481,784
Loans which were past due but not impaired (1)					
Past due 1 - 29 days	4,814	895	118	1,573	7,400
Past due 30 - 59 days	1,881	214	43	249	2,387
Past due 60 - 89 days	895	121	20	201	1,237
Past due 90 - 179 days	1,284	202	15	226	1,727
Past due 180 days or more	1,383	43	13	184	1,623
Total loans past due but not impaired	10,257	1,475	209	2,433	14,374

(1) Included in these balances are credit card facilities and other unsecured portfolio managed facilities up to 180 days past due. If they are not written off at this time, they are classified as impaired.

9. Provisions for Impairment and Asset Quality (continued)

	Full Year Ended		Half Year Ended	
	30/06/11	30/06/10	30/06/11	31/12/10
	$M	$M	$M	$M
Movement in Impaired Asset Balances				
Gross impaired assets - opening balance	**5,216**	4,210	**5,184**	5,216
New and increased	**4,619**	5,455	**2,500**	2,119
Balances written off	**(1,798)**	(1,904)	**(1,048)**	(750)
Returned to performing or repaid	**(2,740)**	(2,545)	**(1,339)**	(1,401)
Gross impaired assets - closing balance (1)	**5,297**	5,216	**5,297**	5,184

(1) Includes $5,150 million of loans and advances and $147 million of other financial assets (30 June 2010: $5,111 million of loans and advances and $105 million of other financial assets).

	As at	
	30/06/11	30/06/10
	$M	$M
Impaired Assets by Size of Asset		
Less than $1 million	**788**	732
$1 million to $10 million	**1,544**	1,573
Greater than $10 million	**2,965**	2,911
Gross impaired assets	**5,297**	5,216
Less individually assessed provisions for impairment	**(2,125)**	(1,992)
Net impaired assets	**3,172**	3,224

	As at	
	30/06/11	30/06/10
	%	%
Asset Quality Ratios		
Gross impaired assets as a percentage of gross loans and acceptances	**1. 02**	1. 02
Loans 90 or more days past due but not impaired as a percentage of gross loans and acceptances	**0. 73**	0. 65

9. Provisions for Impairment and Asset Quality (continued)

Provisioning Policy

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

For loans and receivables the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and then individually or collectively for financial assets that are not individually significant. If there is objective evidence of impairment, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the expected future cash flows discounted at the financial asset's original effective interest rate. Short term balances are not discounted.

Available-for-sale investments are subject to impairment based on their fair value.

	Full Year Ended		Half Year Ended	
	30/06/11	30/06/10	30/06/11	31/12/10
	$M	$M	$M	$M
Provisions for impairment losses				
Collective provision				
Opening balance	**3,461**	3,225	**3,327**	3,461
Net collective provision funding	**45**	901	**(102)**	147
Impairment losses written off	**(646)**	(734)	**(320)**	(326)
Impairment losses recovered	**206**	77	**152**	54
Other	**(23)**	(8)	**(14)**	(9)
Closing balance	**3,043**	3,461	**3,043**	3,327
Individually assessed provisions				
Opening balance	**1,992**	1,729	**2,169**	1,992
Net new and increased individual provisioning	**1,602**	1,862	**889**	713
Write-back of provisions no longer required	**(367)**	(384)	**(229)**	(138)
Discount unwind to interest income	**(147)**	(169)	**(68)**	(79)
Other	**374**	293	**191**	183
Impairment losses written off	**(1,329)**	(1,339)	**(827)**	(502)
Closing balance	**2,125**	1,992	**2,125**	2,169
Total provisions for impairment losses	**5,168**	5,453	**5,168**	5,496
Less: Off balance sheet provisions	**(21)**	(25)	**(21)**	(25)
Total provisions for loan impairment	**5,147**	5,428	**5,147**	5,471

	Full Year Ended		Half Year Ended	
	30/06/11	30/06/10	30/06/11	31/12/10
	%	%	%	%
Provision Ratios				
Collective provision as a % of gross loans and acceptances	**0. 59**	0. 67	**0. 59**	0. 65
Collective provision as a % of risk weighted assets	**1. 08**	1. 19	**1. 08**	1. 17
Total provision as a % of credit risk weighted assets	**2. 09**	2. 12	**2. 09**	2. 25
Individually assessed provisions for impairment as a % of gross impaired assets	**40. 12**	38. 19	**40. 12**	41. 84
Total provisions for impairment losses as a % of gross loans and acceptances	**1. 00**	1. 06	**1. 00**	1. 08

	Full Year Ended		Half Year Ended	
	30/06/11	30/06/10	30/06/11	31/12/10
	$M	$M	$M	$M
Loan Impairment Expense				
Net collective provisioning funding	**45**	901	**(102)**	147
Net new and increased individual provisioning	**1,602**	1,862	**889**	713
Write-back of individually assessed provisions	**(367)**	(384)	**(229)**	(138)
Total loan impairment expense (1)	**1,280**	2,379	**558**	722

(1) The full year ended 30 June 2010 includes $304 million of Bankwest loan impairment expense recognised as a non-cash item.

10. Deposits and Other Public Borrowings

	As at		
	30/06/11	**31/12/10**	**30/06/10**
	$M	**$M**	**$M**
Australia			
Certificates of deposit	**45,544**	48,296	40,891
Term deposits	**137,192**	133,546	122,712
On demand and short term deposits	**169,190**	158,925	158,874
Deposits not bearing interest	**7,630**	7,707	7,236
Securities sold under agreements to repurchase	**3,696**	4,485	5,440
Total Australia	**363,252**	352,959	335,153
New Zealand			
Certificates of deposit	**355**	421	407
Term deposits	**15,940**	15,058	15,715
On demand and short term deposits	**8,083**	7,923	8,327
Deposits not bearing interest	**1,565**	1,555	1,554
Securities sold under agreements to repurchase	**262**	-	85
Total New Zealand	**26,205**	24,957	26,088
Other Overseas			
Certificates of deposit	**4,345**	9,109	7,442
Term deposits	**6,364**	7,490	4,404
On demand and short term deposits	**783**	826	1,337
Deposits not bearing interest	**93**	4	4
Securities sold under agreements to repurchase	**105**	-	235
Total Other Overseas	**11,690**	17,429	13,422
Total deposits and other public borrowings	**401,147**	395,345	374,663

11. Financial Reporting by Segments

	Full Year Ended 30 June 2011							
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	Other [1]	Total
	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	6,209	1,687	1,293	-	840	1,420	1,209	**12,658**
Other banking income	1,299	1,365	1,174	-	286	220	(361)	**3,983**
Total banking income	7,508	3,052	2,467	-	1,126	1,640	848	**16,641**
Funds management income	-	-	-	1,975	40	-	26	**2,041**
Insurance income	-	-	-	625	211	-	20	**856**
Total operating income	7,508	3,052	2,467	2,600	1,377	1,640	894	**19,538**
Investment experience [2]	-	-	-	83	1	-	37	**121**
Total income	7,508	3,052	2,467	2,683	1,378	1,640	931	**19,659**
Operating expenses [3]	(2,903)	(1,335)	(828)	(1,801)	(704)	(869)	(451)	**(8,891)**
Loan impairment expense	(558)	(261)	(324)	-	(54)	(109)	26	**(1,280)**
Net profit before income tax	4,047	1,456	1,315	882	620	662	506	**9,488**
Corporate tax expense	(1,202)	(417)	(311)	(240)	(150)	(199)	(118)	**(2,637)**
Non-controlling interests	-	-	-	-	-	-	(16)	**(16)**
Net profit after tax ("cash basis")	2,845	1,039	1,004	642	470	463	372	**6,835**
Hedging and IFRS volatility	-	-	-	-	(16)	(33)	(216)	**(265)**
Bankwest non-cash items	-	-	-	-	-	(137)	(10)	**(147)**
Other non-cash items	-	-	-	(34)	-	-	5	**(29)**
Net profit after tax ("statutory basis")	2,845	1,039	1,004	608	454	293	151	**6,394**
Additional information								
Intangible asset amortisation	(29)	(58)	(11)	(3)	(26)	(88)	(58)	**(273)**
Depreciation	(10)	(23)	(43)	(4)	(24)	(36)	(200)	**(340)**
Balance Sheet								
Total assets	274,773	82,928	97,138	20,672	50,491	76,828	65,069	**667,899**
Acquisition of property plant and equipment, intangibles and other non-current assets	7	15	138	4	46	45	236	**491**
Investment in associates	71	33	12	765	-	-	831	**1,712**
Total liabilities	168,418	113,288	63,631	19,921	46,493	71,555	147,306	**630,612**

(1) Includes the impact of reclassification of net swap costs within net interest income related to certain economic hedges which do not qualify for IFRS hedge accounting of $498 million.
(2) Investment experience is presented on a pre-tax basis.
(3) Operating expenses include volume related expenses.

11. Financial Reporting by Segments (continued)

	Full Year Ended 30 June 2010							
	Retail Banking Services [1] $M	Business and Private Banking [1] $M	Institutional Banking and Markets [1] $M	Wealth Management $M	New Zealand $M	Bankwest [2] $M	Other [1] [2] [3] $M	Total $M
Net interest income	5,696	1,643	1,334	-	716	1,336	1,143	**11,868**
Other banking income	1,342	1,239	1,257	-	278	233	(237)	**4,112**
Total banking income	7,038	2,882	2,591	-	994	1,569	906	**15,980**
Funds management income	-	-	-	1,824	46	-	28	**1,898**
Insurance income	-	-	-	684	213	-	48	**945**
Total operating income	7,038	2,882	2,591	2,508	1,253	1,569	982	**18,823**
Investment experience [4]	-	-	-	183	1	-	52	**236**
Total income	7,038	2,882	2,591	2,691	1,254	1,569	1,034	**19,059**
Operating expenses [5]	(2,779)	(1,295)	(830)	(1,706)	(667)	(880)	(444)	**(8,601)**
Loan impairment expense	(736)	(326)	(249)	-	(100)	(754)	90	**(2,075)**
Net profit before income tax	3,523	1,261	1,512	985	487	(65)	680	**8,383**
Corporate tax expense	(1,062)	(363)	(339)	(267)	(99)	20	(156)	**(2,266)**
Non-controlling interests	-	-	-	-	-	-	(16)	**(16)**
Net profit after tax ("cash basis")	2,461	898	1,173	718	388	(45)	508	**6,101**
Hedging and IFRS volatility	-	-	-	-	(26)	(66)	109	**17**
Bankwest non-cash items	-	-	-	-	-	(203)	(13)	**(216)**
Tax on NZ structured finance transactions	-	-	-	-	(171)	-	-	**(171)**
Other non-cash items	-	-	-	(44)	7	-	(30)	**(67)**
Net profit after tax ("statutory basis")	2,461	898	1,173	674	198	(314)	574	**5,664**
Additional information								
Intangible asset amortisation	(25)	(71)	(10)	(5)	(27)	(91)	(51)	**(280)**
Depreciation	(10)	(24)	(46)	(4)	(29)	(34)	(191)	**(338)**
Balance Sheet								
Total assets	263,639	78,801	94,495	21,689	53,433	74,684	59,589	**646,330**
Acquisition of property plant and equipment, intangibles and other non-current assets	16	14	39	4	22	43	182	**320**
Investment in associates	76	26	2	783	-	-	603	**1,490**
Total liabilities	155,334	103,298	58,898	19,349	49,591	69,868	154,422	**610,760**

(1) Results have been restated for the impact of business resegmentation.

(2) Net interest income has been restated following the allocation of capital costs to Bankwest which were previously held centrally in Other.

(3) Includes the impact of reclassification of net swap costs within net interest income related to certain economic hedges which do not qualify for IFRS hedge accounting of $259 million.

(4) Investment experience is presented on a pre-tax basis.

(5) Operating expenses include volume related expenses.

11. Financial Reporting by Segments (continued)

	Half Year Ended 30 June 2011							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	Other [1] $M	Total $M
Net interest income	3,216	836	643	-	421	741	631	**6,488**
Other banking income	635	703	564	-	148	102	(228)	**1,924**
Total banking income	3,851	1,539	1,207	-	569	843	403	**8,412**
Funds management income	-	-	-	993	20	-	11	**1,024**
Insurance income	-	-	-	285	105	-	8	**398**
Total operating income	3,851	1,539	1,207	1,278	694	843	422	**9,834**
Investment experience [2]	-	-	-	52	1	-	33	**86**
Total income	3,851	1,539	1,207	1,330	695	843	455	**9,920**
Operating expenses [3]	(1,486)	(682)	(413)	(932)	(356)	(441)	(173)	**(4,483)**
Loan impairment expense	(305)	(126)	(131)	-	(26)	(60)	90	**(558)**
Net profit before income tax	2,060	731	663	398	313	342	372	**4,879**
Corporate tax expense	(607)	(199)	(157)	(115)	(77)	(103)	(114)	**(1,372)**
Non-controlling interests	-	-	-	-	-	-	(7)	**(7)**
Net profit after tax ("cash basis")	1,453	532	506	283	236	239	251	**3,500**
Hedging and IFRS volatility	-	-	-	-	(18)	(1)	(30)	**(49)**
Bankwest non-cash items	-	-	-	-	-	(93)	(6)	**(99)**
Other non-cash items	-	-	-	(10)	-	-	-	**(10)**
Net profit after tax ("statutory basis")	1,453	532	506	273	218	145	215	**3,342**
Additional information								
Intangible asset amortisation	(19)	(30)	(5)	(2)	(13)	(44)	(35)	**(148)**
Depreciation	(5)	(12)	(22)	(2)	(12)	(17)	(101)	**(171)**
Balance Sheet								
Total assets	274,773	82,928	97,138	20,672	50,491	76,828	65,069	**667,899**
Acquisition of property plant and equipment, intangibles and other non-current assets	5	5	115	2	32	21	113	**293**
Investment in associates	71	33	12	765	-	-	831	**1,712**
Total liabilities	168,418	113,288	63,631	19,921	46,493	71,555	147,306	**630,612**

(1) Includes the impact of reclassification of net swap costs within net interest income related to certain economic hedges which do not qualify for IFRS hedge accounting of $271 million.
(2) Investment experience is presented on a pre-tax basis.
(3) Operating expenses include volume related expenses.

11. Financial Reporting by Segments (continued)

Geographical Information Financial Performance & Position	Full Year Ended 30/06/11 $M	30/06/11 %	30/06/10 $M	30/06/10 %
Revenue				
Australia	**40,733**	**88. 1**	35,906	85. 9
New Zealand	**3,832**	**8. 3**	4,208	10. 1
Other locations (1)	**1,650**	**3. 6**	1,671	4. 0
Total revenue	**46,215**	**100. 0**	41,785	100. 0
Non-Current Assets				
Australia	**12,706**	**92. 9**	12,654	90. 5
New Zealand	**852**	**6. 2**	1,009	7. 2
Other locations (1)	**123**	**0. 9**	315	2. 3
Total non-current assets	**13,681**	**100. 0**	13,978	100. 0

(1) Other locations include: United Kingdom, United States, Japan, Singapore, Malta, Hong Kong, Indonesia, China and Vietnam.

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

12. Integrated Risk Management (Excludes Insurance and Funds Management)

The major categories of risk actively managed by the Group include credit risk, market risk, liquidity and funding risk and other operational risks.

The Group's approach to risk management including governance, management, appetite, policies and procedures are described in the Risk Management section of the 30 June 2011 Annual Report of the Group.

Additionally, further disclosures in respect of capital adequacy and risk are provided in the Pillar 3 document.

Credit Risk

The Group uses a portfolio approach for the management of its credit risk, of which a key element is a well diversified portfolio. The Group uses various portfolio management tools to assist in diversifying the credit portfolio.

Below is a breakdown of the Group's committed exposure across industry, region and commercial credit quality.

By Industry (1)	30/06/11 %	31/12/10 %	30/06/10 %
Agriculture, forestry and fishing	**2.2**	2.3	2.4
Banks	**11.6**	10.8	10.2
Business services	**0.9**	1.0	0.9
Construction	**1.0**	1.0	1.0
Consumer	**53.1**	54.9	54.8
Culture and recreational services	**0.7**	0.8	0.7
Energy	**1.0**	1.1	1.1
Finance - Other	**3.6**	3.9	4.1
Health and community service	**0.8**	0.8	0.9
Manufacturing	**2.0**	2.1	2.3
Mining	**0.8**	0.8	0.7
Property	**6.3**	6.7	6.9
Retail trade and wholesale trade	**2.4**	2.5	2.4
Sovereign	**7.3**	4.9	4.9
Transport and storage	**1.4**	1.4	1.4
Other	**4.9**	5.0	5.3
	100.0	100.0	100.0

By Region (1)	30/06/11 %	31/12/10 %	30/06/10 %
Australia	**80.0**	80.6	80.6
New Zealand	**8.3**	8.8	9.1
Europe	**6.0**	5.2	5.4
Americas	**3.5**	2.9	2.7
Asia	**2.1**	2.4	2.0
Other	**0.1**	0.1	0.2
	100.0	100.0	100.0

Commercial Portfolio Quality (1)	30/06/11 %	31/12/10 %	30/06/10 %
AAA/AA	**33**	29	27
A	**17**	18	19
BBB	**15**	15	15
Other	**35**	38	39
	100	100	100

(1) Committed exposures by industry, region and commercial credit quality are disclosed on a gross basis.

As a measure of individually risk-rated commercial portfolio exposure (including finance and insurance), the Group has 65% of commercial exposures at investment grade quality.

12. Integrated Risk Management (continued)

Liquidity and Funding Policies and Management

The Group's liquidity and funding policies provide that:

- Balance sheet assets that cannot be liquidated quickly are funded with deposits or term borrowings that meet minimum maturity requirements with appropriate liquidity buffers;
- Short and long term wholesale funding limits are established and reviewed regularly based on surveys and analysis of market capacity;
- A minimum level of assets are retained in highly liquid form;
- The level of liquid assets complies with crisis scenario assumptions related to "worst case" wholesale and retail market conditions; is adequate to meet known funding obligations over certain timeframes and are allocated across Australian dollar and foreign currency denominated securities in accordance with specific calculations;
- Certain levels of liquid assets are held to provide for the risk of the Group's committed but undrawn lending obligations being drawn by customers, as calculated based on draw down estimates and forecasts;
- The Group maintains certain levels of liquid assets categories within its domestic liquid assets portfolio. The first category includes negotiable certificates of deposit of Australian banks, bank bills, Commonwealth of Australia Government and Australian state and semi-government bonds and supra-national bonds. All securities are eligible for repurchase by the Reserve Bank of Australia (RBA) at any time. The second category is AAA and A-1+ rated Australian residential mortgage backed securities that meet certain minimum requirements; and
- Offshore branches and subsidiaries adhere to liquidity policies and hold appropriate foreign currency liquid assets as required. All securities are eligible for repurchase by the relevant local central bank at any time.

The Group's key liquidity tools include:

- A liquidity management model similar to a "maturity ladder" or "liquidity gap analysis", that allows forecasting of liquidity needs on a daily basis;
- An additional liquidity management model that implements the agreed prudential liquidity policies. This model is calibrated with a series of "worst case" liquidity crisis scenarios, incorporating both systemic and "name" crisis assumptions, such that the Group will have sufficient liquid assets available to ensure it meets all of its obligations as and when they fall due;
- Central bank repurchase agreement facilities provide the Group with the ability to borrow funds on a secured basis, even when normal funding markets are unavailable; and
- The Group's various short term funding programmes are supplemented by the Interbank Deposit Agreement between the four major Australian banks. This agreement is similar to a standby liquidity facility that allows the Group to access funding in various crisis circumstances.

The Group's key funding tools include:

- Its small business and institutional deposit base;
- Its consumer retail funding base includes a wide range of retail transaction accounts, investment accounts and retirement style accounts for individual consumers; and
- Its wholesale international and domestic funding programmes which includes its: Australian dollar Negotiable Certificates of Deposit; Australian dollar bank bill; Asian Transferable Certificates of Deposit programme; Australian, U.S. and Euro Commercial Paper programmes; Bankwest Euro Commercial Paper Programme; U.S. Extendible Notes programme; Australian dollar Domestic Debt programme; U.S. Medium Term Note Programme; Euro Medium Term Note programme and its Medallion and Swan securitisation programmes.

Recent Market Environment

The incremental cost of wholesale funding has been generally stable over the last financial year but remains high. The Group has managed its debt portfolio to avoid concentrations such as dependence on single sources of funding, by type or by investor, and has continued to maintain a diversified funding base and significant funding capacity in the domestic and global unsecured and secured debt markets.

On 12 December 2010, the Australian Government announced its intention to allow Australian banks to issue covered bonds. Covered bonds are debt obligations of the bank that are secured by a pool of eligible assets. Draft legislation is expected to be introduced into parliament later in 2011 and if passed could allow the Group to issue covered bonds in the next financial year.

On 16 December 2010 the Basel Committee on Banking Supervision (BCBS) published details of its main banking reforms to strengthen global capital and liquidity regulations, otherwise known as Basel III. As a member of the BCBS, APRA has begun work on developing draft prudential standards and is expected to commence its consultation with Australian authorised deposit-taking institutions (ADI) on these standards in the second half of the 2011 calendar year.

On 17 December 2010 APRA and the RBA announced an agreed approach for Australian banks to meet new liquidity standards. Under this approach, an ADI will be able to establish a committed secured liquidity facility with the RBA, sufficient in size to cover any shortfall between the ADI's holdings of high-quality liquid assets and the proposed Liquidity Coverage Ratio requirement. Qualifying collateral for the facility will comprise all assets eligible for repurchase transactions with the RBA under normal market operations. In return for the committed facility, the RBA will charge a market-based commitment fee.

The final impact of new liquidity and funding regulations on the Group is still uncertain though it is likely that they will require increased long term debt issuance and higher holdings of liquid assets. The Group continues to monitor developments in this area and will update its liquidity and funding policies as appropriate.

Details of the Group's regulatory capital position and capital management activities are disclosed in Appendix 14.

Funding sources

The following table provides the funding sources for the Group including customer deposits, short term wholesale funding, long term funding with less than one year residual maturity and long term funding greater than one year residual maturity. Shareholders' equity is excluded from this view of funding sources other than the USD trust preferred securities which are classified as other equity instruments in the statutory balance sheet.

12. Integrated Risk Management (continued)

	As at				
	30/06/11 $M	31/12/10 $M	30/06/10 $M	Jun 11 vs Dec 10 %	Jun 11 vs Jun 10 %
Customer deposits [(1)]	**349,221**	335,939	323,653	4	8
Wholesale funding					
Short term					
Certificates of deposit	**30,608**	38,009	31,454	(19)	(3)
Bank acceptances	**10,475**	9,206	10,389	14	1
ECP commercial paper programme	**9,867**	6,928	11,282	42	(13)
US commercial paper programme	**28,614**	25,618	23,022	12	24
Securities sold under agreements to repurchase	**4,062**	4,485	5,760	(9)	(29)
Other [(2)]	**21,292**	18,507	18,994	15	12
Total short term funding	**104,918**	102,753	100,901	2	4
Total long term funding - less than one year residual maturity [(3)]	**28,674**	29,310	30,950	(2)	(7)
Long term - greater than one year residual maturity [(3)]					
Transferable certificates of deposit [(4)]	**15,901**	16,540	15,505	(4)	3
Euro medium term note programme	**28,910**	29,006	34,695	-	(17)
US medium term note programme	**28,658**	29,929	31,204	(4)	(8)
Other debt issues [(5)]	**6,170**	7,500	2,573	(18)	large
Securitisation	**7,490**	6,304	6,389	19	17
Loan capital	**9,519**	10,039	12,194	(5)	(22)
Other	**974**	994	939	(2)	4
Total long term funding - greater than one year residual maturity	**97,622**	100,312	103,499	(3)	(6)
IFRS MTM and derivative FX revaluations	**(11,012)**	(10,594)	(159)	4	large
Total wholesale funding	**220,202**	221,781	235,191	(1)	(6)
Total funding	**569,423**	557,720	558,844	2	2
Reported as					
Deposits and other public borrowings	**401,147**	395,345	374,663	1	7
Payables due to other financial institutions	**15,899**	13,242	12,608	20	26
Liabilities at fair value through income statement	**10,491**	12,578	15,342	(17)	(32)
Bank acceptances	**10,734**	10,146	11,569	6	(7)
Debt issues	**118,652**	113,609	130,210	4	(9)
Loan capital	**11,561**	11,861	13,513	(3)	(14)
Share capital - other equity instruments	**939**	939	939	-	-
Total funding	**569,423**	557,720	558,844	2	2

(1) Customer deposits include Transaction deposits (June 2011: $89 billion; December 2010: $81 billion; June 2010: $83 billion), Savings deposits (June 2011: $82 billion; December 2010: $82 billion; June 2010: $79 billion), Investment deposits (June 2011: $176 billion; December 2010: $169 billion; June 2010: $157 billion) and Other deposits, primarily deposits held at fair value through the income statement (June 2011: $2 billion; December 2010: $4 billion; June 2010: $5 billion).

(2) Includes short sales, due to other financial institutions, debt issues with original maturity/call date less than one year.

(3) Residual maturity of long term wholesale funding included in Debt issues, Loan capital and Share capital – other equity instruments, is the earlier of the next call date or final maturity.

(4) Includes long term domestic debt programme (included within certificates of deposit, refer to Appendix 10).

(5) Includes debt included in liabilities at fair value through income statement.

Customer deposits accounted for 61% of total funding at 30 June 2011, compared to 58% in the prior year. Strong deposit growth has seen the Group satisfy a significant proportion of its funding requirements from customer deposits. The remaining 39% of total funding comprised various wholesale debt issuance. The Group's total wholesale funding was $220 billion at 30 June 2011, a 6% decrease over the prior year reflecting reduced long term wholesale debt resulting from the strong growth in customer deposits and the impact of the strengthening Australian dollar on foreign currency denominated term debt.

Short term wholesale funding, being debt with an original maturity or call date of less than 12 months, includes Certificates of deposit and Bank acceptances, debt issued under Euro and US Commercial paper programmes by CBA, Bankwest and ASB. Short term wholesale funding of $105 billion at 30 June 2011 increased 4% over the prior year and represented 48% of total wholesale funding as at 30 June 2011 compared to 43% at 30 June 2010. Significantly, during the year the Group has increased the weighted average maturity (WAM) of offshore short term debt, reducing refinancing risk.

The Group continues to maintain strong access to both domestic and international wholesale debt markets, completing transactions in USD, EUR, AUD and JPY during the year. The Bank also issued its first residential mortgage-backed securitisation (RMBS) trade since 2007 in addition to the launch of the CommBank Retail Bond.

Given lower wholesale funding needs, the Group was able to issue more cost effective private placements and domestic bonds rather than more expensive offshore benchmark transactions. The WAM of new long term wholesale debt issued in the June 2011 year was 4.1 years. The WAM of outstanding long-term wholesale debt marginally declined to 3.6 years at 30 June 2011 from 3.8 years at 30 June 2010.

12. Integrated Risk Management (continued)

Market Risk

Market risk in the Balance Sheet is discussed within Note 40 of the 2011 Annual Report.

Value at Risk (VaR)

The Group uses Value at Risk (VaR) as one of the measures of Traded and Non-Traded Market Risk. VaR measures potential loss using historically observed market volatility and correlation between different markets.

VaR is modelled at a 97.5% confidence level over a 1 day holding period for Trading Book positions and over a 20 day holding period for Banking Book interest rate risk and insurance business market risk.

Where VaR is deemed not to be an appropriate method of risk measurement other risk measures have been used, as specified by the heading or accompanying footnotes of the tables provided.

	Average VaR			
	30/06/11	31/12/10	30/06/10	31/12/09
Traded Market Risk (1)	$M	$M	$M	$M
Risk Type				
Interest rate risk	**5. 1**	5. 9	4. 8	3. 7
Exchange rate risk	**1. 9**	1. 8	1. 1	2. 1
Implied volatility risk	**2. 0**	1. 9	1. 5	1. 5
Equities risk	**1. 2**	1. 5	1. 5	1. 8
Commodities risk	**1. 3**	1. 1	0. 9	0. 8
Credit spread risk	**2. 7**	3. 8	4. 0	4. 6
Diversification benefit	**(7. 6)**	(8. 5)	(7. 2)	(7. 4)
Total general market risk	**6. 6**	7. 5	6. 6	7. 1
Undiversified risk	**3. 2**	3. 5	3. 7	3. 6
ASB Bank	**1. 3**	1. 8	1. 8	1. 5
Bankwest	**0. 1**	0. 1	0. 2	0. 2
Total	**11. 2**	12. 9	12. 3	12. 4

(1) Average VaR is at 1 day 97.5% confidence, and is calculated for each six month period.

12. Integrated Risk Management (continued)

Non-Traded VaR in Australian Life Insurance Business (20 day 97.5% confidence)	Average VaR [3]			
	30/06/11 $M	31/12/10 $M	30/06/10 $M	31/12/09 $M
Shareholder funds [1]	**28. 1**	26. 4	26. 1	24. 5
Guarantees (to Policyholders) [2]	**35. 6**	51. 7	23. 5	23. 6

(1) VaR in relation to the investment of Shareholder Funds.
(2) VaR in relation to product portfolios where the Group has a guaranteed liability to policyholders.
(3) Half year ended.

Non-Traded Equity Risk VaR (20 day 97.5% confidence)	As at			
	VaR 30/06/11 $M	VaR 31/12/10 $M	VaR 30/06/10 $M	VaR 31/12/09 $M
VaR	**67. 0**	95. 5	140. 0	139. 0

Interest Rate Risk in the Banking Book

Interest rate risk in the Banking Book is discussed within Note 40 of the 2011 Annual Report.

(a) Next 12 Months' Earnings

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

Net Interest Earnings at Risk [1]		30/06/11 $M	31/12/10 $M	30/06/10 $M	31/12/09 $M
Average monthly exposure	AUD	**168. 4**	157. 5	203. 5	169. 6
	NZD	**12. 3**	6. 3	6. 3	4. 7
High month exposure	AUD	**241. 2**	209. 6	299. 9	257. 1
	NZD	**26. 1**	7. 9	12. 6	11. 5
Low month exposure	AUD	**74. 3**	76. 1	139. 3	72. 1
	NZD	**1. 1**	2. 5	1. 5	1. 7

(1) Half year ended.

(b) Economic Value

A 20 day 97.5% VaR measure is used to capture the economic impact of adverse changes in interest rates on all banking book assets and liabilities.

Non-Traded Interest Rate Risk [1]	Average VaR [3]			
	30/06/11 $M	31/12/10 $M	30/06/10 $M	31/12/09 $M
AUD Interest rate risk	**116. 4**	136. 6	96. 3	58. 0
NZD Interest rate risk [2]	**2. 4**	1. 1	4. 0	0. 9

(1) VaR is at 20 day 97.5% confidence.
(2) Relates specifically to ASB data as at month end.
(3) Half year ended.

13. Counterparty and Other Credit Risk Exposures

Special purpose and off-balance sheet entities

The Group invests in or establishes special purpose entities (SPEs) in the ordinary course of business, primarily to provide funding and financial services for its customers. These SPEs are consolidated in the Financial Statements if they meet the criteria of control as outlined in Note 1 to the Financial Statements of the 2011 Annual Report. The definition of control depends upon substance rather than form and accordingly, determination of the existence of control involves management judgement. The Group assesses whether an SPE should be consolidated based on whether the majority of risks and rewards in the entity pass to the Group.

Some of the SPEs with which the Group is involved are detailed below, including the reason for their establishment and the control factors associated with the Group's interest in them. The Group does not bear the majority of residual risks and rewards of the SPEs which are not consolidated.

Securitisation vehicles

- Reason for establishment – Securitisation is a financing technique whereby assets are transferred to an SPE, which funds the purchase of assets by issuing securities to investors. The Group has a policy of funding diversification and assets may be securitised to provide greater diversification of the Group's funding sources.
- Control factors – The Group may manage these securitisation vehicles, service assets in the vehicle, provide hedging, or provide other facilities such as liquidity facilities. The Group retains the risks associated with the provision of these services. The Group is also entitled to any residual income from the SPEs after all payments due to investors and costs of the programme have been met.

Structured finance entities

- Reason for establishment – These entities are established to assist the Group's Structured Finance function with the structuring of client or group financing. The resulting lending and investment arrangements are entered into under the Group's approved lending criteria and are subject to appropriate credit approval processes. The assets arising from these financing activities are generally included in Receivables due from other financial institutions, Available-for-sale investments or Loans, bills discounted and other receivables. Exposures in the form of guarantees or undrawn credit lines are included within Contingent liabilities and credit related commitments.
- Control factors – The Group may manage these vehicles, hold minor amounts of capital, provide financing or transact derivatives with these entities. These entities are generally consolidated by the Group.

Asset-backed securities

Asset-backed securities are debt instruments based on pools of assets which may consist of residential mortgages, commercial mortgages or other types of receivables. The Group has acquired asset-backed securities primarily as part of its trading activities (classified as Trading assets), liquidity management (classified as Available-for-sale investments), or through investments in SPEs.

The primary source of repayment of the debt instruments is the cash flows from the underlying assets. Investors in the debt instruments have no recourse to the general assets of the issuer. The majority of the Group's asset-backed securities portfolio consists of notes rated at least AA- that are carried at fair value on the Balance Sheet.

Leveraged finance

The Group provides secured debt financing for the acquisition of companies by private equity firms. These acquisitions are typically highly leveraged. Target businesses are those with operations in Australia and New Zealand with stable and established earnings and the ability to reduce borrowing levels.

The Group's exposure is well diversified across industries and private equity sponsors. All debt facilities provided are senior with first ranking security over the cash flows and assets of the businesses.

Hedge funds

There were no material movements in exposures to hedge funds since June 2010 and these exposures are not considered to be material.

Collateralised debt obligations (CDOs) and credit linked notes

The Group has no material direct or indirect exposure to CDOs or credit linked notes.

Lenders mortgage insurance

Lenders mortgage insurance is provided by Genworth Financial Mortgage Insurance Pty Ltd and QBE Lenders Mortgage Insurance Ltd. The annualised expected loss claim, representing the total value of claims that would be due from these providers to the Group, on the basis of current market conditions, is approximately $43 million from Genworth and $5 million from QBE.

Monoline insurers

The underlying debt instruments that have been wrapped by monoline insurers are predominantly Australian domiciled and have stand alone ratings ranging from BBB- to A-. As at 30 June 2011 the Group had $159 million in exposures to these instruments (June 2010: $167 million).

13. Counterparty and Other Credit Risk Exposures (continued)

Securitisation vehicles

An analysis of the assets of, and exposures to, consolidated securitisation vehicles which the Group has established or manages is outlined in the tables below.

	Australia		New Zealand		Total	
	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10
Total securitisation assets	$M	$M	$M	$M	$M	$M
Residential mortgages [1]	**41,385**	42,519	**2,964**	3,154	**44,349**	45,673
Residential mortgages - Group originated	**11,296**	9,696	**-**	-	**11,296**	9,696
Residential mortgages - Non-Group originated	**-**	-	**-**	-	**-**	-
Commercial mortgages	**-**	-	**-**	-	**-**	-
Other	**-**	-	**204**	175	**204**	175
Total securitisation assets of SPEs	**52,681**	52,215	**3,168**	3,329	**55,849**	55,544

	Funded		Unfunded		Total	
	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10
Exposure to securitisation	$M	$M	$M	$M	$M	$M
Residential mortgage backed securities held for potential repurchase with central banks	**43,662**	45,169	**-**	-	**43,662**	45,169
Other residential mortgage backed securities	**2,125**	3,567	**-**	-	**2,125**	3,567
Other derivatives [2]	**1,478**	1,011	**-**	37	**1,478**	1,048
Liquidity support facilities	**163**	916	**809**	787	**972**	1,703
Other facilities	**898**	98	**63**	62	**961**	160
Total exposure to securitisation SPEs	**48,326**	50,761	**872**	886	**49,198**	51,647

(1) Group originated residential mortgages which back securities held for potential repurchase with central banks.

(2) Derivatives are measured on the basis of Potential Credit Exposure (PCE), a credit risk measurement of maximum risk over the term of the transaction or current fair value where PCE is not available.

13. Counterparty and Other Credit Risk Exposures (continued)

Asset-backed securities

An analysis of the exposure to non-Group originated asset-backed securities and related facilities is outlined in the tables below.

	Carrying Amount	
	30/06/11	30/06/10
Summary of asset-backed securities	$M	$M
Commercial mortgage backed securities	71	90
Residential mortgage backed securities	2,702	1,832
Total	2,773	1,922

Asset-backed securities by underlying asset

	Trading portfolio		AFS portfolio [1]		Other		Total	
	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10
	$M	$M	$M	$M	$M	$M	$M	$M
Sub-prime	-	-	-	-	-	-	-	-
Non-conforming (Alt-A)	1	1	6	16	-	-	7	17
Prime mortgages	54	144	2,414	1,401	227	271	2,695	1,816
Other assets	-	-	71	89	-	-	71	89
Total	55	145	2,491	1,506	227	271	2,773	1,922

Asset-backed securities by credit rating and geography

	AAA & AA		A		BBB		BB and below including not rated		Total	
	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia	2,479	1,588	24	14	12	-	-	-	2,515	1,602
New Zealand	-	-	-	-	-	-	-	-	-	-
Europe	-	271	-	-	-	-	227	-	227	271
UK	-	49	31	-	-	-	-	-	31	49
Total	2,479	1,908	55	14	12	-	227	-	2,773	1,922

	Funded Commitments		Unfunded Commitments		Total	
	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10
Warehousing financing facilities	$M	$M	$M	$M	$M	$M
Australia	2,980	4,017	1,627	948	4,607	4,965
New Zealand	517	607	43	32	560	639
Europe	320	381	-	-	320	381
Canada	-	5	-	-	-	5
Total	3,817	5,010	1,670	980	5,487	5,990

	Funded Commitments		Unfunded Commitments		Total	
Commercial paper standby liquidity	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10
facilities [2]	$M	$M	$M	$M	$M	$M
Standby liquidity facilities	-	35	300	339	300	374

(1) Available-for-sale investments (AFS).

(2) Facilities provided to companies with operations in Australia and New Zealand.

13. Counterparty and Other Credit Risk Exposures (continued)

Leveraged finance

The tables below are an analysis of the credit exposures arising from providing leverage finance to entities acquired by private equity firms.

Exposure by industry (1)

	Funded exposure		Unfunded commitments		Total gross exposure		Individual provision		Net exposure	
	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Retail	**123**	119	**24**	25	**147**	144	**-**	-	**147**	144
Manufacturing	**144**	181	**22**	27	**166**	208	**-**	-	**166**	208
Media	**154**	139	**13**	12	**167**	151	**-**	-	**167**	151
Healthcare	**105**	77	**21**	6	**126**	83	**-**	-	**126**	83
Equipment hire	**80**	74	**-**	8	**80**	82	**-**	-	**80**	82
Financial services	**28**	33	**5**	3	**33**	36	**-**	-	**33**	36
Other	**156**	169	**26**	30	**182**	199	**-**	-	**182**	199
Total	**790**	792	**111**	111	**901**	903	**-**	-	**901**	903

Exposure by geography (1)

	Funded exposure		Unfunded commitments		Total gross exposure		Individual provision		Net exposure	
	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10	30/06/11	30/06/10
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia	**689**	649	**104**	102	**793**	751	**-**	-	**793**	751
New Zealand	**101**	143	**7**	9	**108**	152	**-**	-	**108**	152
Total	**790**	792	**111**	111	**901**	903	**-**	-	**901**	903

(1) Excludes derivative exposures of $105 million (June 2010: $83 million).

	As at	
	30/06/11	30/06/10
Movements in individual provisions	$M	$M
Opening balance	**-**	-
Impairment expense	**-**	-
Net new and increased individual provisioning	**-**	-
Exposures written off	**-**	-
Total individual provisions	**-**	-

14. Capital Adequacy

Risk Weighted Capital Ratios	As at 30/06/11 %	31/12/10 %	30/06/10 %
Common Equity [1]	**7. 66**	7. 35	6. 86
Tier One	**10. 01**	9. 71	9. 15
Tier Two	**1. 69**	1. 79	2. 34
Total Capital	**11. 70**	11. 50	11. 49

Regulatory Capital	As at 30/06/11 $M	31/12/10 $M	30/06/10 $M
Ordinary Share Capital	**23,602**	23,083	23,081
Treasury shares [2]	**294**	301	298
Ordinary Share Capital and Treasury Shares	**23,896**	23,384	23,379
Other Equity Instruments	**939**	939	939
Trust Preferred Securities 2006 [3]	**(939)**	(939)	(939)
Total Other Equity Instruments	**-**	-	-
Reserves [4]	**392**	269	1,089
Cash flow hedge reserve	**402**	490	417
Employee compensation reserve	**(135)**	(100)	(125)
Asset revaluation reserve	**(191)**	(189)	(194)
Available-for-sale investments reserve	**(245)**	(22)	(173)
Foreign currency translation reserve related to non-consolidated subsidiaries	**149**	118	8
Total Reserves	**372**	566	1,022
Retained Earnings and current period profits	**11,826**	10,534	9,938
Expected dividend [5]	**(2,930)**	(2,045)	(2,633)
Estimated reinvestment under Dividend Reinvestment Plan [6]	**733**	511	-
Retained earnings adjustment for non-consolidated subsidiaries [7]	**227**	230	392
Other	**(189)**	(63)	(52)
Net Retained Earnings	**9,667**	9,167	7,645
Non-controlling Interest [8]	**528**	524	523
ASB Perpetual Preference Shares [8]	**(505)**	(505)	(505)
Non-controlling interests less ASB Perpetual Preference Shares	**23**	19	18
Total Fundamental Tier One Capital	**33,958**	33,136	32,064

(1) Represents Fundamental Tier One Capital net of Tier One deductions.

(2) Represents shares held by the Group's life insurance operations and employee share scheme trusts.

(3) Trust Preferred Securities 2006 issued 15 March 2006 of USD700 million. These instruments qualify as Tier One Innovative Capital of the Group.

(4) The Group's general reserve, capital reserve and foreign currency translation reserve (excluding balances related to non consolidated subsidiaries) qualify as Fundamental Tier One Capital.

(5) Represents expected dividends required to be deducted from current period earnings.

(6) Dividend Reinvestment Plan (DRP) in respect of the June 2011 final dividend is to be satisfied through the issue of shares, with the assumed reinvestment rate based on reinvestment experience as approved by APRA. The DRP in respect of the December 2010 interim dividend was satisfied by the issue of shares. The DRP in respect of the June 2010 final dividend was satisfied in full by an on market purchase and transfer of shares.

(7) Represents cumulative current year profit and retained earnings adjustment for subsidiaries not consolidated for regulatory purposes. This includes adjustments to the extent to which retained earnings from non-consolidated subsidiaries have not been repatriated to the Bank in dividends (June 2011: $525 million, December 2010: $522 million, June 2010: $360 million). The retention of these profits are used to fund the future growth of these operations. This has been offset by the one-off write back adjustments upon adoption of IFRS of $752 million.

(8) Non-controlling interest classified as Tier One Innovative Capital under Basel II regulations. Comprised predominantly of ASB Perpetual Preference Shares of NZ$550 million issued by New Zealand subsidiary entities. These shares are non-redeemable and carry limited voting rights.

14. Capital Adequacy (continued)

Regulatory Capital	30/06/11 $M	31/12/10 $M	30/06/10 $M
	As at		
Tier One Capital Deductions - 100%			
Goodwill and other intangibles (excluding software) (1)	**(8,306)**	(8,382)	(8,470)
Capitalised expenses	**(252)**	(242)	(288)
Capitalised computer software costs	**(1,297)**	(1,100)	(950)
Defined benefit superannuation plan surplus (2)	**(53)**	(255)	(221)
General reserve for credit losses top up (3)	**(132)**	(106)	(90)
Deferred tax	**(287)**	(47)	(96)
Tier One Capital deductions - 100%	**(10,327)**	(10,132)	(10,115)
Tier One Capital Deductions - 50% (4)			
Equity investments in other companies and trusts (5)	**(317)**	(328)	(323)
Equity investments in non-consolidated subsidiaries (net of intangibles) (6)	**(526)**	(539)	(518)
Expected impairment losses (before tax) in excess of eligible credit provisions (net of deferred tax) (7)	**(817)**	(748)	(830)
Other deductions	**(396)**	(390)	(328)
Tier One Capital deductions - 50%	**(2,056)**	(2,005)	(1,999)
Total Tier One Capital Deductions	**(12,383)**	(12,137)	(12,114)
Fundamental Tier One Capital After Deductions	**21,575**	20,999	19,950
Residual Tier One Capital			
Innovative Tier One Capital			
Non-cumulative preference shares (8)	**2,598**	2,626	2,728
Non-controlling Interests (9)	**505**	505	505
Eligible loan capital	**128**	198	236
Total Innovative Tier One Capital	**3,231**	3,329	3,469
Non-Innovative Residual Tier One Capital (10)	**3,407**	3,407	3,407
Less: Residual capital in excess of prescribed limits transferred to Upper Tier Two Capital (11)	**-**	-	(225)
Total Residual Tier One Capital	**6,638**	6,736	6,651
Total Tier One Capital	**28,213**	27,735	26,601

(1) Represents total Goodwill and other intangibles (excluding capitalised computer software costs) which is required to be deducted from Tier One Capital.

(2) In accordance with APRA regulations, the surplus (net of tax) in the Bank's defined benefit superannuation fund which is included in Shareholders' equity must be deducted from Tier One Capital.

(3) Capital deduction at 30 June 2011 of $132 million after tax (31 December 2010: $106 million, 30 June 2010: $90 million) to ensure the Group has sufficient provisions and capital to cover credit losses estimated to arise over the full life of the individual facilities, as required by APS 220.

(4) Represents 50% Tier One and 50% Tier Two Capital deductions under Basel II.

(5) Represents the Group's non-controlling interest in other companies and unit trusts.

(6) Represents the net equity within the non-consolidated subsidiaries (primarily the Colonial Group) which is deducted 50% from Tier One and 50% from Tier Two Capital. This deduction is net of $1,452 million in Non-Recourse Debt issued by Colonial Finance Limited (December 2010: $1,446 million, June 2010: $1,495 million) and the Colonial Hybrid Issue $700 million (December 2010: $700 million, June 2010: $700 million).

(7) Regulatory Expected Loss (pre tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions (collective provision and general reserve for credit losses net of tax and individually assessed provision pre tax) are deducted 50% from both Tier One and Tier Two Capital.

(8) APRA approved Innovative Tier One Capital instruments (PERLS III and Trust Preferred Securities 2003 and 2006).

(9) Non-controlling interest classified as Tier One Innovative Capital under Basel II regulations. Comprised predominantly of ASB Perpetual Preference Shares of NZ$550 million issued by New Zealand subsidiary entities. These shares are non-redeemable and carry limited voting rights.

(10) Comprises PERLS IV $1,465 million (less costs) issued by the Bank in July 2007 and PERLS V $2,000 million (less costs) issued by the Bank in October 2009. These have been approved by APRA as Tier One Non-Innovative Capital instruments.

(11) Residual Capital eligible for inclusion as Tier One Capital is subject to an APRA prescribed limit of 25% of Tier One capital with any excess transferred to Upper Tier Two Capital.

14. Capital Adequacy (continued)

Regulatory Capital	As at 30/06/11 $M	31/12/10 $M	30/06/10 $M
Tier Two Capital			
Upper Tier Two Capital			
Residual capital in excess of prescribed limits transferred from Tier One Capital (1)	**-**	-	225
Prudential general reserve for credit losses (net of tax) (2)	**620**	618	603
Asset revaluation reserve (3)	**86**	85	87
Upper Tier Two note and bond issues	**336**	350	382
Other	**124**	108	83
Total Upper Tier Two Capital	**1,166**	1,161	1,380
Lower Tier Two Capital			
Lower Tier Two note and bond issues (4) (5)	**5,728**	5,990	7,454
Holding of own Lower Tier Two Capital	**(89)**	(35)	(16)
Total Lower Tier Two Capital	**5,639**	5,955	7,438
Tier Two Capital Deductions			
50% Deductions from Tier Two Capital (6)	**(2,056)**	(2,005)	(1,999)
Total Tier Two Capital	**4,749**	5,111	6,819
Total Capital	**32,962**	32,846	33,420

(1) Residual Capital eligible for inclusion as Tier One Capital is subject to an APRA prescribed limit of 25% of Tier One Capital with any excess transferred to Upper Tier Two Capital.

(2) Represents the after tax collective provisions and general reserve for credit losses of banking entities in the Group (including Bankwest) which operate under the Basel II Standardised methodology.

(3) APRA allows only 45% of asset revaluation reserve to be included in Tier Two Capital.

(4) APRA requires these Lower Tier Two note and bond issues to be included as if they were unhedged.

(5) 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.

(6) Represents 50% Tier One and 50% Tier Two Capital deductions under Basel II rules.

14. Capital Adequacy (continued)

Risk Weighted Assets	As at 30/06/11 $M	31/12/10 $M	30/06/10 $M
Credit Risk			
Subject to Advanced IRB approach			
Corporate	**39,180**	40,129	44,252
SME Corporate	**22,471**	22,071	26,216
SME Retail	**4,435**	4,896	5,170
Sovereign	**2,517**	2,557	2,800
Bank	**7,216**	6,686	7,492
Residential mortgage	**55,709**	56,412	55,882
Qualifying revolving retail	**6,398**	6,761	6,772
Other retail	**7,253**	6,398	6,322
Impact of the regulatory scaling factor (1)	**8,711**	8,755	9,294
Total risk weighted assets subject to Advanced IRB approach	**153,890**	154,665	164,200
Specialised lending exposures subject to slotting criteria	**35,990**	34,339	35,483
Subject to Standardised approach			
Corporate	**8,048**	8,040	8,872
SME Corporate	**7,389**	7,597	7,746
SME Retail	**4,461**	4,377	4,684
Sovereign	**103**	99	215
Bank	**1,238**	1,583	1,136
Residential mortgage	**23,515**	22,605	22,436
Other retail	**2,574**	2,510	2,530
Other	**4,751**	4,619	5,472
Total risk weighted assets subject to standardised approach	**52,079**	51,430	53,091
Securitisation	**2,670**	1,894	1,569
Equity exposures	**2,113**	2,280	2,420
Total risk weighted assets for credit risk exposures	**246,742**	244,608	256,763
Market risk	**3,162**	3,873	3,503
Interest rate risk in the banking book	**9,699**	17,033	10,272
Operational risk	**22,108**	20,049	20,283
Total risk weighted assets (2)	**281,711**	285,563	290,821

(1) APRA requires risk weighted assets amounts that are derived from IRB risk weight functions be multiplied by a factor of 1.06.

(2) Risk Weighted Assets (RWA) include the consolidation of Bankwest which operates under the Basel II Standardised methodology.

Capital Management

The Group maintains a strong capital position with the capital ratios well in excess of APRA minimum capital adequacy requirements (Prudential Capital Ratio (PCR)) and the Board Approved minimum levels at all times throughout the year ended 30 June 2011.

The Group's Common Equity, Tier One Capital and Total Capital ratios (which include ASB Bank and Bankwest) as at 30 June 2011 were 7.66%, 10.01% and 11.70% respectively.

The Group's Common Equity and Tier One Capital increased by 31 and 30 basis points respectively over the prior half, primarily influenced by both solid profit after tax (net of dividend and Dividend Reinvestment Plan (DRP)) and reduction in Risk Weighted Assets (RWA).

The Group's Total Capital ratio increased 20 basis points over the prior half to 11.70%, with the benefits from the improvement in Tier One Capital partially offset by the planned redemption of a Lower Tier Two instrument.

RWA were $282 billion at 30 June 2011, a decrease of $4 billion since 31 December 2010. This decrease was primarily influenced by a $7 billion reduction in Interest Rate Risk in the Banking Book (IRRBB) RWA with the balance sheet duration moving closer to its neutral risk position. This was achieved through treasury risk management activities and change in loan and deposit repricing terms.

Compared to the prior year, the Group's Common Equity and Tier One Capital increased 80 and 86 basis points respectively, reflecting a solid profit performance and reduction in RWA.

Total Capital increased 21 basis points compared to the prior year, with the benefits from the growth in Tier One Capital being partially offset by the planned redemption of a number of Lower Tier Two Instruments, and foreign currency translation impacts of these instruments.

The Group's Common Equity, Tier One and Total Capital ratios as at 30 June 2011 under the Financial Services Authority (the UK regulator) method of calculating regulatory capital as a percentage of RWA were 10.9%, 13.7% and 15.0% respectively. This has been provided for comparative purposes as the Group is not regulated by the Financial Services Authority.

Capital Initiatives

The following significant initiatives were undertaken during the year to actively manage the Group's capital:

Tier One Capital

- The DRP for the 2010 final dividend was satisfied in full by an on market purchase and transfer of shares. As such there was no impact on the Group's capital ratios. The DRP participation rate was 25.8% and follows the removal of the 1.5% discount;

14. Capital Adequacy (continued)

- The allocation of $513 million of ordinary shares in order to satisfy the DRP in respect of the interim dividend for the 2011 financial year, representing a participation rate of 25.1%; and
- The redemption of $65 million in Exchangeable Floating Rate notes, classified as Innovative Tier One Capital, in February 2011.

Tier Two Capital

- Redemption of five separate subordinated Lower Tier Two debt issues totalling $795 million, the majority of which took place in November 2010; and
- Redemption of a $152 million (NZ$ 200 million) Lower Tier Two debt issue in June 2011.

Banking Regulatory Framework

The Group, excluding Bankwest, operates under Basel II advanced status which resulted in the advanced internal ratings based (AIRB) approach for credit risk and the advanced measurement approach (AMA) for operational risk being adopted in the calculation of RWA effective from 1 January 2008. IRRBB was incorporated into the calculation of RWA from 1 July 2008. The agreed methodology for measuring market risk for traded assets remained unchanged from Basel I.

Bankwest's operations are included in the Group's Capital requirements however, Bankwest operates as a stand-alone Bank under Basel II standardised status and is separately regulated by APRA. There is a programme to extend the Group's advanced accreditation to determine regulatory capital for Bankwest. Once Basel III reforms are implemented, Bankwest will be required to report a common equity ratio.

ASB's operations are included in the Group's Capital requirements however, ASB Bank operates as a stand-alone Bank under Basel II advanced status and is subject to regulation by the Reserve Bank of New Zealand (RBNZ). The RBNZ applies a similar methodology to APRA in calculating regulatory capital requirements. Once Basel III reforms are implemented, ASB will be required to report a common equity ratio.

Insurance and Funds Management Business

The Group's insurance and funds management companies held assets in excess of regulatory capital requirements at 30 June 2011. The Group's Australian and New Zealand insurance and funds management businesses held $1,014 million of assets in excess of regulatory solvency requirements at 30 June 2011 (31 December 2010: $1,147 million, 30 June 2010: $1,007 million).

Regulatory Changes

There are a number of regulatory changes in progress that will impact the measurement of capital for the Group in regards to Banking, General and Life Insurance and Conglomerate Groups.

Banking – Basel Committee Changes

On 16 December 2010 the Basel Committee on Banking Supervision (BCBS) published details of its main banking reforms to strengthen global capital and liquidity regulations with the aim of promoting a more resilient banking sector.

The "*Basel III: A global regulatory framework for more resilient banks and banking systems*" reforms are designed to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risks.

The regulations will increase the common equity minimum requirement from 2% to 4.5%. They introduce a capital conservation buffer of 2.5%, taking the minimum common equity requirement to 7%. Tier One and Total Capital minimum requirements (inclusive of the capital conservation buffer) will increase to 8.5% and 10.5% respectively. The reforms also introduce a minimum leverage ratio of Tier One Capital to total exposures of 3%.

The reforms will be phased in from 1 January 2013 to 1 January 2019.

Banking – APRA Changes

APRA has begun work on developing draft prudential standards to implement the changes outlined by the BCBS.

APRA is expected to release a consultation paper on implementation in Australia in August 2011. Draft prudential standards are expected by December 2011, and final standards are expected in December 2012.

The BCBS and APRA conducted several recent Quantitative Impact Studies (QIS) to assess the impact of the proposed changes. The results of these studies are expected to be used to calibrate appropriate capital levels.

Basel II enhancements announced in July 2009, relating to securitisation and market risk, will be implemented from 1 January 2012.

General and Life Insurers

APRA released a discussion paper titled "*Review of capital standards for general insurers and life insurers*" in May 2010, followed by more detailed technical papers in July 2010. APRA is seeking to improve the risk sensitivity of its capital standards, and to introduce a definition and measurement of the capital base for insurers that is consistent with ADIs. A QIS to assess the impact of the proposed changes was completed in 2010 and after some refinements, APRA requested a further QIS be completed in 2011. The final standards are expected to be released by APRA in 2012 with implementation to commence in 2013.

The RBNZ issued draft solvency standards for life insurance operations in August 2010. Following a period of consultation with the industry, the RBNZ is close to finalising the standards which will take effect during 2012.

Supervision of Conglomerate Groups

APRA released a discussion paper titled "*Supervision of Conglomerate Groups*" in March 2010. APRA is seeking to extend its current prudential supervision framework to conglomerate groups that have material operations in more than one APRA regulated industry and/or have one or more material unregulated entities. The aims of the Level 3 proposals are to ensure that a conglomerate group holds adequate capital to protect the APRA regulated entities from potential contagion and other risks within the group.

A QIS to assess the impact of the proposed changes was completed in February 2011. Draft capital standards are expected in 2012 with implementation to commence in 2013.

Pillar 3 Disclosures

Full details on the market disclosures required under Pillar 3, per prudential standard APS 330 "*Public Disclosure of Prudential Information*", are provided on the Group's website.

15. Share Capital

Ordinary Share Capital	Full Year Ended 30/06/11 $M	30/06/10 $M	Half Year Ended 30/06/11 $M	31/12/10 $M
Opening balance (excluding Treasury Shares deduction)	**23,379**	21,920	**23,384**	23,379
Dividend reinvestment plan: Final dividend prior year (1)	**-**	685	**-**	-
Dividend reinvestment plan: Interim dividend (2)	**511**	772	**511**	-
Exercise of executive options	**6**	2	**1**	5
Closing balance (excluding Treasury Shares deduction)	**23,896**	23,379	**23,896**	23,384
Less: Treasury Shares (3)	**(294)**	(298)	**(294)**	(301)
Closing balance	**23,602**	23,081	**23,602**	23,083

(1) The DRP in respect of the 2009/2010 final dividend was satisfied in full through the on market purchase and transfer of $679 million of shares to participating shareholders.

(2) The declared dividend includes an amount attributable to the DRP of $513 million (Interim 2010/2011), with $511 million issued in ordinary shares due to rounding under the plan rules. The rounding amount will be included in the next DRP allocations.

(3) Relates to treasury shares held within life insurance statutory funds and the employee share scheme trust.

Shares on Issue	Full Year Ended 30/06/11 Number	30/06/10 Number	Half Year Ended 30/06/11 Number	31/12/10 Number
Opening balance (excluding Treasury Shares deduction)	**1,548,737,374**	1,518,801,069	**1,548,907,074**	1,548,737,374
Dividend reinvestment plan issue: (1)				
2008/2009 Final dividend fully paid ordinary shares $44.48	**-**	15,412,513	**-**	-
2009/2010 Interim dividend fully paid ordinary shares $53.56	**-**	14,421,452	**-**	-
2010/2011 Interim dividend fully paid ordinary shares $52.92	**9,682,670**	-	**9,682,670**	-
Exercise of executive option plan	**217,200**	102,340	**47,500**	169,700
Closing balance (excluding Treasury Shares deduction)	**1,558,637,244**	1,548,737,374	**1,558,637,244**	1,548,907,074
Less: Treasury Shares	**(6,363,549)**	(6,647,087)	**(6,363,549)**	(6,619,596)
Closing balance	**1,552,273,695**	1,542,090,287	**1,552,273,695**	1,542,287,478

(1) The DRP in respect of the 2009/2010 final dividend was satisfied in full through the on market purchase and transfer of 13,123,121 shares to participating shareholders.

Dividend Franking Account

After fully franking the final dividend to be paid for the year, the amount of credits available at the 30% tax rate to frank dividends for subsequent financial years, is $510 million (June 2010: $446 million). This figure is based on the franking accounts of the Bank at 30 June 2011, adjusted for franking credits that will arise from the payment of income tax payable on profits for the year, franking debits that will arise from the payment of dividends proposed and franking credits that the Bank may be prevented from distributing in subsequent financial periods. The Bank expects that future tax payments will generate sufficient franking credits for the Bank to be able to continue to fully frank future dividend payments. These calculations have been based on the taxation law as at 30 June 2011.

Dividends

The Directors have declared a fully franked final dividend of 188 cents per share amounting to $2,930 million. There is no foreign conduit income attributed to the final dividend. The dividend will be payable on 6 October 2011 to shareholders on the register at 5:00pm EST on 19 August 2011.

The Board determines the dividends per share 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;
- Investments and/or divestments to support business development;
- Competitors comparison and market expectations; and
- Earnings per share growth.

Dividend Reinvestment Plan

The Bank expects to issue around $733 million of shares in respect of the Dividend Reinvestment Plan for the final dividend for the year ended 30 June 2011.

Record Date

The register closes for determination of dividend entitlement and for participation in the DRP at 5:00pm EST on 19 August 2011 at Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235.

Ex-Dividend Date

The ex-dividend date is 15 August 2011.

16. Intangible Assets

	As at		
	30/06/11	31/12/10	30/06/10
	$M	$M	$M
Intangible Assets			
Goodwill	**7,399**	7,430	7,473
Computer software costs	**1,297**	1,100	950
Core deposits (1)	**317**	353	388
Management fee rights (2)	**311**	311	311
Brand name (3)	**186**	186	186
Other (4)	**93**	102	112
Total intangible assets	**9,603**	9,482	9,420
Goodwill			
Purchased goodwill	**7,399**	7,430	7,473
Accumulated impairment	**-**	-	-
Total goodwill	**7,399**	7,430	7,473
Computer Software Costs			
Cost	**1,895**	1,758	1,551
Accumulated amortisation	**(598)**	(619)	(562)
Accumulated impairment	**-**	(39)	(39)
Total computer software costs	**1,297**	1,100	950
Core Deposits (1)			
Cost	**495**	495	495
Accumulated amortisation	**(178)**	(142)	(107)
Total core deposits	**317**	353	388
Management Fee Rights (2)			
Cost	**311**	311	311
Total management fee rights	**311**	311	311
Brand Name (3)			
Cost	**186**	186	186
Total brand name	**186**	186	186
Other (4)			
Cost	**203**	202	203
Accumulated amortisation	**(110)**	(100)	(91)
Total other	**93**	102	112

(1) Core deposits represents the value of the Bankwest deposit base compared to the avoided cost of alternative funding sources such as securitisation and wholesale funding. This asset has a useful life of seven years based on the weighted average attrition rates of the Bankwest deposit portfolio.

(2) Management fee rights have an indefinite useful life under the contractual terms of the management agreements and are subject to an annual valuation for impairment testing purposes. No impairment was required as a result of this valuation.

(3) Brand names represent the value of royalty costs foregone by the Group through acquiring the Bankwest brand name. The royalty costs that would have been incurred by an entity using the Bankwest brand name are based on an annual percentage of income generated by Bankwest. This asset has an indefinite useful life, so is not subject to amortisation.

(4) Other includes the value of credit card relationships acquired from Bankwest. This value represents future net income generated from the relationships that existed at Balance Sheet date. The asset has a useful life of ten years based on the attrition rates of the Bankwest credit cardholders.

17. ASX Appendix 4E

Consolidated retained profits reconciliation (Rule 4.3A Item No. 6)

	Full Year Ended	
	30/06/11	30/06/10
	$M	$M
Retained Profits		
Opening balance	9,938	7,825
Actuarial (losses)/gains from defined benefit superannuation plans	(89)	(64)
Realised gains and dividend income on treasury shares (1)	20	30
Operating profit attributable to Equity holders of the Bank	6,394	5,664
Total available for appropriation	16,263	13,455
Transfers from/(to) general reserve	270	197
Transfers from employee compensation reserve	-	(93)
Interim dividend - cash component	(1,532)	(1,067)
Interim dividend - dividend reinvestment plan (2)	(513)	(774)
Final dividend - cash component	(2,633)	(1,058)
Final dividend - dividend reinvestment plan (3)	-	(688)
Other dividends	(29)	(34)
Closing balance	11,826	9,938

(1) Relates to movements in treasury shares held within life insurance statutory funds and the employee share scheme trust.

(2) The declared dividend includes an amount attributable to the DRP of $513 million (Interim 2010/2011), with $511 million issued in ordinary shares due to rounding under the plan rules. The rounding amount will be included in the next DRP allocations.

(3) The DRP in respect of the 2009/2010 final dividend was satisfied in full through the on market purchase and transfer of $679 million of shares to participating shareholders.

Details of entities over which control was lost during the year (Rule 4.3A Item No. 10)

	Date control lost	Ownership Interest Held (%)
St Andrew's Life Insurance Pty Ltd	1 July 2010	100%
St Andrew's Insurance (Australia) Pty Ltd	1 July 2010	100%

17. ASX Appendix 4E (continued)

Details of associates and joint ventures (Rule 4.3A Item No. 11)

As at 30 June 2011	Ownership interest held (%)
Acadian Asset Management (Australia) Limited	50%
Aegis Correctional Partnership Trust	50%
Aegis Securitisation Trust	50%
Aegis Correctional Partnership Pty Ltd	50%
Aegis Securitisation Nominees Pty Ltd	50%
Aspire Schools Financing (Qld) Pty Limited	50%
Aspire Schools (Qld) Holdings Limited	50%
Pinnacle Education SA Holding Company Pty Ltd (1)	50%
Equigroup Pty Limited	50%
Forth Health Holdings Limited	50%
First State Cinda Fund Management Company Limited	46%
BoCommLife Insurance Company Limited	38%
Aussie Home Loans Pty Limited	33%
International Private Equity Real Estate Fund	33%
Vipro Pty Ltd	33%
452 Capital Pty Limited	30%
First State European Diversified Investment Fund	30%
Cardlink Services Limited	25%
Cash Services Australia Pty Limited	25%
Electronic Transaction Services Limited	25%
Bank of Hangzhou Co. Ltd.	20%
Qilu Bank Co., Ltd.	20%
Payments NZ Limited	19%
Vietnam International Bank	15%
Interchange and Settlement Limited	11%
CFS Retail Property Trust	8%
Commonwealth Property Office Fund	6%

(1) Formally known as CIPL SA Schools Pty Limited.

Other significant information (Rule 4.3A Item No. 12)

On 22 July 2011, the Board announced the appointment of Ian Narev to the role of Chief Executive Officer of the Commonwealth Bank of Australia upon the retirement of Ralph Norris at the end of November 2011.

The Bank expects to issue approximately $733 million of ordinary shares in respect of the DRP for the final dividend for the year ended 30 June 2011.

There are no other significant events since 30 June 2011 that have materially affected the financial position or performance of the Group.

Foreign Entities (Rule 4.3A Item No. 13)

Not Applicable.

Compliance Statement

This preliminary final report for the year ended 30 June 2011 is prepared in accordance with the ASX listing rules. It should be read in conjunction with any announcements to the market made by the Group during the year.

The preliminary final report has been prepared in accordance with Accounting Standards in Australia.

The Financial Statements of the Group have been audited (Rule 4.3A Item No.15).

John Hatton

Company Secretary

10 August 2011

18. Profit Reconciliation

Profit Reconciliation	Net profit after tax "cash basis" $M	Hedging and IFRS volatility $M	Bankwest non-cash items [1] $M	Loss on disposal of controlled entities/ investments $M	Treasury shares valuation adjustment $M	Policyholder tax $M	Investment experience $M	Net profit after tax "statutory basis" $M
	Full Year Ended 30 June 2011							
Group								
Net interest income	**12,658**	(25)	(26)	-	-	-	-	**12,607**
Other banking income	**3,983**	(346)	-	(7)	-	-	-	**3,630**
Total banking income	**16,641**	(371)	(26)	(7)	-	-	-	**16,237**
Funds management income	**2,041**	-	-	-	(24)	62	(37)	**2,042**
Insurance income	**856**	-	-	-	-	104	158	**1,118**
Total operating income	**19,538**	(371)	(26)	(7)	(24)	166	121	**19,397**
Investment experience	**121**	-	-	-	-	-	(121)	**-**
Total income	**19,659**	(371)	(26)	(7)	(24)	166	-	**19,397**
Operating expenses	**(8,891)**	-	(169)	-	-	-	-	**(9,060)**
Loan impairment expenses	**(1,280)**	-	-	-	-	-	-	**(1,280)**
Net profit before tax	**9,488**	(371)	(195)	(7)	(24)	166	-	**9,057**
Corporate tax expense	**(2,637)**	106	48	-	2	(166)	-	**(2,647)**
Non-controlling interests	**(16)**	-	-	-	-	-	-	**(16)**
Net profit after tax	**6,835**	(265)	(147)	(7)	(22)	-	-	**6,394**

(1) Includes merger related amortisation through net interest income of $26 million; merger related amortisation through operating expenses of $75 million; Integration expenses of $94 million; and income tax benefit of $48 million.

18. Profit Reconciliation (continued)

	Full Year Ended 30 June 2010								
	Net profit after tax "cash basis"	Hedging and IFRS volatility	Bankwest non-cash items [1]	Tax on New Zealand Structured Finance Transactions	Loss on disposal of controlled entities/ investments	Treasury shares valuation adjust-ment	Policyholder tax	Investment experience	Net profit after tax "statutory basis"
Profit Reconciliation	$M	$M	$M	$M	$M	$M	$M	$M	$M
Group									
Net interest income	11,868	(57)	111	-	-	-	-	-	**11,922**
Other banking income	4,112	119	-	-	(23)	-	-	-	**4,208**
Total banking income	15,980	62	111	-	(23)	-	-	-	**16,130**
Funds management income	1,898	-	-	-	-	(51)	50	31	**1,928**
Insurance income	945	-	-	-	-	-	80	205	**1,230**
Total operating income	18,823	62	111	-	(23)	(51)	130	236	**19,288**
Investment experience	236	-	-	-	-	-	-	(236)	**-**
Total income	19,059	62	111	-	(23)	(51)	130	-	**19,288**
Operating expenses	(8,601)	-	(115)	-	-	-	-	-	**(8,716)**
Loan impairment expenses	(2,075)	-	(304)	-	-	-	-	-	**(2,379)**
Net profit before tax	8,383	62	(308)	-	(23)	(51)	130	-	**8,193**
Corporate tax expense	(2,266)	(45)	92	(171)	-	7	(130)	-	**(2,513)**
Non-controlling interests	(16)	-	-	-	-	-	-	-	**(16)**
Net profit after tax	6,101	17	(216)	(171)	(23)	(44)	-	-	**5,664**

(1) Includes merger related amortisation through net interest income of $111 million; merger related amortisation through operating expense of $75 million; integration expenses of $40 million; Loan impairment expense of $304 million and income tax benefit of $92 million.

18. Profit Reconciliation (continued)

	Half Year Ended 30 June 2011							
	Net profit after tax "cash basis"	Hedging and IFRS volatility	Bankwest non-cash items [1]	Loss on disposal of controlled entities/ investments	Treasury shares valuation adjustment	Policyholder tax	Investment experience	Net profit after tax "statutory basis"
Profit Reconciliation	$M	$M	$M	$M	$M	$M	$M	$M
Group								
Net interest income	6,488	3	(13)	-	-	-	-	6,478
Other banking income	1,924	(74)	-	-	-	-	-	1,850
Total banking income	8,412	(71)	(13)	-	-	-	-	8,328
Funds management income	1,024	-	-	-	(11)	8	10	1,031
Insurance income	398	-	-	-	-	58	76	532
Total operating income	9,834	(71)	(13)	-	(11)	66	86	9,891
Investment experience	86	-	-	-	-	-	(86)	-
Total income	9,920	(71)	(13)	-	(11)	66	-	9,891
Operating expenses	(4,483)	-	(115)	-	-	-	-	(4,598)
Loan impairment expenses	(558)	-	-	-	-	-	-	(558)
Net profit before tax	4,879	(71)	(128)	-	(11)	66	-	4,735
Corporate tax expense	(1,372)	22	29	-	1	(66)	-	(1,386)
Non-controlling interests	(7)	-	-	-	-	-	-	(7)
Net profit after tax	3,500	(49)	(99)	-	(10)	-	-	3,342

(1) Includes merger related amortisation through net interest income of $13 million; merger related amortisation through operating expenses of $39 million; integration expenses of $76 million; and income tax benefit of $29 million.

19. Notes to the Statements of Cash Flows

(a) Reconciliation of Net Profit after Income Tax to Net Cash provided by/(used in) Operating Activities

	Full Year Ended	
	30/06/11	30/06/10
	$M	$M
Net profit after income tax	**6,410**	5,680
Increase in interest receivable	**(224)**	(551)
Increase in interest payable	**476**	889
Net decrease in assets at fair value through Income Statement (excluding life insurance)	**2,697**	3,301
Net (gain)/loss on sale of controlled entities and associates	**(7)**	32
Net gain on sale of investments	**(1)**	(4)
Net increase in derivative assets	**(4,224)**	(1,331)
Net loss on sale of property, plant and equipment	**6**	4
Equity accounting profit	**(141)**	(116)
Loan impairment expense	**1,280**	2,379
Depreciation and amortisation (including asset write downs)	**613**	618
Decrease in liabilities at fair value through Income Statement (excluding life insurance)	**(4,851)**	(1,254)
Increase/(decrease) in derivative liabilities	**4,643**	(9,804)
Increase in other provisions	**80**	46
Increase/(decrease) in income taxes payable	**105**	(150)
Increase in deferred tax liabilities	**80**	53
(Increase)/decrease in deferred tax assets	**(30)**	383
(Increase)/decrease in accrued fees/reimbursements receivable	**(1)**	44
(Decrease)/increase in accrued fees and other items payable	**(99)**	302
Increase in life insurance contract policy liabilities	**835**	853
Increase in cash flow hedge reserve	**15**	589
(Decrease)/increase in fair value on hedged items	**(427)**	838
Changes in operating assets and liabilities arising from cash flow movements	**10,590**	(29,592)
Other	**(158)**	122
Net cash provided by/(used in) operating activities	**17,667**	(26,669)

(b) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash, money at short call, at call deposits with other financial institutions and settlement account balances with other banks.

	Full Year Ended	
	30/06/11	30/06/10
	$M	$M
Notes, coins and cash at banks	**5,424**	5,285
Other short term liquid assets	**1,301**	1,153
Receivables due from other financial institutions – at call (1)	**7,261**	5,012
Payables due to other financial institutions – at call (1)	**(6,058)**	(6,533)
Cash and cash equivalents at end of year	**7,928**	4,917

(1) At call includes certain receivables and payables due from and to financial institutions within three months.

19. Notes to the Statements of Cash Flows (continued)

(c) Disposal of Controlled Entities – Fair value of asset disposal

The Group disposed of certain St Andrew's operations effective 1 July 2010. During the year ended 30 June 2010, the Group disposed of its banking and insurance operation in Fiji.

	Full Year Ended	
	30/06/11	30/06/10
	$M	$M
Net assets	60	77
(Loss)/gain on sale (excluding realised foreign exchange losses and other related costs)	(10)	1
Cash consideration received	50	78
Less cash and cash equivalents disposed	(31)	(89)
Net cash inflow/(outflow) on disposal	19	(11)

(d) Non-Cash Financing and Investing Activities

	Full Year Ended	
	30/06/11	30/06/10
	$M	$M
Shares issued under the Dividend Reinvestment Plan (1)	511	1,457

(1) The dividend reinvestment plan in respect of the final dividend for 2009/10 was satisfied in full by an on market purchase and transfer of $679 million of shares to participating shareholders.

Appendices

20. Analysis Template

Profit Summary - Input Schedule	Full Year Ended 30/06/11 $M	Full Year Ended 30/06/10 $M	Half Year Ended 30/06/11 $M	Half Year Ended 31/12/10 $M	Page References
Income - Cash Basis					
Net interest income	**12,658**	11,868	**6,488**	6,170	Page 3
Other banking income	**3,983**	4,112	**1,924**	2,059	Page 3
Total banking income	**16,641**	15,980	**8,412**	8,229	Page 3
Funds management income	**2,041**	1,898	**1,024**	1,017	Page 3
Insurance income	**856**	945	**398**	458	Page 3
Total operating income	**19,538**	18,823	**9,834**	9,704	Page 3
Investment experience	**121**	236	**86**	35	Page 3
Total income	**19,659**	19,059	**9,920**	9,739	Page 3
Expenses - Cash Basis					
Retail Banking Services	**(2,903)**	(2,779)	**(1,486)**	(1,417)	Page 15
Business and Private Banking	**(1,335)**	(1,295)	**(682)**	(653)	Page 17
Institutional Banking and Markets	**(828)**	(830)	**(413)**	(415)	Page 19
Wealth Management - operating expenses	**(1,280)**	(1,210)	**(661)**	(619)	Page 21
Wealth Management - volume expenses	**(521)**	(496)	**(271)**	(250)	Page 21
New Zealand	**(704)**	(667)	**(356)**	(348)	Page 25
Bankwest	**(869)**	(880)	**(441)**	(428)	Page 29
Other	**(451)**	(444)	**(173)**	(278)	Page 31
Total operating expenses	**(8,891)**	(8,601)	**(4,483)**	(4,408)	Page 3
Profit before loan impairment expense	**10,768**	10,458	**5,437**	5,331	
Loan impairment expense	**(1,280)**	(2,075)	**(558)**	(722)	Page 3
Net profit before income tax	**9,488**	8,383	**4,879**	4,609	Page 3
Corporate tax expense	**(2,637)**	(2,266)	**(1,372)**	(1,265)	Page 3
Operating profit after tax	**6,851**	6,117	**3,507**	3,344	
Non-controlling interests	**(16)**	(16)	**(7)**	(9)	Page 3
Net profit after tax - cash basis	**6,835**	6,101	**3,500**	3,335	Page 3
Treasury shares valuation adjustment	**(22)**	(44)	**(10)**	(12)	Page 81
Hedging and IFRS volatility	**(265)**	17	**(49)**	(216)	Page 81
Gain/(loss) on disposal of controlled entities/investments	**(7)**	(23)	**-**	(7)	Page 81
Tax on New Zealand structured finance transactions	**-**	(171)	**-**	-	Page 82
Bankwest non-cash items	**(147)**	(216)	**(99)**	(48)	Page 81
Net profit after tax - statutory basis	**6,394**	5,664	**3,342**	3,052	Page 3
Total Operating Income					
Retail Banking Services	**7,508**	7,038	**3,851**	3,657	Page 15
Business and Private Banking	**3,052**	2,882	**1,539**	1,513	Page 17
Institutional Banking and Markets	**2,467**	2,591	**1,207**	1,260	Page 19
Wealth Management (net of volume expenses)	**2,079**	2,012	**1,007**	1,072	Page 21
New Zealand	**1,377**	1,253	**694**	683	Page 25
Bankwest	**1,640**	1,569	**843**	797	Page 29
Other	**894**	982	**422**	472	Page 31

20. Analysis Template (continued)

Profit Summary - Input Schedule	Full Year Ended 30/06/11 $M	Full Year Ended 30/06/10 $M	Half Year Ended 30/06/11 $M	Half Year Ended 31/12/10 $M	Page References
Other Data					
Net interest income (excluding securitisation)	**12,601**	11,793	**6,461**	6,140	Page 44
Average interest earning assets (excluding securitisation)	**576,369**	553,735	**578,982**	573,800	Page 6
Average net assets (1)	**36,069**	33,532	**36,318**	35,460	Page 36
Average non-controlling interests (1)	**525**	521	**526**	524	Page 36
Average other equity instruments (1)	**939**	939	**939**	939	Page 36
Average treasury shares (1)	**(298)**	(279)	**(298)**	(300)	Page 72
Distributions - other equity instruments	**42**	47	**20**	22	-
Interest expense (after tax) - Perls III	**50**	42	**25**	25	-
Interest expense (after tax) - Perls IV	**46**	38	**23**	23	-
Interest expense (after tax) - Perls V	**87**	57	**44**	43	-
Interest expense (after tax) - TPS	**22**	25	**10**	12	-
Interest expense (after tax) - Convertible notes	**30**	28	**13**	17	-
Weighted average number of shares - statutory basic (M)	**1,545**	1,527	**1,547**	1,542	Page 4
Weighted average number of shares - statutory diluted (M)	**1,668**	1,640	**1,668**	1,666	-
Weighted average number of shares - cash basic (M)	**1,548**	1,531	**1,551**	1,546	Page 4
Weighted average number of shares - cash diluted (M)	**1,671**	1,644	**1,672**	1,669	Page 88
Weighted average number of shares - Perls III (M)	**24**	23	**24**	24	-
Weighted average number of shares - Perls IV (M)	**29**	29	**29**	29	-
Weighted average number of shares - Perls V (M)	**40**	29	**40**	40	-
Weighted average number of shares - TPS (M)	**11**	13	**11**	11	-
Weighted average number of shares - Convertible notes (M)	**17**	18	**15**	18	-
Weighted average number of shares - Executive options (M)	**2**	1	**2**	1	-
Dividends per share (cents)	**320**	290	**188**	132	Page 4
No. of shares at end of period excluding treasury shares (M)	**1,559**	1,549	**1,559**	1,549	Page 77
Average Funds Under Administration	**196,254**	186,418	**198,851**	194,011	Page 6
Average inforce premiums	**2,063**	2,005	**2,050**	2,022	Page 6
Net assets	**37,287**	35,570	**37,287**	35,349	Page 36
Total intangible assets	**9,603**	9,420	**9,603**	9,482	Page 36
Non-controlling interests	**528**	523	**528**	524	Page 36
Other equity instruments	**939**	939	**939**	939	Page 36

(1) Average of reporting period balances.

20. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30/06/11 $M	Full Year Ended 30/06/10 $M	Half Year Ended 30/06/11 $M	Half Year Ended 31/12/10 $M
EPS				
Net profit after tax - cash basis	**6,835**	6,101	**3,500**	3,335
Less distribution - other equity instruments	**(42)**	(47)	**(20)**	(22)
Adjusted profit for EPS calculation	**6,793**	6,054	**3,480**	3,313
Average number of shares (M)	**1,548**	1,531	**1,551**	1,546
Earnings per share basic - cash basis (cents) (1)	**438. 7**	395. 5	**224. 4**	214. 3
Interest expense (after tax) - Perls III	**50**	42	**25**	25
Interest expense (after tax) - Perls IV	**46**	38	**23**	23
Interest expense (after tax) - Perls V	**87**	57	**44**	43
Interest expense (after tax) - TPS	**22**	25	**10**	12
Interest expense (after tax) - Convertible notes	**30**	28	**13**	17
Profit impact of assumed conversions (after tax)	**235**	190	**115**	120
Weighted average number of shares - Perls III (M)	**24**	23	**24**	24
Weighted average number of shares - Perls IV (M)	**29**	29	**29**	29
Weighted average number of shares - Perls V (M)	**40**	29	**40**	40
Weighted average number of shares - TPS (M)	**11**	13	**11**	11
Weighted average number of shares - Convertible Notes (M)	**17**	18	**15**	18
Weighted average number of shares - Executive Options (M)	**2**	1	**2**	1
Weighted average number of shares - dilutive securities (M)	**123**	113	**121**	123
Adjusted cash profit for EPS calculation	**6,793**	6,054	**3,480**	3,313
Add back profit impact of assumed conversions (after tax)	**235**	190	**115**	120
Adjusted diluted profit for EPS calculation	**7,028**	6,244	**3,595**	3,433
Average number of shares (M)	**1,548**	1,531	**1,551**	1,546
Add back weighted average number of shares (M)	**123**	113	**121**	123
Diluted average number of shares (M)	**1,671**	1,644	**1,672**	1,669
Earnings per share diluted - cash basis (cents) (1)	**420. 6**	379. 8	**215. 1**	205. 7
Net profit after tax - statutory	**6,394**	5,664	**3,342**	3,052
Less distribution - other equity instruments	**(42)**	(47)	**(20)**	(22)
Adjusted profit for EPS calculation	**6,352**	5,617	**3,322**	3,030
Average number of shares (M)	**1,545**	1,527	**1,547**	1,542
Earnings per share basic - statutory basis (cents) (1)	**411. 2**	367. 9	**214. 7**	196. 5

(1) EPS calculations based on actual NPAT, interest expense, distributions and number of shares prior to rounding to the nearest million.

20. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30/06/11 $M	Full Year Ended 30/06/10 $M	Half Year Ended 30/06/11 $M	Half Year Ended 31/12/10 $M
DPS				
Dividends				
Dividends per share (cents)	**320**	290	**188**	132
No of shares at end of period (M)	**1,559**	1,549	**1,559**	1,549
Total dividends	**4,975**	4,474	**2,930**	2,045
Dividend payout ratio - cash basis				
Net profit after tax - cash basis	**6,835**	6,101	**3,500**	3,335
NPAT - available for distribution to ordinary shareholders	**6,793**	6,054	**3,480**	3,313
Total dividends	**4,975**	4,474	**2,930**	2,045
Payout ratio - cash basis (%)	**73. 2**	73. 9	**84. 2**	61. 7
Dividend cover				
NPAT - available for distribution to ordinary shareholders	**6,793**	6,054	**3,480**	3,313
Total dividends	**4,975**	4,474	**2,930**	2,045
Dividend cover - cash basis (times)	**1. 4**	1. 4	**1. 2**	1. 6
ROE				
Return on equity - cash basis				
Average net assets	**36,069**	33,532	**36,318**	35,460
Less:				
Average non-controlling interests	**(525)**	(521)	**(526)**	(524)
Average other equity instruments	**(939)**	(939)	**(939)**	(939)
Average equity	**34,605**	32,072	**34,853**	33,997
Add average treasury shares	**298**	279	**298**	300
Net average equity	**34,903**	32,351	**35,151**	34,297
Net profit after tax - cash basis	**6,835**	6,101	**3,500**	3,335
Less distribution - other equity instruments	**(42)**	(47)	**(20)**	(22)
Adjusted profit for ROE calculation	**6,793**	6,054	**3,480**	3,313
Return on equity - cash basis (%)	**19. 5**	18. 7	**20. 0**	19. 2
Return on equity - statutory basis				
Average net assets	**36,069**	33,532	**36,318**	35,460
Average non-controlling interests	**(525)**	(521)	**(526)**	(524)
Average other equity interests	**(939)**	(939)	**(939)**	(939)
Average equity	**34,605**	32,072	**34,853**	33,997
Net profit after tax - statutory basis	**6,394**	5,664	**3,342**	3,052
Less distribution other equity instruments	**(42)**	(47)	**(20)**	(22)
Adjusted profit for ROE calculation	**6,352**	5,617	**3,322**	3,030
Return on equity - statutory basis (%)	**18. 4**	17.5	**19. 2**	17.7
NIM				
Net interest income (excluding securitisation)	**12,601**	11,793	**6,461**	6,140
Average interest earning assets (excluding securitisation)	**576,369**	553,735	**578,982**	573,800
NIM (%pa)	**2. 19**	2. 13	**2. 25**	2. 12

20. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30/06/11 $M	Full Year Ended 30/06/10 $M	Half Year Ended 30/06/11 $M	Half Year Ended 31/12/10 $M
Productivity				
Group operating expenses to total operating income ratio				
Operating expenses	**8,891**	8,601	**4,483**	4,408
Total operating income	**19,538**	18,823	**9,834**	9,704
Operating expenses to total operating income (%)	**45. 5**	45. 7	**45. 6**	45. 4
Retail Banking Services operating expenses to total banking income ratio				
Operating expenses	**2,903**	2,779	**1,486**	1,417
Total banking income	**7,508**	7,038	**3,851**	3,657
Operating expenses to total banking income (%)	**38. 7**	39. 5	**38. 6**	38. 7
Business and Private Banking operating expenses to total banking income ratio				
Operating expenses	**1,335**	1,295	**682**	653
Total banking income	**3,052**	2,882	**1,539**	1,513
Operating expenses to total banking income (%)	**43. 7**	44. 9	**44. 3**	43. 2
Institutional Banking and Markets operating expenses to total banking income ratio				
Operating expenses	**828**	830	**413**	415
Total banking income	**2,467**	2,591	**1,207**	1,260
Operating expenses to total banking income (%)	**33. 6**	32. 0	**34. 2**	32. 9
Wealth Management operating expenses to net operating income ratio				
Operating expenses	**1,280**	1,210	**661**	619
Net operating income	**2,079**	2,012	**1,007**	1,072
Operating expenses to net operating income (%)	**61. 6**	60. 1	**65. 6**	57. 7
New Zealand operating expenses to total operating income ratio				
Operating expenses	**704**	667	**356**	348
Total operating income	**1,377**	1,253	**694**	683
Operating expenses to total operating income (%)	**51. 1**	53. 2	**51. 3**	51. 0
Bankwest operating expenses to total banking income ratio				
Operating expenses	**869**	880	**441**	428
Total banking income	**1,640**	1,569	**843**	797
Operating expenses to total banking income (%)	**53. 0**	56. 1	**52. 3**	53. 7
Net Tangible Assets (NTA) per share				
Net assets	**37,287**	35,570	**37,287**	35,349
Less:				
Intangible assets	**(9,603)**	(9,420)	**(9,603)**	(9,482)
Non-controlling interests	**(528)**	(523)	**(528)**	(524)
Other equity instruments	**(939)**	(939)	**(939)**	(939)
Total net tangible assets	**26,217**	24,688	**26,217**	24,404
No. of shares at end of period (M)	**1,559**	1,549	**1,559**	1,549
Net tangible assets (NTA) per share ($)	**16. 82**	15. 94	**16. 82**	15. 75

21. Summary

Group		Page	Full Year Ended 30/06/11	30/06/10	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11	31/12/10	Jun 11 vs Dec 10 %
Net profit after tax - cash basis	$M	3	**6,835**	6,101	12	**3,500**	3,335	5
Treasury shares valuation adjustment - after tax	$M	81	**(22)**	(44)	(50)	**(10)**	(12)	(17)
Hedging and IFRS volatility - after tax	$M	3	**(265)**	17	large	**(49)**	(216)	(77)
Gain/(loss) on disposal of controlled entities/investments	$M	81	**(7)**	(23)	(70)	**-**	(7)	large
Tax on New Zealand Structured Finance transactions	$M	3	**-**	(171)	large	**-**	-	-
Bankwest non-cash items	$M	3	**(147)**	(216)	(32)	**(99)**	(48)	large
Net profit after tax - statutory basis	$M	3	**6,394**	5,664	13	**3,342**	3,052	10
Earnings per share - cash basis - basic	cents	4	**438. 7**	395. 5	11	**224. 4**	214. 3	5
Dividends per share	cents	4	**320**	290	10	**188**	132	42
Dividends pay-out ratio - cash basis	%	4	**73. 2**	73. 9	(70)bpts	**84. 2**	61. 7	large
Common equity	%	6	**7. 66**	6. 86	80 bpts	**7. 66**	7. 35	31 bpts
Tier One Capital	%	6	**10. 01**	9. 15	86 bpts	**10. 01**	9. 71	30 bpts
Total Capital	%	6	**11. 70**	11. 49	21 bpts	**11. 70**	11. 50	20 bpts
Number of full time equivalent staff	No.		**46,060**	45,025	2	**46,060**	45,025	2
Return on equity - cash basis	%	4	**19. 5**	18. 7	80 bpts	**20. 0**	19. 2	80 bpts
Return on equity - statutory basis	%	89	**18. 4**	17. 5	90 bpts	**19. 2**	17. 7	150 bpts
Weighted average number of shares - statutory	M	4	**1,545**	1,527	1	**1,547**	1,542	-
Net tangible assets per share	$	90	**16. 82**	15. 94	6	**16. 82**	15. 75	7
Net interest income	$M	3	**12,658**	11,868	7	**6,488**	6,170	5
Net interest margin	%	6	**2. 19**	2. 13	6 bpts	**2. 25**	2. 12	13 bpts
Other banking income - cash basis	$M	3	**3,983**	4,112	(3)	**1,924**	2,059	(7)
Other banking income/total banking income	%		**23. 9**	25. 7	(180)bpts	**22. 9**	25. 0	(210)bpts
Operating expenses to total operating income	%	6	**45. 5**	45. 7	(20)bpts	**45. 6**	45. 4	20 bpts
Average interest earning assets	$M	6	**576,369**	553,735	4	**578,982**	573,800	1
Average interest bearing liabilities	$M	6	**538,843**	521,338	3	**540,772**	536,948	1
Loan impairment expense	$M	3	**1,280**	2,075	(38)	**558**	722	(23)
Impairment expense annualised as a % of average RWA - cash basis (1)	%	11	**0. 45**	0. 71	(26)bpts	**0. 40**	0. 50	(10)bpts
Impairment expense annualised as a % of average gross loans and acceptances - cash basis (2)	%	11	**0. 25**	0. 41	(16)bpts	**0. 22**	0. 28	(6)bpts
Individually assessed provisions for impairment as a % of gross impaired assets	%	11	**40. 12**	38. 19	193 bpts	**40. 12**	41. 84	(172)bpts
Risk weighted assets	$M	11	**281,711**	290,821	(3)	**281,711**	285,563	(1)
Retail Banking Services								
Cash net profit after tax	$M	6	**2,845**	2,461	16	**1,453**	1,392	4
Operating expenses to total banking income	%	6	**38. 7**	39. 5	(80)bpts	**38. 6**	38. 7	(10)bpts
Business and Private Banking								
Cash net profit after tax	$M	6	**1,039**	898	16	**532**	507	5
Operating expenses to total banking income	%	6	**43. 7**	44. 9	(120)bpts	**44. 3**	43. 2	110 bpts
Institutional Banking and Markets								
Cash net profit after tax	$M	6	**1,004**	1,173	(14)	**506**	498	2
Operating expenses to total banking income	%	6	**33. 6**	32. 0	160 bpts	**34. 2**	32. 9	130 bpts

(1) Impairment expense as a percentage of average RWA including the Bankwest non-cash loan impairment expense of $304 million was 0.81% for the year ended 30 June 2010.

(2) Impairment expense as a percentage of average gross loans and acceptances including the Bankwest non-cash loan impairment expense of $304 million was 0.48% for the year ended 30 June 2010.

21. Summary (continued)

		Page	Full Year Ended 30/06/11	30/06/10	Jun 11 vs Jun 10 %	Half Year Ended 30/06/11	31/12/10	Jun 11 vs Dec 10 %
Wealth Management								
Cash net profit after tax	$M	6	**642**	718	(11)	**283**	359	(21)
Underlying profit after tax	$M	21	**581**	592	(2)	**252**	329	(23)
Investment experience after tax	$M	21	**61**	126	(52)	**31**	30	3
FUA - average	$M	6	**188,866**	179,802	5	**191,252**	186,849	2
FUA - spot	$M	23	**188,511**	179,614	5	**188,511**	191,454	(2)
Net funds flow	$M	23	**108**	(3,187)	large	**(2,887)**	2,995	large
Average inforce premiums	$M	6	**1,612**	1,572	3	**1,608**	1,580	2
Inforce premiums - spot	$M	22	**1,640**	1,584	4	**1,640**	1,575	4
Funds management income to average FUA	%	6	**1. 05**	1. 01	4 bpts	**1. 05**	1. 04	1 bpt
Insurance income to average inforce premiums	%	6	**38. 8**	43. 5	(470)bpts	**35. 7**	42. 7	large
Operating expenses to net operating income	%	6	**61. 6**	60. 1	150 bpts	**65. 6**	57. 7	large
New Zealand								
Cash net profit after tax	$M	6	**470**	388	21	**236**	234	1
Underlying profit after tax	$M	25	**469**	387	21	**235**	234	-
FUA - average	$M	6	**7,388**	6,616	12	**7,599**	7,162	6
FUA - spot	$M		**8,040**	7,120	13	**8,040**	7,277	10
Average inforce premiums	$M	6	**451**	433	4	**442**	442	-
Inforce premiums - spot	$M		**451**	450	-	**451**	433	4
Funds management income to average FUA	%	6	**0. 54**	0. 70	(16)bpts	**0. 53**	0. 55	(2)bpts
Insurance income to average inforce premiums	%	6	**46. 8**	49. 2	(240)bpts	**47. 9**	47. 6	30 bpts
Operating expenses to total operating income	%	6	**51. 1**	53. 2	(210)bpts	**51. 3**	51. 0	30 bpts
Bankwest								
Cash net profit after tax	$M	6	**463**	(45)	large	**239**	224	7
Operating expense to total banking income	%	6	**53. 0**	56. 1	(310)bpts	**52. 3**	53. 7	(140)bpts

22. Foreign Exchange Rates

Exchange Rates Utilised		As at 30/06/11	31/12/10	30/06/10
AUD 1.00 =	USD	**1.0740**	1.0170	0.8559
	EUR	**0.7410**	0.7648	0.6996
	GBP	**0.6677**	0.6587	0.5686
	JPY	**86.3984**	82.8878	75.9067
	NZD	**1.2944**	1.3165	1.2318

23. Definitions

Term	Description
Bankwest	Bankwest is a full service bank active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products. Bankwest also provides specialist services in international banking and project finance.
Business and Private Banking	Business and Private Banking provides specialised banking services to relationship managed business and Agribusiness customers, private banking to high net worth individuals and margin lending and trading through CommSec. In addition commission is received for the distribution of retail banking products through the Business and Private Banking network.
Corporate Centre and Group wide Eliminations/Unallocated	Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Strategy, Secretariat and Treasury. Group wide Eliminations/Unallocated includes intra-group elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.
Customer satisfaction – external survey	This represents satisfaction with Main Financial Institution (MFI) based on the relationship with the financial institution as measured by Roy Morgan Research. The figures are six months rolling averages and are based on respondents aged 14+. The measure is the percentage of customers who answered as being either “very satisfied” or “fairly satisfied” with their MFI.
Dividend payout ratio	Dividends paid on ordinary shares divided by earnings (earnings are net of dividends on other equity instruments).
DRP	Dividend reinvestment plan.
DRP participation	The percentage of total issued capital participating in the dividend reinvestment plan.
Earnings per share	Calculated in accordance with AASB 133: Earnings per Share.
Expense to income ratio	Represents operating expenses as a percentage of total operating income.
Institutional Banking and Markets	Institutional Banking and Markets services the Group’s major corporate, institutional and government clients using a relationship management model based on industry expertise and local insights. The Total Capital Solutions offering includes debt and equity capital raising, financial and commodities price risk management and transactional banking capabilities. Institutional Banking and Markets has international operations in London, Malta, New York, New Zealand, Singapore, Hong Kong, Japan and Shanghai.
Interest Rate Risk in the Banking Book	Interest rate risk in the banking book is the risk that the Bank’s profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted from changes in interest rates. This is measured from two perspectives; firstly by quantifying the change in the net present value of the balance sheet’s future earnings potential and secondly, as the anticipated change to the Net Interest Income which is reported in the Bank’s Income Statement. The APS117 IRRBB regulatory capital requirement is calculated using the net present value approach.
IFS Asia	IFS Asia incorporates the Asian retail and SME banking operations (Indonesia, China, Vietnam and India), investments in Chinese and Vietnamese retail banks, the joint venture life insurance business and life insurance operations in Indonesia. It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.
Net profit after tax (“Cash basis”)	Represents net profit after tax and non-controlling interests before Bankwest non-cash items, the tax on New Zealand structured finance transactions, the gain/loss on disposal of controlled entities/investments, treasury shares valuation adjustment and unrealised gains and losses related to hedging and IFRS volatility. This is Management’s preferred measure of the Group’s financial performance.
Net profit after tax (“Statutory basis”)	Represents net profit after tax and non-controlling interests, Bankwest non-cash items, the tax on New Zealand structured finance transactions, the gain/loss on disposal of controlled entities/investments, treasury shares valuation adjustment and unrealised gains and losses related to hedging and IFRS volatility. This is equivalent to the statutory item “Net profit attributable to Equity holders of the Bank”.
Net profit after tax (“Underlying basis”)	Represents net profit after tax (“cash basis”) excluding investment experience.
Net tangible assets per share	Net assets excluding intangible assets, non-controlling interests, and other equity instruments divided by ordinary shares on issue at the end of the period.
New Zealand	New Zealand includes the Banking, Funds Management and Insurance businesses operating in New Zealand (excluding the international business of Institutional Banking and Markets).
Operating expense to net operating income ratio	Represents operating expenses (excluding volume expenses) as a percentage of total operating income less volume expenses.
Other Overseas	Represents amounts booked in branches and controlled entities outside Australia and New Zealand.

23. Definitions (continued)

Term	Description
Retail Banking Services	Retail Banking Services includes both the manufacturing of home loan, consumer finance and retail deposit products and the sales and servicing of all Retail bank customers. In addition commission is received for the distribution of business and wealth management products through the retail distribution network.
Return on average shareholders' equity – Cash basis	Based on cash net profit after tax and non-controlling interests less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests, other equity instruments and treasury shares.
Return on average shareholders' equity – Statutory basis	Based on net profit after tax ("statutory basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
Staff numbers	Staff numbers include the full time equivalent number of all permanent full time staff, part time staff equivalents and external contractors employed by third party agencies.
Wealth Management	Wealth Management includes the Global Asset Management (including operations in Asia), Platform Administration and Life and General Insurance businesses of the Australian operations.
Weighted average number of shares ("Cash basic")	Includes an adjustment to exclude "Treasury Shares" related to investment in the Bank's shares held by the employee share scheme trust.
Weighted average number of shares ("Statutory basic")	Includes an adjustment to exclude "Treasury Shares" related to investments in the Bank's shares held by both the life insurance statutory funds and by the employee share scheme trust.

24. Market Share Definitions

Retail Banking Services

Home Loans	CBA Total Housing Loans (APRA) + CBA Securitised Housing Loans (APRA) + Home Path Balance	Total Housing Loans (incl securitisations) (from RBA which includes NBFI's unlike APRA) (1)
Credit Cards	CBA Personal Credit Card Lending (APRA)	Credit Cards excluding those issued to Business with Interest Free + without Interest Free (from RBA which includes NBFI's unlike APRA) (1)
Personal Lending (Other Household Lending)	CBA Term Personal Lending + 88% of Margin Lending balances + Personal Leasing + Revolving credit	Other Loans to Households (APRA)
Household Deposits	Total transaction and investment account deposit balances recorded on the domestic books of CBA from individual Australian residents excluding self-managed superannuation funds (as per APRA definitions)	Total Bank Household Deposits (from APRA monthly banking statistics)
Retail Deposits	CBA Deposits from Residents excluding those by Banks and Governments and also excluding FX AUD equivalent	Total RBA: Current Deposits with banks + Term (excl CD's) + Other with banks (from RBA monthly bulletin statistics) (1)

Business Market Share

Business Lending (APRA)	Loans to residents that are recorded on the domestic books of CBA within the non-financial corporation's sector, where this sector comprises private trading corporations, private unincorporated businesses and commonwealth, state, territory and local government non-financial corporation's (as per lending balances submitted to APRA in ARF 320.0)	Total loans to the non-financial corporation's sector for all licensed banks that submit to APRA
Business Lending (RBA)	CBA and CBFC (subsidiary) business lending and credit (specific 'business lending' categories in lodged APRA returns – ARF 320.0 Statement of Financial Position Domestic Book, ARF 320.1 Debt Securities Held and ARF 320.4 Accepted and Endorsed Bills)	Total of business lending and credit to the private non-financial sector by all financial intermediaries (sourced from RBA table Lending & Credit Aggregates which is in turn sourced from specific 'business lending' categories in lodged APRA returns – 320.0, 320.1 and 320.4) (includes bills on issue and securitised business loans). (1)
Business Deposits (APRA)	Total transaction and non-transaction account deposit balances recorded on the domestic books of CBA from residents within the non-financial corporation's sector, where this sector comprises private trading corporations, private unincorporated businesses and commonwealth, state, territory and local government non-financial corporation's (as per deposit balances submitted to APRA in ARF 320.0)	Total transaction and non-transaction deposit balances from the non-financial corporation's sector for all licensed banks that submit to APRA
Equities Trading	Twelve months rolling average of total value of equities trades	Twelve months rolling average of total value of equities market trades as measured by ASX

Wealth Management

Australian Retail Funds	Total funds in CBA Wealth Management retail investment products (including WM products badged by other parties)	Total funds in retail investment products market (from Plan for Life)
FirstChoice Platform	Total funds in FirstChoice platform	Total funds in platform/masterfund market (from Plan for Life)
Australia (Total Life Insurance Risk)	Total risk inforce premium of all CBA Group Australian life insurance companies	Total risk inforce premium for all Australian life insurance companies (from Plan for Life)
Australia (Individual Life Insurance Risk)	(Individual lump sum + individual risk income) inforce premium of all CBA Group Australian life insurance companies	Individual risk inforce premium for all Australian life insurance companies (from Plan for Life)

(1) The RBA restates the total of all financial intermediaries 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.

Appendices

24. Market Share Definitions (continued)

New Zealand

Lending for housing	All ASB residential mortgages to personal customers for housing purposes (including off balance sheet)	Total New Zealand residential mortgages to personal customers for housing purposes (from New Zealand Reserve Bank)
Lending to Business	All New Zealand dollar claims on ASB Balance Sheet excluding agriculture, Finance, Insurance, Government, Household and Non-Resident sector loans	Total New Zealand dollar credit to the resident business sector, based on Australia New Zealand Standard Industrial Classification (ANZSIC) excluding the following: Agriculture, Finance, Insurance, General Government, Household and Non-Resident sector loans (from New Zealand Reserve Bank)
Retail Deposits	All New Zealand dollar retail deposits on ASB Balance Sheet	Total New Zealand dollar retail deposits of all New Zealand registered banks (from New Zealand Reserve Bank)
Retail FUM	Total ASB FUM + Sovereign FUM	Total Market net Retail Funds under Management (from Fund Source Research Limited)
Inforce Premiums	Total Sovereign inforce premiums excluding health (inforce annual premium income + new business – exits – other)	Total inforce premium for New Zealand (from ISI statistics)

Bankwest

Home Loans	Bankwest Total Housing Loans (APRA) + Bankwest Securitised Housing loans (APRA)	Total Housing Loans (incl securitisations) (from RBA which includes NBFI's unlike APRA) (1)
Business Lending (APRA)	Loans and advances to residents that are recorded on the domestic books of Bankwest within the non-financial corporations sector, where this sector comprises private trading corporations, private unincorporated businesses and commonwealth, state, territory and local government non-financial corporations (as per lending balances submitted to APRA in ARF 320.0)	Total loans and advances to the non-financial corporations sector for all licensed banks that submit to APRA
Business Lending (RBA)	Bankwest business lending and credit (specific 'business lending' categories in lodged APRA returns – ARF 320.0 Statement of Financial Position Domestic Book and ARF 320.4 Accepted and Endorsed Bills)	Total of business lending and credit to the private non-financial sector by all financial intermediaries (sourced from RBA table Lending & Credit Aggregates which is in turn sourced from specific 'business lending' categories in lodged APRA returns - 320.0, 320.1 and 320.4) (includes bills on issue and securitised business loans) (1)
Credit Cards	Bankwest Personal Credit Card Lending (APRA)	Credit Cards excluding those issued to Business with Interest Free + without Interest Free (from RBA which includes NBFI's unlike APRA) (1)
Personal Lending (Other Household Lending)	Bankwest Term Personal Lending + Margin Lending net balances + Personal Leasing + Revolving credit	Other Loans to Households (APRA)
Household Deposits	Total transaction and investment account deposit balances recorded on the domestic books of Bankwest from individual Australian residents excluding self-managed superannuation funds (as per APRA definitions)	Total Bank Household Deposits (from APRA monthly banking statistics)
Business Deposits (APRA)	Total transaction and non-transaction account deposit balances recorded on the domestic books of Bankwest from residents within the non-financial corporations sector, where this sector comprises private trading corporations, private unincorporated businesses and commonwealth, state, territory and local government non-financial corporations (as per deposit balances submitted to APRA in ARF 320.0)	Total transaction and non-transaction deposit balances from the non-financial corporations sector for all licensed banks that submit to APRA

(1) The RBA restates the total of all financial intermediaries 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.