Profit Announcement

For the full year ended 30 June 2019

CommonwealthBank

ASX Appendix 4E		
Results for announcement to the market [1]		
Report for the year ended 30 June 2019	**$M**	
Revenue from ordinary activities [2] [3]	**24,337**	**down 3%**
Profit/(loss) from ordinary activities after tax attributable to Equity holders	**8,571**	**down 8%**
Net profit/(loss) for the year attributable to Equity holders	**8,571**	**down 8%**
Dividends (distributions)		
Final dividend - fully franked (cents per share)		**231**
Interim dividend - fully franked (cents per share)		**200**
Record date for determining entitlements to the dividend		**15 August 2019**

(1) Rule 4.3A.
(2) Information has been presented on a continuing operations basis including prior period restatements.
(3) Represents total net operating income before impairment and operating expenses.

Commonwealth Bank of Australia | ACN 123 123 124 | 7 August 2019

This preliminary final report is provided to the ASX under Rule 4.3A. Refer to Appendix 6.3 ASX Appendix 4E on page 125 for disclosures under ASX Listing Rules.

This report should be read in conjunction with the 30 June 2019 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.

Except where otherwise stated, all figures relate to the full year ended 30 June 2019. The term “prior comparative period” refers to the full year ended 30 June 2018, while the term “prior half” refers to the half year ended 31 December 2018.

Important dates for shareholders

Full year results announcement	**7 August 2019**
Ex-dividend date	**14 August 2019**
Record date	**15 August 2019**
Last date to change participation in DRP	**16 August 2019**
Final dividend payment date	**26 September 2019**
2019 Annual General Meeting	**16 October 2019**
Half Year Results Announcement	**12 February 2020**

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ASX Announcement

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ASX Announcement

CBA FY19 Result

For the full year ended 30 June 2019[1]

Reported 7 August 2019

Unless otherwise stated: all figures relate to the full year ended 30 June 2019 and comparisons are to the prior comparative period, the full year ended 30 June 2018; financials are presented on a continuing operations basis.[2]

Overview

Chief Executive Officer, Matt Comyn

"This year we have made progress on becoming a simpler, better bank.

We have simplified our business including through the sale of Sovereign, TymeDigital, Count Financial and Colonial First State Global Asset Management, and have announced our exit from aligned advice.

To deliver better outcomes for our customers we have reduced or removed a number of fees, and have taken action on remediation. The work underway to implement the recommendations of the Royal Commission and APRA Prudential Inquiry will also deliver better customer, risk and business outcomes.

To further strengthen our leadership position in digital, we have continued to invest to bring together the best technology with the best service to deliver exceptional customer experiences.

While this year's headline results were impacted by customer remediation costs, revenue forgone for the benefit of customers and elevated risk and compliance expenses, our core business continued to perform well – underpinned by growth in home lending, business lending and deposits.

The Group's balance sheet also remained a key strength. Deposits provided 69% of the Group's total funding, our Common Equity Tier 1 capital ratio is above APRA's 'unquestionably strong' benchmark, and we have maintained the dividend.

The progress we are making on divestments further strengthens our capital position. This supports continued investment in our business, and subject to prevailing operating conditions, creates flexibility for the Board in its ongoing review of efficient capital management initiatives and the delivery of long-term sustainable returns."

Statutory NPAT[3] **$8,571m** ▼ 8.1%	**Cash NPAT** **$8,492m** ▼ 4.7%
Dividend Per share, full year **$4.31** ◄ Flat	**Net interest margin** **210bpts** ◄ Flat on 1H19
Capital CET1 capital ratio **10.7%** ▲ 60bpts	**Deposit funding** % of total funding **69%** ▲ 1%
Home lending growth[4] **1.3x** CBA growth as a multiple of system growth (2H19)	**Transaction balances**[5] **+9%** Jun 19 v Jun 18 spot balances

Statutory NPAT, dividend per share and CET1 include discontinued operations[2]

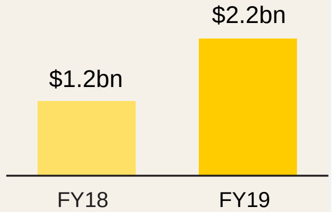
Building a better bank

Committed to remediating customers quickly

Customer remediation costs

Cumulative spend/provisions (including program costs)

+$1bn in FY19

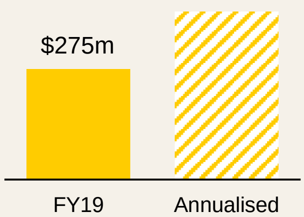


Changes saving customers $415m annually

Better Customer Outcomes

Income forgone

$415m annually

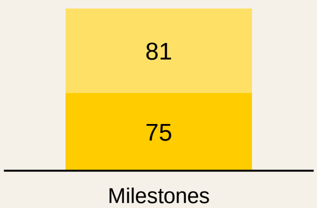


Remedial Action Plan on track and driving change

CBA response to APRA Prudential Inquiry[6]

Submitted Not yet due

75 of 156 milestones submitted

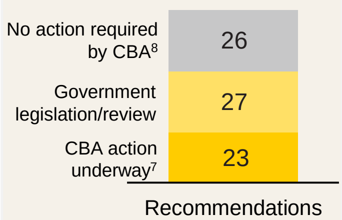


Committed to rebuilding trust

Royal Commission

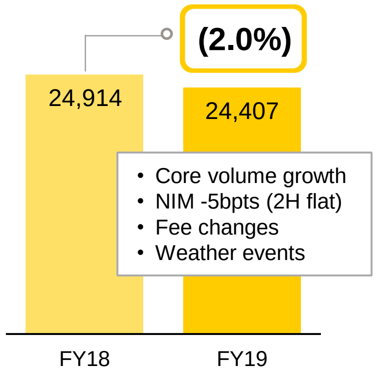
Implementation

23 Underway[7]

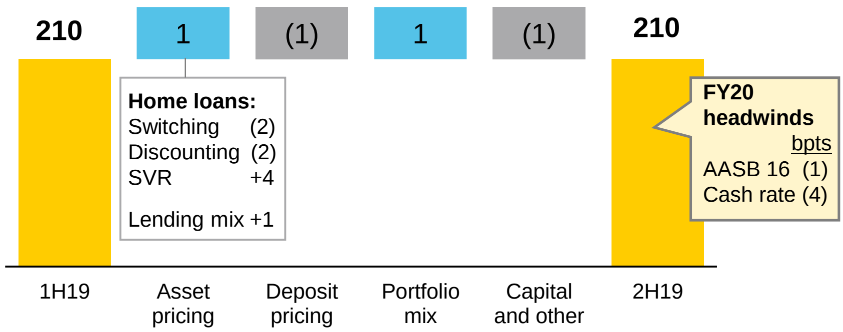


Operating income

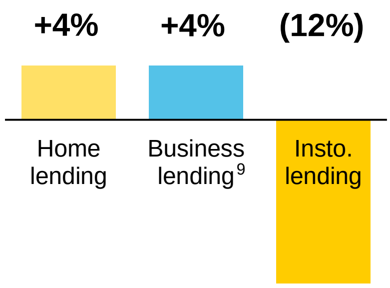
Operating income
$m



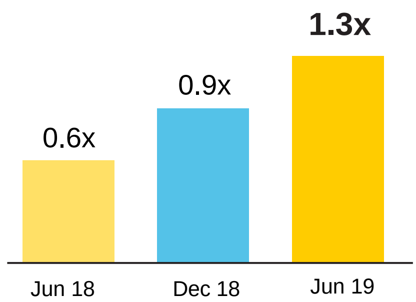
Net interest margin
bpts



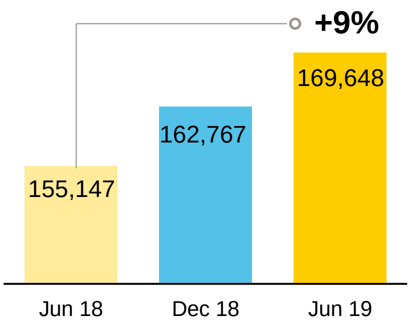
Lending growth
Jun 19 v Jun 18, spot balances



Home lending growth
CBA growth as a multiple of system growth[4]

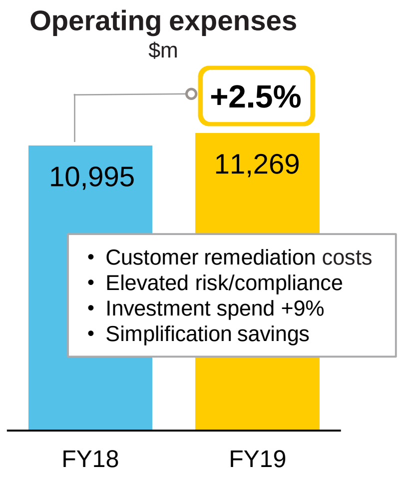


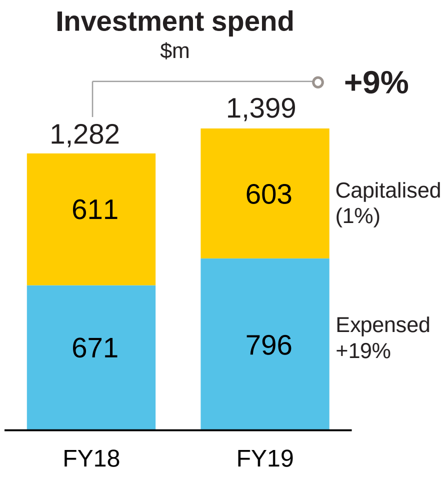
Transaction deposit balances[5]
$m

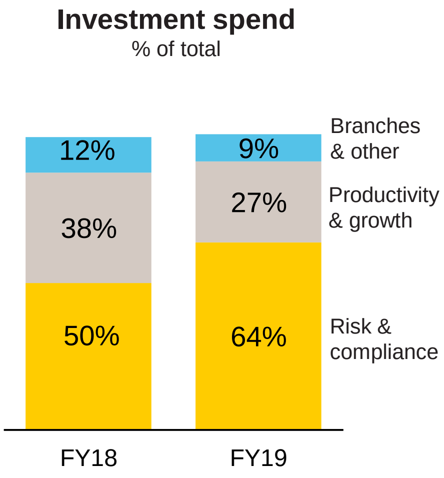


- Operating income was 2.0% lower with volume growth in lending and deposits offset by a decline in the net interest margin, customer fee removals and reductions, and the impact of weather events.
- **Net interest income declined 1.2%** as volume growth was offset by lower home loan margins and higher funding costs due to elevated basis risk.
- **Home loan growth strengthened** in the second half of the year to 1.3x system, delivering 4% volume growth for the year. Growth was in the Bank's key focus areas: owner-occupied loans comprised 71% of new lending in FY19; and CBA proprietary lending was 59% of flow during the year compared to 41% for the system.[10]
- **Business lending increased 4%**[9] with the business bank seeing growth in diverse sectors, particularly business services and transport. Institutional lending decreased by 12% driven by portfolio optimisation initiatives and a continued focus on risk-adjusted returns.
- **Transaction deposits grew strongly** in the year, with balances up 9% and 1.2 million new personal transaction accounts opened for customers.[11] Overall, Group deposit growth was up 2%.
- **NIM was down 5 basis points for the year, but was stable half-on-half.** In the half, asset pricing was up 1 basis point due to the benefit of reduced low margin institutional lending balances. The home lending margin was flat, reflecting the impact of customers switching from interest only to principal and interest, variable to fixed, and investor to owner occupied home loans (-2bpts), as well as increased competition (-2bpts), offset by pricing (+4bpts).
- **Looking ahead to FY20**, the estimated impact of the RBA's cash rate cuts in June and July 2019 on NIM of -4 basis points includes the deposits impact, lower expected replicating portfolio and equity hedge benefits, and flow through of announced home loan repricing. The new AASB 16 accounting standard for leases also impacts NIM (-1bpt).
- **Other banking income was down 3.9%**[12] impacted by reduced commissions (-3.2%) resulting in part from lower credit card income, and reduced lending fees (-10.6%) mainly driven by lower overdrawn fees following the introduction of pre-emptive fee alerts. A breakdown of the impact of the changes to fees and charges is provided on page vii. The implementation of AASB 15 'Revenue from contracts with customers,' also resulted in lower upfront fee recognition in institutional lending.
- Trading income was down 5.0% with lower Markets sales reflecting reduced client demand in the lower rate environment, and unfavourable derivative valuation adjustments.
- **Funds and insurance income** declined 10.2% primarily due to higher claims experience in General Insurance as a result of increased weather events.

Operating expenses

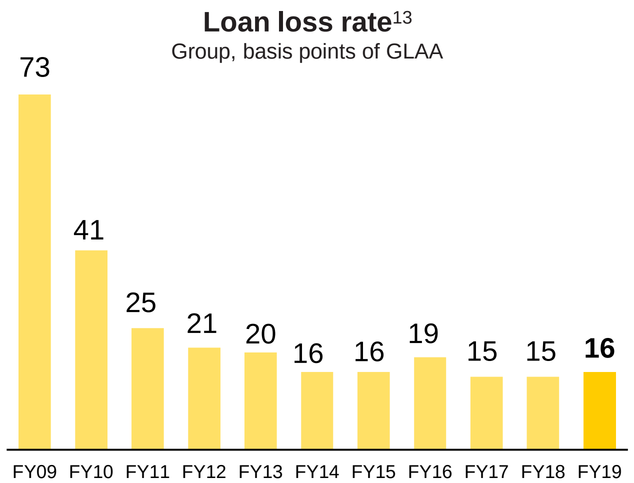


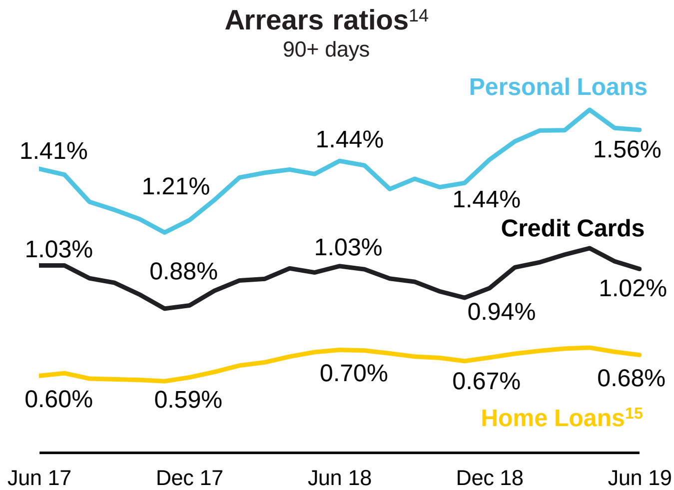




- **Operating expenses were 2.5% higher** due to customer remediation costs, elevated risk and compliance spend, wage inflation and IT costs.
- Details of remediation, risk and compliance and notable item expense is provided on page vii.
- During the year, there was an increase in risk and compliance staff of 600 (full-time equivalent), as well as additional staff working on remediation. Business simplification drove savings of $190 million.
- **Investment spend was up 9%**. This was driven by elevated spending on risk and compliance projects including financial crimes compliance, and to address new regulations including the Comprehensive Credit Reporting regime, the Banking Code of Practice and Open Banking.
- Risk and compliance related investment spend was 64% of total investment, up from 50% in FY18.
- The cost-to-income ratio (operating expenses to total operating income) for the year was 46.2%.
- Over time the Bank aims to achieve a lower absolute cost base and a cost-to-income ratio below 40%.

Credit quality

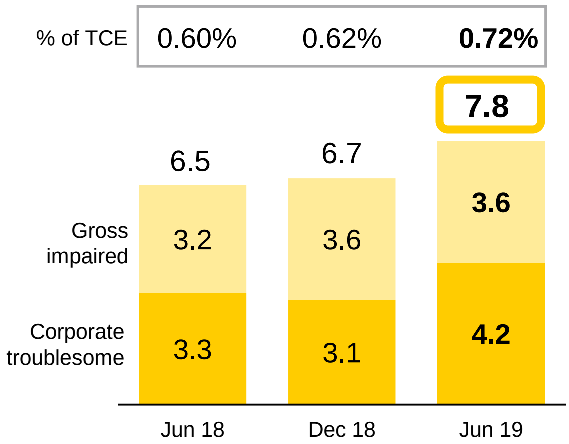




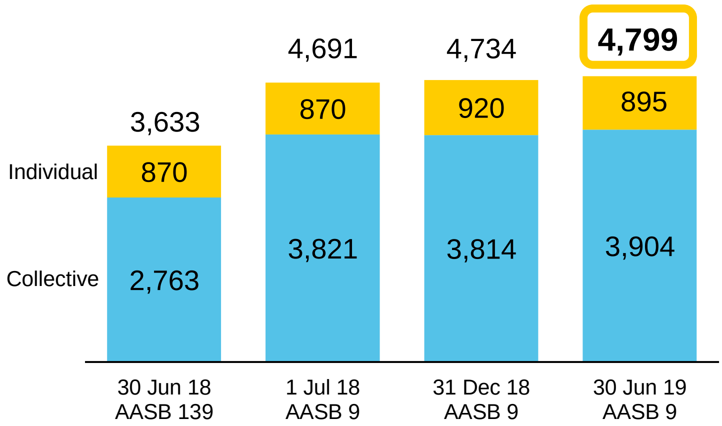
- **Credit quality remained sound.** Group loan impairment expense as a percentage of average gross loans and acceptances was 16 basis points, up from 15 basis points in FY18.
- Loan impairment expense was $1,201 million, up 11% on FY18. The increase was driven by higher individual provisions in the business lending portfolio due to a small number of single name exposures and higher collective provisions for personal loans in retail lending, reflecting softening economic conditions and higher arrears. Loan impairment expense for institutional lending decreased reflecting lower volumes and lower individual provisions for single name exposures.
- Personal loan arrears remained elevated due to pockets of stress in Western Sydney and Melbourne. Credit card arrears are slightly below the level they were this time last year.
- Home loan arrears improved by two basis points over the year, though pockets of stress remained in areas of Perth, Melbourne and Sydney.
- Recent house price softening has resulted in a moderate increase in portfolio loan-to-value ratios, including an uptick in accounts in negative equity. Based on June 2019 valuations, approximately 3.5% of Australian home loan accounts and 4.5% of balances are in negative equity. 72% of negative equity relates to Western Australia and Queensland.

Credit quality

Troublesome and impaired assets
$bn



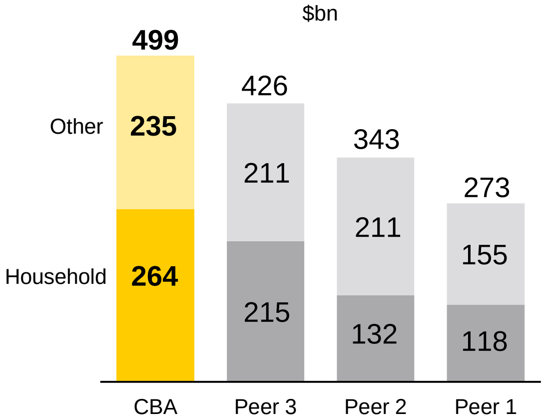
Total provisions
$m



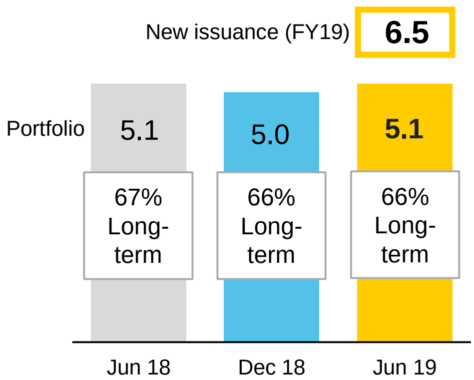
- Troublesome and impaired assets (TIA) increased by $1.1 billion in 2H19 to $7.8 billion, reflecting downgrades to a small number of corporate exposures and emerging signs of weakness in sectors impacted by consumer discretionary spending and in the agriculture and construction sectors. TIA is 0.72% of total committed exposure.
- AASB 9 was adopted from 1 July 2018. This increased impairment provisions by $1,058 million due to recognition of impairment losses on a forward looking basis.
- Collective provisions increased $90 million during the second half, mainly due to an increase in consumer arrears and the softening economic outlook. Collective provisions as a percentage of credit risk weighted assets (RWA) increased to 1.05% from 0.75% at 30 June 2018.
- Individual provisions were $25 million lower in the half, due to higher write-offs in the business bank and lower individual provisions for large single name exposures in the institutional bank, partly offset by home loan impairments mainly in Western Australia and Queensland.
- Total provisions as a percentage of credit RWA increased to 1.29%, up from 0.98%.

Balance sheet strength

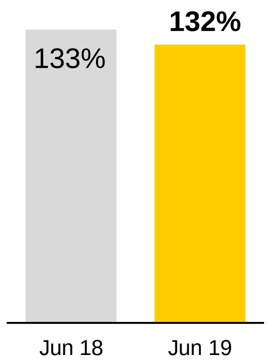
Deposit balances[16]
$bn



Long-term wholesale funding
Weighted average maturity, years

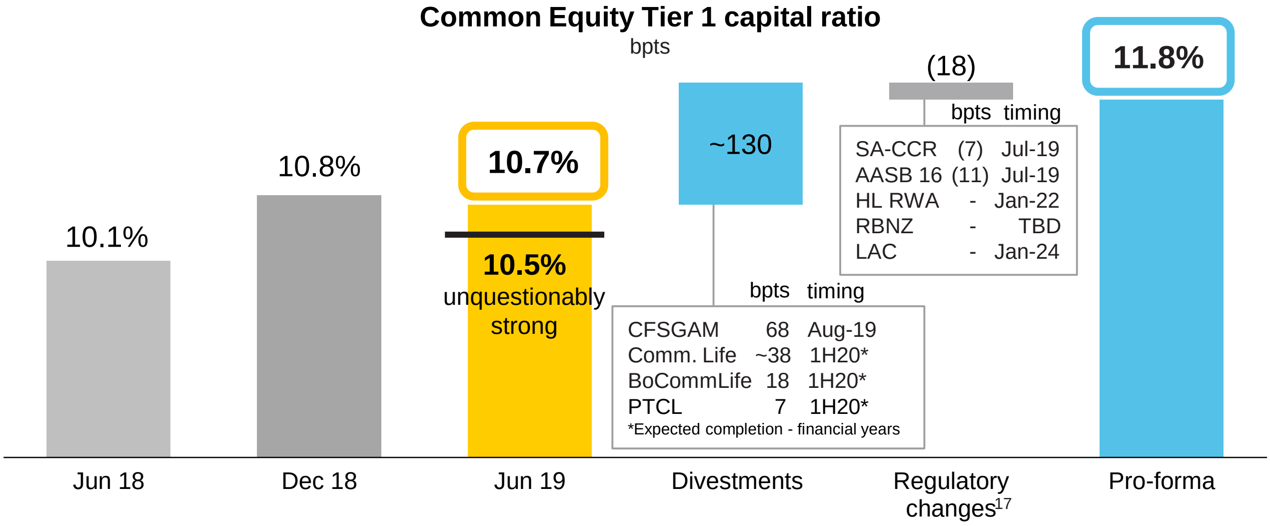


Liquidity
LCR %, quarter average



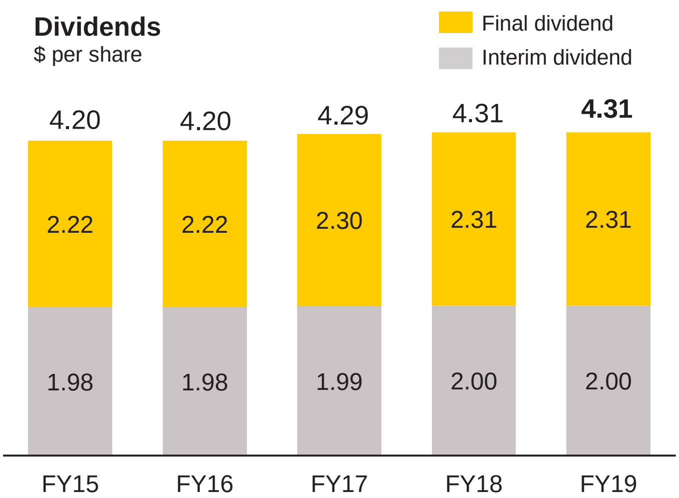
- Customer deposits contributed 69% of total funding. CBA maintains the highest share of stable, household deposits in Australia. The Net Stable Funding Ratio was 112%, flat on the prior half and the prior year.
- Long-term wholesale funding (>12 months) accounted for 66% of total wholesale funding. The weighted average maturity (WAM) of new long-term wholesale debt issued in the period was 6.5 years (outstanding long-term WAM of 5.1 years).
- The liquidity coverage ratio (LCR) was 132%, well above the regulatory minimum of 100%. Liquid assets were $137 billion, including a committed liquidity facility (CLF) of $50.7 billion.
- The Leverage Ratio was 5.6% on an APRA basis (6.5% internationally comparable basis), up 10 basis points on June 2018; well above the Basel III minimum of 3% and APRA's proposed minimum of 3.5%.

Strong capital position



- As at 30 June 2019 the Common Equity Tier 1 (CET1) capital ratio was above APRA's 'unquestionably strong' benchmark of 10.5%.
- CET1 was 10 basis points lower in the second half with organic capital generation impacted by the new customer remediation and program costs, the 1H19 interim dividend, neutralisation of the dividend reinvestment plan (DRP) and an increase in risk weighted assets.
- The sale of CFSGAM, which completed on 2 August, provides 68 basis points of CET1.
- As previously advised, the sale of BoCommLife is subject to Chinese regulatory approvals and is the final condition precedent for the sale of CommInsure Life.
- CBA and AIA Group Limited (AIA) remain fully committed to completing the CommInsure Life transaction. CBA and AIA are also well progressed in exploring an alternative path to complete the CommInsure Life transaction prior to the transfer of the Group's stake in BoCommLife. This alternative path is expected to be subject only to Australian regulatory approvals and would result in overall financial outcomes for CBA that are not expected to be materially different to those previously announced. CBA expects to be able to provide further details of this alternative path by the end of Q1 FY20, if the sale of BoCommLife has not substantially progressed in that timeframe.
- Combined with the sale of CFSGAM, the divestments of BoCommLife, CommInsure Life and PTCL – which remain subject to various conditions and regulatory approvals – are estimated to provide approximately 130 basis points of CET1.[18]
- There is now more clarity on a number of regulatory changes.[17] Based on current information, these changes are expected to be manageable.
- This results in a pro-forma CET1 ratio of 11.8%.
- Our strong capital position creates flexibility for the Board in its ongoing review of efficient capital management initiatives and the delivery of long-term sustainable returns.
- Subject to prevailing operating conditions, potential future capital management initiatives to be considered by the Board could include neutralisation of the dividend reinvestment plan or forms of capital return including an off-market share buyback.
- The FY19 full year dividend will be paid in 1H20 and the DRP will be neutralised.

Dividend



- The Board determined a final dividend of $2.31 per share, taking the full year dividend to $4.31 per share.
- The full year dividend payout ratio is 88% of cash NPAT.
- The ex-dividend date is 14 August, the Record Date is 15 August, and the final dividend will be paid on 26 September.
- The DRP continues to be offered to shareholders. No discount will apply. The deadline for notifying participation in the DRP is 16 August.
- The DRP is anticipated to be satisfied in full by an on-market purchase of shares.

Leading in innovation

Market leader

7.0m Active digital customers[19]

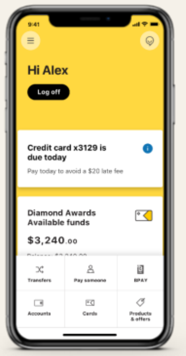
7.4m Digital logons per day[20]

#1 Mobile banking app in Australia[21]

#1 Online Banking, 10yrs running[22]

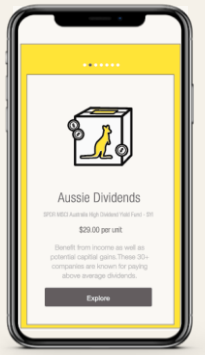
#1 Most Innovative Major Bank[23]

CommBank app



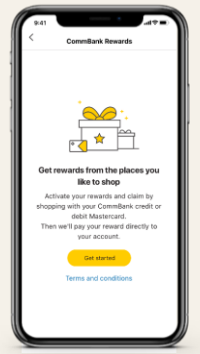
Relaunched – personalised experiences, customisable features

CommSec Pocket



Invest with as little as $50, with very low brokerage from $2 per trade

CommBank Rewards



Pay with your CommBank card and receive personalised cashback rewards

Investing in digital capability

- As part of our strategy to lead in retail and commercial banking and to extend our digital capabilities, we have signed an agreement with Klarna, a leading global payments provider with over 60 million customers and 130,000 merchants. Klarna generated US$627 million of revenue in 2018.
- We have committed an investment of US$100 million into Klarna Holding AB, as part of their US$460 million capital raise. We will become Klarna's exclusive partner in Australia and New Zealand and intend to further invest at the parent and local level to support this partnership.

Outlook

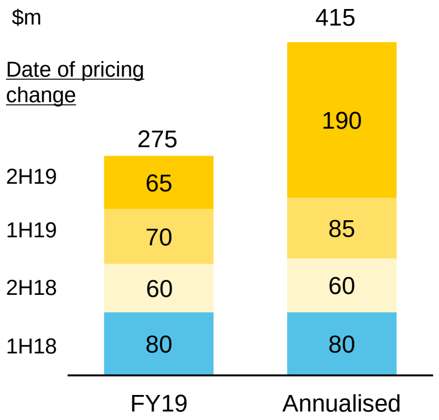
Chief Executive Officer, Matt Comyn

"Our strategy is designed to deliver strong and sustainable outcomes for all our stakeholders. While the current context is challenging we have a strong franchise and our underlying business continues to perform well. We are focused on execution excellence in our business and extending our leadership in digital, and the Board and management team are committed to continued investment in our core business. We are also committed to maintaining a strong balance sheet to enable continued investment and to support long-term sustainable returns to shareholders.

More broadly on the economy, we are in a lower growth environment but we are seeing improvement in the housing market including improved clearance rates, stabilisation of prices in Sydney and Melbourne, and slightly higher housing credit growth. Unemployment is likely to remain low and there is a pipeline of stimulus including tax cuts and infrastructure spending which has not yet flowed through. Population growth will remain supportive and commodity prices are helping to drive a strong trade performance. Ultimately household income growth will be key, as will the links to consumer and business sentiment in the coming years."

Guide to CBA's FY19 result - Operating income and expenses

Income forgone by date of initiative – impact on net interest income (NII), other banking income (OBI) and funds management income (FMI):



Annualised ($m)	RBS	BPB	WM	Total
NII	70	10	-	80
OBI	180	15	-	195
FMI	55	-	85	140
Total	305	25	85	**415**

FY19 ($m)	RBS	BPB	WM	Total
NII	45	5	-	50
OBI	170	15	-	185
FMI	25	-	15	40
Total	240	20	15	**275**

Remediation and program costs – cumulative spend and provisions:

$m	1H19	2H19	YTD at Mar-19	FY19	Total to-date
Aligned advice remediation[24]	200	334	534	534	534
Wealth customer refunds[25]	46	72	118	118	459
Banking customer refunds[26]	30	152	182	182	375
Other program costs[27]	6	156	162	162	806
Total	**282**	**714**	**996**	**996**	**2,174**
Better Risk Outcomes Program[28]	-	(65)	(65)	(65)	
Discontinued operations	(3)	(10)	(13)	(13)	
Remediation and program costs (continuing operations)	**279**	**639**	**918**	**918**	

Notable items and prior period one-offs:

Continuing operations ($m)	FY19	FY18	FY19 vs FY 18	2H19	1H19
Op. expenses incl. notable items and prior period one-offs	**11,269**	**10,995**	**274**	**5,980**	**5,289**
Prior period one-offs / other:					
AUSTRAC civil penalty	-	700	(700)	-	-
One-off regulatory costs	-	155	(155)	-	-
1H19 AUSTRAC insurance recoveries	(145)	-	(145)	-	(145)
Mortgage broking consolidation	269	199	70	130	139
Total	124	1,054	(930)	130	(6)
Customer remediation, risk and compliance programs					
Customer remediation (see breakdown above)	918	52	866	639	279
Risk and compliance programs	358	247	111	216	142
Total	1,276	299	977	855	421
Op. expenses excl. notable items and prior period one-offs	**9,869**	**9,642**	**227**	**4,995**	**4,874**

Aligned advice businesses

On 13 June 2019, the Group announced the sale of its 100% interest in Count Financial Limited (Count Financial) to CountPlus Limited (CountPlus). Completion is expected to occur in October 2019.

The Group has decided to cease providing licensee services through Financial Wisdom and will proceed with an assisted closure. The Group has also decided to allow Commonwealth Financial Planning Limited-Pathways (CFP-Pathways) advisers to transition to self-licensing arrangements or move to another licensee.

For the full year ended 30 June 2019, the following were included in discontinued operations:

Transactions completed before 30 June 2019

Life insurance business in New Zealand

On 21 September 2017, the Group announced the sale of 100% of its New Zealand life insurance businesses (Sovereign) to AIA Group Limited (AIA) for $1.3 billion. The sale agreement includes a long-term partnership with AIA for the provision of life insurance products to customers in New Zealand. The sale of Sovereign completed on 2 July 2018, resulting in a total post-tax gain of $117 million (net of transaction and separation costs). This includes $135 million post-tax gain net of transaction and separation costs recognised during the year ended 30 June 2019, and $18 million post-tax transaction and separation costs recognised during the year ended 30 June 2018.

TymeDigital SA

On 1 November 2018, the Group completed the sale of Commonwealth Bank of South Africa (Holding Company) Limited (TymeDigital SA) to the minority shareholder, African Rainbow Capital, resulting in a total post-tax loss of $113 million.

Transactions completed after 30 June 2019

Colonial First State Global Asset Management

On 31 October 2018, the Group announced the sale of Colonial First State Global Asset Management (CFSGAM) to Mitsubishi UFJ Trust and Banking Corporation (MUTB). The sale of CFSGAM completed on 2 August 2019, resulting in final sale proceeds of $4.2 billion and a total post tax gain of $1.5 billion (inclusive of separation costs and subject to final tax calculations and completion adjustments).

Ongoing transactions

Life insurance businesses in Australia

On 21 September 2017, the Group announced the 100% sale of its Australian life insurance businesses (CommInsure Life) to AIA for $2.5 billion. The sale agreement includes a long-term partnership with AIA for the provision of life insurance products to customers in Australia. The sale of CommInsure Life remains subject to the completion of the transfer of the Group's stake in BoCommLife out of CommInsure Life and its associated Chinese regulatory approvals.

The Group and AIA remain fully committed to completing the CommInsure Life transaction. The Group and AIA are also well progressed in exploring an alternative path to complete the CommInsure Life transaction prior to the transfer of the Group's stake in BoCommLife. This alternative path is expected to be subject only to Australian regulatory approvals and would result in overall financial outcomes for CBA that are not expected to be materially different to those previously announced. The sale is expected to be completed in the second half of the calendar year 2019.

BoCommLife

On 23 May 2018, the Group announced the sale of its 37.5% equity interest in BoCommLife Insurance Company Limited (BoCommLife) to Mitsui Sumitomo Insurance Co. Ltd (MSI). On completion, CBA is expected to receive proceeds of approximately $891 million. The sale of BoCommLife is subject to Chinese regulatory approvals, and is expected to be completed in the second half of the calendar year 2019.

PT Commonwealth Life

On 23 October 2018, the Group announced the sale of its 80% interest in its Indonesian life insurance business, PT Commonwealth Life (PTCL), to FWD Group (FWD). As part of the sale, CBA's Indonesian banking subsidiary, PT Bank Commonwealth (PTBC), will enter into a 15-year life insurance distribution partnership with FWD. On completion, CBA is expected to receive $426 million in consideration for the sale of PTCL and entering the distribution partnership. The sale is subject to regulatory approvals in Indonesia and is now expected to complete in the second half of the calendar year 2019.

For comparison purposes, a summary of key metrics is provided in the table below:

	Profit Announcement			
	Incl. discontinued operations		Continuing operations	
Financial year ended ("cash basis")	FY19	FY19 vs FY18	FY19	FY19 vs FY18
Cash net profit after tax	$8,706m	(7.5%)	$8,492m	(4.7%)
Cost-to-income[29]	47.8%	230 bpts	46.2%	210 bpts
Effective tax rate	28.7%	(150)bpts	28.8%	(170)bpts
Profit after capital charge[30]	$4,333m	(25.1%)	$4,364m	(21.0%)
Earnings per share (basic)	493.0c	(45.8c)	480.8c	(29.5c)
Return on equity	12.8%	(160)bpts	12.5%	(110)bpts

Footnotes

[1] Comparative information has been restated to conform to presentation in the current period.

[2] For details of discontinued operations see page viii.

[3] For an explanation of and reconciliation between statutory and cash NPAT refer to page 3 of the Profit Announcement.

[4] Growth over 6 month period. System source RBA Lending and Credit Aggregates, adjusted for market new entrants. CBA includes Bankwest and subsidiaries.

[5] Group transaction deposit balances. Includes non-interest bearing deposits.

[6] The Remedial Action Plan is CBA's response to the recommendations contained in the Final Report of the Australian Prudential Regulation Authority (APRA) Prudential Inquiry into CBA released in May 2018. See commbank.com.au/apra for details.

[7] Recommendations that are underway - some requiring legislative action to complete.

[8] No action required as action is with Government/regulator or CBA does not operate in that business.

[9] Includes New Zealand.

[10] CBA excludes Bankwest. System is the average of three quarters to March 2019. Source: MFAA.

[11] Number of new personal transaction accounts, excluding offset accounts. Includes CBA and Bankwest.

[12] Excluding Mortgage Broking consolidation. See page 14 of the Profit Announcement.

[13] Loan impairment expense as a percentage of average gross loans and acceptances (GLAA) (bpts) annualised. FY09 includes Bankwest on a pro-forma basis.

[14] Group consumer arrears including New Zealand.

[15] Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.

[16] Source: APRA Monthly Banking Statistics. Total deposits (excluding CDs).

[17] SA-CCR (standardised approach for measuring counterparty credit risk exposures, APS 180) and AASB 16 (Leasing) - have applied from 1 July 2019. HL-RWA (home loan risk weighted assets) - APRA's proposal for a simpler method for calculating capital requirements for residential mortgages. Whilst proposed changes are expected to have a minimal impact on CET1, this remains subject to consultation and calibration. RBNZ capital proposals subject to finalisation – not expected to change reported Level 2 CET1 and manageable at Level 1 CET1 (within APS222 capacity limits). LAC (loss absorbing capacity) - APRA's requirement for an additional 3% in Total Capital by 1 January 2024 – expected to be largely satisfied by Tier 2 issuance.

[18] For information on announced divestments see page viii.

[19] Active digital customers includes total number of customers that logged onto NetBank, CommBank Mobile App, CommBank Tablet App or the Old Mobile App at least once in the month of June 2019. Includes Face ID logons.

[20] Total average NetBank, CommBank Mobile App, CommBank Tablet App and Old Mobile App logons per day in the month of June 2019. Includes Face ID logons.

[21] The Forrester Banking Wave™: Australian Mobile Apps, Q2 2019. Commonwealth Bank of Australia received the highest industry Wave™ overall score among mobile apps in Australia in Forrester's proprietary Industry Wave™ evaluation. Forrester Research does not endorse any company included in any Industry Wave™ report and does not advise any person or organization to select the products or services of any particular company based on the ratings included in such reports.

[22] Online banking: CBA won Canstar's *Bank of the Year – Online Banking* award for 2019 (for the 10th year in a row). Awarded June 2019.

[23] DBM Australian Financial Awards – Most Innovative Major Bank. Presented February 2019. Award based on DBM's Consumer Atlas data January to December 2018.

[24] Total aligned advice remediation of $534m includes $374m in customer refunds (including $123m of interest) and $160m of program costs.

[25] Includes an estimate of refunds and interest to customers relating to advice quality, fees where no service was provided in the Commonwealth Financial Planning business, Credit Card Plus, CommInsure Life Insurance and Loan Protection Insurance.

[26] Includes business banking remediation, package fees, interest and fee remediation.

[27] Other program costs recognised in 2H19 include regulatory response costs including the implementation of Royal Commission recommendations.

[28] Includes the coordination of responses to the recommendations of the APRA Prudential Inquiry into CBA.

[29] Operating expenses to operating income.

[30] The Group uses PACC as a key measure of risk adjusted profitability. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments. The decrease on the prior year includes the impact of increasing capital levels in order to meet APRA's 'unquestionably strong' capital requirements by 1 January 2020 and the one-off impact of additional operational risk capital (and RWAs) from the Enforceable Undertaking with APRA.

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Key financial information

Group performance summary (continuing operations)	Full year ended[1] (cash basis) 30 Jun 19 $m	30 Jun 18 $m	Jun 19 v Jun 18 %	Half year ended[1] (cash basis) 30 Jun 19 $m	31 Dec 18 $m	Jun 19 v Dec 18 %
Net interest income	18,120	18,342	(1)	8,986	9,134	(2)
Other banking income	5,068	5,215	(3)	2,432	2,636	(8)
Total banking income	23,188	23,557	(2)	11,418	11,770	(3)
Funds management income	1,072	1,119	(4)	502	570	(12)
Insurance income	147	238	(38)	79	68	16
Total operating income	24,407	24,914	(2)	11,999	12,408	(3)
Investment experience	4	8	(50)	1	3	(67)
Total income	24,411	24,922	(2)	12,000	12,411	(3)
Operating expenses	(11,269)	(10,995)	2	(5,980)	(5,289)	13
Loan impairment expense	(1,201)	(1,079)	11	(624)	(577)	8
Net profit before tax	11,941	12,848	(7)	5,396	6,545	(18)
NPAT from continuing operations (“cash basis”)	8,492	8,915	(5)	3,816	4,676	(18)
NPAT from discont’d operations ("cash basis")[2]	214	497	(57)	122	92	33
NPAT incl. discont’d operations ("statutory basis")	8,571	9,329	(8)	3,972	4,599	(14)
Cash net profit after tax, by division (continuing operations)						
Retail Banking Services	4,267	4,823	(12)	2,035	2,232	(9)
Business and Private Banking	2,658	2,845	(7)	1,251	1,407	(11)
Institutional Banking and Markets	1,071	1,170	(8)	491	580	(15)
Wealth Management	160	255	(37)	24	136	(82)
New Zealand	1,050	975	8	511	539	(5)
IFS	227	152	49	109	118	(8)
Corporate Centre	(941)	(1,305)	(28)	(605)	(336)	80
Shareholder ratios & performance indicators (continuing operations)						
Earnings per share - "cash basis" - basic (cents)	480.8	510.3	(6)	215.7	265.2	(19)
Return on equity - "cash basis" (%)	12.5	13.6	(110)bpts	11.2	13.8	(260)bpts
Dividends per share - fully franked (cents)[3]	431	431	-	231	200	16
Dividend payout ratio - "cash basis" (%)[3]	87.6	80.4	large	103.8	74.3	large
Average interest earning assets ($M)[4]	864,174	854,264	1	864,692	863,664	-
Funds under Administration – average ($M)	163,017	153,810	6	164,129	160,860	2
Assets Under Management – average ($M)	15,082	12,889	17	15,711	14,406	9
Net interest margin (%)	2.10	2.15	(5)bpts	2.10	2.10	-
Operating expenses to total operating income	46.2	44.1	210bpts	49.8	42.6	large

[1] Comparative information has been restated to conform to presentation in the current period.

[2] The financial results of discontinued operations are excluded from the individual account lines of the Bank’s performance and reported as a single cash net profit after tax line item. Discontinued operations include the Bank’s Australia and New Zealand life insurance businesses (CommInsure Life and Sovereign), BoComm Life, TymeDigital SA, Colonial First State Global Asset Management (CFSGAM) and PT Commonwealth Life. Includes non-controlling interests in net profit after income tax from discontinued operations.

[3] Includes discontinued operations.

[4] Average interest earning assets are net of average mortgage offset balances.

Highlights

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Group Performance Summary

Group Performance Summary	Full Year Ended (1) ("statutory basis") 30 Jun 19 $M	Jun 19 vs Jun 18 %	Full Year Ended (1) ("cash basis") 30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	Half Year Ended ("cash basis") 30 Jun 19 $M	31 Dec 18 $M	Jun 19 vs Dec 18 %
Net interest income	**18,120**	(1)	**18,120**	18,342	(1)	**8,986**	9,134	(2)
Other banking income	**4,994**	(8)	**5,068**	5,215	(3)	**2,432**	2,636	(8)
Total banking income	**23,114**	(3)	**23,188**	23,557	(2)	**11,418**	11,770	(3)
Funds management income	**1,073**	(5)	**1,072**	1,119	(4)	**502**	570	(12)
Insurance income	**150**	(38)	**147**	238	(38)	**79**	68	16
Total operating income	**24,337**	(3)	**24,407**	24,914	(2)	**11,999**	12,408	(3)
Investment experience	**-**	n/a	**4**	8	(50)	**1**	3	(67)
Total income	**24,337**	(3)	**24,411**	24,922	(2)	**12,000**	12,411	(3)
Operating expenses	**(11,373)**	3	**(11,269)**	(10,995)	2	**(5,980)**	(5,289)	13
Loan impairment expense	**(1,201)**	11	**(1,201)**	(1,079)	11	**(624)**	(577)	8
Net profit before tax	**11,763**	(10)	**11,941**	12,848	(7)	**5,396**	6,545	(18)
Corporate tax expense	**(3,391)**	(14)	**(3,437)**	(3,920)	(12)	**(1,574)**	(1,863)	(16)
Non-controlling interests	**(12)**	(8)	**(12)**	(13)	(8)	**(6)**	(6)	-
Net profit after tax from continuing operations	**8,360**	(8)	**8,492**	8,915	(5)	**3,816**	4,676	(18)
Net profit after tax from discontinued operations (2)	**211**	(22)	**214**	497	(57)	**122**	92	33
Net profit after tax	**8,571**	(8)	**8,706**	9,412	(8)	**3,938**	4,768	(17)
(Loss)/gain on acquisition, disposal, closure and demerger of businesses	**n/a**	n/a	**(61)**	(183)	(67)	**13**	(74)	large
Hedging and IFRS volatility	**n/a**	n/a	**(79)**	101	large	**12**	(91)	large
Other non-cash items	**n/a**	n/a	**5**	(1)	large	**9**	(4)	large
Net profit after tax ("statutory basis")	**8,571**	(8)	**8,571**	9,329	(8)	**3,972**	4,599	(14)
Cash net profit after tax, by division								
Retail Banking Services (excl. Mortgage Broking and General Insurance)			**4,234**	4,703	(10)	**2,022**	2,212	(9)
Mortgage Broking and General Insurance			**33**	120	(73)	**13**	20	(35)
Retail Banking Services			**4,267**	4,823	(12)	**2,035**	2,232	(9)
Business and Private Banking			**2,658**	2,845	(7)	**1,251**	1,407	(11)
Institutional Banking and Markets			**1,071**	1,170	(8)	**491**	580	(15)
Wealth Management			**160**	255	(37)	**24**	136	(82)
New Zealand			**1,050**	975	8	**511**	539	(5)
International Financial Services			**227**	152	49	**109**	118	(8)
Corporate Centre			**(941)**	(1,305)	(28)	**(605)**	(336)	80
Net profit after tax from continuing operations ("cash basis")			**8,492**	8,915	(5)	**3,816**	4,676	(18)

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

(2) The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and reported as a single cash net profit after tax line item. Discontinued operations include the Bank's Australia and New Zealand life insurance businesses (CommInsure Life and Sovereign), BoCommLife, TymeDigital SA, Colonial First State Global Asset Management (CFSGAM) and PT Commonwealth Life. Includes non-controlling interests in net profit after income tax from discontinued operations.

Non-Cash Items Included in Statutory Profit

The Profit Announcement discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared in accordance with the Corporations Act 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 Bank's operating results. It is not a measure based on cash accounting or cash flows. The items excluded from cash profit, such as hedging and IFRS volatility and losses or gains on acquisition, disposal, closure and demerger of businesses are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from cash profit is provided in the table below.

	Full Year Ended			Half Year Ended		
Non-Cash Items Included in Statutory Profit	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
(Loss)/gain on acquisition, disposal, closure and demerger of businesses	**(61)**	(183)	(67)	**13**	(74)	large
Hedging and IFRS volatility	**(79)**	101	large	**12**	(91)	large
Bankwest non-cash items	**(1)**	(3)	(67)	**-**	(1)	large
Treasury shares valuation adjustment	**6**	2	large	**9**	(3)	large
Other non-cash items	**5**	(1)	large	**9**	(4)	large
Total non-cash items (after tax)	**(135)**	(83)	63	**34**	(169)	large

Non-cash items attributable to continuing and discontinued operations are set out below:

	Full Year Ended			Half Year Ended		
Non-Cash Items Included in Statutory Profit	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
(Loss)/gain on acquisition, disposal, closure and demerger of businesses (1)	**(52)**	44	large	**(43)**	(9)	large
Hedging and IFRS volatility	**(79)**	101	large	**12**	(91)	large
Bankwest non-cash items	**(1)**	(3)	(67)	**-**	(1)	large
Non-cash items (after tax) from continuing operations	**(132)**	142	large	**(31)**	(101)	(69)
(Loss)/gain on acquisition, disposal, closure and demerger of businesses (2)	**(9)**	(227)	(96)	**56**	(65)	large
Treasury shares valuation adjustment discontinued operations	**6**	2	large	**9**	(3)	large
Non-cash items (after tax) from discontinued operations	**(3)**	(225)	(99)	**65**	(68)	large
Total non-cash items (after tax)	**(135)**	(83)	63	**34**	(169)	large

(1) The full year ended 30 June 2019 includes $54 million separation costs for NewCo (full year ended 30 June 2018: $21 million expense), $33 million impairment loss and transaction costs associated with the disposal of Count Financial (full year ended 30 June 2018: nil), partly offset by a $35 million net gain on acquisition and disposals of other businesses (full year ended 30 June 2018: $65 million gain).

(2) The full year ended 30 June 2019 includes $71 million of transaction and separation costs associated with the disposal of CFSGAM (full year ended 30 June 2018: nil), $82 million loss net of transaction and separation costs associated with the disposal of CommInsure Life (full year ended 30 June 2018: $118 million expense) and a $22 million loss net of transaction and separation costs associated with the disposal of TymeDigital SA (full year ended 30 June 2018: $91 million impairment loss), partly offset by a $135 million gain net of transaction and separation costs associated with the disposal of Sovereign (full year ended 30 June 2018: $18 million expense) and a $31 million net gain on acquisition and disposals of other businesses (full year ended 30 June 2018: nil).

Highlights

Key Performance Indicators

Key Performance Indicators [2]	Full Year Ended [1] 30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %	Half Year Ended 30 Jun 19	31 Dec 18	Jun 19 vs Dec 18 %
Group Performance from continuing operations						
Statutory net profit after tax ($M)	**8,360**	9,057	(8)	**3,785**	4,575	(17)
Cash net profit after tax ($M)	**8,492**	8,915	(5)	**3,816**	4,676	(18)
Net interest margin (%)	**2. 10**	2. 15	(5)bpts	**2. 10**	2. 10	-
Operating expenses to total operating income (%)	**46. 2**	44. 1	210 bpts	**49. 8**	42. 6	large
Spot number of full-time equivalent staff (FTE)	**42,921**	42,462	1	**42,921**	42,519	1
Average number of FTE	**42,794**	42,046	2	**42,979**	42,570	1
Effective corporate tax rate (%)	**28. 8**	30. 5	(170)bpts	**29. 2**	28. 5	70 bpts
Profit after capital charge (PACC) ($M) [3]	**4,364**	5,527	(21)	**1,704**	2,660	(36)
Average interest earning assets ($M) [4]	**864,174**	854,264	1	**864,692**	863,664	-
Average interest bearing liabilities ($M) [4]	**761,115**	759,583	-	**757,518**	764,654	(1)
Funds Under Administration (FUA) - average ($M)	**163,017**	153,810	6	**164,129**	160,860	2
Assets Under Management (AUM) - average ($M)	**15,082**	12,889	17	**15,711**	14,406	9
Group Performance including discontinued operations						
Statutory net profit after tax ($M)	**8,571**	9,329	(8)	**3,972**	4,599	(14)
Cash net profit after tax ($M)	**8,706**	9,412	(8)	**3,938**	4,768	(17)
Net interest margin (%)	**2. 11**	2. 15	(4)bpts	**2. 10**	2. 11	(1)bpt
Operating expenses to total operating income (%)	**47. 8**	45. 5	230 bpts	**51. 3**	44. 4	large
Spot number of full-time equivalent staff (FTE)	**45,165**	45,753	(1)	**45,165**	44,870	1
Average number of FTE	**45,250**	45,263	-	**45,234**	45,211	-
Effective corporate tax rate (%)	**28. 7**	30. 2	(150)bpts	**29. 0**	28. 4	60 bpts
Profit after capital charge (PACC) ($M) [3]	**4,333**	5,783	(25)	**1,686**	2,647	(36)
Average interest earning assets ($M) [4]	**864,657**	854,343	1	**865,132**	864,190	-
Average interest bearing liabilities ($M) [4]	**762,144**	760,450	-	**758,705**	765,527	(1)
Funds Under Administration (FUA) - average ($M)	**173,354**	164,866	5	**174,291**	171,322	2
Assets Under Management (AUM) - average ($M)	**223,184**	221,305	1	**226,342**	218,746	3
Average inforce premiums ($M)	**2,365**	3,232	(27)	**2,282**	2,445	(7)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Presented on a "cash basis" unless stated otherwise.
(3) The Bank uses PACC as a key measure of risk adjusted profitability. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments. The decrease on the prior year includes the impact of increasing capital levels in order to meet APRA's "unquestionably strong" capital requirements by 1 January 2020 and the one-off impact of additional operational risk capital (and RWAs) from the Enforceable Undertaking with APRA.
(4) Average interest earning assets are net of average mortgage offset balances. Average interest bearing liabilities exclude average mortgage offset balances.

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Key Performance Indicators (continued)

Key Performance Indicators	Full Year Ended [1] 30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %	Half Year Ended 30 Jun 19	31 Dec 18	Jun 19 vs Dec 18 %
Shareholder Returns from continuing operations						
Earnings Per Share (EPS) (cents) [2]						
Statutory basis - basic	**473.7**	518.8	(9)	**214.1**	259.6	(18)
Cash basis - basic	**480.8**	510.3	(6)	**215.7**	265.2	(19)
Return on equity (ROE) (%) [2]						
Statutory basis	**12.3**	13.9	(160)bpts	**11.1**	13.5	(240)bpts
Cash basis	**12.5**	13.6	(110)bpts	**11.2**	13.8	(260)bpts
Shareholder Returns including discontinued operations						
Earnings Per Share (EPS) (cents) [2]						
Statutory basis - basic	**485.6**	534.3	(9)	**224.7**	261.0	(14)
Cash basis - basic	**493.0**	538.8	(9)	**222.6**	270.4	(18)
Return on equity (ROE) (%) [2]						
Statutory basis	**12.6**	14.3	(170)bpts	**11.6**	13.6	(200)bpts
Cash basis	**12.8**	14.4	(160)bpts	**11.5**	14.1	(260)bpts
Dividends per share - fully franked (cents)	**431**	431	-	**231**	200	16
Dividend cover - "cash basis" (times)	**1.1**	1.2	(8)	**1.0**	1.3	(23)
Dividend payout ratio (%) [2]						
Statutory basis	**89.0**	81.2	large	**103.0**	77.0	large
Cash basis	**87.6**	80.4	large	**103.8**	74.3	large
Capital including discontinued operations						
Common Equity Tier 1 (Internationally Comparable) (%) [3]	**16.2**	15.5	70 bpts	**16.2**	16.5	(30)bpts
Common Equity Tier 1 (APRA) (%)	**10.7**	10.1	60 bpts	**10.7**	10.8	(10)bpts
Risk weighted assets (RWA) ($M) - Basel III	**452,762**	458,612	(1)	**452,762**	445,144	2
Leverage Ratio including discontinued operations						
Leverage Ratio (Internationally Comparable) (%) [3]	**6.5**	6.3	20 bpts	**6.5**	6.4	10 bpts
Leverage Ratio (APRA) (%)	**5.6**	5.5	10 bpts	**5.6**	5.6	-
Funding and Liquidity Metrics including discontinued operations						
Liquidity Coverage Ratio (%) [4]	**132**	133	(100)bpts	**132**	131	100 bpts
Weighted Average Maturity of Long Term Debt (years)	**5.1**	5.1	-	**5.1**	5.0	0.1 years
Customer Deposit Funding Ratio (%)	**69**	68	100 bpts	**69**	69	-
Net Stable Funding Ratio (%)	**112**	112	-	**112**	112	-
Credit Quality Metrics including discontinued operations						
Loan impairment expense ("cash basis") annualised as a % of average GLAAs	**0.16**	0.15	1 bpt	**0.17**	0.15	2 bpts
Gross impaired assets as a % of GLAAs	**0.48**	0.42	6 bpts	**0.48**	0.47	1 bpt
Credit risk weighted assets (RWA) ($M)	**372,574**	369,528	1	**372,574**	369,356	1

(1) Comparative information has been restated to conform to presentation in the current period.
(2) For definitions refer to Appendix 6.8.
(3) Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".
(4) Quarterly average.

Key Performance Indicators (continued)

Key Performance Indicators	Full Year Ended [1] 30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %	Half Year Ended 30 Jun 19	31 Dec 18	Jun 19 vs Dec 18 %
Retail Banking Services [2]						
Cash net profit after tax ($M)	**4,234**	4,703	(10)	**2,022**	2,212	(9)
Net interest margin (%)	**2. 57**	2. 74	(17)bpts	**2. 55**	2. 60	(5)bpts
Average interest earning assets (AIEA) ($M) [3]	**363,187**	352,450	3	**366,346**	359,928	2
Operating expenses to total operating income (%) [4]	**38. 4**	35. 8	260 bpts	**39. 4**	37. 6	180 bpts
Risk weighted assets ($M) [5]	**173,716**	168,370	3	**173,716**	167,253	4
Business and Private Banking						
Cash net profit after tax ($M)	**2,658**	2,845	(7)	**1,251**	1,407	(11)
Net interest margin (%)	**3. 17**	3. 16	1 bpt	**3. 17**	3. 17	-
Average interest earning assets (AIEA) ($M) [3]	**161,808**	161,627	-	**161,452**	162,159	-
Operating expenses to total banking income (%) [4]	**36. 6**	34. 1	250 bpts	**39. 0**	34. 3	470 bpts
Risk weighted assets ($M)	**122,030**	119,804	2	**122,030**	117,439	4
Institutional Banking and Markets						
Cash net profit after tax ($M)	**1,071**	1,170	(8)	**491**	580	(15)
Net interest margin (%)	**1. 05**	1. 03	2 bpts	**1. 03**	1. 08	(5)bpts
Average interest earning assets (AIEA) ($M)	**130,438**	138,935	(6)	**127,267**	133,556	(5)
Operating expenses to total banking income (%) [4]	**42. 7**	39. 9	280 bpts	**46. 4**	39. 4	large
Risk weighted assets ($M)	**85,496**	95,875	(11)	**85,496**	89,842	(5)
Wealth Management [6]						
Cash net profit after tax ($M)	**160**	255	(37)	**24**	136	(82)
Operating expenses to total operating income (%) [4]	**74. 8**	58. 3	large	**93. 8**	56. 7	large
FUA - average ($M)	**148,813**	141,726	5	**149,671**	146,971	2
New Zealand [6]						
Cash net profit after tax ($M)	**1,050**	975	8	**511**	539	(5)
Risk weighted assets - APRA basis ($M) [7]	**51,189**	48,524	5	**51,189**	50,082	2
Net interest margin (ASB) (%) [8]	**2. 21**	2. 24	(3)bpts	**2. 22**	2. 21	1 bpt
Average interest earning assets (AIEA) (ASB) (NZ$M) [8]	**95,315**	89,774	6	**96,385**	94,262	2
Operating expenses to total operating income (ASB) (%) [4] [8]	**35. 6**	36. 0	(40)bpts	**36. 4**	34. 8	160 bpts
FUA - average (ASB) (NZ$M) [8]	**15,146**	13,110	16	**15,192**	15,007	1
AUM - average (ASB) (NZ$M) [8]	**16,075**	13,986	15	**16,507**	15,562	6

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Excludes Mortgage Broking and General Insurance.
(3) Net of average mortgage offset balances.
(4) Presented on a “cash basis”.
(5) Includes Mortgage Broking and General Insurance.
(6) Presented on a continuing operations basis.
(7) Risk weighted assets represent ASB only and are calculated in accordance with APRA requirements.
(8) Key financial metrics represent ASB only and are calculated in New Zealand dollar terms.

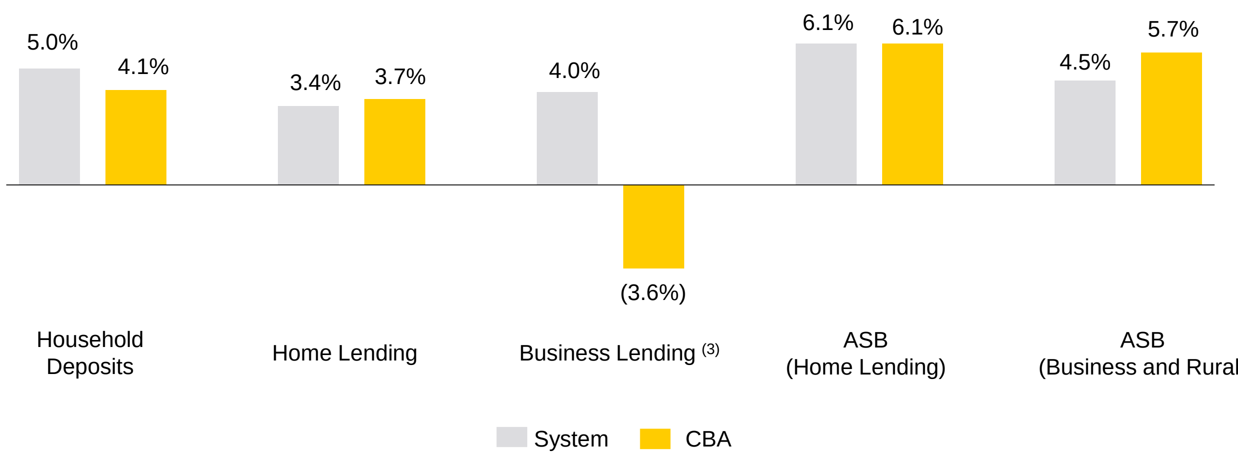
Highlights

Market Share

Market Share [1]	30 Jun 19 %	31 Dec 18 %	30 Jun 18 %	Jun 19 vs Dec 18	Jun 19 vs Jun 18
	As at				
Home loans	**24. 4**	24. 3	24. 4	10 bpts	-
Credit cards [2]	**26. 9**	26. 6	27. 2	30 bpts	(30)bpts
Other household lending [3]	**28. 6**	28. 2	28. 0	40 bpts	60 bpts
Household deposits	**28. 1**	28. 3	28. 4	(20)bpts	(30)bpts
Business lending - RBA	**14. 4**	15. 0	15. 8	(60)bpts	(140)bpts
Business lending - APRA	**16. 6**	17. 0	17. 8	(40)bpts	(120)bpts
Business deposits - APRA	**19. 5**	19. 7	20. 2	(20)bpts	(70)bpts
Equities trading	**3. 7**	3. 7	4. 1	-	(40)bpts
Australian Retail - administrator view [4]	**15. 3**	15. 3	15. 3	-	-
FirstChoice Platform [4]	**10. 7**	10. 7	10. 7	-	-
Australia life insurance (total risk) [4] [5]	**7. 4**	7. 8	8. 0	(40)bpts	(60)bpts
Australia life insurance (individual risk) [4] [5]	**9. 0**	9. 2	9. 5	(20)bpts	(50)bpts
NZ home loans	**21. 7**	21. 6	21. 7	10 bpts	-
NZ customer deposits	**17. 7**	17. 9	17. 8	(20)bpts	(10)bpts
NZ business lending	**15. 4**	15. 3	15. 0	10 bpts	40 bpts
NZ retail AUM [6]	**15. 4**	15. 3	15. 0	10 bpts	40 bpts
NZ annual inforce premiums [5]	**-**	-	27. 3	-	large

(1) Current period and comparatives have been updated to reflect market restatements.
(2) Credit Cards Market Share data has been sourced from APRA Monthly Banking Statistics back series, Loans to Households: Credit Cards.
(3) Other Household Lending market share includes personal loans, margin loans and other forms of lending to individuals.
(4) As at 31 March 2019.
(5) Metrics relate to discontinued operations.
(6) Presented on a continuing operations basis.

CBA growth against System [1][2]
Balance growth - 12 months to June 19



(1) System adjusted for new market entrants.
(2) System source RBA/APRA/RBNZ. CBA includes Bankwest.
(3) Domestic Lending balance growth (excluding Cash Management Pooling Facilities).

Credit Ratings	Long-term	Short-term	Outlook
Fitch Ratings	AA-	F1+	Negative
Moody's Investors Service	Aa3	P-1	Stable
S&P Global Ratings	AA-	A-1+	Stable

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Group Performance Analysis

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Contents

Group Performance Analysis

Financial Performance and Business Review

Performance Overview – comments are versus prior year unless stated otherwise (continuing operations basis (1))

The Bank's statutory net profit after tax (NPAT) from continuing operations for the year ended 30 June 2019 decreased $697 million or 7.7% on the prior year to $8,360 million. The Bank's statutory NPAT (including discontinued operations) for the year ended 30 June 2019 decreased $758 million or 8.1% on the prior year to $8,571 million.

Cash net profit after tax ("cash NPAT" or "cash profit") from continuing operations decreased $423 million or 4.7% on the prior year to $8,492 million. The result was driven by a 2.0% decrease in operating income, a 2.5% increase in operating expenses and a 11.3% increase in loan impairment expense.

Operating income decreased 2.0% (2.2% excluding the impact of consolidating the Mortgage Broking businesses (2)), primarily driven by:

- Net interest income decreased 1.2% with net interest margin (NIM) decreasing 2.3% or 5 basis points, largely driven by home loan customer switching and competition, and higher short term wholesale funding costs; partly offset by average interest earning assets increasing 1.2% primarily from growth in home loans and business loans;
- Other banking income decreased 2.8% (3.9% excluding the impact of consolidating the Mortgage Broking businesses (2)), primarily driven by lower credit card income, lower transaction fees due to the simplification of fee waivers, lower overdrawn account fees following the introduction of pre-emptive customer alerts and unfavourable derivative valuation adjustments, partly offset by the non-recurrence of the impact from restructuring economic hedges in FY18 and higher business loan fee income (reflecting a shift to fee based products such as cash advance facilities); and
- Insurance income decreased 38.2% driven by weather events, primarily the New South Wales (NSW) hail storm, Queensland floods and other weather events in NSW, Victoria and Queensland.

Operating expenses increased 2.5%, impacted by notable items and prior period one-offs (2), higher risk and compliance FTE, wage inflation and IT spend.

Loan impairment expense (LIE) increased 11.3%, driven by higher individual provisions due to a small number of large single name exposures in the corporate portfolio, and higher collective provisions reflecting higher arrears in the consumer finance portfolio and softening economic conditions.

CET1 was above APRA's 'unquestionably strong' target of 10.5%, with the CET1 ratio increasing 60 basis points to 10.7%, primarily driven by organic capital generation of 55 basis points.

Earnings per share ("cash basis") was down 5.8% on the prior year at 480.8 cents per share, primarily due to the decrease in cash profit.

Return on equity ("cash basis") decreased 110 basis points to 12.5% due to the impact of lower profit (approximately 60 basis points) and the increase in capital levels in order to meet APRA's 'unquestionably strong' benchmark (approximately 50 basis points).

The Bank declared a final dividend of $2.31 per share, bringing the total for the year to $4.31, which is equivalent to 87.6% of the Bank's cash profit.

Balance sheet strength and resilience is a key priority for the Bank. The Bank has managed key balance sheet risks in a sustainable and conservative manner, and has made strategic decisions to ensure strength in capital, funding and liquidity. In particular, the Bank has:

- Satisfied a significant proportion of its funding requirements from customer deposits, accounting for 69% of total funding at 30 June 2019 (up from 68% at 30 June 2018);
- Issued new long-term wholesale funding with a weighted average maturity (WAM) of 6.5 years, bringing the portfolio WAM to 5.1 years (flat on 30 June 2018);
- The Bank maintained its strong funding position, with long-term wholesale funding accounting for 66% of total wholesale funding (down from 67% at 30 June 2018); and
- Appropriately managed the level of liquid assets and customer deposit growth to maintain our strong funding and liquidity positions, as illustrated by the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) being well above the regulatory minimum.

(1) The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and reported as a single cash net profit after tax line item. Discontinued operations include the Bank's Australia and New Zealand life insurance businesses (CommInsure Life and Sovereign), BoCommLife, TymeDigital SA, Colonial First State Global Asset Management (CFSGAM) and PT Commonwealth Life.

(2) Refer to page 11 for further information.

Group Performance Analysis

Financial Performance and Business Review (continued)

Performance Overview (continued)

The Bank's financial result was impacted by a number of notable items and prior period one-off items. In order to present a transparent view of the business' performance, operating income and operating expenses are shown both before and after these items.

	Full Year Ended [1] ("cash basis")			Half Year Ended ("cash basis")		
Group Performance Summary	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Operating income excluding Mortgage Broking businesses	**24,132**	24,686	(2)	**11,869**	12,263	(3)
Mortgage Broking consolidation [2]	**275**	228	21	**130**	145	(10)
Total operating income	**24,407**	24,914	(2)	**11,999**	12,408	(3)
Investment experience	**4**	8	(50)	**1**	3	(67)
Total income	**24,411**	24,922	(2)	**12,000**	12,411	(3)
Operating expenses excluding notable items and prior period one-offs	**(9,869)**	(9,642)	2	**(4,995)**	(4,874)	2
Prior period one-offs [3]	**-**	(855)	large	**-**	-	n/a
1H19 AUSTRAC insurance recoveries [4]	**145**	-	n/a	**-**	145	large
Mortgage Broking consolidation [2]	**(269)**	(199)	35	**(130)**	(139)	(6)
Customer remediation (incl. Aligned Advice) [5]	**(918)**	(52)	large	**(639)**	(279)	large
Risk and compliance programs [6]	**(358)**	(247)	45	**(216)**	(142)	52
Total operating expenses	**(11,269)**	(10,995)	2	**(5,980)**	(5,289)	13
Loan impairment expense	**(1,201)**	(1,079)	11	**(624)**	(577)	8
Net profit before tax	**11,941**	12,848	(7)	**5,396**	6,545	(18)
Corporate tax expense	**(3,437)**	(3,920)	(12)	**(1,574)**	(1,863)	(16)
Non-controlling interests - continuing operations [7]	**(12)**	(13)	(8)	**(6)**	(6)	-
Net profit after tax from continuing operations ("cash basis")	**8,492**	8,915	(5)	**3,816**	4,676	(18)
Non-cash items - continuing operations [8]	**(132)**	142	large	**(31)**	(101)	(69)
Net profit after tax from continuing operations ("statutory basis")	**8,360**	9,057	(8)	**3,785**	4,575	(17)
Net profit after tax from discontinued operations ("cash basis")	**221**	503	(56)	**125**	96	30
Non-cash items - discontinued operations [8]	**(3)**	(225)	(99)	**65**	(68)	large
Non-controlling interests - discontinued operations [9]	**(7)**	(6)	17	**(3)**	(4)	(25)
Net profit after tax ("statutory basis")	**8,571**	9,329	(8)	**3,972**	4,599	(14)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) The movement in Mortgage Broking consolidation is due to the consolidation of AHL Holdings Pty Limited (AHL) as the Bank acquired the remaining 20% share on 25 August 2017; the acquisition of the assets of eChoice and the impact from the implementation of AASB 15 (refer to Note 1.1 of the 2019 Annual Report for further information) on AHL.
(3) The year ended 30 June 2018 includes a $700 million expense for the AUSTRAC civil penalty and $155 million one-off regulatory project costs.
(4) The year ended 30 June 2019 includes a $145 million benefit as a result of professional indemnity insurance recoveries related to the AUSTRAC civil penalty.
(5) The year ended 30 June 2019 includes a $534 million provision for historical Aligned Advice remediation issues and associated program costs, and $384 million of Wealth and Banking customer refunds and associated program costs.
(6) Includes Program of Action, increase in operational resourcing of the financial crimes compliance team and the Better Risk Outcomes Program.
(7) Non-controlling interests in continuing operations includes preference dividends paid to holders of preference shares in ASB Capital Limited and ASB Capital No.2 Limited.
(8) Refer to page 3 for further information.
(9) Non-controlling interests in discontinued operations includes 20% outside equity interest in PT Commonwealth Life.

Group Performance Analysis

Net Interest Income (continuing operations basis)

	Full Year Ended (1)			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Net interest income - "cash basis"	**18,120**	18,342	(1)	**8,986**	9,134	(2)
Average interest earning assets						
Home loans (2)	**466,057**	451,607	3	**470,493**	461,693	2
Consumer Finance	**22,491**	23,265	(3)	**22,275**	22,703	(2)
Business and corporate loans	**220,986**	225,037	(2)	**219,367**	222,579	(1)
Total average lending interest earning assets	**709,534**	699,909	1	**712,135**	706,975	1
Non-lending interest earning assets (3)	**154,640**	154,355	-	**152,557**	156,689	(3)
Total average interest earning assets	**864,174**	854,264	1	**864,692**	863,664	-
Net interest margin (%)	**2. 10**	2. 15	(5)bpts	**2. 10**	2. 10	-

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

(2) Net of average mortgage offset balances. Gross average home loans balance, excluding mortgage offset accounts was $511,232 million for the full year ended 30 June 2019 ($492,431 million for the full year ended 30 June 2018), and $516,493 million for the half year ended 30 June 2019 ($506,054 million for the half year ended 31 December 2018). While these balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the calculation of the Bank's net interest margin.

(3) Average interest earning assets is presented on a continuing operations basis (excluding Assets held for sale). For the year ended 30 June 2019, $483 million of Non-lending interest earning assets have been reclassified to Assets held for sale (Year ended 30 June 2018: $79 million, Half Year ended 30 June 2019: $440 million and Half year ended 31 December 2018: $526 million).

Full Year Ended June 2019 versus June 2018

Net interest income was $18,120 million, a decrease of $222 million or 1% on the prior year. The result was driven by a 2% or 5 basis points decrease in net interest margin to 2.10%, partly offset by a 1% or $10 billion increase in average interest earning assets to $864 billion.

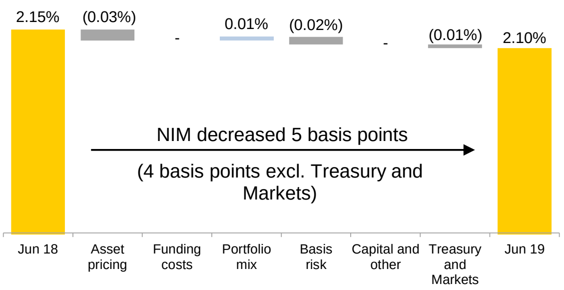
Average Interest Earning Assets

Average interest earning assets increased $10 billion or 1% on the prior year to $864 billion.

- Home loan average balances increased $14 billion or 3% on the prior year to $466 billion, primarily driven by continued growth in owner occupied loans;
- Business and corporate loan average balances decreased $4 billion or 2% on the prior year to $221 billion, driven by an $8 billion decrease in institutional lending balances due to ongoing portfolio optimisation initiatives; partly offset by $2 billion growth in New Zealand business lending and $2 billion growth in Business and Private Banking domestic business lending across various industries; and
- Non-lending interest earning asset average balances were flat on the prior year at $155 billion.

For further details on the balance sheet movements refer to the 'Group Assets and Liabilities' on page 21.

NIM movement since June 2018



Net Interest Margin

The Bank's net interest margin decreased 5 basis points on the prior year to 2.10%. The key drivers of the movement were:

Asset pricing: Decreased margin of 3 basis points driven by home lending, reflecting increased competition (down 4 basis points), and the impact of customers switching (down 3 basis points) from higher margin loans to lower margin loans (interest only to principal and interest, variable to fixed interest, and investor to owner occupied) partly offset by pricing (up 4 basis points), and lower consumer finance margins (down 1 basis point); partly offset by the benefit from reduced low margin institutional lending balances (up 1 basis point).

Funding costs: Flat, reflecting benefit from deposit repricing (up 2 basis points), offset by a lower benefit from the replicating portfolio (down 2 basis points).

Portfolio mix: Increased margin of 1 basis point due to higher average deposit funding ratio driven by strong growth in transaction deposits and lower wholesale funding requirements.

Basis risk: Basis risk arises from the spread between the 3 month bank bill swap rate and the 3 month overnight index swap rate. The margin decreased 2 basis points reflecting an increase in the average spread.

Group Performance Analysis

Net Interest Income (continued)

Capital and other: Flat, reflecting a decreased margin of 1 basis point driven by lower earnings on capital due to the low interest rate environment, offset by increased margin of 1 basis point due to the implementation of AASB 15 where certain upfront fees in relation to lending, lease and guarantee arrangements are no longer recognised upfront in other banking income, instead, it is recognised in interest income over the life of the contractual arrangements.

Treasury and Markets: Decreased margin of 1 basis point driven by lower Markets net interest income due to falling bond yields and lower commodities financing income.

Half Year Ended June 2019 versus December 2018

Net interest income was $8,986 million, a decrease of $148 million or 2% on the prior half, driven by the impact of three fewer calendar days in the current half and flat net interest margin, partly offset by a $1 billion increase in average interest earning assets to $865 billion.

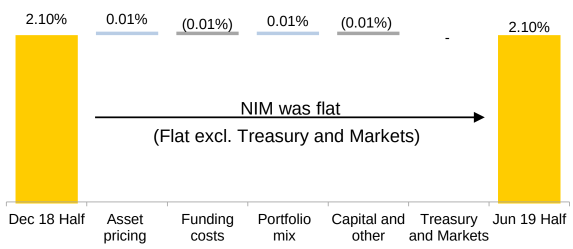
Average Interest Earning Assets

Average interest earning assets increased $1 billion on the prior half to $865 billion.

- Home loan average balances increased $9 billion or 2% to $470 billion, primarily driven by continued growth in owner occupied loans;
- Business and corporate loan average balances decreased $4 billion or 1% on the prior half to $219 billion, driven by a $5 billion reduction in institutional lending balances due to ongoing portfolio optimisation initiatives, partly offset by a $1 billion increase in New Zealand business lending; and
- Non-lending interest earning asset average balances decreased $4 billion or 3% on the prior half to $153 billion, driven by a decrease in liquid assets reflecting active management of high quality liquid asset holdings.

For further details on the balance sheet movements refer to the ‘Group Assets and Liabilities’ on page 21.

NIM movement since December 2018



Net Interest Margin

The Bank’s net interest margin was flat on the prior half at 2.10%. The key movements were:

Asset pricing: Increased margin of 1 basis point, driven by the benefit from reduced low margin institutional lending balances. Home lending margin was flat, reflecting the impact of customers switching (down 2 basis points) from higher margin loans to lower margin loans (interest only to principal and interest, variable to fixed interest, and investor to owner occupied) and increased competition (down 2 basis points), offset by pricing (up 4 basis points).

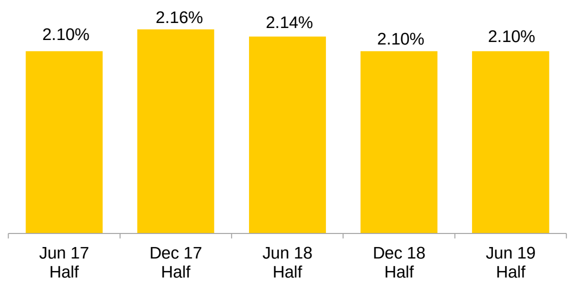
Funding costs: Decreased margin of 1 basis point driven by reduced retail investment deposit margins due to lower swap rates.

Portfolio mix: Increased margin of 1 basis point due to higher average deposit funding ratio from growth in transaction deposits and lower wholesale funding requirements.

Capital and other: Decreased margin of 1 basis point driven by lower earnings on capital due to the low interest rate environment.

Treasury and Markets: Flat, the benefit from a decrease in low yielding cash and liquid assets average balances (up 1 basis point) was offset by lower Markets net interest income due to falling bond yields and lower commodities financing income (down 1 basis point).

NIM (Half Year Ended)



Group Performance Analysis

Other Banking Income (continuing operations basis)

	Full Year Ended [1]			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Commissions	**2,487**	2,568	(3)	**1,235**	1,252	(1)
Lending fees	**991**	1,109	(11)	**485**	506	(4)
Trading income	**974**	1,025	(5)	**480**	494	(3)
Other income	**336**	280	20	**100**	236	(58)
Other banking income excl. Mortgage Broking consolidation - "cash basis"	**4,788**	4,982	(4)	**2,300**	2,488	(8)
Mortgage Broking consolidation [2]	**280**	233	20	**132**	148	(11)
Other banking income - "cash basis"	**5,068**	5,215	(3)	**2,432**	2,636	(8)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) For further details refer to page 11.

Year Ended June 2019 versus June 2018

Other banking income excluding the impact of Mortgage Broking consolidation was $4,788 million, a decrease of $194 million or 4% on the prior year.

Commissions decreased by $81 million or 3% to $2,487 million, due to reduced credit card income from higher loyalty costs, lower transaction account fees from the simplification of fee waivers, lower equities fee income driven by lower trading volumes, and lower debt capital markets fee income.

Lending fees decreased by $118 million or 11% to $991 million, mainly driven by lower overdrawn account fees following the introduction of pre-emptive customer alerts, and lower upfront fees in institutional lending from both lower volumes and the implementation of AASB 15, partly offset by higher business loan fee income reflecting a shift to fee based products such as cash advance facilities.

Trading income decreased by $51 million or 5% to $974 million, driven by lower Markets sales performance reflecting lower client demand, lower Treasury income and unfavourable derivative valuation adjustments, partly offset by improved Markets trading performance reflecting tightening credit spreads on the inventory of high grade corporate and government bonds.

Other income increased by $56 million or 20% to $336 million, primarily driven by higher Treasury income due to gains on sale of liquid assets and the non-recurrence of an upfront realised loss from the restructuring of economic hedges in the prior year to reduce the overall funding costs and optimise capital in relation to a 30 year US debt issuances, partly offset by lower net profits from minority investments and lower gains on the sale of assets in the Structured Asset Finance portfolio.

Half Year Ended June 2019 versus December 2018

Other banking income excluding the impact of Mortgage Broking consolidation was $2,300 million, a decrease of $188 million or 8% on the prior half.

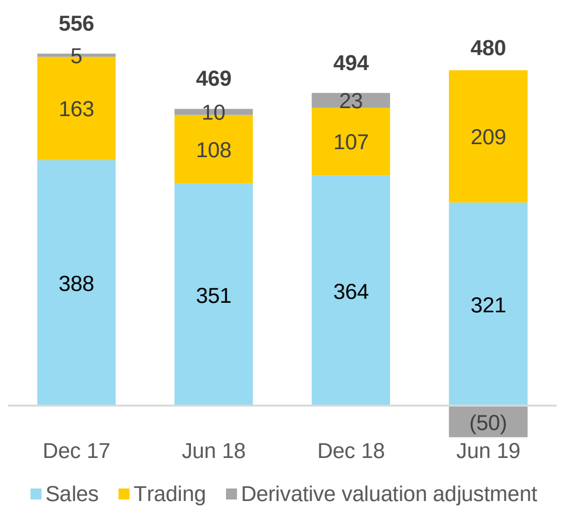
Commissions decreased by $17 million or 1% to $1,235 million, mainly due to lower interchange income driven by seasonally lower credit card volumes, lower transaction account fees from the simplification of fee waivers, partly offset by higher equities fee income as a result of higher trading volumes.

Lending fees decreased by $21 million or 4% to $485 million, mainly driven by lower overdrawn account fees following the introduction of pre-emptive customer alerts, and lower institutional lending fees from lower volumes, partly offset by higher business loan fee income reflecting a shift to fee based products, such as cash advance facilities.

Trading income decreased by $14 million or 3% to $480 million, driven by lower Markets sales performance reflecting lower client demand and unfavourable derivative valuation adjustments, partly offset by improved Markets trading performance from the impact of tightening credit spreads on the inventory of high grade corporate and government bonds, and higher Treasury income.

Other income decreased by $136 million or 58% to $100 million, driven by lower net profits from minority investments, a realised loss on the hedge of New Zealand earnings, lower gains on sale of liquid assets in Treasury and lower gains in the Structured Asset Finance portfolio.

Trading Income ($M)



Group Performance Analysis

Funds Management Income (continuing operations basis)

	Full Year Ended [1]			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Colonial First State (CFS) [2]	**862**	841	2	**421**	441	(5)
Commonwealth Financial Planning	**96**	169	(43)	**25**	71	(65)
New Zealand	**130**	112	16	**67**	63	6
Other	**(16)**	(3)	large	**(11)**	(5)	large
Funds management income - "cash basis"	**1,072**	1,119	(4)	**502**	570	(12)
Funds Under Administration (FUA) - average ($M)	**163,017**	153,810	6	**164,129**	160,860	2
Assets Under Management (AUM) - average ($M) [3]	**15,082**	12,889	17	**15,711**	14,406	9

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Colonial First State incorporates the results of all Wealth Management Aligned Advice Financial Planning businesses.
(3) Average AUM balances all relate to New Zealand. AUM also includes AUD4,968 million of spot balances managed by Colonial First State Global Asset Management (CFSGAM) (31 December 2018: AUD5,133 million; 30 June 2018: AUD6,998 million). These are also included in the AUM balances reported by CFSGAM (discontinued operations).

Year Ended June 2019 versus June 2018

Funds management income was $1,072 million, a decrease of $47 million or 4% on the prior year. The key drivers were:

- Commonwealth Financial Planning decreased by $73 million or 43% to $96 million, driven by lower volumes of initial advice fees and the cessation of ongoing service fees in February 2019; partly offset by
- CFS increased by $21 million or 2% to $862 million, driven by higher average Funds Under Administration (FUA) (up 5%) due to growth in the FirstChoice and CFSWrap platforms reflecting strong momentum from the prior year and higher investment markets, partly offset by a decrease in FUA margins due to pricing changes; and
- New Zealand increased by $18 million or 16% to $130 million, driven by higher average Assets Under Management (AUM) (up 17%) reflecting net inflows and favourable investment markets, higher AUM margins primarily due to a change in portfolio mix reflecting net inflows in higher margin funds, higher average FUA (up 18%) reflecting net inflows and favourable investment markets; partly offset by lower FUA margins driven by lower pricing.

Half Year Ended June 2019 versus December 2018

Funds management income was $502 million, a decrease of $68 million or 12% on the prior half. The key drivers were:

- Commonwealth Financial Planning decreased by $46 million or 65%, driven by lower volumes of initial advice fees and the cessation of ongoing service fees in February 2019; and
- CFS decreased $20 million or 5%, reflecting a decrease in FUA margins due to pricing changes, partly offset by higher average FUA (up 2%) driven by higher investment markets; partly offset by
- New Zealand increased by $4 million or 6%, driven by higher AUM (up 9%) due to favourable investment markets, an increase in average FUA (up 4%) reflecting net inflows and favourable FX, partly offset by decreased FUA margins driven by lower pricing.

Insurance Income (continuing operations basis)

	Full Year Ended [1]			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Insurance income - "cash basis"	**147**	238	(38)	**79**	68	16

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

Year Ended June 2019 versus June 2018

Insurance income was $147 million, a decrease of $91 million or 38% on the prior year. This result was driven by higher claims experience in the General Insurance business due to increased weather events, which included the New South Wales (NSW) hail storms and Queensland floods.

Half Year Ended June 2019 versus December 2018

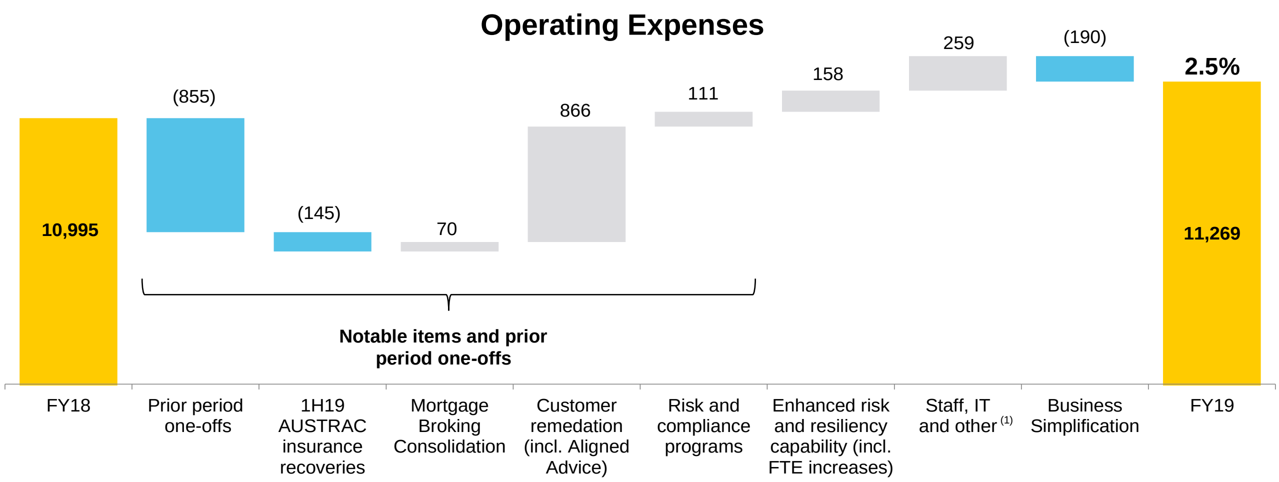
Insurance income was $79 million, an increase of $11 million or 16% on the prior half. This result was driven by lower claims experience in the General Insurance business in the half year ended 30 June 2019.

Group Performance Analysis

Operating Expenses (continuing operations basis)

	Full Year Ended (1)			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Staff expenses	**5,524**	5,369	3	**2,789**	2,735	2
Occupancy and equipment expenses	**1,079**	1,128	(4)	**542**	537	1
Information technology services expenses	**1,904**	1,766	8	**1,000**	904	11
Other expenses	**1,362**	1,379	(1)	**664**	698	(5)
Operating expenses excluding notable items and prior period one-offs - "cash basis"	**9,869**	9,642	2	**4,995**	4,874	2
Notable items and prior period one-offs: (2)						
Prior period one-offs	**-**	855	large	**-**	-	n/a
1H19 AUSTRAC insurance recoveries	**(145)**	-	n/a	**-**	(145)	large
Mortgage Broking consolidation	**269**	199	35	**130**	139	(6)
Customer remediation (incl. Aligned Advice)	**918**	52	large	**639**	279	large
Risk and compliance programs	**358**	247	45	**216**	142	52
Operating expenses including notable items and prior period one-offs - "cash basis"	**11,269**	10,995	2	**5,980**	5,289	13
Operating expenses to total operating income excluding notable items and prior period one-offs (%)	**40. 9**	39. 1	180 bpts	**42. 1**	39. 7	240 bpts
Operating expenses to total operating income (%)	**46. 2**	44. 1	210 bpts	**49. 8**	42. 6	large
Spot number of full-time equivalent staff (FTE)	**42,921**	42,462	1	**42,921**	42,519	1

(1) Comparative information has been restated to conform to presentation in the current period.
(2) For further details on notable items and prior period one-offs refer to page 11.



(1) Excludes staff, IT and other costs related to notable items, enhanced risk and resiliency capability and simplification.

Year Ended June 2019 versus June 2018

Operating expenses excluding notable items and prior period one-off items were $9,869 million, an increase of $227 million or 2% on the prior year.

Staff expenses increased by $155 million or 3% to $5,524 million, driven by wage inflation, increased full-time equivalent staff (FTE) and higher redundancies. The spot number of full-time equivalent staff increased by 459 or 1% from 42,462 to 42,921, due to an increase in risk and compliance staff (up 1,050 FTE, including the Program of Action, increased operational resourcing of the financial crimes compliance team, the Better Risk Outcomes Program coordinating the responses to the recommendations to the APRA Prudential Inquiry and additional risk and resilience resources), remediation staff, and increased project demand, partly offset by productivity initiatives.

Occupancy and equipment expenses decreased by $49 million or 4% to $1,079 million, primarily due to the closure of 69 branches in the year ended 30 June 2019, lower corporate office development costs and closure of offshore offices, partly offset by annual rental reviews.

Information technology services expenses increased by $138 million or 8% to $1,904 million. This was primarily due to increased IT infrastructure costs, increased risk and compliance investment spend and higher software license costs.

Operating Expenses (continued)

Other expenses decreased by $17 million or 1% to $1,362 million, primarily driven by lower discretionary spend and lower marketing costs.

Operating expenses to total operating income ratio excluding notable items and prior period one-offs increased 180 basis points from 39.1% to 40.9%.

Half Year Ended June 2019 versus December 2018

Operating expenses excluding notable items and prior period one-off items increased $121 million or 2% on the prior half to $4,995 million.

Staff expenses increased by $54 million or 2% to $2,789 million, primarily due to increased FTE and redundancy costs. The spot number of full-time equivalent staff increased by 402 or 1% from 42,519 to 42,921, due to growth in risk and compliance staff (up 442 FTE, including the Program of Action, increased operational resourcing of the financial crimes compliance team, Better Risk Outcomes Program, and additional risk and resilience resources), and increased project demand, partly offset by productivity initiatives.

Occupancy and equipment expenses increased by $5 million or 1% to $542 million, driven by higher depreciation following the completion of new corporate offices and annual rental reviews, partly offset by the closure of offshore offices and 22 branches in the half year ended 30 June 2019.

Information technology services expenses increased by $96 million or 11% to $1,000 million, primarily due to an increase in IT infrastructure costs, increased risk and compliance investment spend, and higher software license costs.

Other expenses decreased by $34 million or 5% to $664 million, primarily driven by lower discretionary spend and lower marketing costs.

Operating expenses to total operating income ratio excluding notable items and prior period one-offs increased 240 basis points from 39.7% to 42.1%.

Investment Spend (continuing operations basis)

	Full Year Ended [1]			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Expensed investment spend [2]	**796**	671	19	**412**	384	7
Capitalised investment spend [3]	**603**	611	(1)	**311**	292	7
Investment spend	**1,399**	1,282	9	**723**	676	7
Comprising:						
Risk and compliance	**899**	643	40	**467**	432	8
Productivity and growth	**384**	484	(21)	**198**	186	6
Branch refurbishment and other	**116**	155	(25)	**58**	58	-
Investment spend	**1,399**	1,282	9	**723**	676	7

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Included within the Operating Expenses disclosure on page 16.
(3) Includes non-software Capitalised Investment Spend, primarily related to branch refurbishments and the development of the South Eveleigh corporate office.

Year Ended June 2019 versus June 2018

The Bank continues to invest in becoming a simpler and better bank for our customers with $1,399 million incurred in the full year to 30 June 2019, an increase of $117 million or 9% on the prior year. The increase was driven by a $256 million increase in spend on risk and compliance projects partly offset by a decrease of $100 million in productivity and growth initiatives, and a decrease of $39 million in branch refurbishment and other.

Risk and compliance costs accounted for 64% of investment spend, an increase from 50% in the prior year, as the Bank has continued to strengthen regulatory and compliance frameworks and implement systems to satisfy regulatory obligations. Productivity and growth initiatives accounted for 27% of investment spend, a decrease from 38% in the prior year as the Bank continues to prioritise funding for risk and compliance initiatives. Key areas of investment across each of the categories are outlined below.

Risk and Compliance

Financial Crimes Compliance

The Bank has continued to strengthen financial crimes compliance as part of a comprehensive program of investment including:

- Anti-money laundering and counter-terrorism financing (AML/CTF) compliance, including upgrading and enhancing our AML/CTF technology, updating our process documentation, investing in further capability and improving training of our personnel;
- Strengthening financial crime capabilities, and significant investment in seeking to fulfil the crucial role that it plays across the business through our Program of Action; and
- Enhancing the Bank's processes for monitoring, managing, reporting and controlling financial crime across all of its operations, including how the Bank engages with and informs AUSTRAC and other regulators, and improving the Bank's operating model to provide increased capability in the management of financial crime risk.

Investment Spend (continued)

Other Risk and Compliance

The Bank has invested in the following:

- Implementing new processes and enhancing systems to address new regulations including the Comprehensive Credit Reporting regime, Banking Code of Practice, Open Banking and a number of new reforms across our Wealth Management businesses;
- Continuing investment in identifying, detecting and protecting customers against cyber security risks;
- Improving the resilience of the Bank's IT infrastructure, including investment in the New Payments platform and modernisation of data centres; and
- Upgrading ATMs and other cash handling devices to enable processing of the new RBA banknotes.

Productivity and Growth

The Bank has invested in the following:

- Ongoing investment and development of our digital channels to improve the digital customer service experience and improve the resilience of the digital infrastructure; and
- Focusing investment on commercial lending systems to upgrade the end-to-end process for loan origination and maintenance to improve business customer experiences.

Branch Refurbishment and Other

The Bank has invested in the following:

- Retail branch refurbishment as our branch design is constantly evolving to reflect changes in customer preferences; and
- Consolidation and development of corporate offices as existing leases expire.

Capitalised Software

	Full Year Ended			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Opening Balance	**1,819**	1,934	(6)	**1,782**	1,819	(2)
Additions	**343**	486	(29)	**149**	194	(23)
Amortisation and write-offs	**(450)**	(553)	(19)	**(219)**	(231)	(5)
Reclassification to assets held for sale	**-**	(48)	large	**-**	-	n/a
Closing balance	**1,712**	1,819	(6)	**1,712**	1,782	(4)

Year Ended June 2019 versus June 2018

Capitalised software balance decreased $107 million or 6% to $1,712 million.

Additions decreased by $143 million or 29% to $343 million, due to lower capitalised investment spend, driven by a change in investment spend mix to risk and compliance initiatives which have lower capitalisation rates, and the non-recurrence of $32 million in capitalised software relating to TymeDigital SA in the prior year which was not classified as Assets held for sale.

Amortisation and write-offs decreased $103 million or 19% to $450 million, driven by the non-recurrence of a $55 million write down of TymeDigital SA software, following the decision to discontinue the Bank's South African operations, and a $58 million impairment of capitalised software in the prior year. Excluding these expenses, amortisation and write-offs increased by $10 million or 2% driven by the completion of investment spend initiatives in relation to digital assets which have shorter amortisation periods.

Reclassification to assets held for sale decreased $48 million, due to the non-recurrence of the reclassification of capitalised software in the life insurance businesses in the prior year.

Half Year Ended June 2019 versus December 2018

Capitalised software balance decreased $70 million or 4% to $1,712 million.

Additions decreased by $45 million or 23% to $149 million, due to lower capitalised investment spend, driven by a change in investment spend mix to risk and compliance initiatives, which have lower capitalisation rates.

Amortisation and write-offs decreased by $12 million or 5% to $219 million, driven by lower capitalised software balances.

Loan Impairment Expense (continuing operations basis)

	Full Year Ended (1)			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Retail Banking Services	**693**	652	6	**375**	318	18
Business and Private Banking	**362**	247	47	**195**	167	17
Institutional Banking and Markets	**17**	80	(79)	**(21)**	38	large
New Zealand	**102**	74	38	**60**	42	43
IFS and Other	**27**	26	4	**15**	12	25
Loan impairment expense - "cash basis"	**1,201**	1,079	11	**624**	577	8

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

Year Ended June 2019 versus June 2018

On 1 July 2018, the Bank adopted AASB 9 and as permitted under the accounting standards has not restated the prior comparative periods (refer to Note 1.1 in the 2019 Annual Report for further information).

Loan impairment expense was $1,201 million, an increase of $122 million or 11% on the prior year.

The increase was driven by:

- An increase in Business and Private Banking of $115 million or 47% to $362 million, driven by higher individual provisions due to a small number of large single name exposures and higher collective provisions;
- An increase in Retail Banking Services of $41 million or 6% to $693 million, primarily driven by higher collective provisions for personal loans reflecting softening economic conditions and higher arrears;
- An increase in New Zealand of $28 million or 38% to $102 million, mainly driven by higher provisioning in the rural and business portfolios, partly offset by lower provisioning in the consumer finance portfolio; and
- An increase in IFS and Other of $1 million or 4% to $27 million, driven by the non-recurrence of the release of a centrally held provision in the prior year, partly offset by lower individually assessed provisions in the PTBC commercial lending book; partly offset by
- A decrease in Institutional Banking and Markets of $63 million or 79% to $17 million, driven by lower collective provisions reflecting lower volumes from portfolio optimisation and lower individual provisions for single name exposures, partly offset by lower write-backs.

Loan impairment expense annualised as a percentage of average Gross Loans and Acceptances (GLAAs) increased 1 basis point to 16 basis points.

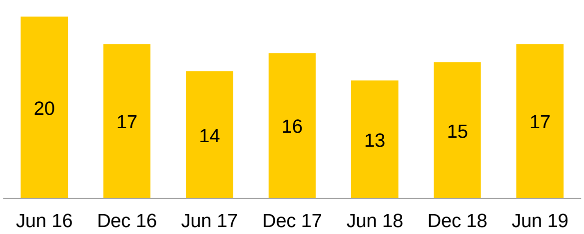
Half Year Ended June 2019 versus December 2018

Loan impairment expense was $624 million, an increase of $47 million or 8% on the prior half mainly driven by:

- An increase in Retail Banking Services of $57 million or 18% to $375 million, driven by higher collective provisions reflecting softening economic conditions and increased consumer finance arrears;
- An increase in Business and Private Banking of $28 million or 17% to $195 million, driven by higher collective provisions for construction, discretionary retail and hospitality industries, partly offset by lower individual provisions;
- An increase in New Zealand of $18 million or 43% to $60 million, driven by higher provisioning in the business portfolio, partly offset by higher rural portfolio provisioning in the prior half; and
- An increase in IFS and Other of $3 million or 25% to $15 million, driven by higher impairment provisions for personal loans in PTBC; partly offset by
- A decrease in Institutional Banking and Markets of $59 million to a $21 million benefit, mainly driven by lower individual provisions for large single name exposures and lower collective provisions reflecting lower volumes from portfolio optimisation.

Loan impairment expense annualised as a percentage of average Gross Loans and Acceptances (GLAAs) increased by 2 basis points to 17 basis points.

Half Year Loan Impairment Expense ("cash basis") annualised as a percentage of Average GLAAs (bpts)



Group Performance Analysis

Taxation Expense (continuing operations basis)

	Full Year Ended [1]			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Corporate tax expense ($M)	**3,437**	3,920	(12)	**1,574**	1,863	(16)
Effective tax rate - "cash basis" (%)	**28. 8**	30. 5	(170)bpts	**29. 2**	28. 5	70 bpts

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

Year Ended June 2019 versus June 2018

Corporate tax expense for the year ended 30 June 2019 was $3,437 million, a decrease of $483 million or 12% on the prior year, reflecting a 28.8% effective tax rate.

The 170 basis points decrease in the effective tax rate from 30.5% to 28.8% was primarily due to the $700 million expense for the AUSTRAC civil penalty in the prior year being non-deductible for tax purposes. This 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.

Half Year Ended June 2019 versus December 2018

Corporate tax expense for the half year ended 30 June 2019 was $1,574 million, a decrease of $289 million or 16% on the prior half, reflecting a 29.2% effective tax rate.

The 70 basis points increase in the effective tax rate from 28.5% to 29.2% was primarily the result of the finalisation of prior year tax matters in the prior half. This 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.

Group Performance Analysis

Group Assets and Liabilities

Total Group Assets and Liabilities	As at 30 Jun 19 $M	 31 Dec 18 $M	 30 Jun 18 $M	 Jun 19 vs Dec 18 %	 Jun 19 vs Jun 18 %
Interest earning assets					
Home loans [1]	**522,942**	512,505	501,665	2	4
Consumer finance	**21,993**	22,690	23,317	(3)	(6)
Business and corporate loans	**214,953**	222,996	222,367	(4)	(3)
Loans, bills discounted and other receivables [2]	**759,888**	758,191	747,349	-	2
Non-lending interest earning assets	**148,967**	151,819	150,306	(2)	(1)
Total interest earning assets	**908,855**	910,010	897,655	-	1
Other assets [2]	**51,096**	55,204	61,856	(7)	(17)
Assets held for sale	**16,551**	15,216	15,654	9	6
Total assets	**976,502**	980,430	975,165	-	-
Interest bearing liabilities					
Transaction deposits [3]	**115,764**	111,133	106,316	4	9
Savings deposits [3]	**190,397**	187,028	190,452	2	-
Investment deposits	**211,605**	222,020	216,852	(5)	(2)
Other demand deposits	**63,650**	63,599	58,057	-	10
Total interest bearing deposits	**581,416**	583,780	571,677	-	2
Debt issues	**164,022**	168,904	172,673	(3)	(5)
Other interest bearing liabilities	**54,840**	54,388	54,124	1	1
Total interest bearing liabilities	**800,278**	807,072	798,474	(1)	-
Non-interest bearing transaction deposits	**53,884**	51,634	48,831	4	10
Other non-interest bearing liabilities	**36,895**	38,796	45,100	(5)	(18)
Liabilities held for sale	**15,796**	14,350	14,900	10	6
Total liabilities	**906,853**	911,852	907,305	(1)	-

(1) Home loans are presented gross of $45,078 million of mortgage offset balances (31 December 2018: $45,675 million; 30 June 2018: $41,865 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.
(2) Loans, bills discounted and other receivables exclude provisions for impairment which are included in Other assets.
(3) Transaction and Savings deposits includes $45,078 million of mortgage offset balances (31 December 2018: $45,675 million; 30 June 2018: $41,865 million).

Year Ended June 2019 versus June 2018

Total assets were $977 billion, an increase of $1 billion on the prior year, reflecting increased home lending, partly offset by lower institutional lending, consumer finance and other assets, including derivative asset balances.

Total liabilities were $907 billion, flat on the prior year, primarily reflecting an increase in transaction and other demand deposits, offset by a decrease in debt issues, other non-interest bearing liabilities and investment deposits.

The Bank continued to fund a significant portion of lending growth from customer deposits. Customer deposits represented 69% of total funding (30 June 2018: 68%).

Home loans

Home loan balances increased $21 billion to $523 billion, reflecting a 4% increase on the prior year. The increase was driven by Retail Banking Services and New Zealand, partly offset by a decrease in Business and Private Banking. Domestic home loan growth of 4%, above system growth of 3%, notwithstanding ongoing competition from non-bank lenders.

Home loans in Australia amount to $467 billion (30 June 2018: $451 billion) of which 66% were owner occupied, 31% were investment home loans and 3% were lines of credit (30 June 2018: 65% were owner occupied, 32% were investment home loans and 3% were lines of credit).

Group Assets and Liabilities (continued)

Consumer finance

Consumer finance balance decrease of $1 billion or 6%, broadly in line with system. The decrease in system is driven by regulatory reforms, lower consumer demand for unsecured debt and a softening macroeconomic environment impacting discretionary spend.

Business and corporate loans

Business and corporate loans decreased $7 billion to $215 billion, a 3% decrease on the prior year, reflecting a 12% decline in institutional lending driven by portfolio optimisation initiatives. This was partly offset by growth of 2% in Business and Private Banking across various industries and growth of 6% in New Zealand (excluding the impact of FX), which was above system growth of 4%, reflecting the continued long-term strategic focus on the business lending segment.

Domestic business lending decreased 4%, below system growth of 4%, due to lower institutional lending, reflecting continued portfolio optimisation and a continued decline in residential property development exposures in Business and Private Banking, following the completion of projects and a continued focus on risk adjusted return and risk appetite.

Non-lending interest earning assets

Non-lending interest earning assets, including liquid assets, decreased $1 billion or 1% on the prior year, reflecting active management of high quality liquid asset holdings.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, decreased $11 billion or 17% on the prior year. The decrease was driven by the reclassification of assets attributed to CFSGAM and PTCL to Assets held for sale and lower derivatives assets due to foreign currency and interest rate volatility.

Total interest bearing deposits

Total interest bearing deposits increased $10 billion to $581 billion, a 2% increase on the prior year, driven by transaction deposits growth and higher other demand deposits, partly offset by lower investment deposits. The increase in transaction deposits primarily reflects growth in Cash Management Pooling Facilities in Institutional Banking and Markets, and growth in mortgage offset accounts. The reduction in investment deposits was driven by Institutional Banking and Markets, due to lower demand for funding, partly offset by higher balances in Retail Banking Services, New Zealand and Business and Private Banking, driven by customer preference for higher yielding term deposits.

Domestic household deposits grew at 4%, below system growth of 5% reflecting increased competition from non-major banks.

Debt issues

Debt issues decreased $9 billion to $164 billion, a 5% decrease on the prior year. Excluding the impact of FX, debt issues decreased 6%, reflecting growth in deposit funding and lower wholesale funding requirements. Customer deposits represented 69% of total funding (30 June 2018: 68%).

Deposits satisfied the majority of the Bank's funding requirements, however strong access was maintained to both domestic and international wholesale debt markets.

Refer to page 35-36 for further information on debt programs and issuance for the year ended 30 June 2019.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, increased 1% on the prior year. Excluding the impact of FX, balances were flat, with the issuance of PERLS XI, partly offset by the redemption of PERLS VI.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits increased $5 billion to $54 billion, or a 10% increase on the prior year. The increase was primarily driven by growth in personal and business transaction deposits in Retail Banking Services and Business and Private Banking.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, decreased $8 billion to $37 billion, an 18% decrease on the prior year. The decrease was driven by lower derivative liabilities primarily due to foreign currency and interest rate volatility, and the reclassification of liabilities attributed to CFSGAM and PTCL to Liabilities held for sale.

Half Year Ended June 2019 versus December 2018

Total assets decreased $4 billion on the prior half, reflecting lower institutional lending, derivative assets and non-lending interest earning assets, including liquid asset balances, partly offset by higher home lending.

Total liabilities decreased $5 billion or 1% on the prior half, primarily due to decreased investment deposits and debt issues, partly offset by increased transaction and savings deposits.

Customer deposits represent 69% of total funding (31 December 2018: 69%).

Home loans

Home loan balances increased $10 billion or 2% on the prior half, primarily driven by Retail Banking Services and New Zealand. Domestic home loan growth of 2%, was above system growth.

Home loans in Australia amount to $467 billion (31 December 2018: $458 billion) of which 66% were owner occupied, 31% were investment home loans and 3% were lines of credit (31 December 2018: 66% were owner occupied, 31% were investment home loans and 3% were lines of credit).

Consumer finance

Consumer finance balance decrease of $1 billion or 3%, broadly in line with system. The decrease in system is driven by regulatory reforms, lower consumer demand for unsecured debt and a softening macroeconomic environment impacting discretionary spend.

Group Assets and Liabilities (continued)

Business and corporate loans

Business and corporate loans decreased $8 billion, or 4% on the prior half, reflecting a 10% decrease in institutional lending, as a result of continued portfolio optimisation, partly offset by increased business lending in Business and Private Banking and New Zealand.

Domestic business lending decreased 2%, below system growth of 1%, due to lower institutional lending, partly offset by a 2% increase in Business and Private Banking driven by growth in various industries, including property investment, hospitality, business services and health.

Non-lending interest earning assets

Non-lending interest earning assets, including liquid assets, decreased $3 billion or 2% on the prior half, reflecting active management of high quality liquid asset holdings.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, decreased $4 billion or 7% on the prior half, driven by lower derivative assets primarily due to foreign currency and interest rate volatility.

Total interest bearing deposits

Total interest bearing deposits decreased $2 billion on the prior half, driven by lower investment deposits, partly offset by higher transaction and savings balances. The decrease in investment deposits is due to targeted volume and margin management in our Bankwest and Institutional portfolios, with balances broadly flat in the retail investment deposit portfolio. The increase in savings deposits is driven by growth in Business and Private Banking and Institutional Banking and Markets.

Domestic household deposits grew at 1%, in line with system growth, notwithstanding increased competition from non-major banks.

Debt issues

Debt issues decreased $5 billion or 3% on the prior half, reflecting growth in deposit funding and lower wholesale funding requirements.

Refer to page 35-36 for further information on debt programs and issuance for the half year ended 30 June 2019.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, increased 1% on the prior half primarily driven by higher liabilities at fair value within Institutional Banking and Markets.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits increased $2 billion or 4% on the prior half, primarily driven by increased transaction deposits in Business and Private Banking, and Institutional Banking and Markets.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, decreased $2 billion or 5% on the prior half. The decrease was driven by lower derivative liability balances, primarily due to foreign currency and interest rate volatility.

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Group Operations and Business Settings

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Contents

Loan Impairment Provisions and Credit Quality

Provisions for Impairment

	As at				
	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
Provisions for impairment losses					
Collective provision	**3,904**	3,814	2,763	2	41
Individually assessed provisions	**895**	920	870	(3)	3
Total provisions for impairment losses	**4,799**	4,734	3,633	1	32
Less: Off Balance Sheet provisions	**(84)**	(103)	(28)	(18)	large
Total provisions for loan impairment	**4,715**	4,631	3,605	2	31

Year Ended June 2019 versus June 2018

On 1 July 2018 the Group adopted AASB 9 (refer to Note 1.1 in the 2019 Annual Report for further information), as a result collective provisions increased by $1,058 million. There was no change to individually assessed provisions on adoption of AASB 9.

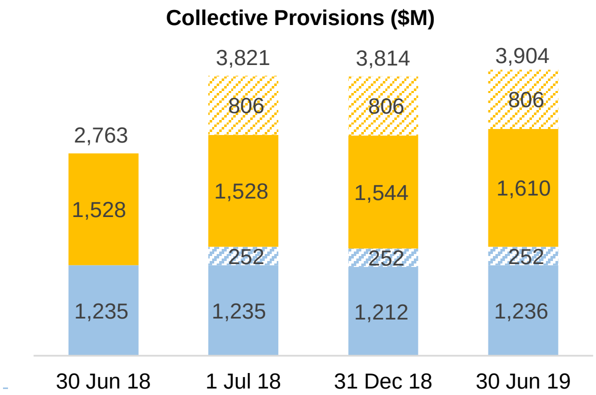
Total provisions for impairment losses as at 30 June 2019 were $4,799 million, an increase of $1,166 million or 32% on the prior year mainly driven by the adoption of AASB 9. Excluding the impact of AASB 9 initial recognition ($1,058 million), total provisions increased $108 million or 3%, primarily driven by:

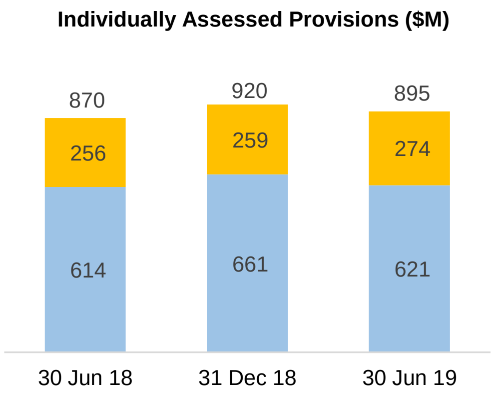
- Consumer collective provisions increase of $82 million or 5% to $1,610 million. This was mainly due to higher collective provisions for unsecured retail portfolios reflecting softening economic conditions and increased arrears;
- Consumer individually assessed provisions increase of $18 million or 7% to $274 million. This was driven by home loan impairments, mainly in Western Australia and Queensland; and
- Corporate individually assessed provisions increase of $7 million or 1% to $621 million. This was mainly due to an increase in provisions for a small number of single name exposures in Business and Private Banking and New Zealand, partly offset by lower individual provisions for large single name exposures in Institutional Banking and Markets.

Half Year Ended June 2019 versus December 2018

Total provisions for impairment losses as at 30 June 2019 were $4,799 million, an increase of $65 million or 1% on the prior half, primarily driven by:

- Consumer collective provisions increase of $66 million or 3% to $2,416 million. This was mainly driven by higher collective provisions for retail lending portfolios reflecting softening economic conditions and higher arrears;
- Corporate collective provisions increase of $24 million or 2% to $1,488 million. This was predominately driven by higher collective provisions for construction, discretionary retail and hospitality industries; and
- Consumer individually assessed provisions increase of $15 million or 6% to $274 million. This was driven by home loan impairments, mainly in Western Australia and Queensland; partly offset by
- Corporate individually assessed provisions decrease of $40 million or 6% to $621 million. This was due to higher write-offs in Business and Private Banking and lower individual provisions for large single name exposures in Institutional Banking and Markets.





Corporate   Consumer   Corporate AASB 9 Initial Recognition   Consumer AASB 9 Initial Recognition

Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

	Full Year Ended			Half Year Ended		
Credit Quality Metrics	**30 Jun 19**	30 Jun 18	Jun 19 vs Jun 18 %	**30 Jun 19**	31 Dec 18	Jun 19 vs Dec 18 %
Gross loans and acceptances (GLAA) ($M)	**761,013**	748,408	2	**761,013**	759,410	-
Risk weighted assets (RWA) ($M) - Basel III	**452,762**	458,612	(1)	**452,762**	445,144	2
Credit RWA ($M) - Basel III	**372,574**	369,528	1	**372,574**	369,356	1
Gross impaired assets ($M)	**3,622**	3,179	14	**3,622**	3,560	2
Net impaired assets ($M)	**2,435**	2,111	15	**2,435**	2,373	3
Provision Ratios (1)						
Collective provision as a % of credit RWA - Basel III	**1. 05**	0. 75	30 bpts	**1. 05**	1. 03	2 bpts
Total provisions as a % of credit RWA - Basel III	**1. 29**	0. 98	31 bpts	**1. 29**	1. 28	1 bpt
Total provisions for impaired assets as a % of gross impaired assets	**32. 77**	33. 60	(83)bpts	**32. 77**	33. 34	(57)bpts
Total provisions for impaired assets as a % of gross impaired assets (corporate)	**43. 71**	41. 84	187 bpts	**43. 71**	40. 06	365 bpts
Total provisions for impaired assets as a % of gross impaired assets (consumer)	**24. 85**	26. 04	(119)bpts	**24. 85**	27. 03	(218)bpts
Total provisions for impairment losses as a % of GLAAs	**0. 63**	0. 49	14 bpts	**0. 63**	0. 62	1 bpt
Asset Quality Ratios						
Gross impaired assets as a % of GLAAs	**0. 48**	0. 42	6 bpts	**0. 48**	0. 47	1 bpt
Loans 90+ days past due but not impaired as a % of GLAAs	**0. 44**	0. 43	1 bpt	**0. 44**	0. 42	2 bpts
Loan impairment expense ("cash basis") annualised as a % of average GLAAs	**0. 16**	0. 15	1 bpt	**0. 17**	0. 15	2 bpts
Net write-offs annualised as a % of GLAAs	**0. 16**	0. 16	-	**0. 16**	0. 15	1 bpt
Corporate total committed exposures rated investment grade (%) (2)	**67. 40**	67. 90	(50)bpts	**67. 40**	67. 90	(50)bpts
Australian Home Loan Portfolio						
Portfolio dynamic LVR (%) (3)	**52. 44**	49. 88	256 bpts	**52. 44**	50. 85	159 bpts
Customers in advance (%) (4)	**78. 48**	77. 80	68 bpts	**78. 48**	78. 27	21 bpts

(1) On 1 July 2018, the Group adopted AASB 9 and as permitted under the accounting standards, the full year ended 30 June 2018 has not been restated.
(2) Investment grades based on CBA grade in S&P equivalent.
(3) Loan to value ratio (LVR) defined as current balance as a percentage of the current valuation on Australian home loan portfolio.
(4) Any amount ahead of monthly minimum repayment (including offset facilities).

Provision Ratios and Impaired Assets

Provision coverage ratios remain prudent. The impaired asset portfolio remains well provisioned with provision coverage of 32.77%, a decrease of 57 basis points on the prior half, predominately driven by an increase in home loan impaired assets which have a higher level of collateralisation resulting in a lower level of provision coverage.

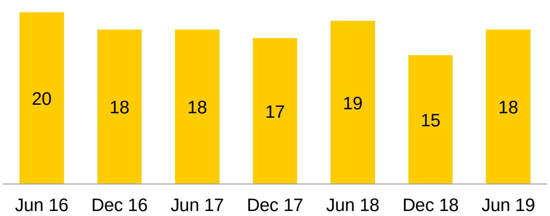
Gross impaired assets were $3,622 million, an increase of $62 million or 2% on the prior half. Gross impaired assets as a proportion of GLAAs were 0.48%, an increase of 1 basis point on the prior half, reflecting higher home loan impairments, partly offset by a reduction in corporate impairments mainly due to write-offs and asset sales.

Retail Portfolio Asset Quality

The retail consumer portfolio's credit quality remained sound during the period. Consumer loan impairment expense (LIE) as a percentage of average gross loans and acceptances was 18 basis points, an increase of 3 basis points compared to the prior half reflecting softening economic conditions and seasonally higher arrears.

Consumer LIE

Half Year Loan impairment expense ("cash basis") annualised as percentage of average GLAAs (bpts)



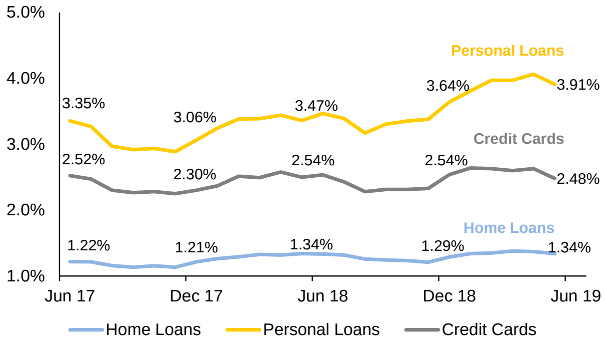
Loan Impairment Provisions and Credit Quality (continued)

Retail Portfolio Asset Quality (continued)

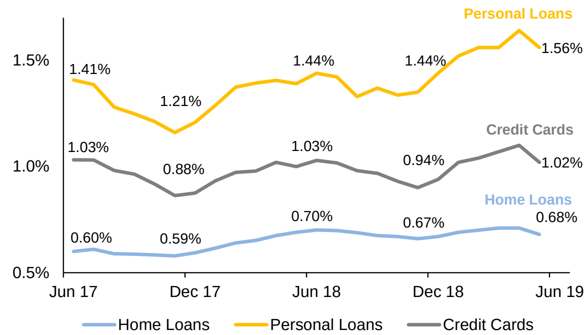
The retail portfolio arrears remain relatively low. Home loan 90+ days arrears were 0.68%, an increase of 1 basis point on the prior half, driven by seasonality. Credit card and personal loans 90+ days arrears were 1.02% and 1.56% respectively, an increase of 8 basis points and 12 basis points on the prior half, predominately driven by increases in Western Sydney and Melbourne, and a seasonal increase following the December holiday period.

The home loan dynamic LVR increased 159 basis points on the prior half to 52.44%, however the home lending book remains well secured and the majority of home lending customers remain in advance of scheduled repayments. On 5 July 2019 APRA announced amendments to the guidance on serviceability assessments in residential lending. APRA's guidance no longer expects Authorised Deposit-taking Institutions (ADIs) to assess home loan applicants using a minimum interest rate of 7.25%, and instead expects ADIs to determine an internal floor rate and increase the loan serviceability buffer by at least 2.50% above the customer interest rate (previously 2.25%). As a result, from 22 July 2019 the Bank will set a minimum floor rate of 5.75% and a buffer of 2.50%. Further risk mitigants remain in place including lenders mortgage insurance requirements and limits on lending for higher risk loans.

30+ Days Arrears Ratios (%) (1)



90+ Days Arrears Ratios (%) (1)



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

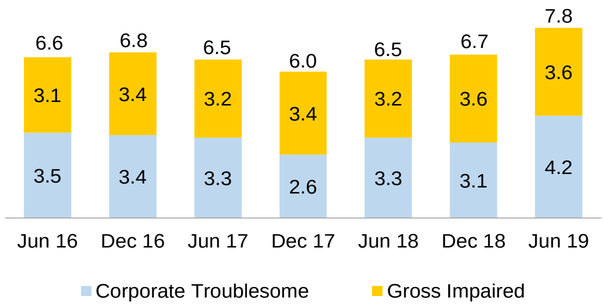
Corporate Portfolio Asset Quality

Corporate troublesome exposures were $4.2 billion, an increase of $1.1 billion or 35% on the prior half reflecting downgrades to a small number of corporate exposures and emerging signs of weakness in sectors impacted by consumer discretionary spending and in the Agriculture and Construction sectors.

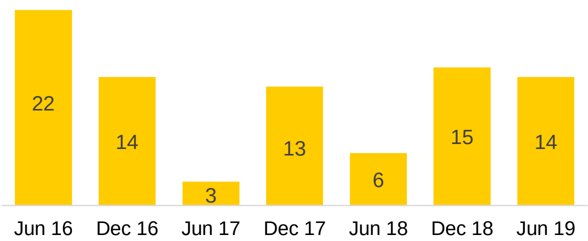
Investment grade rated exposures decreased by 50 basis points on the prior half to 67.4% of overall portfolio risk graded counterparties, driven by a decrease in investment grade Sovereign exposures reflecting liquidity management activities.

Corporate LIE as a percentage of gross loans and acceptances was 14 basis points, a decrease of 1 basis point on the prior half. The decrease is due to the non-recurrence of a large single name impairment and portfolio optimisation in Institutional Banking and Markets, partly offset by higher collective provisions in Business and Private Banking.

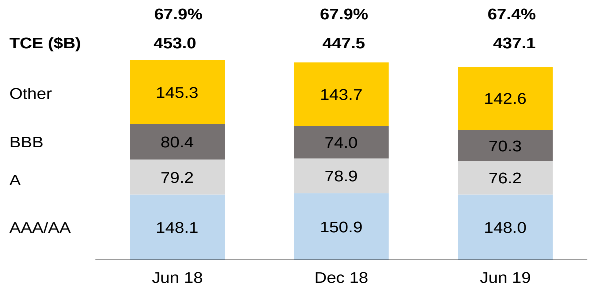
Troublesome and Impaired Assets ($B)



Corporate LIE
Half Year Loan impairment expense ("cash basis") annualised as percentage of average GLAAs (bpts)



Corporate Portfolio Quality
% of book rated investment grade (1)



(1) CBA grades in S&P equivalents.

Group Operations and Business Settings

Loan Impairment Provisions and Credit Quality (continued)

Industry Exposure and Asset Quality

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half. The largest movement was an increase in the exposure to the Consumer sector of 80 basis points, from 57.8% to 58.6%, driven by home loan growth exceeding business and institutional lending growth. The next largest movement was a reduction in the Sovereign sector of 30 basis points, from 10.0% to 9.7% of the Bank's total committed exposure, reflecting liquidity management activities.

Compared to the prior half, movements in troublesome and impaired assets (TIA) were mixed across industry sectors, with total TIA increasing $1,050 million or 16% to $7,799 million.

TIA as a percentage of TCE increased by 10 basis points from 0.62% to 0.72% mainly driven by:

- Construction (up 202 basis points) reflecting downgrades of a small number of large exposures;
- Retail and Wholesale Trade (up 101 basis points) driven by emerging signs of weakness in discretionary retail;
- Energy (up 82 basis points) due to the downgrade of a large single name exposure;
- Business Services (up 75 basis points) reflecting the downgrade of a large single name exposure;
- Other (up 69 basis points) driven by the Hospitality sector reflecting emerging signs of weakness in discretionary spending;
- Property (up 17 basis points) driven by the downgrade of a large single name exposure; and
- Consumer (up 4 basis points) predominately from higher home loan and personal loan impairments; partly offset by
- Mining (down 56 basis points) due to the sale and write-off of a large exposure; and
- Agriculture (down 25 basis points) driven by the sale and write-off of a large exposure, partly offset by emerging signs of weakness.

	Total Committed Exposures (TCE)		Troublesome and Impaired Assets (TIA)		TIA % of TCE	
	30 Jun 19	31 Dec 18	30 Jun 19	31 Dec 18	30 Jun 19	31 Dec 18
Sector	**%**	%	**$M**	$M	**%**	%
Consumer	**58. 6**	57. 8	**2,101**	1,832	**0. 33**	0. 29
Sovereign	**9. 7**	10. 0	**-**	-	**-**	-
Property	**6. 3**	6. 2	**775**	652	**1. 14**	0. 97
Banks	**4. 5**	4. 6	**9**	9	**0. 02**	0. 02
Finance - Other	**4. 9**	4. 9	**35**	78	**0. 07**	0. 15
Retail & Wholesale Trade	**1. 9**	2. 0	**636**	478	**3. 16**	2. 15
Agriculture	**2. 1**	2. 1	**989**	1,042	**4. 40**	4. 65
Manufacturing	**1. 4**	1. 4	**403**	375	**2. 71**	2. 46
Transport	**1. 4**	1. 5	**259**	225	**1. 72**	1. 41
Mining	**1. 1**	1. 3	**199**	314	**1. 74**	2. 30
Business Services	**1. 1**	1. 3	**333**	278	**2. 72**	1. 97
Energy	**0. 9**	0. 9	**86**	2	**0. 84**	0. 02
Construction	**0. 8**	0. 8	**579**	419	**7. 10**	5. 08
Health & Community	**0. 8**	0. 8	**224**	222	**2. 47**	2. 49
Culture & Recreation	**0. 6**	0. 6	**101**	62	**1. 64**	0. 93
Other	**3. 9**	3. 8	**1,070**	761	**2. 51**	1. 82
Total	**100. 0**	100. 0	**7,799**	6,749	**0. 72**	0. 62

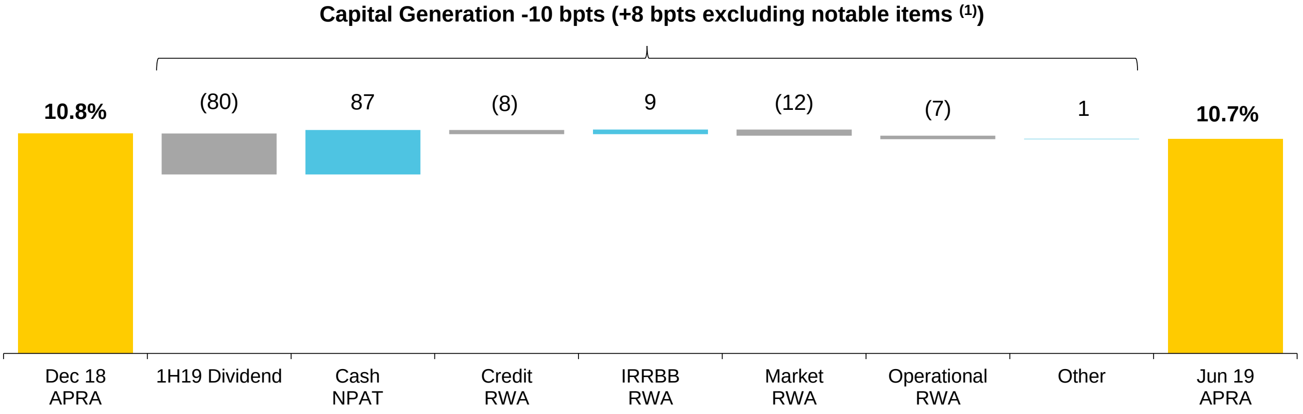
Group Operations and Business Settings

Capital

Summary Group Capital Adequacy Ratios	30 Jun 19 %	31 Dec 18 %	30 Jun 18 %	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
	As at				
Common Equity Tier 1	**10. 7**	10. 8	10. 1	(10)bpts	60 bpts
Tier 1	**12. 7**	12. 9	12. 3	(20)bpts	40 bpts
Tier 2	**2. 8**	2. 9	2. 7	(10)bpts	10 bpts
Total Capital (APRA)	**15. 5**	15. 8	15. 0	(30)bpts	50 bpts
Common Equity Tier 1 (Internationally Comparable) (1)	**16. 2**	16. 5	15. 5	(30)bpts	70 bpts

(1) Aligns with the 13 July 2015 APRA study titled "International capital comparison study".

Capital – CET1 (APRA)



(1) Notable items of $855 million (refer to page 11) have a post-tax impact on CET1 of $809 million or 18 basis points, which includes the deferred tax assets recognised as a full deduction for the purpose of CET1.

Capital Position

The Bank's CET1 ratio (APRA) was 10.7% as at 30 June 2019, a decrease of 10 basis points from 31 December 2018 and an increase of 60 basis points from 30 June 2018. During the half year ended 30 June 2019, capital generated from earnings (+87 basis points), was offset by the 2019 interim dividend (-80 basis points) and an increase in total Risk Weighted Assets (RWA) (-18 basis points). Capital generation excluding the impact of notable items was +8 basis points, lower than prior periods primarily due to the decision to neutralise the interim Dividend Reinvestment Plan (DRP). The CET1 ratio was consistently well in excess of regulatory minimum capital adequacy requirements at all times throughout the full year ended 30 June 2019.

Internationally Comparable Capital Position

The Bank's CET1 ratio as measured on an internationally comparable basis was 16.2% as at 30 June 2019, placing it amongst the top quartile of international peer banks.

Capital Initiatives

The following significant capital initiatives were undertaken during the year:

Common Equity Tier 1 Capital

- The DRP in respect of the 2018 final dividend, was satisfied by the allocation of $749 million of ordinary shares, representing a participation rate of 18.4%;
- The DRP in respect of the 2019 interim dividend was satisfied in full by the on-market purchase of shares. The participation rate for the interim DRP was 16.7%.

Additional Tier 1 Capital

- In December 2018, the Bank issued $1.59 billion of CommBank PERLS XI Capital Notes (PERLS XI) and concurrently redeemed $2 billion Perpetual Exchangeable Resaleable Listed Securities (PERLS VI); and
- In May 2019, the Group redeemed Basel III non-compliant Perpetual Preference Shares issued by its New Zealand subsidiaries, ASB Capital Limited and ASB Capital No.2 Limited, (ASB PPS1 and ASB PPS2) at their par value of NZD550 million.

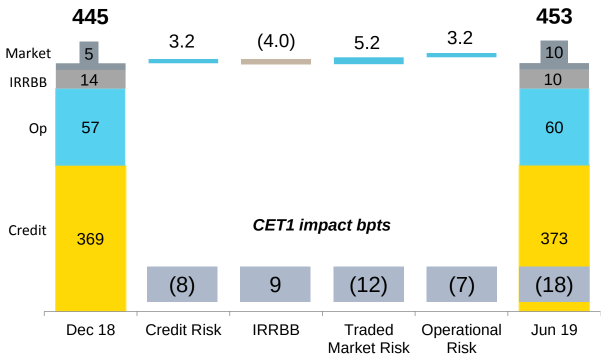
Group Operations and Business Settings

Risk Weighted Assets

Total Group Risk Weighted Assets

Total RWA increased by $7.6 billion or 1.7% on the prior half to $452.8 billion driven by increases in Traded Market Risk, Credit Risk and Operational Risk RWA; partly offset by lower Interest Rate Risk in the Banking Book (IRRBB) RWA.

Total Risk Weighted Assets ($B)

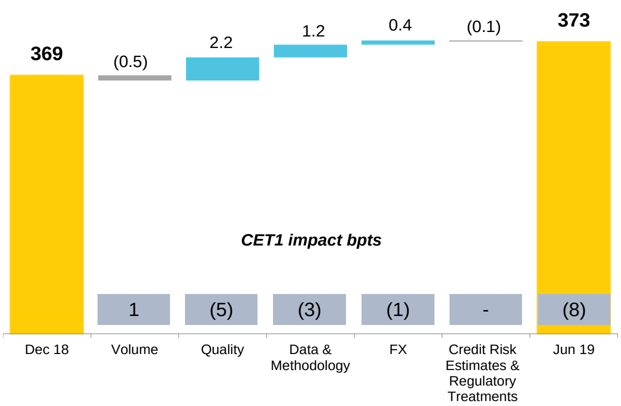


Credit Risk Weighted Assets

Credit Risk RWA increased by $3.2 billion or 1% on the prior half, driven by:

- Volume growth across residential mortgages and standardised other assets ($6.0 billion);
- Reduction in credit quality across most portfolios, including residential mortgage risk weights which have increased during the half, partly due to new home loan models producing conservative outcomes. The models incorporate long-term customer arrears behaviour and the recent stabilisation of home lending arrears has not yet been reflected in credit RWA ($2.2 billion);
- Data and methodology changes ($1.2 billion); and
- Foreign currency movements ($0.4 billion); partly offset by
- Volume reductions across non-retail portfolios, consumer credit cards and personal loans ($6.5 billion); and
- A refresh of credit risk estimates across some consumer retail portfolios, partly offset by a change in regulatory treatment for the SME Retail portfolio ($0.1 billion).

Credit Risk Weighted Assets ($B)



Interest Rate Risk Weighted Assets

IRRBB RWA decreased by $4.0 billion or 29% on the prior half. This was due to model enhancements and higher embedded gains due to lower domestic and offshore interest rates.

Traded Market Risk Weighted Assets

Traded market risk RWA increased by $5.2 billion or 99% on the prior half to $10.5 billion. The Stressed Value-at-Risk (SVaR) component under the internal Model Approach was the main driver of the increase, and this resulted from both risk positioning and the impact of an overly conservative modelled outcome for some interest rate products in a low interest rate environment.

Operational Risk Weighted Assets

Operational Risk RWA increased by $3.2 billion or 6% on the prior half year to $59.8 billion. This reflects changes in the Group's operational risk profile relating to the changing regulatory environment and modelling variations including changes in portfolio diversification.

The Operational Risk RWA includes the $12.5 billion add-on required by APRA following the Prudential Inquiry findings dated 30 April 2018.

The Group regularly reviews and updates its Operational Risk RWA to reflect material changes in its operational risk profile in accordance with the Operational Risk Management Framework and governance processes.

Basel Regulatory Framework

Background

APRA has implemented a set of capital, liquidity and funding reforms based on the Basel Committee on Banking Supervision (BCBS) "Basel III" framework. The objectives of the reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk.

The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5%, inclusive of a Domestic Systemically Important Bank (DSIB) requirement of 1% and a countercyclical capital buffer (CCyB) [1] of 0% (effective from 1 January 2016), bringing the CET1 requirement to at least 8%.

Unquestionably Strong Capital Ratios

In July 2017 APRA released an information paper establishing the quantum of additional capital required for the Australian banking sector to have capital ratios that are unquestionably strong.

APRA's expectation is that the Australian major banks will operate with a CET1 ratio of 10.5% or more by 1 January 2020. As at 30 June 2019, the Group CET1 ratio was above this benchmark at 10.7%.

In calendar years 2018 and 2019, APRA issued a number of consultation documents to propose revisions to the overall design of the capital framework. Further detail on the proposed APRA reforms is provided on page 32. APRA has advised that the proposed changes to the capital framework have been accommodated within the 10.5% CET1 target set by APRA in July 2017.

(1) In January 2019, APRA announced that the CCyB for Australian exposures will remain at 0%. The Bank has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed.

Group Operations and Business Settings

Pillar 3 Disclosures

Details on the market disclosures required under Pillar 3, per prudential standard APS 330 "Public Disclosure", are provided on the Bank's website at:

www.commbank.com.au/about-us/investors

Regulatory Reforms

APRA

In February 2018 APRA released "Discussion paper – Revisions to the capital framework for authorised deposit-taking institutions" in response to the Basel Committee on Banking Supervision's (BCBS) release of "Basel III: Finalising post-crisis reforms" in December 2017.

APRA's proposals include:

- Increased capital requirements for investment and interest only home loan exposures, and amendment to the correlation factor to dampen procyclicality of risk weights;
- Higher correlation factors to apply in the Other Retail asset class (including credit cards);
- Large corporates and financial institutions will be subject to the Foundation Internal Ratings based approach;
- Mandated Loss Given Default (LGD) and Exposure At Default (EAD) estimates for certain non-retail portfolios;
- Replacing the Operational Risk Advanced Measurement Approach with a single risk sensitive standardised approach for all banks; and
- Implementation of a 72.5% output floor on the amount of total RWA (without transitional phasing).

In August 2018, APRA released "Discussion paper – Improving the transparency, comparability and flexibility of the ADI capital framework". The focus of the proposal is presentation of capital ratios to increase international comparability, transparency and flexibility of the capital framework without altering the quantum and risk sensitivity of capital ratios.

In June 2019, APRA released draft prudential standards on the standardised approach to measuring Credit Risk and Operational Risk Weighted Assets. In addition, APRA is proposing a simpler method for calculating capital requirements for residential mortgages measured under the Internal Ratings Based (IRB) approach.

APRA intends to implement the Operational risk reforms above on 1 January 2021 and all other capital framework reforms from 1 January 2022.

In July 2019, APRA released its response to the submissions for the November 2018 "Discussion Paper – Increasing the loss-absorbing capacity of ADIs to support orderly resolution". APRA confirmed that the Australian loss-absorbing capacity (LAC) regime will be established under the existing capital framework. For domestically systemically important banks (D-SIBs), such as CBA, APRA will require an additional Total Capital requirement of 3% of RWA, effective from 1 January 2024. APRA further noted that its long term target of 4% to 5% of LAC remains unchanged and will consider feasible alternative methods for raising the additional 1% to 2% over the next four years, in consultation with industry and other stakeholders.

Basel Committee on Banking Supervision (BCBS)

In January 2019, the BCBS released "Minimum capital requirements for market risk" which finalised changes to the identification and measurement of market risk under both the standardised approach and the internal model approach. APRA has not indicated the timeframe for the Australian implementation of changes to market risk standards.

Reserve Bank of New Zealand (RBNZ)

The RBNZ is undertaking a comprehensive review of the capital adequacy framework applying to registered banks incorporated in New Zealand. In December 2018, it released a consultation paper proposing an increase to the Tier 1 capital ratio requirement for domestic systemically important banks to 16% and increase the IRB RWA calculation to approximately 90% of the RWA under the standardised approach. The RBNZ is expected to finalise its position towards the end of 2019, with implementation to commence from April 2020. A transitional period of a number of years is proposed before banks are required to fully comply with the requirements.

Other reforms

From 1 July 2019, the Group will implement AASB 16 Leases and the revised standardised approach to counterparty credit risk (SA-CCR).

Implementation of AASB 16 Leases will result in a decrease of the Bank's pro-forma CET1 ratio (APRA) of 11 basis points and the implementation of SA-CCR will result in a further 7 basis point decrease.

Group Operations and Business Settings

Leverage Ratio

Summary Group Leverage Ratio	As at 30 Jun 19	 31 Dec 18	 30 Jun 18	 Jun 19 vs Dec 18 %	 Jun 19 vs Jun 18 %
Tier 1 Capital ($M)	**57,355**	57,518	56,365	-	2
Total Exposures ($M) (1)	**1,023,181**	1,026,240	1,018,555	-	-
Leverage Ratio (APRA) (%)	**5. 6**	5. 6	5. 5	-	10 bpts
Leverage Ratio (Internationally Comparable) (%) (2)	**6. 5**	6. 4	6. 3	10 bpts	20 bpts

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

(2) The Tier 1 Capital included in the calculation of the internationally comparable leverage ratio aligns with the 13 July 2015 APRA study titled "International capital comparison study", and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

The Bank's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.6% at 30 June 2019 on an APRA basis and 6.5% on an internationally comparable basis.

The ratio increased 10 basis points on an APRA basis from 30 June 2018, driven by a 2% increase in Tier 1 Capital due to organic capital generation and the Additional Tier 1 PERLS XI issuance, partly offset by the redemption of the PERLS VI issuance and the Perpetual Preference Shares issued by the Group's New Zealand subsidiary.

In November 2018, APRA released draft prudential and reporting standards, including changes to the definition of exposures related to derivatives and off balance sheet items and advocating a minimum Leverage Ratio requirement of 3.5% for Internal Ratings Based (IRB) banks from 1 January 2022.

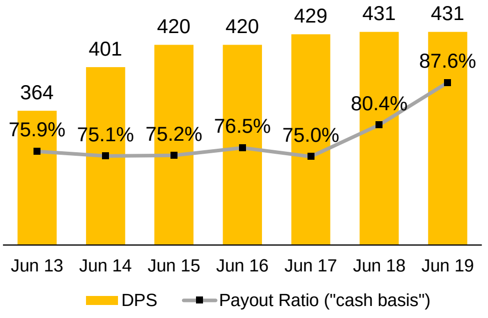
Dividends

Final dividend for the Year Ended 30 June 2019

The final dividend declared was $2.31 per share, bringing the total dividend for the year ended 30 June 2019 to $4.31, in line with the prior full year dividend. The dividend payout ratio ("cash basis") for the full year to 30 June 2019 was 87.6%. The payout ratio was inflated in the period due to the impact of notable items.

The final dividend will be fully franked and will be paid on 26 September 2019 to owners of ordinary shares at the close of business on 15 August 2019 (record date). Shares will be quoted ex-dividend on 14 August 2019.

Full Year Dividend History (cents per share)



Dividend Reinvestment Plan (DRP)

The DRP will continue to be offered to shareholders, and no discount will be applied to shares allocated under the plan for the final dividend. The DRP for the 2019 final dividend is anticipated to be satisfied in full by an on-market purchase of shares.

Dividend Policy

The Bank will seek to:

- Pay cash dividends at strong and sustainable levels;
- Target a full-year payout ratio of 70% to 80%; and
- Maximise the use of its franking account by paying fully franked dividends.

Liquidity

Level 2	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
	Quarterly Average Ended [1]				
Liquidity Coverage Ratio (LCR) Liquid Assets					
High Quality Liquid Assets (HQLA) [2]	**85,859**	86,209	89,200	-	(4)
Committed Liquidity Facility (CLF)	**50,700**	53,300	53,300	(5)	(5)
Total LCR liquid assets	**136,559**	139,509	142,500	(2)	(4)
Net Cash Outflows (NCO)					
Customer deposits	**75,664**	75,978	79,651	-	(5)
Wholesale funding	**10,208**	13,101	10,975	(22)	(7)
Other net cash outflows [3]	**17,778**	17,206	16,303	3	9
Total NCO	**103,650**	106,285	106,929	(2)	(3)
Liquidity Coverage Ratio (%)	**132**	131	133	100 bpts	(100)bpts
LCR surplus	**32,909**	33,224	35,571	(1)	(7)

(1) Spot LCR for 30 June 2019 was 129% (31 December 2018: 127%; 30 June 2018: 131%).
(2) Includes all repo-eligible securities with the Reserve Bank of New Zealand. The amount of open-repo of Internal Residential Mortgage-Backed Securities and Exchange Settlement Account (ESA) cash balance held by the Reserve Bank of Australia is shown net.
(3) Includes cash inflows.

Liquidity Coverage Ratio (LCR)

The Group holds high quality, well diversified liquid assets to meet Balance Sheet liquidity needs, and internal and external regulatory requirements, including APRA's Liquidity Coverage Ratio (LCR). The LCR requires Australian Authorised Deposit-taking Institutions (ADI) to hold sufficient liquid assets to meet 30 day Net Cash Outflows (NCOs) projected under a prescribed stress scenario. LCR liquid assets consist of High Quality Liquid Assets (HQLA) in the form of cash, deposits with central banks, government securities, and other securities repo-eligible with the Reserve Bank of Australia (RBA) under the Committed Liquidity Facility (CLF). Given the limited amount of government securities in Australia, the RBA provides participating ADIs access to contingent liquidity on a secured basis via the CLF. The amount of the CLF for each ADI is set annually by APRA.

The Group's June 2019 quarterly average LCR was 132%, an increase of 1% compared to the quarterly average ended 31 December 2018 and a decrease of 1% from the quarterly average ended 30 June 2018. The LCR remains well above the regulatory minimum of 100%.

Compared to the quarterly average ended 31 December 2018, LCR liquid assets decreased by $3 billion or 2% driven by a $3 billion reduction in the Group's CLF from 1 January 2019 to $50.7 billion. The Group's 30 day modelled NCOs were down $3 billion or 2% due to lower wholesale funding maturities.

Compared to the quarterly average ended 30 June 2018, LCR liquid assets decreased by $6 billion or 4% driven by a $3 billion reduction in HQLA and a $3 billion reduction in the Group's CLF. The Group's 30 day modelled NCOs were down $3 billion or 3% due to a more LCR efficient deposit mix reflecting growth in retail deposits.

Group Operations and Business Settings

Funding

Group Funding [1]	As at 30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
Customer deposits	**578,786**	578,746	569,846	-	2
Short-term wholesale funding [2]	**85,570**	87,132	85,360	(2)	-
Long-term wholesale funding - less than or equal to one year residual maturity [3]	**32,434**	35,215	33,564	(8)	(3)
Long-term wholesale funding - more than one year residual maturity [3]	**130,409**	133,171	137,136	(2)	(5)
IFRS MTM and derivative FX revaluations	**3,424**	357	(165)	large	large
Total wholesale funding	**251,837**	255,875	255,895	(2)	(2)
Short-term collateral deposits [4]	**5,729**	4,334	6,193	32	(7)
Total funding	**836,352**	838,955	831,934	-	1

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

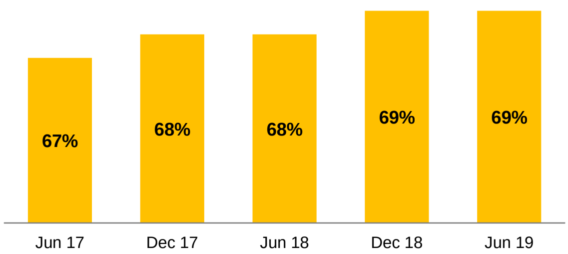
Customer Deposits

Customer deposits accounted for 69% of total funding at 30 June 2019, flat on 31 December 2018 and a 1% increase from 68% at 30 June 2018. The Group satisfied a significant proportion of its funding requirements from retail, business, and institutional customer deposits.

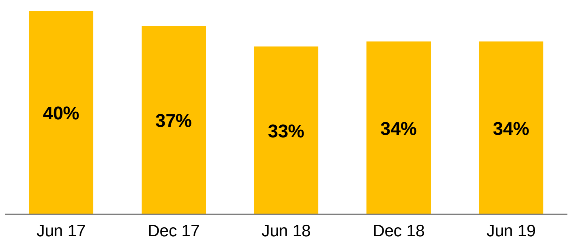
Short-Term Wholesale Funding

Short-term wholesale funding accounted for 34% of total wholesale funding at 30 June 2019, flat on 31 December 2018, and a 1% increase from 33% at 30 June 2018, as the Group continues to maintain a conservative funding mix.

Customers Deposits to Total Funding Ratio



Short-Term to Total Wholesale Funding Ratio



Funding (continued)

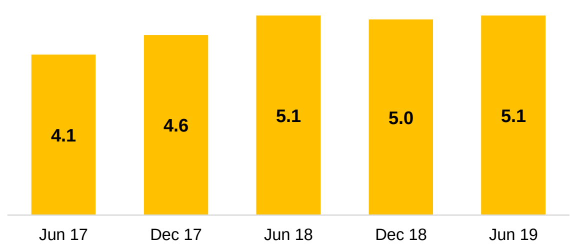
Long-Term Wholesale Funding

Long-term wholesale funding (including IFRS MTM and derivative FX revaluations) accounted for 66% of total wholesale funding at 30 June 2019, flat on 31 December 2018, and a 1% decrease from 67% at 30 June 2018.

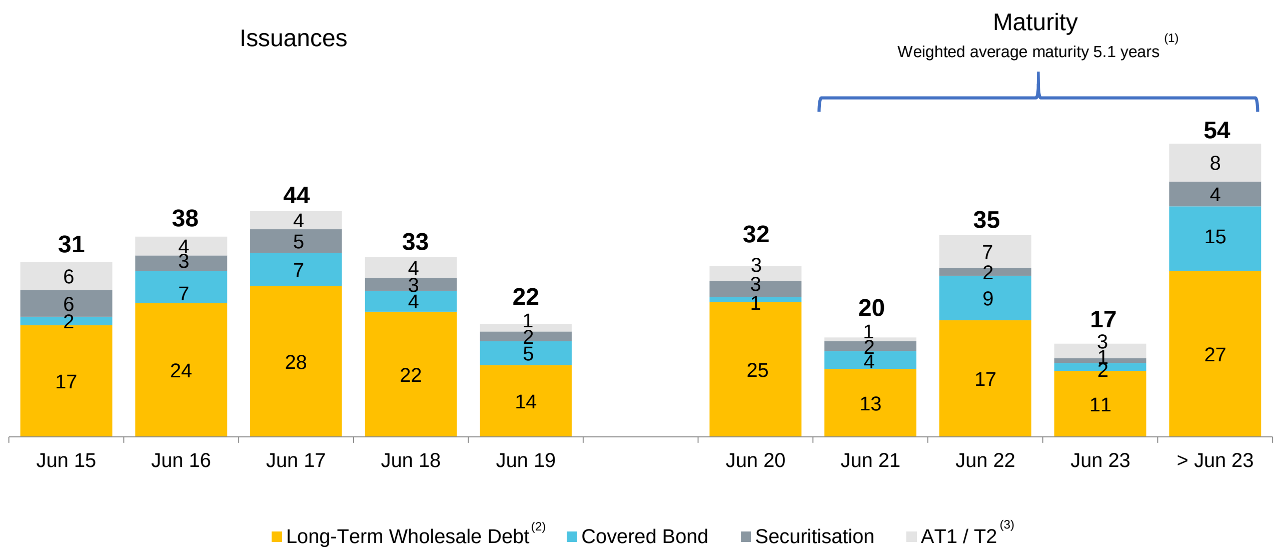
During the full year to 30 June 2019, the Group raised $22 billion of long-term wholesale funding in multiple currencies including AUD, USD, EUR and GBP. Most of the issuances were in senior unsecured format, although the Group used its covered bond and securitisation programs to provide cost, tenor and diversification benefits.

The Weighted Average Maturity (WAM) of new long-term wholesale debt for the 12 months to 30 June 2019 was 6.5 years. The WAM of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2019 was stable at 5.1 years.

Weighted Average Maturity of Long-Term Wholesale Debt (years) (1)



Long-Term Wholesale Funding Profile ($B)



(1) Represents the weighted average maturity of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2019.
(2) Includes Senior Bonds and Structured MTN.
(3) Additional Tier 1 and Tier 2 Capital.

Group Operations and Business Settings

Net Stable Funding Ratio (NSFR)

Level 2	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
	As at				
Required Stable Funding					
Residential Mortgages ≤35% [1]	**269,072**	257,699	251,166	4	7
Other Loans	**239,446**	248,111	253,740	(3)	(6)
Liquid and Other Assets [2]	**63,400**	65,819	64,579	(4)	(2)
Total Required Stable Funding	**571,918**	571,629	569,485	-	-
Available Stable Funding					
Capital	**91,141**	90,356	90,219	1	1
Retail/SME Deposits	**360,618**	357,829	346,289	1	4
Wholesale Funding & Other	**188,895**	194,398	198,759	(3)	(5)
Total Available Stable Funding	**640,654**	642,583	635,267	-	1
Net Stable Funding Ratio (NSFR) (%)	**112**	112	112	-	-

Net Stable Funding Ratio (NSFR)

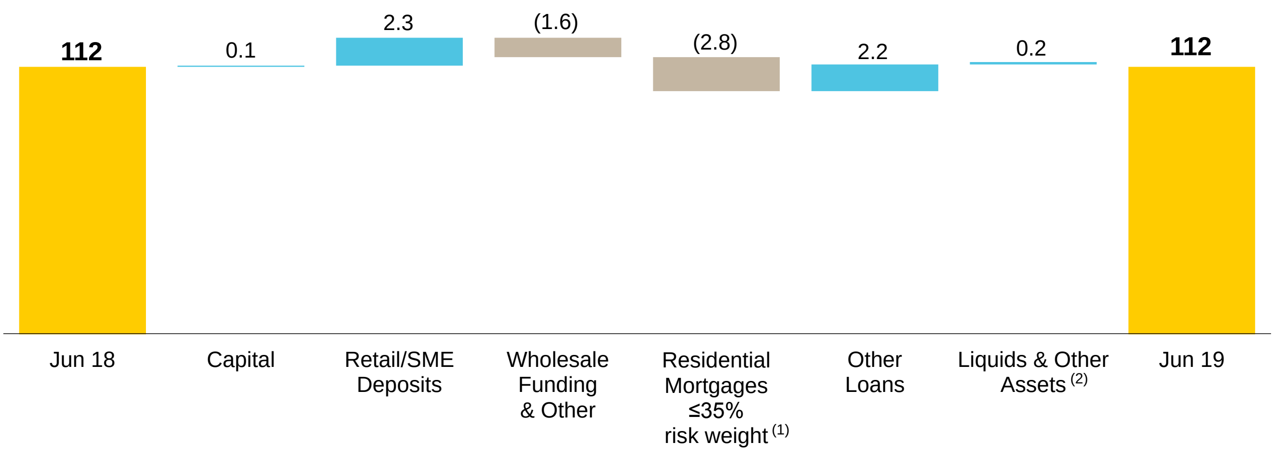
On 1 January 2018, APRA introduced a Net Stable Funding Ratio (NSFR) requirement designed to encourage stable funding of core assets. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding sources.

The Group's NSFR was 112% at 30 June 2019, flat on the prior half and the prior year, and well above the regulatory minimum of 100%.

The increase in Required Stable Funding over the year was mainly driven by growth in residential mortgage volumes, partly offset by a reduction in institutional lending due to portfolio optimisation.

The increase in Available Stable Funding over the year was mainly driven by growth in Retail and SME deposit volumes, partly offset by a reduction in Wholesale Funding requirements.

NSFR Movement (%)



(1) This represents residential mortgages with a risk weighting of less than or equal to 35% under APRA standard APS112 Capital Adequacy: Standardised Approach to Credit Risk.
(2) Includes non-performing loans, off-balance sheet items, net derivatives, and other assets.

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Divisional Performance

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Contents

Divisional Summary

Divisional Summary	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	IFS and Corporate Centre $M	Total $M
	Full Year Ended 30 June 2019						
Net interest income	9,342	5,123	1,371	-	1,896	388	**18,120**
Other banking income	1,738	1,450	1,073	-	442	365	**5,068**
Total banking income	11,080	6,573	2,444	-	2,338	753	**23,188**
Funds management income	96	-	-	862	130	(16)	**1,072**
Insurance income	149	-	-	-	-	(2)	**147**
Total operating income	11,325	6,573	2,444	862	2,468	735	**24,407**
Investment experience (1)	15	-	-	17	-	(28)	**4**
Total income	11,340	6,573	2,444	879	2,468	707	**24,411**
Operating expenses	(4,533)	(2,409)	(1,043)	(645)	(912)	(1,727)	**(11,269)**
Loan impairment expense	(693)	(362)	(17)	-	(102)	(27)	**(1,201)**
Net profit before tax	6,114	3,802	1,384	234	1,454	(1,047)	**11,941**
Corporate tax (expense)/benefit	(1,847)	(1,144)	(313)	(74)	(404)	345	**(3,437)**
Non-controlling interests	-	-	-	-	-	(12)	**(12)**
Net profit after tax from continuing operations - "cash basis"	4,267	2,658	1,071	160	1,050	(714)	**8,492**

	Retail Banking Services %	Business and Private Banking %	Institutional Banking and Markets %	Wealth Management %	New Zealand %	IFS and Corporate Centre %	Total %
	Full Year Ended 30 June 2019 vs Full Year Ended 30 June 2018 (2)						
Net interest income	(3)	-	(4)	-	8	-	**(1)**
Other banking income	(5)	2	(13)	-	7	17	**(3)**
Total banking income	(3)	1	(8)	-	7	8	**(2)**
Funds management income	(43)	-	-	2	16	large	**(4)**
Insurance income	(38)	-	-	-	-	(50)	**(38)**
Total operating income	(5)	1	(8)	2	8	6	**(2)**
Investment experience (1)	88	-	-	70	-	large	**(50)**
Total income	(5)	1	(8)	3	8	4	**(2)**
Operating expenses	4	8	(2)	32	6	(14)	**2**
Loan impairment expense	6	47	(79)	-	38	4	**11**
Net profit before tax	(11)	(6)	(9)	(35)	7	(22)	**(7)**
Corporate tax (expense)/benefit	(11)	(6)	(12)	(30)	7	70	**(12)**
Non-controlling interests	-	-	-	-	-	(8)	**(8)**
Net profit after tax from continuing operations - "cash basis"	(12)	(7)	(8)	(37)	8	(38)	**(5)**

(1) Investment experience is presented on a pre-tax basis.
(2) Comparative information has been restated to conform to presentation in the current period.

Divisional Summary

Divisional Summary	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	IFS and Corporate Centre $M	Total $M
	Half Year Ended 30 June 2019						
Net interest income	4,636	2,535	647	-	963	205	**8,986**
Other banking income	829	722	492	-	206	183	**2,432**
Total banking income	5,465	3,257	1,139	-	1,169	388	**11,418**
Funds management income	25	-	-	421	67	(11)	**502**
Insurance income	81	-	-	-	-	(2)	**79**
Total operating income	5,571	3,257	1,139	421	1,236	375	**11,999**
Investment experience (1)	9	-	-	9	-	(17)	**1**
Total income	5,580	3,257	1,139	430	1,236	358	**12,000**
Operating expenses	(2,278)	(1,271)	(529)	(395)	(472)	(1,035)	**(5,980)**
Loan impairment expense	(375)	(195)	21	-	(60)	(15)	**(624)**
Net profit before tax	2,927	1,791	631	35	704	(692)	**5,396**
Corporate tax (expense)/benefit	(892)	(540)	(140)	(11)	(193)	202	**(1,574)**
Non-controlling interests	-	-	-	-	-	(6)	**(6)**
Net profit after tax from continuing operations - "cash basis"	2,035	1,251	491	24	511	(496)	**3,816**

	Retail Banking Services %	Business and Private Banking %	Institutional Banking and Markets %	Wealth Management %	New Zealand %	IFS and Corporate Centre %	Total %
	Half Year Ended 30 June 2019 vs Half Year Ended 31 December 2018						
Net interest income	(1)	(2)	(11)	-	3	12	**(2)**
Other banking income	(9)	(1)	(15)	-	(13)	1	**(8)**
Total banking income	(3)	(2)	(13)	-	-	6	**(3)**
Funds management income	(65)	-	-	(5)	6	large	**(12)**
Insurance income	19	-	-	-	-	-	**16**
Total operating income	(3)	(2)	(13)	(5)	-	4	**(3)**
Investment experience (1)	50	-	-	13	-	55	**(67)**
Total income	(3)	(2)	(13)	(4)	-	3	**(3)**
Operating expenses	1	12	3	58	7	50	**13**
Loan impairment expense	18	17	large	-	43	25	**8**
Net profit before tax	(8)	(11)	(16)	(82)	(6)	95	**(18)**
Corporate tax (expense)/benefit	(7)	(11)	(19)	(83)	(9)	41	**(16)**
Non-controlling interests	-	-	-	-	-	-	**-**
Net profit after tax from continuing operations - "cash basis"	(9)	(11)	(15)	(82)	(5)	large	**(18)**

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

Retail Banking Services

Overview

Retail Banking Services provides simple, convenient and affordable banking products and services to personal and business customers, helping them manage their everyday banking needs, buy a home, build and grow their business, or invest for the future. We support our customers through an extensive network of over 1,000 branches, more than 3,000 ATMs, Australian-based customer call centres, leading online services and apps, as well as mobile banking specialists and support teams.

On 25 August 2017, the Group acquired the remaining 20% share in AHL Holdings Pty Limited (trading as Aussie Home Loans), bringing its shareholding to 100%. On 23 February 2018, the Group also acquired the assets of eChoice. As a result, the Group now controls and consolidates these Mortgage Broking operations (Mortgage Broking). In line with the Group's commitment to becoming a simpler, better bank, a number of changes to the Group's operating model have been made. On 25 June 2018, the Group announced that the CommInsure General Insurance business would be placed under strategic review and would move to be part of Retail Banking Services, while the review is underway. In addition the Small Business banking segment has been transferred out of Retail Banking Services to Business and Private Banking in order to consolidate the Group's business banking operations. From 1 July 2018, Bankwest and Commonwealth Financial Planning have been consolidated into Retail Banking Services, aligning all retail businesses within one division.

	Full Year Ended (1)				Half Year Ended			
	Retail Banking (excl. Mortgage Broking and General Insurance)			Total RBS (2)	Retail Banking (excl. Mortgage Broking and General Insurance)			Total RBS (2)
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	30 Jun 19 $M	30 Jun 19 $M	31 Dec 18 $M	Jun 19 vs Dec 18 %	30 Jun 19 $M
Net interest income	9,347	9,649	(3)	9,342	4,638	4,709	(2)	4,636
Other banking income	1,516	1,652	(8)	1,738	725	791	(8)	829
Total banking income	10,863	11,301	(4)	11,080	5,363	5,500	(2)	5,465
Funds management income	96	169	(43)	96	25	71	(65)	25
Insurance income	-	-	-	149	-	-	-	81
Total operating income	10,959	11,470	(4)	11,325	5,388	5,571	(3)	5,571
Operating expenses	(4,213)	(4,102)	3	(4,533)	(2,121)	(2,092)	1	(2,278)
Loan impairment expense	(693)	(652)	6	(693)	(375)	(318)	18	(375)
Net profit before tax	6,053	6,716	(10)	6,099	2,892	3,161	(9)	2,918
Corporate tax expense	(1,824)	(2,013)	(9)	(1,845)	(874)	(950)	(8)	(891)
Underlying net profit after tax	4,229	4,703	(10)	4,254	2,018	2,211	(9)	2,027
Investment experience after tax	5	-	n/a	13	4	1	large	8
Cash net profit after tax	4,234	4,703	(10)	4,267	2,022	2,212	(9)	2,035
Cash net profit after tax from Mortgage Broking and General Insurance	33	120	(73)	n/a	13	20	(35)	n/a
Total Cash net profit after tax	4,267	4,823	(12)	4,267	2,035	2,232	(9)	2,035

(1) Comparative information has been restated to conform to presentation in the current period.
(2) RBS including Mortgage Broking and General Insurance.

Retail Banking Services

Income analysis	Full Year Ended [1] Retail Banking (excl. Mortgage Broking and General Insurance) 30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	Total RBS [2] 30 Jun 19 $M	Half Year Ended Retail Banking (excl. Mortgage Broking and General Insurance) 30 Jun 19 $M	31 Dec 18 $M	Jun 19 vs Dec 18 %	Total RBS [2] 30 Jun 19 $M
Net interest income								
Home loans	**4,388**	4,904	(11)	**4,383**	**2,215**	2,173	2	**2,213**
Consumer finance [3]	**1,672**	1,815	(8)	**1,672**	**810**	862	(6)	**810**
Business lending	**181**	189	(4)	**181**	**88**	93	(5)	**88**
Deposits	**3,106**	2,741	13	**3,106**	**1,525**	1,581	(4)	**1,525**
Total net interest income	**9,347**	9,649	(3)	**9,342**	**4,638**	4,709	(2)	**4,636**
Other banking income								
Home loans	**261**	262	-	**261**	**125**	136	(8)	**125**
Consumer finance [3]	**522**	564	(7)	**522**	**253**	269	(6)	**253**
Business lending	**48**	49	(2)	**48**	**24**	24	-	**24**
Deposits	**432**	481	(10)	**432**	**215**	217	(1)	**215**
Distribution & Other [4]	**253**	296	(15)	**475**	**108**	145	(26)	**212**
Total other banking income	**1,516**	1,652	(8)	**1,738**	**725**	791	(8)	**829**
Total banking income	**10,863**	11,301	(4)	**11,080**	**5,363**	5,500	(2)	**5,465**

Balance Sheet (excl. Mortgage Broking and General Insurance)	As at 30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
Home loans [5]	**381,385**	373,262	364,840	2	5
Consumer finance [3]	**15,150**	15,596	16,051	(3)	(6)
Business loans	**9,837**	9,662	9,652	2	2
Other interest earning assets	**215**	473	931	(55)	(77)
Total interest earning assets	**406,587**	398,993	391,474	2	4
Other assets	**4,053**	3,493	4,659	16	(13)
Total assets	**410,640**	402,486	396,133	2	4
Transaction deposits [6]	**36,173**	35,671	32,834	1	10
Savings deposits [6]	**109,041**	109,200	110,507	-	(1)
Investment deposits and other	**97,706**	100,666	96,286	(3)	1
Total interest bearing deposits	**242,920**	245,537	239,627	(1)	1
Non-interest bearing transaction deposits	**25,599**	25,702	23,909	-	7
Other non-interest bearing liabilities	**4,072**	3,824	4,044	6	1
Total liabilities	**272,591**	275,063	267,580	(1)	2

(1) Comparative information has been restated to conform to presentation in the current period.
(2) RBS including Mortgage Broking and General Insurance.
(3) Consumer finance includes personal loans and credit cards.
(4) Distribution includes income associated with the sale of foreign exchange products. Other includes asset finance and merchants.
(5) Home loans are presented gross of $35,555 million of mortgage offset balances (31 December 2018: $35,659 million; 30 June 2018: $33,009 million). These balances are required to be grossed up under accounting standards but are netted down for the calculation of customer interest payments.
(6) Transaction and Savings deposits includes $35,555 million of mortgage offset balances (31 December 2018: $35,659 million; 30 June 2018: $33,009 million).

Retail Banking Services

Key Financial Metrics (excl. Mortgage Broking and General Insurance)	Full Year Ended (1)			Half Year Ended		
	30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %	**30 Jun 19**	31 Dec 18	Jun 19 vs Dec 18 %
Performance indicators						
Net interest margin (%)	**2. 57**	2. 74	(17)bpts	**2. 55**	2. 60	(5)bpts
Return on assets (%)	**1. 0**	1. 2	(20)bpts	**1. 0**	1. 1	(10)bpts
Operating expenses to total operating income (%)	**38. 4**	35. 8	260 bpts	**39. 4**	37. 6	180 bpts
Impairment expense annualised as a % of average GLAAs (%)	**0. 17**	0. 16	1 bpt	**0. 19**	0. 16	3 bpts
Other information						
Average interest earning assets ($M) (2)	**363,187**	352,450	3	**366,346**	359,928	2
Risk weighted assets ($M) (3)	**173,716**	168,370	3	**173,716**	167,253	4
90+ days home loan arrears (%)	**0. 73**	0. 74	(1)bpt	**0. 73**	0. 72	1 bpt
90+ days consumer finance arrears (%)	**1. 29**	1. 25	4 bpts	**1. 29**	1. 21	8 bpts
Number of full-time equivalent staff (FTE)	**15,137**	15,491	(2)	**15,137**	15,201	-

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Average interest earning assets are presented net of mortgage offset balances, which reduce customer interest payments. Net average interest earning assets are also used in the calculation of divisional net interest margin.
(3) Includes Mortgage Broking and General Insurance.

Retail Banking Services

Financial Performance and Business Review

Year Ended June 2019 versus June 2018

In order to provide an underlying view of performance, the commentary below has been presented including Bankwest, Commonwealth Financial Planning and the transfer of Small Business to Business and Private Banking, and excluding Mortgage Broking and General Insurance business for which commentary has been separately provided.

Retail Banking Services cash net profit after tax for the full year ended 30 June 2019 was $4,234 million, a decrease of $469 million or 10% on the prior year. The result was driven by a 4% decrease in total operating income, a 3% increase in operating expenses and a 6% increase in loan impairment expense.

Net Interest Income

Net interest income was $9,347 million, a decrease of $302 million or 3% on the prior year. This was driven by a 6% decrease in net interest margin and 3% growth in average interest earning assets.

Net interest margin decreased 17 basis points, reflecting:

- Higher wholesale funding costs primarily due to an increase in the spread between the three month bank bill swap rate and the three month overnight index swap rate, known as basis risk (down 8 basis points);
- Lower home lending margin from increased competition (down 7 basis points) and unfavourable home loan mix (down 5 basis points) with a shift to lower margin loans (interest only to principal and interest, investor to owner occupied and variable rate to fixed rate), partly offset by home loan repricing (up 7 basis points);
- Unfavourable portfolio mix driven by lower margin home loans growing at a faster rate than higher margin consumer finance loans (down 3 basis points); and
- Lower consumer finance margins due to lower revolve rates and regulatory reforms (down 3 basis points); partly offset by
- Favourable deposit margin performance driven by the benefit from repricing online savings and investment accounts (up 6 basis points), partly offset by lower replicating portfolio benefits (down 4 basis points).

Other Banking Income

Other banking income was $1,516 million, a decrease of $136 million or 8% on the prior year, reflecting:

- Lower fees on transaction accounts following the introduction of pre-emptive customer alerts, simplification of fee waivers and removal of certain transaction fees;
- Reduced credit card income from higher loyalty costs and pre-emptive customer alerts; and
- Lower retail foreign exchange fee income due to competitive pressures; partly offset by
- Higher interchange income on credit and debit transactions due to increased volumes as consumers continue to shift from cash to cards.

Funds Management Income

Funds Management income was $96 million, a decrease of $73 million or 43% on the prior year. This was driven by lower volumes of initial advice fees and the cessation of ongoing service fees in February 2019.

Operating Expenses

Operating expenses were $4,213 million, an increase of $111 million or 3% on the prior year. Excluding an increase in remediation costs of $47 million, operating expenses increased $64 million or 2% on the prior year. This was primarily driven by inflation, higher risk and compliance spend and increased project amortisation, partly offset by productivity initiatives including workforce and branch optimisation.

The number of full-time equivalent staff (FTE) decreased by 354 or 2% on the prior year, from 15,491 to 15,137 FTE, driven by productivity initiatives, partly offset by growth in risk and compliance staff (up 202 FTE).

Investment spend included significant spend on risk and compliance initiatives, including meeting regulatory requirements with regards to Comprehensive Credit Reporting, Banking Code of Practice and Open Banking.

Customer centric initiatives also continued to be a focus with improvements to the Home Buying experience, enhancements within digital channels and ongoing digitisation of manual processes.

The total operating expense to total operating income ratio was 38.4%, an increase of 260 basis points on the prior year primarily driven by lower total operating income. Excluding remediation costs, the operating expense to total operating income ratio was 37.8%.

Loan Impairment Expense

Loan impairment expense was $693 million, an increase of $41 million or 6% on the prior year, primarily driven by higher collective provisions for personal loans, reflecting softening economic conditions and higher arrears.

Loan impairment expense as a percentage of average gross loans and acceptances increased 1 basis point on the prior year to 0.17%.

Home loan 90+ day arrears decreased by 1 basis point from 0.74% to 0.73%. Consumer finance arrears increased by 4 basis points from 1.25% to 1.29% predominantly driven by increases in Western Sydney and Melbourne.

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of $16.5 billion or 5%, above system growth of 3%. Proprietary mix for CBA branded home loans decreased 4% from 63% to 59%;
- Total deposit growth of $5.0 billion or 2% (interest and non-interest bearing). Total transaction deposits growth was strong (up 9%) driven by growth in existing customers' balances in personal transaction accounts and continued growth in mortgage offset accounts;
- Saving deposits decline of 1% as customers switched to higher yield term deposits. Investment and other deposits growth of 1% driven by term deposits (up 6%) with customers switching from savings deposits, partly offset by the continued strategic focus on managing volume and margin within the Bankwest Money Market Investment portfolio; and
- Consumer finance balance decrease of $0.9 billion or 6%, with personal loans growth above system and credit card growth lower than system.

Financial Performance and Business Review (continued)

Risk Weighted Assets

Risk weighted assets were $173.7 billion, an increase of $5.3 billion or 3% on the prior year.

- Credit risk weighted assets increased $6.8 billion or 5% driven by home lending volume growth and a new home loan model;
- Operational risk weighted assets increased $2.0 billion or 9%; and
- IRRBB risk weighted assets decreased $3.5 billion or 37%.

Retail Banking Services generated $3,771 million of organic capital [(1)] for the Group in the current year. This contributed 84 basis points to the Group's CET1 ratio.

General Insurance and Mortgage Broking

Cash NPAT was $33 million, a decrease of $87 million or 73% on the prior year. This result was driven by higher claims experience in the General Insurance business due to increased weather events, which included the New South Wales hail storms and Queensland floods.

Half Year Ended June 2019 versus December 2018

In order to provide an underlying view of performance, the commentary below has been presented including Bankwest, Commonwealth Financial Planning and the transfer of Small Business to Business and Private Banking, and excluding Mortgage Broking and General Insurance business for which commentary has been separately provided.

Cash net profit after tax for the half year ended 30 June 2019 was $2,022 million, a decrease of $190 million or 9% on the prior half. The result was driven by a 3% decrease in total operating income, a 1% increase in operating expenses and an 18% increase in loan impairment expense.

Net Interest Income

Net interest income was $4,638 million, a decrease of $71 million or 2% on the prior half. The decrease was driven by a 2% decrease in net interest margin, 2% growth in average interest earning assets, and the impact of three fewer calendar days in the current half.

Net interest margin decreased 5 basis points, reflecting:

- Lower consumer finance margins due to lower revolve rates and regulatory reforms (down 2 basis points);
- Lower deposit margin resulting from falling swap rates impacting term deposits (down 1 basis point) and lower replicating portfolio benefits (down 1 basis point); and
- Unfavourable portfolio mix with lower margin home loans growing at a faster rate than higher margin consumer finance loans (down 2 basis points); partly offset by
- Slight increase in home loan margins reflecting repricing (up 8 basis points), offset by increased competition (down 4 basis points) and unfavourable home loan mix (down 3 basis points) with a shift to lower margin loans (interest only to principal and interest, investor to owner occupied and variable rate to fixed rate).

Other Banking Income

Other banking income was $725 million, a decrease of $66 million or 8% on the prior half, reflecting:

- Lower interchange income driven by seasonally lower credit card volumes and the closure of American Express companion cards in the prior half; and
- Lower distribution income driven by seasonally lower foreign exchange transactions from travel money cards together with competitive pressures.

Funds Management Income

Funds Management income was $25 million, a decrease of $46 million or 65% on the prior half. This was driven by lower volumes of initial advice fees and the cessation of ongoing service fees in February 2019.

Operating Expenses

Operating expenses were $2,121 million, an increase of $29 million or 1% on the prior half. Excluding a decrease in remediation costs of $10 million, operating expenses increased $39 million or 2% on the prior half. This was driven by higher technology spend and increased risk and compliance costs, partly offset by productivity.

The number of full-time equivalent staff (FTE) decreased by 64 on the prior half, from 15,201 to 15,137 FTE, driven by productivity initiatives, partly offset by growth in risk and compliance staff (up 117 FTE).

The operating expense to total operating income ratio was 39.4%, an increase of 180 basis points on the prior half, primarily driven by lower operating income. Excluding remediation costs, the operating expense to total operating income ratio was 38.8%.

Loan Impairment Expense

Loan impairment expense was $375 million, an increase of $57 million or 18% on the prior half. The result was driven by higher collective provisions, reflecting softening economic conditions and increased consumer finance arrears.

Loan impairment expense as a percentage of average gross loans and acceptances increased by 3 basis points on the prior half to 0.19%.

Home loan arrears 90+ days increased modestly by 1 basis point from 0.72% to 0.73%, driven by a seasonal increase following the December holiday season.

Consumer finance arrears increased by 8 basis points from 1.21% to 1.29%, predominantly driven by increases in Western Sydney and Melbourne, and a seasonal increase following the December holiday period.

(1) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends and the allocation of Operational RWA from the Enforceable Undertaking with APRA.

Financial Performance and Business Review (continued)

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of $8.1 billion or 2%, above system growth. Proprietary mix for CBA branded home loans decreased 1% from 60% to 59%;
- Total deposit balances down $2.7 billion or 1% (interest and non-interest bearing). Growth in transaction account balances (up 1%) was offset by the continued strategic focus on managing the volume and margin in the Bankwest Money Market Investment portfolio; and
- Consumer finance balance decrease of $0.4 billion or 3%, with growth above system.

Risk Weighted Assets

Risk weighted assets were $173.7 billion, an increase of $6.5 billion or 4% on the prior half.

- Credit risk weighted assets increased $3.5 billion or 2% driven by home lending volume growth;
- Operational risk weighted assets increased $2.8 billion or 13%; and
- IRRBB and other risk weighted assets increased $0.2 billion or 2%.

Retail Banking Services generated $1,352 million of organic capital [(1)] for the Group in the current half. This contributed 30 basis points to the Group's CET1 ratio.

General Insurance and Mortgage Broking

Cash NPAT was $13 million, a decrease of $7 million or 35% on the prior half. This result was driven by lower volumes in the Mortgage Broking business partly offset by lower claims experience in the General Insurance business in the half year ended 30 June 2019.

(1) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends and the allocation of Operational RWA from the Enforceable Undertaking with APRA.

Business and Private Banking

Overview

Business and Private Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions as well as providing banking and advisory services for high net worth individuals. We also provide Australia's leading equities trading and margin lending services through our CommSec business. In order to align the Group's business banking operations into one division, the Small Business banking segment, previously in Retail Banking Services, has been transferred into Business and Private Banking as at 1 July 2018.

	Full Year Ended (1)			Half Year Ended (1)		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Net interest income	**5,123**	5,115	-	**2,535**	2,588	(2)
Other banking income	**1,450**	1,425	2	**722**	728	(1)
Total banking income	**6,573**	6,540	1	**3,257**	3,316	(2)
Operating expenses	**(2,409)**	(2,230)	8	**(1,271)**	(1,138)	12
Loan impairment expense	**(362)**	(247)	47	**(195)**	(167)	17
Net profit before tax	**3,802**	4,063	(6)	**1,791**	2,011	(11)
Corporate tax expense	**(1,144)**	(1,218)	(6)	**(540)**	(604)	(11)
Cash net profit after tax	**2,658**	2,845	(7)	**1,251**	1,407	(11)
Income analysis						
Net interest income						
Small Business Banking	**2,112**	2,161	(2)	**1,046**	1,066	(2)
Business and Corporate Banking	**1,757**	1,698	3	**866**	891	(3)
Regional and Agribusiness	**725**	722	-	**362**	363	-
Private Bank	**326**	349	(7)	**158**	168	(6)
CommSec	**203**	185	10	**103**	100	3
Total net interest income	**5,123**	5,115	-	**2,535**	2,588	(2)
Other banking income						
Small Business Banking	**462**	457	1	**228**	234	(3)
Business and Corporate Banking	**537**	505	6	**266**	271	(2)
Regional and Agribusiness	**136**	135	1	**68**	68	-
Private Bank	**60**	64	(6)	**28**	32	(13)
CommSec	**255**	264	(3)	**132**	123	7
Total other banking income	**1,450**	1,425	2	**722**	728	(1)
Total banking income	**6,573**	6,540	1	**3,257**	3,316	(2)
Income by product						
Business products	**3,948**	3,786	4	**1,956**	1,992	(2)
Retail products	**2,239**	2,356	(5)	**1,106**	1,133	(2)
Equities and Margin Lending	**337**	350	(4)	**173**	164	5
Other	**49**	48	2	**22**	27	(19)
Total banking income	**6,573**	6,540	1	**3,257**	3,316	(2)

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

Business and Private Banking

Balance Sheet	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
	As at				
Home loans [1]	**86,415**	86,258	87,045	-	(1)
Business loans [2]	**81,830**	80,078	80,547	2	2
Margin loans	**2,559**	2,722	2,750	(6)	(7)
Consumer finance	**2,256**	2,362	2,460	(4)	(8)
Total interest earning assets	**173,060**	171,420	172,802	1	-
Non-lending interest earning assets	**92**	88	114	5	(19)
Other assets [3]	**1,700**	1,323	1,719	28	(1)
Total assets	**174,852**	172,831	174,635	1	-
Transaction deposits [2] [4]	**23,676**	23,224	23,231	2	2
Savings deposits [4]	**52,032**	49,826	50,757	4	3
Investment deposits and other	**41,234**	42,434	40,691	(3)	1
Total interest bearing deposits	**116,942**	115,484	114,679	1	2
Debt Issues and Other	**32**	36	39	(11)	(18)
Non-interest bearing transaction deposits	**22,122**	21,168	20,601	5	7
Other non-interest bearing liabilities	**1,445**	1,067	1,284	35	13
Total liabilities	**140,541**	137,755	136,603	2	3

Key Financial Metrics	Full Year Ended [5]			Half Year Ended [5]		
	30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %	**30 Jun 19**	31 Dec 18	Jun 19 vs Dec 18 %
Performance indicators						
Net interest margin (%)	**3. 17**	3. 16	1 bpt	**3. 17**	3. 17	-
Return on assets (%)	**1. 5**	1. 6	(10)bpts	**1. 4**	1. 6	(20)bpts
Operating expenses to total banking income (%)	**36. 6**	34. 1	250 bpts	**39. 0**	34. 3	470 bpts
Impairment expense annualised as a % of average GLAAs (%)	**0. 21**	0. 14	7 bpts	**0. 23**	0. 19	4 bpts
Other information						
Average interest earning assets ($M) [6]	**161,808**	161,627	-	**161,452**	162,159	-
Risk weighted assets ($M)	**122,030**	119,804	2	**122,030**	117,439	4
Troublesome and impaired assets ($M) [7]	**3,694**	2,652	39	**3,694**	2,918	27
Number of full-time equivalent staff (FTE)	**4,233**	4,112	3	**4,233**	4,171	1

(1) Home loans are presented gross of $9,522 million of mortgage offset balances (31 December 2018: $10,016 million; 30 June 2018: $8,855 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.
(2) Business loans include $328 million of Cash Management Pooling Facilities (CMPF) (31 December 2018: $355 million; 30 June 2018: $257 million). Transaction Deposits include $924 million of CMPF liabilities (31 December 2018: $801 million; 30 June 2018: $976 million). These balances are required to be grossed up under accounting standards, but are netted for the calculation of customer interest and risk weighted assets.
(3) Other assets include Intangible assets.
(4) Transaction and Savings deposits includes $9,522 million of mortgage offset balances (31 December 2018: $10,016 million; 30 June 2018: $8,855 million).
(5) Comparative information has been restated to conform to presentation in the current period.
(6) Average interest earning assets are presented net of mortgage offset balances, which reduce customer interest payments. Net average interest earning assets are also used in the calculation of divisional net interest margin.
(7) Commercial troublesome and impaired assets only. Includes commercial and leasing products.

Business and Private Banking

Financial Performance and Business Review

Year Ended June 2019 versus June 2018

Business and Private Banking cash net profit after tax for the full year ended 30 June 2019 was $2,658 million, a decrease of $187 million or 7% on the prior year. The result was driven by a 1% increase in total banking income, an 8% increase in operating expenses and a 47% increase in loan impairment expense.

Net Interest Income

Net interest income was $5,123 million, an increase of $8 million or flat on the prior year. This was driven by an increase in net interest margin of 1 basis point and flat average interest earning assets.

Net interest margin increased 1 basis point, reflecting:

- Favourable deposits mix from growth in transaction deposit volumes (up 5 basis points); and
- Higher business lending margins due to higher pricing (up 2 basis points, excluding the impact of basis risk); partly offset by
- Lower home lending margin due to unfavourable home loan mix and increased competition, partly offset by repricing (down 3 basis points, excluding the impact of basis risk); and
- Lower deposit margin due to lower replicating portfolio benefits (down 3 basis points).
- The overall divisional net interest margin impact from higher short-term wholesale funding costs, known as basis risk, is nil basis points.

Other Banking Income

Other banking income was $1,450 million, an increase of $25 million or 2% growth on the prior year, driven by:

- Higher business loan fee income reflecting a shift to fee based products such as cash advance facilities; partly offset by
- Lower equities fee income driven by lower trading volumes; and
- Lower fees on transaction accounts following the introduction of pre-emptive customer alerts, simplification of fee waivers and the removal of certain transaction fees.

Operating Expenses

Operating expenses were $2,409 million, an increase of $179 million or 8% on the prior year. Excluding an increase in remediation costs of $113 million, operating expenses increased $66 million or 3% on the prior year. This was mainly driven by regulatory and compliance costs, and higher staff expenses due to salary increases and an increase in full time equivalent staff (FTE). This was partly offset by lower discretionary costs.

The number of FTE increased by 121 or 3% on the prior year, from 4,112 to 4,233 FTE, driven by growth in risk and compliance staff (up 34 FTE), remediation staff (up 62 FTE), and frontline bankers, partly offset by productivity initiatives.

Investment continues to focus on further enhancing customer experience by upgrading the end-to-end process for business loan origination, and through enabling the New Payments Platform, as well as investment in regulatory and compliance initiatives.

The operating expense to total banking income ratio was 36.6%, an increase of 250 basis points on the prior year. Excluding remediation costs, the operating expense to total banking income ratio was 34.5%, an increase of 80 basis points driven by higher regulatory and compliance costs.

Loan Impairment Expense

Loan impairment expense was $362 million, an increase of $115 million or 47% on the prior year. This was driven by both higher individual provisions (due to a small number of large single name exposures) and higher collective provisions.

Loan impairment expense as a percentage of average gross loans and acceptances increased 7 basis points on the prior year to 0.21%.

Asset quality of the portfolio declined, with an increase in troublesome and impaired assets of 39%, primarily due to emerging signs of weakness in discretionary retail, hospitality, and construction sectors.

Balance Sheet

Key spot balance sheet movements included:

- Business loan growth of $1.3 billion or 2%, below system growth of 4%, reflecting growth across various industries, including property investment, business services, and transport and storage. This was partly offset by a decline in residential property development following the completion of projects, and a continued focus on risk adjusted return and risk appetite;
- Home loan decrease of $0.6 billion or 1%, below system growth of 3%, reflecting lower investor home lending; and
- Total deposit growth (interest and non-interest bearing) of $3.8 billion or 3%, below system growth of 4%, driven by higher transaction balances (up 4%) reflecting growth in existing customer balances, growth in savings balances (up 3%) driven by demand for Commonwealth Direct Investment Accounts, and growth in investment deposits (up 1%) reflecting customer demand for higher yield products.

Risk Weighted Assets

Risk weighted assets were $122.0 billion, an increase of $2.2 billion or 2% on the prior year.

- Credit risk weighted assets increased $3.4 billion or 3% driven by business lending volume growth and a reduction in credit quality, partly offset by portfolio mix optimisation; and
- Operational risk weighted assets increased $1.3 billion or 9%; partly offset by
- IRRBB risk weighted assets decreased $2.3 billion or 50%; and
- Traded Market risk weighted assets decreased by $0.2 billion or 14%.

Business and Private Banking generated $2,460 million of organic capital [(1)] for the Group in the current year. This contributed 55 basis points to the Group's CET1 ratio.

(1) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends and the allocation of Operational RWA from the Enforceable Undertaking with APRA.

Financial Performance and Business Review (continued)

Half Year Ended June 2019 versus December 2018

Cash net profit after tax for the half year ended 30 June 2019 was $1,251 million, a decrease of $156 million or 11% on the prior half. The result was driven by a 2% decrease in total banking income, a 12% increase in operating expenses and a 17% increase in loan impairment expense.

Net Interest Income

Net interest income was $2,535 million, a decrease of $53 million or 2% on the prior half. This was driven by flat net interest margin, flat average interest earning assets and the impact of three fewer calendar days in the current half.

Net interest margin was flat, reflecting:

- Higher business lending margins due to higher pricing (up 1 basis point, excluding the impact of basis risk); and
- Higher home loan margins due to repricing, partly offset by increased competition and unfavourable home loan mix (up 1 basis point, excluding the impact of basis risk); partly offset by
- Lower deposit margins due to falling swap rates impacting term deposits, partly offset by favourable deposits mix (down 1 basis point, excluding the impact of basis risk); and
- Lower consumer finance margins due to lower revolve rate and regulatory reforms (down 1 basis point, excluding the impact of basis risk).
- The overall divisional net interest margin impact from higher short-term wholesale funding costs, known as basis risk, is nil basis points.

Other Banking Income

Other banking income was $722 million, a decrease of $6 million or 1% on the prior half, driven by:

- Lower merchant income due to seasonally lower volumes due to the December holiday season in the prior half; partly offset by
- Higher business loan fee income reflecting a shift to fee based products such as cash advance facilities; and
- Higher equities fee income driven by higher trading volumes due to increased market volatility.

Operating Expenses

Operating expenses were $1,271 million, an increase of $133 million or 12% on the prior half. Excluding an increase in remediation costs of $127 million, operating expenses increased $6 million or 1% on the prior half. This was mainly driven by higher investment spend in risk and compliance programs, partly offset by lower discretionary spend.

The number of FTE increased by 62 or 1% on the prior half, from 4,171 to 4,233 FTE driven by growth in risk and compliance staff (up 21 FTE), remediation staff (up 35 FTE), and frontline bankers, partly offset by productivity initiatives.

The operating expenses to total banking income ratio was 39.0%, an increase of 470 basis points on the prior half primarily due to customer remediation costs. Excluding remediation costs, the operating expense to total banking income ratio was 34.9%, an increase of 80 basis points.

Loan Impairment Expense

Loan impairment expense was $195 million, an increase of $28 million or 17% on the prior half. This was driven by higher collective provisions for construction, discretionary retail and hospitality, partly offset by lower individual provisions.

Loan impairment expense as a percentage of average gross loans and acceptances increased 4 basis points on the prior half to 0.23%.

Asset quality of the portfolio declined, with an increase in troublesome and impaired assets of 27%, primarily due to emerging signs of weakness in discretionary retail, hospitality, and construction sectors.

Balance Sheet

Key spot balance sheet movements included:

- Business loan growth of $1.8 billion or 2%, above system growth of 1%, reflecting growth across various industries, including property investment, hospitality, business services and health;
- Home loan growth of $0.2 billion, below system growth of 2%, reflecting higher owner occupied home lending, largely offset by a decrease in investor home lending; and
- Total deposit growth (interest and non-interest bearing) of $2.4 billion or 2%, below system growth of 3%, driven by higher transaction balances (up 3%) reflecting growth in existing customer balances, growth in savings balances (up 4%) driven by demand for Commonwealth Direct Investment Accounts, partly offset by a decrease in investment deposits (down 3%) due to increased competition.

Risk Weighted Assets

Risk weighted assets were $122.0 billion, an increase of $4.6 billion or 4% on the prior half.

- Credit risk weighted assets increased $4.3 billion or 4%, driven by business lending growth, changes to credit risk estimates and regulatory treatments, and a reduction in credit quality; and
- Traded Market risk weighted assets increased by $0.4 billion or 40%; partly offset by
- IRRBB risk weighted assets decreased $0.1 billion or 5%.

Business and Private Banking generated $759 million of organic capital [(1)] for the Group in the current half. This contributed 17 basis points to the Group's CET1 ratio.

(1) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends and the allocation of Operational RWA from the Enforceable Undertaking with APRA.

Institutional Banking and Markets

Overview

Institutional Banking & Markets serves the commercial and wholesale banking needs of large Corporate, Institutional and Government clients across a full range of financial services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.

	Full Year Ended [1]			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Net interest income	**1,371**	1,434	(4)	**647**	724	(11)
Other banking income	**1,073**	1,237	(13)	**492**	581	(15)
Total banking income	**2,444**	2,671	(8)	**1,139**	1,305	(13)
Operating expenses	**(1,043)**	(1,067)	(2)	**(529)**	(514)	3
Loan impairment (expense)/benefit	**(17)**	(80)	(79)	**21**	(38)	large
Net profit before tax	**1,384**	1,524	(9)	**631**	753	(16)
Corporate tax expense	**(313)**	(354)	(12)	**(140)**	(173)	(19)
Cash net profit after tax	**1,071**	1,170	(8)	**491**	580	(15)
Income analysis						
Net interest income						
Institutional Banking	**1,276**	1,258	1	**620**	656	(5)
Markets	**95**	176	(46)	**27**	68	(60)
Total net interest income	**1,371**	1,434	(4)	**647**	724	(11)
Other banking income						
Institutional Banking	**499**	622	(20)	**229**	270	(15)
Markets	**574**	615	(7)	**263**	311	(15)
Total other banking income	**1,073**	1,237	(13)	**492**	581	(15)
Total banking income	**2,444**	2,671	(8)	**1,139**	1,305	(13)
Income by product						
Institutional products	**1,572**	1,636	(4)	**756**	816	(7)
Asset leasing	**203**	244	(17)	**93**	110	(15)
Markets (excluding derivative valuation adjustments)	**715**	789	(9)	**351**	364	(4)
Total banking income excluding derivative valuation adjustments	**2,490**	2,669	(7)	**1,200**	1,290	(7)
Derivative valuation adjustments [2]	**(46)**	2	large	**(61)**	15	large
Total banking income	**2,444**	2,671	(8)	**1,139**	1,305	(13)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Derivative valuation adjustments include both net interest income and other banking income adjustments.

Institutional Banking and Markets

Balance Sheet	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
	As at				
Interest earning lending assets [1]	**92,029**	102,344	104,615	(10)	(12)
Non-lending interest earning assets	**30,243**	30,737	27,707	(2)	9
Other assets [2]	**25,925**	27,447	29,803	(6)	(13)
Total assets	**148,197**	160,528	162,125	(8)	(9)
Transaction deposits [1]	**50,258**	47,291	45,699	6	10
Savings deposits	**6,554**	5,133	6,705	28	(2)
Investment deposits	**36,066**	41,329	44,391	(13)	(19)
Certificates of deposit and other	**16,132**	14,574	12,832	11	26
Total interest bearing deposits	**109,010**	108,327	109,627	1	(1)
Due to other financial institutions	**14,964**	13,247	12,719	13	18
Debt issues and other [3]	**7,850**	8,737	9,343	(10)	(16)
Non-interest bearing liabilities [2]	**18,385**	18,966	21,955	(3)	(16)
Total liabilities	**150,209**	149,277	153,644	1	(2)

Key Financial Metrics	Full Year Ended [4] 30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %	Half Year Ended 30 Jun 19	31 Dec 18	Jun 19 vs Dec 18 %
Performance indicators						
Net interest margin (%)	**1. 05**	1. 03	2 bpts	**1. 03**	1. 08	(5)bpts
Return on assets (%)	**0. 7**	0. 7	-	**0. 6**	0. 7	(10)bpts
Operating expenses to total banking income (%)	**42. 7**	39. 9	280 bpts	**46. 4**	39. 4	large
Impairment expense annualised as a % of average GLAAs (%)	**0. 02**	0. 07	(5)bpts	**(0. 04)**	0. 07	(11)bpts
Other information						
Average interest earning assets ($M)	**130,438**	138,935	(6)	**127,267**	133,556	(5)
Risk weighted assets ($M)	**85,496**	95,875	(11)	**85,496**	89,842	(5)
Troublesome and impaired assets ($M)	**748**	1,403	(47)	**748**	952	(21)
Corporate total committed exposures rated investment grade (%)	**87. 3**	86. 2	110 bpts	**87. 3**	87. 9	(60)bpts
Number of full-time equivalent staff (FTE)	**1,180**	1,263	(7)	**1,180**	1,206	(2)

(1) Interest earning lending assets include $22,832 million of Cash Management Pooling Facilities (CMPF) (31 December 2018: $23,019 million; 30 June 2018: $22,008 million). Transaction Deposits include $31,206 million of CMPF liabilities (31 December 2018: $29,465 million; 30 June 2018: $27,350 million). These balances are required to be grossed up under accounting standards, but are netted for the calculation of customer interest and risk weighted assets.
(2) Other assets include Intangible assets and Derivative assets. Non-interest bearing liabilities include Derivative liabilities.
(3) Debt issues and other includes Bank acceptances and Liabilities at fair value.
(4) Comparative information has been restated to conform to presentation in the current period.

Institutional Banking and Markets

Financial Performance and Business Review

Year Ended June 2019 versus June 2018

Institutional Banking and Markets cash net profit after tax for the full year ended 30 June 2019 was $1,071 million, a decrease of $99 million or 8% on the prior year. The result was driven by an 8% decrease in total banking income, a 2% decrease in operating expenses and a 79% decrease in loan impairment expense.

Net Interest Income

Net interest income was $1,371 million, a decrease of $63 million or 4% on the prior year. The result was driven by a 2% increase in net interest margin and a 6% decrease in average interest earning assets.

Net interest margin increased 2 basis points, reflecting:

- Higher lending margins driven by the implementation of AASB 15 where upfront fees in relation to lending, lease and guarantee arrangements are no longer recognised upfront in other banking income, instead, income is recognised over the life of the contractual arrangements in net interest income (up 5 basis points); and
- Favourable portfolio mix from a higher customer deposit to loan ratio (up 3 basis points); partly offset by
- Lower Markets net interest income due to lower yields on bond inventories and lower commodities financing income (down 5 basis points); and
- Lower earnings on free equity mainly due to the reduction in average risk weighted assets (down 1 basis point).

Other Banking Income

Other banking income was $1,073 million, a decrease of $164 million or 13% on the prior year, driven by:

- Lower lending fees driven by the implementation of AASB 15, and lower lending volumes due to portfolio optimisation initiatives;
- Lower gains on the sale of assets in the Structured Asset Finance portfolio;
- Unfavourable derivative valuation adjustments; and
- Weaker Markets sales performance reflecting lower client demand, offset by improved trading revenue reflecting tightening credit spreads on the inventory of high grade government and corporate bonds.

Operating Expenses

Operating expenses were $1,043 million, a decrease of $24 million or 2% on the prior year. The decrease was driven by the non-recurrence of a $51 million capitalised software impairment in the prior year and productivity initiatives, partly offset by salary increases, higher regulatory, risk and compliance costs, and costs associated with establishing a new offshore subsidiary in response to Brexit.

The operating expense to total banking income ratio was 42.7%, an increase of 280 basis points on the prior year driven by lower total banking income.

The number of full-time equivalent staff (FTE) decreased by 83 or 7% on the prior year, from 1,263 to 1,180 FTE. The decrease was driven by productivity initiatives, partly offset by an increase in risk and compliance staff (up 66 FTE).

Investment spend is focused on further strengthening of the operational risk and compliance framework, upgrading systems infrastructure and responding to new regulatory requirements.

Loan Impairment Expense

Loan impairment expense was $17 million, a decrease of $63 million or 79% on the prior year. This was driven by lower collective provisions reflecting lower volumes from portfolio optimisation and lower individual provisions for single name exposures, partly offset by lower write-backs.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 5 basis points to 0.02%, remaining well below long run average levels.

Asset quality of the portfolio has improved, with the percentage of the book rated as investment grade increasing by 110 basis points to 87.3%.

Balance Sheet

Key spot balance sheet movements included:

- Lending balances decrease of $12.6 billion or 12%, driven by portfolio optimisation initiatives and a continued focus on risk adjusted returns;
- Other assets and Non-interest bearing liabilities decreased $3.9 billion and $3.6 billion respectively, mainly driven by the revaluation of derivative assets and derivative liabilities due to foreign exchange and interest rate volatility. Under the accounting standards, derivative assets and derivative liabilities are required to be presented on a gross basis;
- Transaction deposits growth of $4.6 billion or 10% driven by increased Cash Management Pooling Facility balances;
- Investment deposits decrease of $8.3 billion or 19%, reflecting lower appetite for funding from short-term deposits; and
- Certificates of deposits and other growth of $3.3 billion or 26% due to increased sale and repurchase agreements in the Markets business to fund higher non-lending interest earning assets.

Risk Weighted Assets

Risk weighted assets were $85.5 billion, a decrease of $10.4 billion or 11% on the prior year.

- Credit risk weighted assets decreased $9.2 billion or 12% driven by lower volumes and improved credit quality partly offset by foreign exchange movements;
- IRRBB risk weighted assets decreased $1.8 billion or 52%; and
- Operational risk weighted assets decreased $1.8 billion or 16%; partly offset by
- Traded Market risk weighted assets increased $2.4 billion or 47%.

Institutional Banking and Markets generated $2,158 million of organic capital [(1)] for the Group in the current year. This contributed 49 basis points to the Group's CET1 ratio.

(1) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends and the allocation of Operational RWA from the Enforceable Undertaking with APRA.

Financial Performance and Business Review (continued)

Half Year Ended June 2019 versus December 2018

Cash net profit after tax for the half year ended 30 June 2019 was $491 million, a decrease of $89 million or 15% on the prior half. The result was driven by a 13% decrease in total banking income, a 3% increase in operating expenses, and a $59 million improvement in loan impairment expense.

Net Interest Income

Net interest income was $647 million, a decrease of $77 million or 11% on the prior half, driven by a 5% decrease in net interest margin, a 5% decrease in average interest earning assets and the impact of three fewer calendar days in the current half.

Net interest margin decreased by 5 basis points, reflecting:

- Reduced Markets net interest income due to lower yields on bond inventories and lower commodities financing income (down 5 basis points).

Other Banking Income

Other banking income was $492 million, a decrease of $89 million or 15% on the prior half, driven by:

- Lower lending volumes from portfolio optimisation initiatives;
- Lower gains on the sale of assets in the Structured Asset Finance portfolio; and
- Unfavourable derivative valuation adjustments; partly offset by
- Improved Markets performance reflecting tightening credit spreads on the inventory of high grade government and corporate bonds, partly offset by lower sales performance driven by lower client demand.

Operating Expenses

Operating expenses were $529 million, an increase of $15 million or 3% on the prior half, driven by higher regulatory, risk and compliance costs, partly offset by productivity initiatives.

The operating expense to total banking income ratio was 46.4%, an increase of 700 basis points on the prior half primarily driven by lower total banking income.

The number of full-time equivalent staff (FTE) decreased by 26 or 2% on the prior half, from 1,206 to 1,180 FTE due to productivity initiatives, partly offset by growth in risk and compliance staff (up 13 FTE).

Investment spend is focused on further strengthening of the operational risk and compliance framework, upgrading systems infrastructure and responding to new regulatory requirements.

Loan Impairment Expense

Loan impairment benefit of $21 million represented an improvement of $59 million on the prior half, mainly represented by lower individual provisions for large single name exposures and lower collective provisions reflecting lower volumes from portfolio optimisation.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 11 basis points to -0.04%, remaining well below long run average levels.

Asset quality of the portfolio has remained stable and the percentage of the book rated as investment grade decreased by 60 basis points to 87.3%.

Balance Sheet

Key spot balance sheet movements included:

- Lending balances decrease of $10.3 billion or 10%, driven by portfolio optimisation initiatives and a continued focus on risk adjusted returns;
- Transaction deposits growth of $3.0 billion or 6% driven by increased Cash Management Pooling Facility balances;
- Savings deposits growth of $1.4 billion or 28%, driven by a campaign launched in the last quarter of the current half; and
- Investment deposits decrease of $5.3 billion or 13%, mainly reflecting lower appetite for funding from short-term deposits.

Risk Weighted Assets

Risk weighted assets were $85.5 billion, a decrease of $4.3 billion or 5% on the prior half.

- Credit risk weighted assets decreased $6.7 billion or 9% driven by lower volumes and improved credit quality;
- Operational risk weighted assets decreased $1.9 billion or 17%; and
- IRRBB risk weighted assets decreased $0.1 billion or 7%; partly offset by
- Traded Market risk weighted assets increased $4.4 billion or 141%.

Institutional Banking and Markets generated $943 million of organic capital [1] for the Group in the current half. This contributed 21 basis points to the Group's CET1 ratio.

(1) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends and the allocation of Operational RWA from the Enforceable Undertaking with APRA.

Wealth Management

Overview

Wealth Management provides superannuation, investment, retirement and insurance products and services including financial planning which help to improve the financial wellbeing of our customers. In addition, as a global asset management business, we manage investments on behalf of institutional investors and pension funds, wholesale distributors and platforms, financial advisers and their clients.

On 21 September 2017 CBA announced the sale of CommInsure Life(1) to AIA. As a result, the Life business is classified as discontinued operations and the financial results of the Life business are excluded from the account lines of Wealth Management's performance and reported as a single cash net profit after tax line item.

On 13 June 2019 CBA announced the sale of Count Financial Limited to CountPlus Limited. As Count Financial does not in itself constitute a major line of the Group's business, the financial results of Count Financial are treated as continuing operations and included in the account lines of Wealth Management's performance.

On 2 August 2019 CBA completed the sale of its global asset management business, Colonial First State Global Asset Management (CFSGAM), also known outside of Australia as First State Investments, to Mitsubishi UFJ Trust and Banking Corporation (MUTB). As a result, CFSGAM is classified as discontinued operations and the financial results of the CFSGAM business are excluded from the account lines of Wealth Management's performance and reported as a single cash net profit after tax line item.

	Full Year Ended (2)			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Funds management income	**862**	841	2	**421**	441	(5)
Operating expenses	**(645)**	(490)	32	**(395)**	(250)	58
Net profit before tax	**217**	351	(38)	**26**	191	(86)
Corporate tax expense	**(69)**	(104)	(34)	**(7)**	(62)	(89)
Underlying profit after tax	**148**	247	(40)	**19**	129	(85)
Investment experience after tax	**12**	8	50	**5**	7	(29)
Cash net profit after tax from continuing operations	**160**	255	(37)	**24**	136	(82)
Cash net profit after tax from discontinued operations	**253**	452	(44)	**126**	127	(1)
Cash net profit after tax	**413**	707	(42)	**150**	263	(43)

(1) CommInsure's life business (Life Business) includes life insurance and life related investments business.
(2) Comparative information has been restated to conform to presentation in the current period.

Wealth Management

Key Financial Metrics	Full Year Ended (1) 30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %	Half Year Ended 30 Jun 19	31 Dec 18	Jun 19 vs Dec 18 %
Performance indicators						
Continuing operations						
Operating expenses to total operating income (%)	**74. 8**	58.3	large	**93. 8**	56. 7	large
FUA - average ($M) (2)	**148,813**	141,726	5	**149,671**	146,971	2
FUA - spot ($M) (2)	**155,468**	147,999	5	**155,468**	141,925	10
Risk weighted assets ($M) (3)	**4,208**	2,116	99	**4,208**	2,108	large
Number of full-time equivalent staff (FTE) (4)	**1,460**	1,305	12	**1,460**	1,298	12
Discontinued operations						
AUM - average ($M) (5)	**213,779**	215,768	(1)	**215,250**	210,939	2
AUM - spot ($M) (5)	**223,227**	213,242	5	**223,227**	204,195	9
FUA - average ($M)	**10,336**	11,056	(7)	**10,161**	10,462	(3)
FUA - spot ($M)	**10,251**	10,776	(5)	**10,251**	9,993	3
Inforce Premiums - average ($M)	**1,242**	1,479	(16)	**1,207**	1,280	(6)
Inforce Premiums - spot ($M)	**1,151**	1,296	(11)	**1,151**	1,264	(9)
Number of full-time equivalent staff (FTE) (4)	**1,602**	1,601	-	**1,602**	1,629	(2)

Full Year Ended (1)	Continuing operations: Colonial First State (6) Jun 19 $M	Jun 18 $M	Jun 19 vs Jun 18 %	Discontinued operations: CFS Global Asset Management Jun 19 $M	Jun 18 $M	Jun 19 vs Jun 18 %	Discontinued operations: Life Insurance Business Jun 19 $M	Jun 18 $M	Jun 19 vs Jun 18 %
Funds management income	**862**	841	2	**887**	975	(9)	**100**	96	4
Insurance income	**-**	-	-	**-**	-	-	**74**	337	(78)
Total operating income	**862**	841	2	**887**	975	(9)	**174**	433	(60)
Operating expenses	**(645)**	(490)	32	**(597)**	(622)	(4)	**(256)**	(272)	(6)
Net profit before tax	**217**	351	(38)	**290**	353	(18)	**(82)**	161	large
Corporate tax (expense)/benefit	**(69)**	(104)	(34)	**(68)**	(68)	-	**25**	(49)	large
Underlying profit after tax	**148**	247	(40)	**222**	285	(22)	**(57)**	112	large
Investment experience after tax	**12**	8	50	**18**	7	large	**70**	48	46
Cash net profit after tax	**160**	255	(37)	**240**	292	(18)	**13**	160	(92)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) FUA includes Commonwealth Group Super.
(3) Risk weighted assets include discontinued operations.
(4) Relates to directly employed FTEs and does not include all support FTEs.
(5) AUM excludes the Group's interest in the First State Cinda Fund Management Company Limited.
(6) Colonial First State incorporates the results of the Aligned Advice businesses of Financial Wisdom, Count Financial Limited and CFP Pathways.

Wealth Management

Financial Performance and Business Review

Full Year Ended June 2019 versus June 2018

Wealth Management cash net profit after tax for the year ended 30 June 2019 was $413 million, a decrease of $294 million or 42%. Excluding the contribution from discontinued operations, cash net profit after tax for the year ended 30 June 2019 was $160 million, a decrease of $95 million or 37% on the prior year. The result was driven by a 2% increase in funds management income and a 32% increase in operating expenses.

In order to provide an underlying view of the performance, the commentary below has been presented excluding the impact from discontinued operations, with commentary for the discontinued operations provided separately.

Funds Management Income

Funds management income was $862 million, an increase of $21 million or 2% on the prior year.

Average Funds Under Administration (FUA) was $149 billion, an increase of $7 billion or 5% on the prior year. The FirstChoice and CFSWrap platforms experienced continued growth in average FUA of 5% and 7% respectively, reflecting strong momentum from the prior year and higher investment markets, partly offset by negative net flows. Excluding pension payments, net flows were positive. FUA margin decreased 2 basis points due to platform pricing changes in response to competitive pressures.

Operating Expenses

Operating expenses were $645 million, an increase of $155 million or 32% on the prior year. Excluding the increase in remediation and implementation of Royal Commission costs of $141 million, operating expenses increased $14 million or 3% on the prior year. This was driven by salary increases, higher compliance costs and higher investment spend including technology costs.

The number of full-time equivalent staff (FTE) increased by 155 or 12% on the prior year from 1,305 to 1,460 FTE, driven by growth in remediation staff (up 107 FTE) and risk and compliance staff (up 90 FTE), partly offset by productivity initiatives.

The operating expenses to total operating income ratio was 74.8% an increase of 16.5%. Excluding remediation and implementation of Royal Commission costs, the operating expense to total operating income ratio was 58.5%, an increase of 20 basis points.

Higher investment spend was driven by increased regulatory requirements including Best Interests Duty and investment in projects to improve functionality and customer experience in key platforms.

Risk Weighted Assets [(1)]

Risk weighted assets were $4.2 billion, an increase of $2.1 billion or 99% on the prior year.

- Operational risk weighted assets increased $2.0 billion or 112%; and
- Credit risk weighted asset increased $0.3 billion; partly offset by
- IRRBB risk weighted assets decreased $0.2 billion or 56%.

Wealth Management generated $195 million of organic capital [(2)] for the Group in the current year. This contributed 4 basis points to the Group's CET1 ratio.

Half Year Ended June 2019 versus December 2018

Wealth Management cash net profit after tax for the half year ended 30 June 2019 was $150 million, a decrease of $113 million or 43%. Excluding the contribution from discontinued operations, cash net profit after tax for the half year ended 30 June 2019 was $24 million, a decrease of $112 million or 82% on the prior half. The result was driven by a 5% decrease in funds management income and a 58% increase in operating expenses.

In order to provide an underlying view of the performance, the commentary below has been presented excluding the impact from discontinued operations, with commentary for the discontinued operations provided separately.

Funds Management Income

Funds management income was $421 million, a decrease of $20 million or 5% on the prior half.

Average FUA was $150 billion, an increase of $3 billion or 2% on the prior half, driven by higher investment markets, partly offset by negative net flows. Excluding pension payments, net flows were positive. FUA margin decreased 3 basis points due to platform pricing changes in response to competitive pressures.

Operating Expenses

Operating expenses were $395 million, an increase of $145 million or 58% on the prior half. Excluding the increase in remediation and implementation of Royal Commission costs of $141 million, operating expenses increased $4 million or 2% on the prior half. The result was driven by higher regulatory and compliance costs.

The number of full-time equivalent staff (FTE) increased by 162 or 12% on the prior half from 1,298 to 1,460 FTE, driven by growth in remediation staff (up 85 FTE) and risk and compliance staff (up 74 FTE).

The operating expenses to total operating income ratio was 93.8% an increase of 37.1%. Excluding remediation and implementation of Royal Commission costs, the operating expense to total operating income ratio was 60.3%, an increase of 360 basis points driven by lower operating income.

Risk Weighted Assets [(1)]

Risk weighted assets were $4.2 billion, an increase of $2.1 billion or 100% on the prior half.

- Operational risk weighted assets increased $1.9 billion or 106%; and
- Credit risk weighted assets increased $0.2 billion or 166%.
- IRRBB weighted assets were broadly flat.

Wealth Management consumed $70 million of organic capital [(2)] for the Group in the current half. This impacted the Group's CET1 ratio by -2 basis points.

(1) Risk Weighted Assets include discontinued operations.
(2) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted include discontinued operations, and exclude the payment of dividends and the allocation of Operational RWA from the Enforceable Undertaking with APRA.

Wealth Management

	Full Year Ended								
Funds Under Administration (FUA)	30 Jun 18 $M	Inflows $M	Outflows $M	Net Flows $M	Other [1] $M	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Jun 18 %	Jun 19 vs Dec 18 %
FirstChoice	90,299	14,342	(15,473)	(1,131)	5,167	**94,335**	86,656	4	9
CFSWrap	30,709	5,313	(5,520)	(207)	1,868	**32,370**	29,594	5	9
CFS Non-Platform	16,752	7,947	(7,680)	267	1,048	**18,067**	15,647	8	15
Other [2]	10,239	1,297	(1,422)	(125)	582	**10,696**	10,028	4	7
Total	147,999	28,899	(30,095)	(1,196)	8,665	**155,468**	141,925	5	10

Discontinued Operations

	Full Year Ended [3]			**Half Year Ended**		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Funds management income	**987**	1,071	(8)	**507**	480	6
Insurance income	**74**	337	(78)	**2**	72	(97)
Total operating income	**1,061**	1,408	(25)	**509**	552	(8)
Operating expenses	**(853)**	(894)	(5)	**(427)**	(426)	-
Net profit before tax	**208**	514	(60)	**82**	126	(35)
Corporate tax expense	**(43)**	(117)	(63)	**(16)**	(27)	(41)
Underlying profit after tax	**165**	397	(58)	**66**	99	(33)
Investment experience after tax	**88**	55	60	**60**	28	large
Cash net profit after tax	**253**	452	(44)	**126**	127	(1)
Life Insurance Business [4]	**13**	160	(92)	**1**	12	(92)
CFS Global Asset Management	**240**	292	(18)	**125**	115	9
Cash net profit after tax	**253**	452	(44)	**126**	127	(1)

	Full Year Ended								
Assets Under Management (AUM) [5]	30 Jun 18 $M	Inflows $M	Outflows $M	Net Flows $M	Other [1] $M	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Jun 18 %	Jun 19 vs Dec 18 %
Australian equities	30,876	6,503	(9,730)	(3,227)	2,717	**30,366**	26,053	(2)	17
Global equities	94,003	24,157	(25,608)	(1,451)	7,962	**100,514**	89,632	7	12
Fixed income [6]	79,230	48,404	(50,738)	(2,334)	3,867	**80,763**	78,240	2	3
Infrastructure	9,133	3,165	(1,544)	1,621	830	**11,584**	10,270	27	13
Total	213,242	82,229	(87,620)	(5,391)	15,376	**223,227**	204,195	5	9

(1) Includes investment income and foreign exchange gains and losses from translation of internationally sourced business.
(2) Other includes Commonwealth Bank Group Super.
(3) Comparative information has been restated to conform to presentation in the current period.
(4) CommInsure's life insurance business represents life insurance and life related investments business.
(5) AUM excludes the Group's interest in the First State Cinda Fund Management Company Limited.
(6) Fixed income includes short-term investments and global credit.

Wealth Management

Funds Under Administration (FUA)	30 Jun 18 $M	Inflows $M	Outflows $M	Net Flows $M	Other $M	30 Jun 19 $M	31 Dec 18 $M	Jun 19 vs Jun 18 %	Jun 19 vs Dec 18 %
	Full Year Ended								
Life Investments	10,776	394	(1,538)	(1,144)	619	**10,251**	9,993	(5)	3

Inforce Premiums	30 Jun 18 $M	Sales $M	Lapses $M	Net Flows $M	Other $M	30 Jun 19 $M	31 Dec 18 $M	Jun 19 vs Jun 18 %	Jun 19 vs Dec 18 %
	Full Year Ended								
Life Insurance	1,296	156	(301)	(145)	-	**1,151**	1,264	(11)	(9)

Financial Performance and Business Review (Discontinued Operations)

Full Year Ended June 2019 versus June 2018

Life Insurance Business

The Life Business cash net profit after tax for the full year ended 30 June 2019 was $13 million, a decrease of $147 million or 92% on the prior year. Life insurance income decreased due to higher claims resulting in reserve strengthening of $29 million, and a pre-tax loss recognition of $71 million in income protection products during the year. The result was also impacted by lower premium income, with an 11% decrease in inforce premiums reflecting higher lapses including the loss of some large wholesale schemes. This was partly offset by a 6% decrease in operating expenses due to productivity initiatives and higher investment experience driven by changes to economic assumptions.

CFSGAM Business

CFSGAM cash net profit after tax for the full year ended 30 June 2019 was $240 million, a decrease of 18% on the prior year. The result was driven by lower performance fees and a $2 billion or 1% decrease in average Assets Under Management (AUM), reflecting weak prior period momentum and negative net flows, partly offset by the benefit of the lower Australian dollar and favourable investment markets. Operating expenses decreased 4% due to lower performance fee related payments, and investment experience after tax increased $11 million due to revaluation of investment in infrastructure assets.

Half Year Ended June 2019 versus December 2018

Life Insurance Business

The Life Business cash net profit after tax was $1 million, a decrease of $11 million or 92% on the prior half. The result was driven by reserve strengthening of $28 million, and a pre-tax loss recognition of $71 million in income protection products, partly offset by lower claims experience, a 3% decrease in operating expenses and higher investment experience driven by changes to economic assumptions.

CFSGAM Business

CFSGAM cash net profit after tax was $125 million, an increase of $10 million or 9% on the prior half. The result was driven by higher funds management income reflecting a $4 billion or 2% increase in average AUM on the prior half, driven by favourable investment markets. Operating expenses increased 2% due to the impact of the lower Australian dollar.

New Zealand

Overview

New Zealand includes the banking, funds management and insurance businesses operating in New Zealand under the ASB and Sovereign brands.

ASB provides products and services across multiple channels including our branch network, digital platforms and mobile relationship managers, and conducts its business through four business units: Retail Banking; Business Banking; Corporate Banking; and Private Banking, Wealth and Insurance.

Retail Banking provides a range of services to personal customers. Business Banking provides services to commercial, rural and small business customers, while Corporate Banking provides services to corporate and global markets customers. Private Banking, Wealth and Insurance provides securities, investment and insurance services to customers, and banking services to high net worth individuals.

On 2 July 2018, CBA completed the sale of its life insurance business in New Zealand (Sovereign) to AIA Group Limited (AIA). The New Zealand results have been prepared on a continuing operations basis excluding Sovereign (discontinued operations). The financial results of Sovereign (discontinued operations) are excluded from the account lines of New Zealand's performance and reported as a single cash net profit after tax line item.

	Full Year Ended [1]			Half Year Ended		
New Zealand (A$M)	**30 Jun 19 A$M**	30 Jun 18 A$M	Jun 19 vs Jun 18 %	**30 Jun 19 A$M**	31 Dec 18 A$M	Jun 19 vs Dec 18 %
Net interest income	**1,896**	1,760	8	**963**	933	3
Other banking income [2]	**442**	415	7	**206**	236	(13)
Total banking income	**2,338**	2,175	7	**1,169**	1,169	-
Funds management income	**130**	112	16	**67**	63	6
Total operating income	**2,468**	2,287	8	**1,236**	1,232	-
Operating expenses	**(912)**	(860)	6	**(472)**	(440)	7
Loan impairment expense	**(102)**	(74)	38	**(60)**	(42)	43
Net profit before tax	**1,454**	1,353	7	**704**	750	(6)
Corporate tax expense	**(404)**	(378)	7	**(193)**	(211)	(9)
Cash net profit after tax from continuing operations	**1,050**	975	8	**511**	539	(5)
Cash net profit after tax from discontinued operations	**-**	96	large	**-**	-	-
Cash net profit after tax	**1,050**	1,071	(2)	**511**	539	(5)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Other banking income disclosed in AUD includes realised gains or losses associated with the hedging of New Zealand operations earnings.

New Zealand

New Zealand (NZ$M)	Full Year Ended (1) 30 Jun 19 NZ$M	30 Jun 18 NZ$M	Jun 19 vs Jun 18 %	Half Year Ended 30 Jun 19 NZ$M	31 Dec 18 NZ$M	Jun 19 vs Dec 18 %
Net interest income	**2,018**	1,916	5	**1,012**	1,006	1
Other banking income	**477**	465	3	**234**	243	(4)
Total banking income	**2,495**	2,381	5	**1,246**	1,249	-
Funds management income	**138**	122	13	**70**	68	3
Total operating income	**2,633**	2,503	5	**1,316**	1,317	-
Operating expenses	**(970)**	(935)	4	**(496)**	(474)	5
Loan impairment expense	**(108)**	(80)	35	**(63)**	(45)	40
Net profit before tax	**1,555**	1,488	5	**757**	798	(5)
Corporate tax expense	**(433)**	(416)	4	**(209)**	(224)	(7)
Cash net profit after tax from continuing operations	**1,122**	1,072	5	**548**	574	(5)
Cash net profit after tax from discontinued operations	**-**	106	large	**-**	-	-
Cash net profit after tax	**1,122**	1,178	(5)	**548**	574	(5)
Represented by:						
ASB	**1,191**	1,143	4	**583**	608	(4)
Other (2)	**(69)**	(71)	(3)	**(35)**	(34)	3
Sovereign (discontinued operations)	**-**	106	large	**-**	-	-
Cash net profit after tax	**1,122**	1,178	(5)	**548**	574	(5)

Key Financial Metrics (continuing operations) (3)	Full Year Ended (1) 30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %	Half Year Ended 30 Jun 19	31 Dec 18	Jun 19 vs Dec 18 %
Performance indicator						
Operating expenses to total operating income (%)	**36.8**	37. 4	(60)bpts	**37.7**	36. 0	170 bpts

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Other includes ASB funding entities and elimination entries between New Zealand segment entities.
(3) Key financial metrics are calculated in New Zealand dollar terms.

Financial Performance and Business Review

Year Ended June 2019 versus June 2018

New Zealand [1] cash net profit after tax [2] for the full year ended 30 June 2019 was NZD1,122 million, a decrease of NZD56 million or 5% on the prior year. The result was driven by a 5% increase in total operating income, 4% growth in operating expenses, a 35% increase in loan impairment expense and a NZD106 million decrease in the profit of the discontinued Sovereign business due to the sale of Sovereign to AIA on 2 July 2018.

New Zealand [1] generated AUD773 million of organic capital [3] for the Group in the current year. This contributed 18 basis points to the Group's CET1 ratio.

Half Year Ended June 2019 versus December 2018

New Zealand [1] cash net profit after tax [2] for the half year ended 30 June 2019 was NZD548 million, a decrease of NZD26 million or 5% on the prior half. The result was driven by flat total operating income, a 5% increase in operating expenses and a 40% increase in loan impairment expense.

New Zealand [1] generated AUD392 million of organic capital [3] for the Group in the current half. This contributed 9 basis points to the Group's CET1 ratio.

(1) The New Zealand result incorporates ASB Bank and the discontinued Sovereign Insurance businesses. The CBA Branch results relating to the Institutional Banking and Markets business in New Zealand are not included.
(2) Includes allocated capital charges and other CBA costs.
(3) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (in accordance with APRA requirements) used to generate those profits. Amounts quoted include discontinued operations, and exclude the payment of dividends.

New Zealand

ASB (NZ$M)	Full Year Ended [1]			Half Year Ended		
	30 Jun 19 NZ$M	30 Jun 18 NZ$M	Jun 19 vs Jun 18 %	**30 Jun 19 NZ$M**	31 Dec 18 NZ$M	Jun 19 vs Dec 18 %
Net interest income	**2,111**	2,008	5	**1,059**	1,052	1
Other banking income	**477**	470	1	**234**	243	(4)
Total banking income	**2,588**	2,478	4	**1,293**	1,295	-
Funds management income	**138**	122	13	**70**	68	3
Total operating income	**2,726**	2,600	5	**1,363**	1,363	-
Operating expenses	**(970)**	(935)	4	**(496)**	(474)	5
Loan impairment expense	**(108)**	(80)	35	**(63)**	(45)	40
Net profit before tax	**1,648**	1,585	4	**804**	844	(5)
Corporate tax expense	**(457)**	(442)	3	**(221)**	(236)	(6)
Cash net profit after tax	**1,191**	1,143	4	**583**	608	(4)

Balance Sheet (NZ$M)	As at				
	30 Jun 19 NZ$M	31 Dec 18 NZ$M	30 Jun 18 NZ$M	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
Home loans	**57,194**	55,338	53,918	3	6
Business and rural lending	**28,662**	27,966	27,054	2	6
Other interest earning assets	**2,198**	2,198	2,212	-	(1)
Total lending interest earning assets	**88,054**	85,502	83,184	3	6
Non-lending interest earning assets	**8,719**	9,516	9,861	(8)	(12)
Other assets	**1,643**	1,940	2,320	(15)	(29)
Total assets	**98,416**	96,958	95,365	2	3
Customer deposits	**59,016**	58,309	55,923	1	6
Debt issues	**20,971**	20,100	20,053	4	5
Other interest bearing liabilities [2]	**2,283**	1,815	3,298	26	(31)
Total interest bearing liabilities	**82,270**	80,224	79,274	3	4
Non-interest bearing liabilities	**6,725**	6,550	6,591	3	2
Total liabilities	**88,995**	86,774	85,865	3	4

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Other interest bearing liabilities includes NZD521 million due to Group companies (31 December 2018: NZD60 million; 30 June 2018: NZD262 million).

New Zealand

ASB Key Financial Metrics [2]	Full Year Ended [1] 30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %	Half Year Ended 30 Jun 19	31 Dec 18	Jun 19 vs Dec 18 %
Performance indicators						
Net interest margin (%)	**2. 21**	2. 24	(3)bpts	**2. 22**	2. 21	1 bpt
Return on assets (%)	**1. 2**	1. 2	-	**1. 2**	1. 3	(10)bpts
Operating expenses to total operating income (%)	**35. 6**	36. 0	(40)bpts	**36. 4**	34. 8	160 bpts
Impairment expense annualised as a % of average GLAAs (%)	**0. 13**	0. 10	3 bpts	**0. 15**	0. 11	4 bpts
Other information						
Average interest earning assets (NZ$M)	**95,315**	89,774	6	**96,385**	94,262	2
Risk weighted assets (NZ$M) [3]	**56,073**	55,682	1	**56,073**	54,867	2
Risk weighted assets (A$M) [4]	**51,189**	48,524	5	**51,189**	50,082	2
FUA - average (NZ$M)	**15,146**	13,110	16	**15,192**	15,007	1
FUA - spot (NZ$M)	**15,876**	13,525	17	**15,876**	14,485	10
AUM - average (NZ$M) [5]	**16,075**	13,986	15	**16,507**	15,562	6
AUM - spot (NZ$M) [5]	**17,403**	15,090	15	**17,403**	15,511	12
90+ days home loan arrears (%)	**0. 13**	0. 14	(1)bpt	**0. 13**	0. 11	2 bpts
90+ days consumer finance arrears (%)	**0. 59**	0. 43	16 bpts	**0. 59**	0. 33	26 bpts
Number of full-time equivalent staff (FTE)	**5,038**	4,857	4	**5,038**	4,927	2

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Key financial metrics are calculated in New Zealand dollar terms unless otherwise stated.
(3) Risk weighted assets (NZ$M) calculated in accordance with RBNZ requirements.
(4) Risk weighted assets (A$M) calculated in accordance with APRA requirements.
(5) AUM includes NZD5,196 million of spot balances managed by CFSGAM (31 December 2018: NZD5,397 million; 30 June 2018: NZD7,635 million). These are also included in the AUM balances reported by CFSGAM (discontinued operations).

New Zealand

Financial Performance and Business Review

Year Ended June 2019 versus June 2018

ASB cash net profit after tax for the full year ended 30 June 2019 was NZD1,191 million, an increase of NZD48 million or 4% on the prior year. The result was driven by a 5% increase in total operating income, a 4% increase in operating expenses and a 35% increase in loan impairment expense.

Net Interest Income

Net interest income was NZD2,111 million, an increase of NZD103 million or 5% on the prior year. The increase was driven by a 1% decrease in net interest margin and 6% growth in average interest earning assets.

Net interest margin decreased 3 basis points, reflecting:

- Lower home lending margin from an unfavourable home loan portfolio mix shift from variable to lower margin fixed rate loans (down 2 basis points);
- Unfavourable retail deposit mix from growth in lower margin term deposits (down 2 basis points);
- Higher wholesale funding costs due to lengthening of the funding tenor and a mix shift to long term wholesale funding (down 2 basis points); and
- Lower income from treasury and other related activities (down 2 basis points); partly offset by
- Higher customer deposit margins primarily due to improved term deposit margins driven by repricing (up 3 basis points); and
- Lower costs associated with customers breaking fixed rate loans (up 2 basis points).

Other Banking Income

Other banking income was NZD477 million, an increase of NZD7 million or 1% on the prior year. The increase was driven by:

- Higher merchant and card income primarily due to increased volumes, partly offset by the removal of card cash advance and withdrawal fees; and
- Higher business line of credit fees due to growth in lending facilities; partly offset by
- Lower customer service fees primarily due to the removal of ATM fees.

Funds Management Income

Funds management income was NZD138 million, an increase of NZD16 million or 13% on the prior year, driven by:

- Higher average Assets Under Management (AUM) (up 15%), reflecting net inflows and favourable investment markets;
- Higher AUM margins primarily due to a change in portfolio mix reflecting higher net inflows in higher margin funds; and
- Higher average Funds Under Administration (FUA) (up 16%), reflecting net inflows and favourable investment markets; partly offset by
- Lower FUA margins driven by lower pricing.

Operating Expenses

Operating expenses were NZD970 million, an increase of NZD35 million or 4% on the prior year. The increase was driven by higher investment spend, higher IT expenses, and higher staff costs due to an increased number of risk and compliance staff.

The number of full-time equivalent staff (FTE) increased by 181 or 4% on the prior year from 4,857 to 5,038 FTE, primarily driven by growth in risk and compliance staff (up 138 FTE), and technology staff.

Investment spend continues to focus on technology and strengthening the operational risk and compliance framework.

The operating expense to total operating income ratio for ASB was 35.6%, an improvement of 40 basis points on the prior year mainly driven by growth in total operating income.

Loan Impairment Expense

Loan impairment expense was NZD108 million, an increase of NZD28 million or 35% on the prior year mainly driven by higher provisioning in the rural and business portfolios, partly offset by lower provisioning in the consumer finance portfolio.

Home loan and consumer finance average arrears have remained broadly in line with the prior year, reflecting continued supportive macroeconomic conditions in New Zealand.

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of NZD3.3 billion or 6%, in line with system, with continued customer preference for fixed rate loans;
- Business and rural loan growth of NZD1.6 billion or 6%, above system growth of 4%, with solid growth in business loans reflecting continued momentum from the long-term strategic focus on the segment; and
- Customer deposit growth of NZD3.1 billion or 6%, marginally below system, with strong growth in term deposits and transaction accounts.

Risk Weighted Assets [1]

Risk weighted assets were NZD56.1 billion, an increase of NZD0.4 billion or 1% on the prior year.

- Credit risk weighted assets increased NZD0.2 billion driven by an increase in lending volumes (NZD1.6 billion), partly offset by a decrease from improved credit quality primarily in the rural and residential portfolios (NZD1.4 billion); and
- Market risk weighted assets increased NZD0.2 billion or 8% primarily due to the RBNZ standardised approach where there have been increases in the carrying value of foreign currency issuances.

ASB generated AUD842 million of organic capital [2] for the Group in the current year. This contributed 20 basis points to the Group's CET1 ratio.

(1) Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.

(2) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (in accordance with APRA requirements) used to generate those profits. Amounts quoted exclude the payment of dividends.

New Zealand

Financial Performance and Business Review

Half Year Ended June 2019 versus December 2018

ASB cash net profit after tax for the half year ended 30 June 2019 was NZD583 million, a decrease of NZD25 million or 4% on the prior half. The result was driven by flat total operating income, a 5% increase in operating expenses and a 40% increase in loan impairment expense.

Net Interest Income

Net interest income was NZD1,059 million, an increase of NZD7 million or 1% on the prior half. This increase was driven by a 1 basis point increase in net interest margin, 2% growth in average interest earning assets and the impact of three fewer calendar days in the current half.

Net interest margin increased 1 basis point, reflecting:

- Impact from favourable portfolio mix from lower liquidity balances (up 2 basis points); and
- Higher business and rural lending margins (up 2 basis points); partly offset by
- Lower home lending margins from an unfavourable home loan portfolio mix shift from variable to lower margin fixed rate loans (down 2 basis points); and
- Lower customer deposit margins primarily due to reduced term deposit margins due to competition (down 1 basis point).

Other Banking Income

Other banking income was NZD234 million, a decrease of NZD9 million or 4% on the prior half. The decrease was driven by:

- Lower card income due to a decrease in customer spend driven by seasonality, and the removal of card cash advance and withdrawal fees; and
- Lower customer service fees resulting from customers migrating to lower fee digital channels.

Funds Management Income

Funds management income was NZD70 million, an increase of NZD2 million or 3% on the prior half, driven by:

- Higher average AUM (up 6%), due to favourable investment markets, partly offset by lower net inflows; and
- Higher average FUA (up 1%), partly offset by lower FUA margins due to lower pricing.

Operating Expenses

Operating expenses were NZD496 million, an increase of NZD22 million or 5% on the prior half. The increase was driven by higher staff costs due to an increase in the number of FTE, higher IT expenses and investment spend.

The number of full-time equivalent staff (FTE) increased by 111 or 2% on the prior half from 4,927 to 5,038 FTE, primarily driven by growth in risk and compliance staff (up 48 FTE), and technology staff.

Investment spend continues to focus on operational risk and compliance, and technology.

The operating expense to total operating income ratio was 36.4%, an increase of 160 basis points on the prior half mainly driven by higher operating expenses.

Loan Impairment Expense

Loan impairment expense was NZD63 million, an increase of NZD18 million or 40% on the prior half. The increase was driven by higher provisioning in the business portfolio, partly offset by higher rural portfolio provisioning in the prior half.

Home loan and consumer finance average arrears have increased from the prior half driven by seasonality.

Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of NZD1.9 billion or 3%, in line with system, with continued customer preference for fixed rate loans;
- Business and rural loan growth of NZD0.7 billion or 2%, marginally below system, with growth in business loans; and
- Customer deposit growth of NZD0.7 billion or 1%, in line with system, with customer preference for term deposits.

Risk Weighted Assets (1)

Risk weighted assets were NZD56.1 billion, an increase of NZD1.2 billion or 2% on the prior half.

- Credit risk weighted assets increased NZD0.5 billion or 1% driven by an increase in lending volumes (NZD0.9 billion), partly offset by a decrease from improved credit quality predominantly in the rural portfolio (NZD0.4 billion); and
- Market risk weighted assets increased NZD0.7 billion or 33% primarily due to increased NZD and AUD interest rate risk exposures.

ASB generated AUD436 million of organic capital (2) for the Group in the current half. This contributed 10 basis points to the Group's CET1 ratio.

(1) Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.

(2) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (in accordance with APRA requirements) used to generate those profits. Amounts quoted exclude the payment of dividends.

New Zealand

Sovereign Life Insurance Business - Discontinued Operations

Sovereign (NZ$M)	Full Year Ended 30 Jun 19 NZ$M	30 Jun 18 NZ$M	Jun 19 vs Jun 18 %	Half Year Ended 30 Jun 19 NZ$M	31 Dec 18 NZ$M	Jun 19 vs Dec 18 %
Insurance income	-	241	large	-	-	-
Operating expenses	-	(122)	large	-	-	-
Net profit before tax	-	119	large	-	-	-
Corporate tax (expense)/benefit	-	(21)	large	-	-	-
Underlying profit after tax	-	98	large	-	-	-
Investment experience after tax	-	8	large	-	-	-
Cash net profit after tax	-	106	large	-	-	-
Represented by:						
Planned profit margins	-	89	large	-	-	-
Experience variations	-	9	large	-	-	-
Operating margins	-	98	large	-	-	-
Investment experience after tax	-	8	large	-	-	-
Cash net profit after tax	-	106	large	-	-	-

Key Financial Metrics	Full Year Ended 30 Jun 19	30 Jun 18	Jun 19 vs Jun 18 %	Half Year Ended 30 Jun 19	31 Dec 18	Jun 19 vs Dec 18 %
Other information						
Average inforce premiums - average (NZ$M)	-	763	large	-	-	-
Annual inforce premiums - spot (NZ$M)	-	772	large	-	-	-
Number of full-time equivalent staff (FTE)	-	679	large	-	-	-

Insurance Inforce	Full Year Ended 30 Jun 18 NZ$M	Sales NZ$M	Lapses NZ$M	Net Flows NZ$M	Other NZ$M	30 Jun 19 NZ$M	31 Dec 18 NZ$M	Jun 19 vs Jun 18 %	Jun 19 vs Dec 18 %
Life Insurance	772	-	-	-	(772)	-	-	large	-

Financial Performance and Business Review (Discontinued Operations)

Year Ended June 2019 versus June 2018

Sovereign cash net profit after tax for the full year ended 30 June 2019 was nil, a decrease of NZD106 million on the prior year. The result was due to the sale of Sovereign to AIA on 2 July 2018.

Half Year Ended June 2019 versus December 2018

Sovereign cash net profit after tax for the half year ended 30 June 2019 was nil, in line with the prior half. The result was due to the sale of Sovereign to AIA on 2 July 2018.

International Financial Services

Overview

The continuing operations of International Financial Services (IFS) include the Indonesian retail and business banking operations, and associate investments in China (Bank of Hangzhou and Qilu Bank) and Vietnam (Vietnam International Bank).

On 23 May 2018 CBA announced the sale of its 37.5% equity interest in BoCommLife Insurance Company Limited (BoCommLife) to Mitsui Sumitomo Insurance Co. Ltd. (MSI). Completion of the sale remains subject to regulatory approval and is expected to complete in the second half of calendar year 2019.

On 23 October 2018 CBA announced the sale of its 80% interest in its Indonesian life insurance business PT Commonwealth Life (PTCL) to FWD Group. Completion of the sale remains subject to regulatory approval and is expected to complete in the second half of calendar year 2019.

On 1 November 2018 CBA sold Commonwealth Bank of South Africa (Holding Company) Limited (TymeDigital SA) to its minority shareholder, African Rainbow Capital (ARC).

The IFS results have been prepared on a continuing operations basis excluding the financial results of BoCommLife, TymeDigital SA, and PTCL (discontinued operations). The financial results of the discontinued operations are excluded from the account lines of the IFS performance and reported as a single cash net profit after tax line item.

	Full Year Ended (1)			Half Year Ended		
International Financial Services (2)	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Net interest income	**120**	115	4	**62**	58	7
Other banking income	**304**	327	(7)	**138**	166	(17)
Total banking income	**424**	442	(4)	**200**	224	(11)
Operating expenses	**(151)**	(211)	(28)	**(66)**	(85)	(22)
Loan impairment expense	**(27)**	(65)	(58)	**(16)**	(11)	45
Net profit before tax	**246**	166	48	**118**	128	(8)
Corporate tax expense	**(19)**	(14)	36	**(9)**	(10)	(10)
Cash net profit after tax from continuing operations	**227**	152	49	**109**	118	(8)
Cash net (loss) / profit after tax from discontinued operations (3)	**(15)**	(37)	(59)	**15**	(30)	large
Cash net profit after tax	**212**	115	84	**124**	88	41

	Full Year Ended (1)			Half Year Ended		
Key Financial Metrics (continuing operations)	**30 Jun 19**	30 Jun 18	Jun 19 vs Jun 18 %	**30 Jun 19**	31 Dec 18	Jun 19 vs Dec 18 %
Performance indicators						
Return on assets (%)	**4. 6**	3. 3	130 bpts	**4. 3**	5. 0	(70)bpts
Operating expenses to total operating income (%)	**35. 6**	47. 7	large	**33. 0**	37. 9	(490)bpts
Impairment expense annualised as a % of average GLAAs (%)	**1. 90**	4. 64	(274)bpts	**2. 26**	1. 53	73 bpts
Other information						
Risk weighted assets ($M) (4)	**1,708**	2,509	(32)	**1,708**	1,831	(7)
Number of full-time equivalent staff (FTE)	**1,428**	1,833	(22)	**1,428**	1,549	(8)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) IFS does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.
(3) Discontinued operations include BoCommLife, TymeDigital SA and PTCL.
(4) Risk weighted assets include discontinued operations.

International Financial Services

Financial Performance and Business Review

Full Year Ended June 2019 versus June 2018

International Financial Services (IFS) cash net profit after tax for the full year ended 30 June 2019 was $212 million, an increase of $97 million or 84% on the prior year. Excluding the contribution from discontinued operations, cash net profit after tax was $227 million, an increase of $75 million or 49% on the prior year. The result was driven by a 4% decrease in total banking income, a 28% decrease in operating expenses and a 58% decrease in loan impairment expense.

In order to provide an underlying view of the performance, the commentary below has been presented excluding the impact of discontinued operations (BoCommLife, TymeDigital SA and PTCL).

Net Interest Income

Net interest income was $120 million, an increase of $5 million or 4% on the prior year. This reflected lending volume growth in PT Bank Commonwealth (PTBC) and lower funding costs.

Other Banking Income

Other banking income was $304 million, a decrease of $23 million or 7% on the prior year, including an increase of $10 million or 3% from the lower Australian dollar. This reflected lower net profits from minority investments.

Operating Expenses

Operating expenses were $151 million, a decrease of $60 million or 28% on the prior year, including an increase of $5 million or 2% from the lower Australian dollar. The result was driven by lower staff costs and non-core divestments [(1)]. The number of full-time equivalent staff (FTE) decreased by 405 or 22% on the prior year, from 1,833 to 1,428 FTE. This reflected the impact of productivity initiatives. The operating expense to total operating income ratio was 35.6%, an improvement of 12.1%, from 47.7% in the prior year driven by lower operating expenses.

Loan Impairment Expense

Loan impairment expense was $27 million, a decrease of $38 million or 58% on the prior year. This was driven by lower individually assessed provisions in the PTBC commercial lending book.

Loan impairment expense as a percentage of average gross loans and acceptances decreased by 274 basis points on the prior year to 1.90%.

Balance Sheet

Lending volume growth of 13% was driven by PTBC consumer and business banking growth, partly offset by a strategic reduction in multifinance loans.

Risk Weighted Assets

Risk weighted assets were $1.7 billion, a decrease of $0.8 billion or 32% on the prior year.

- IRRBB risk weighted assets decreased $0.4 billion or 58%;
- Credit risk weighted assets decreased $0.3 billion or 19% driven by non-core divestments; and
- Operational risk weighted assets decreased $0.1 billion or 100%.

IFS generated $287 million of organic capital [(2)] for the Group in the current year. This contributed 6 basis points to the Group's CET1 ratio.

Half Year Ended June 2019 versus December 2018

Cash net profit after tax for the half year ended 30 June 2019 was $124 million, an increase of $36 million or 41% on the prior half. Excluding the contribution from discontinued operations, cash net profit after tax was $109 million, a decrease of $9 million or 8% on the prior half. The result was driven by an 11% decrease in total banking income, a 22% decrease in operating expenses and a 45% increase in loan impairment expense. In order to provide an underlying view of the performance, the commentary below has been presented excluding the impact of discontinued operations (BoCommLife, TymeDigital SA and PTCL).

Net Interest Income

Net interest income was $62 million, an increase of $4 million or 7% on the prior half, driven by lending volume growth in PTBC and lower funding costs.

Other Banking Income

Other banking income was $138 million, a decrease of $28 million or 17% on the prior half. This reflected lower net profits from minority investments.

Operating Expenses

Operating expenses were $66 million, a decrease of $19 million or 22% on the prior half as a result of lower staff costs due to productivity initiatives.

The number of full-time equivalent staff (FTE) decreased by 121 or 8% on the prior half, from 1,549 to 1,428 FTE due to productivity initiatives.

The operating expense to total operating income ratio was 33.0%, a decrease of 490 basis points on the prior half driven by lower operating expenses.

(1) Non-core business divestments include Mumbai branch, Ho Chi Minh City branch and China County Banks.

(2) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (in accordance with APRA requirements) used to generate those profits. Amounts quoted include discontinued operations and exclude the payment of dividends and the allocation of Operational RWA from the Enforceable Undertaking with APRA.

International Financial Services

Loan Impairment Expense

Loan impairment expense was $16 million, an increase of $5 million or 45% on the prior half. This was driven by higher impairment provisions for personal loans in PTBC.

Loan impairment expense as a percentage of average gross loans and acceptances increased by 73 basis points on the prior half to 2.26%.

Balance Sheet

Lending volume growth of 7% was driven by PTBC consumer and business banking growth.

Risk Weighted Assets

Risk weighted assets were $1.7 billion, a decrease of $0.1 billion or 7% on the prior half.

- Credit risk weighted assets decreased $0.1 billion or 6% driven by non-core divestments.
- IRRBB weighted assets were broadly flat.

IFS generated $137 million of organic capital [1] for the Group in the current half. This contributed 3 basis points to the Group's CET1 ratio.

(1) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (in accordance with APRA requirements) used to generate those profits. Amounts quoted include discontinued operations and exclude the payment of dividends and the allocation of Operational RWA from the Enforceable Undertaking with APRA.

	Full Year Ended [1]			Half Year Ended		
IFS Discontinued Operations [2]	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Net interest income	**7**	-	large	**3**	4	(25)
Other banking income	**4**	2	large	**-**	4	large
Total banking income	**11**	2	large	**3**	8	(63)
Funds management income	**2**	2	-	**1**	1	-
Insurance income	**55**	55	-	**29**	26	12
Total operating income	**68**	59	15	**33**	35	(6)
Operating expenses	**(76)**	(107)	(29)	**(14)**	(62)	(77)
Net (loss) / profit before tax	**(8)**	(48)	(83)	**19**	(27)	large
Corporate tax expense	**(5)**	(4)	25	**(3)**	(2)	50
Non-controlling interests	**(7)**	(6)	17	**(3)**	(4)	(25)
Underlying loss after tax	**(20)**	(58)	(66)	**13**	(33)	large
Investment experience after tax	**5**	21	(76)	**2**	3	(33)
Cash net (loss) / profit after tax from discontinued operations	**(15)**	(37)	(59)	**15**	(30)	large

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Discontinued operations includes BoCommLife, TymeDigital SA and PTCL.

Financial Performance and Business Review (Discontinued Operations)

Full Year Ended June 2019 versus June 2018

Discontinued operations cash net loss after tax for the full year ended 30 June 2019 was $15 million, a decrease of $22 million or 59% on the prior year. The result was driven by lower operating expenses following the sale of TymeDigital SA, partly offset by lower investment experience in BoCommLife as it was held for sale from May 2018, resulting in no further equity accounted profit recognition.

Half Year Ended June 2019 versus December 2018

Discontinued operations cash net profit after tax was $15 million, an increase of $45 million on the prior half. The result was mainly driven by lower operating expenses following the sale of TymeDigital SA.

Corporate Centre

Overview

Corporate Centre includes the results of unallocated Bank support functions such as Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs. It also includes Bank wide elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.

Treasury is primarily focused on the management of the Bank's interest rate risk, funding and liquidity requirements, and management of the Bank's capital.

The Treasury function includes:

- Portfolio Management: manages the interest rate risk of the Bank's non-traded Balance Sheet using transfer pricing to consolidate risk into Treasury, and hedging the residual mismatch between assets and liabilities using swaps, futures and options;
- Group Funding and Liquidity: manages the Bank's long-term and short-term wholesale funding requirements, and the Bank's prudent liquidity requirements; and
- Capital and Regulatory Strategy: manages the Bank's capital requirements.

	Full Year Ended (1)			Half Year Ended		
Corporate Centre (including eliminations)	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Net interest income	**268**	273	(2)	**143**	125	14
Other banking income	**61**	(16)	large	**45**	16	large
Total banking income	**329**	257	28	**188**	141	33
Funds management income	**(16)**	(3)	large	**(11)**	(5)	large
Insurance income	**(2)**	(4)	(50)	**(2)**	-	large
Total operating income	**311**	250	24	**175**	136	29
Operating expenses	**(1,576)**	(1,788)	(12)	**(969)**	(607)	60
Loan impairment benefit/(expense)	**-**	39	large	**1**	(1)	large
Net loss before tax	**(1,265)**	(1,499)	(16)	**(793)**	(472)	68
Corporate tax benefit	**364**	217	68	**211**	153	38
Non-controlling interests	**(12)**	(13)	(8)	**(6)**	(6)	-
Underlying loss after tax	**(913)**	(1,295)	(29)	**(588)**	(325)	81
Investment experience after tax	**(28)**	(10)	large	**(17)**	(11)	55
Cash net loss after tax from continuing operations	**(941)**	(1,305)	(28)	**(605)**	(336)	80
Cash net loss after tax from discontinued operations	**(24)**	(14)	71	**(19)**	(5)	large
Cash net loss after tax	**(965)**	(1,319)	(27)	**(624)**	(341)	83

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

Year Ended June 2019 versus June 2018

Corporate Centre cash net loss after tax for the full year ended 30 June 2019 was $965 million, a decrease of $354 million or 27% on the prior year. Excluding the contribution from discontinued operations, cash net loss after tax was $941 million, a decrease of $364 million or 28% on the prior year. The result was primarily driven by a 24% increase in total operating income, a 12% decrease in operating expenses, partly offset by the non-recurrence of a $39 million loan impairment benefit in the prior year.

Net Interest Income

Net interest income was $268 million, a decrease of $5 million or 2% on the prior year. The decrease was primarily due to lower earnings on Group capital in a falling interest rate environment.

Other Banking Income

Other banking income was $61 million, an increase of $77 million on the prior year. This was primarily driven by the non-recurrence of an upfront realised loss from restructuring of economic hedges in the prior year to reduce the overall funding costs and optimise capital in relation to a 30 year US debt issuance.

Operating Expenses

Operating expenses were $1,576 million, a decrease of $212 million or 12% on the prior year. Excluding $145 million of AUSTRAC insurance recoveries and the $534 million of Aligned Advice remediation provision in the current year, and a $700 million provision for the AUSTRAC civil penalty and $155 million of one-off regulatory costs in the prior year, operating expenses increased $254 million or 27%. This was driven by higher investment spend, higher IT expenses and increased risk and compliance costs, including costs associated with the implementation of the Better Risk Outcomes Program.

Corporate Centre

Loan Impairment Expense

Loan impairment expense increased $39 million on the prior year. This was due to the non-recurrence of the release of a centrally held provision in the prior year.

Risk Weighted Assets

Risk weighted assets were $14.4 billion, a decrease of $7.0 billion or 33% on the prior year.

- IRRBB risk weighted assets decreased $6.8 billion; and
- Credit risk weighted assets decreased $0.3 billion or 2% due to changes in portfolio mix to optimise credit quality; partly offset by
- Operational risk weighted assets increased by $0.1 billion or 3%.
- Traded Market risk weighted assets were broadly flat.

Corporate Centre consumed $7,250 million of organic capital (1) for the Group in the current year, largely due to the payment of dividends. This impacted the Group's CET1 ratio by -161 basis points.

Half Year Ended June 2019 versus December 2018

Cash net loss after tax for the half year ended 30 June 2019 was $624 million, an increase of $283 million or 83% on the prior half. Excluding the contribution from discontinued operations, cash net loss after tax was $605 million, an increase of $269 million or 80% on the prior half. The result was driven by a 29% increase in total operating income and a 60% increase in operating expenses.

Net Interest Income

Net interest income was $143 million, an increase of $18 million or 14% on the prior half, reflecting increased earnings from the management of interest rate risk in the banking book.

Other Banking Income

Other banking income was $45 million, an increase of $29 million on the prior half, primarily driven by the impact of interest rate and foreign exchange risk management activities.

Operating Expenses

Operating expenses were $969 million, an increase of $362 million or 60% on the prior half. Excluding the $145 million AUSTRAC insurance recoveries received in the prior half and the $134 million increase in the Aligned Advice remediation provision, operating expenses increased $83 million or 15%. This was driven by higher investment spend, higher IT expenses and increased risk and compliance costs, including costs associated with the implementation of the Better Risk Outcomes Program.

Risk Weighted Assets

Risk weighted assets were $14.4 billion, a decrease of $2.2 billion or 13% on the prior half.

- IRRBB risk weighted assets decreased $4.2 billion; partly offset by
- Credit risk weighted assets increased $0.8 billion or 8% due to changes in the portfolio mix of liquid assets;
- Traded Market risk weighted assets increased $0.7 billion or 77%; and
- Operational risk weighted assets increased $0.5 billion or 14%.

Corporate Centre consumed $3,938 million of organic capital (1) for the Group in the current half, largely due to the payment of dividends. This impacted the Group's CET1 ratio by -89 basis points.

(1) Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted include discontinued operations and exclude the allocation of Operational RWA from the Enforceable Undertaking with APRA.

Investment Experience

Investment experience includes net returns from shareholder investments held within Retail Banking Services, Wealth Management, and within the New Zealand and Indonesian life insurance businesses.

	Full Year Ended [1]			Half Year Ended		
Investment Experience	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Retail Banking Services	**15**	8	88	**9**	6	50
Wealth Management	**17**	10	70	**9**	8	13
IFS and Other	**(28)**	(10)	large	**(17)**	(11)	55
Investment experience before tax	**4**	8	(50)	**1**	3	(67)
Tax on Investment experience	**(7)**	(4)	75	**(5)**	(2)	large
Investment experience after tax from continuing operations	**(3)**	4	large	**(4)**	1	large
Investment experience after tax from discontinued operations	**62**	47	32	**51**	11	large
Investment experience after tax	**59**	51	16	**47**	12	large

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

Shareholder Investment Asset Mix

The net tangible assets by investment asset class shown below represent shareholder investments held within Retail Banking Services, Wealth Management and Indonesian insurance businesses.

	As at 30 June 2019		
Shareholder Investment Asset Mix (%)	Australia [1] %	Asia %	Total %
Cash	32	-	26
Fixed interest	-	-	-
Other	1	-	1
Assets classified as held for sale	67	100	73
Total	100	100	100

	As at 30 June 2019		
Shareholder Investment Asset Mix ($M)	Australia [1] $M	Asia $M	Total $M
Cash	972	-	972
Fixed interest	-	-	-
Other	22	-	22
Assets classified as held for sale	2,045	700	2,745
Total	3,039	700	3,739

(1) Includes Shareholders' funds in the General Insurance, Commonwealth Financial Planning, Colonial First State, CFSGAM (discontinued operations) and CommInsure Life (discontinued operations) businesses.

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Consolidated Income Statement

For the year ended 30 June 2019

		Full Year Ended (1) (2)		Half Year Ended (1) (2)	
		30 Jun 19	30 Jun 18	**30 Jun 19**	31 Dec 18
	Appendix	**$M**	$M	**$M**	$M
Interest income:					
Effective interest income	1.1	**34,089**	33,643	**16,837**	17,252
Other	1.1	**499**	501	**236**	263
Interest expense	1.1	**(16,468)**	(15,802)	**(8,087)**	(8,381)
Net interest income		**18,120**	18,342	**8,986**	9,134
Other banking income	1.5	**4,994**	5,423	**2,463**	2,531
Net banking operating income		**23,114**	23,765	**11,449**	11,665
Net funds management operating income		**1,073**	1,124	**502**	571
Net insurance operating income		**150**	241	**80**	70
Total net operating income before impairment and operating expenses		**24,337**	25,130	**12,031**	12,306
Loan impairment expense	2.2	**(1,201)**	(1,079)	**(624)**	(577)
Operating expenses	1.6	**(11,373)**	(11,029)	**(6,056)**	(5,317)
Net profit before income tax		**11,763**	13,022	**5,351**	6,412
Corporate tax expense	1.7	**(3,391)**	(3,952)	**(1,560)**	(1,831)
Net profit after income tax from continuing operations		**8,372**	9,070	**3,791**	4,581
Non-controlling interests in net profit after income tax from continuing operations		**(12)**	(13)	**(6)**	(6)
Net profit attributable to equity holders of the Bank from continuing operations		**8,360**	9,057	**3,785**	4,575
Net profit after income tax from discontinued operations		**218**	278	**190**	28
Non-controlling interests in net profit after income tax from discontinued operations		**(7)**	(6)	**(3)**	(4)
Net profit attributable to equity holders of the Bank		**8,571**	9,329	**3,972**	4,599

The above Consolidated Income Statement should be read in conjunction with the accompanying appendices.

Earnings per share for profit attributable to equity holders of the parent entity during the year:

	Full Year Ended		Half Year Ended	
	30 Jun 19	30 Jun 18	**30 Jun 19**	31 Dec 18
	Cents per Share			
Earnings per share from continuing operations: (1)				
Basic	**473. 7**	518. 8	**214. 1**	259. 6
Diluted	**457. 5**	503. 2	**207. 4**	249. 8
Earnings per share:				
Basic	**485. 6**	534. 3	**224. 7**	261. 0
Diluted	**468. 6**	517. 7	**217. 2**	251. 1

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Current year amounts reflect the adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from contracts with customers' on 1 July 2018. As permitted by AASB 9 and AASB 15 comparative information has not been restated. For further details on the adoption of AASB 9 and AASB 15 refer to Note 1.1 of the 2019 Annual Report.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

	Full Year Ended (1) (2)		Half Year Ended (2)	
	30 Jun 19	30 Jun 18	**30 Jun 19**	31 Dec 18
	$M	$M	**$M**	$M
Net profit after income tax for the period from continuing operations	**8,372**	9,070	**3,791**	4,581
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit/(loss):				
Foreign currency translation reserve net of tax	**457**	(12)	**71**	386
Gains and (losses) on cash flow hedging instruments net of tax	**947**	(53)	**730**	217
Losses on debt investment securities at fair value through other comprehensive income net of tax	**103**	-	**187**	(84)
Losses on available-for-sale investments net of tax	**-**	(68)	**-**	-
Total of items that may be reclassified	**1,507**	(133)	**988**	519
Items that will not be reclassified to profit/(loss):				
Actuarial (losses) and gains from defined benefit superannuation plans net of tax	**(49)**	161	**30**	(79)
Losses on liabilities at fair value due to changes in own credit risk net of tax	**-**	(2)	**-**	-
Losses on equity investment securities at fair value through other comprehensive income net of tax	**(6)**	-	**1**	(7)
Revaluation of properties net of tax	**34**	31	**28**	6
Total of items that will not be reclassified	**(21)**	190	**59**	(80)
Other comprehensive income/(expense) net of tax	**1,486**	57	**1,047**	439
Total comprehensive income for the period from continuing operations	**9,858**	9,127	**4,838**	5,020
Net profit after income tax for the period from discontinued operations	**218**	278	**190**	28
Other comprehensive (expense)/income for the period from discontinued operations net of income tax (3)	**14**	(6)	**23**	(9)
Total comprehensive income for the period	**10,090**	9,399	**5,051**	5,039
Total comprehensive income for the period is attributable to:				
Equity holders of the Bank	**10,071**	9,380	**5,042**	5,029
Non-controlling interests	**19**	19	**9**	10
Total comprehensive income net of tax	**10,090**	9,399	**5,051**	5,039

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

(2) Current year amounts reflect the adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from contracts with customers' on 1 July 2018. As permitted by AASB 9 and AASB 15 comparative information has not been restated. For further details on the adoption of AASB 9 and AASB 15 refer to Note 1.1 of the 2019 Annual Report.

(3) Includes $7 million gain on foreign currency translation net of tax (30 June 2018, $3 million gain) and $7 million gain on revaluation of debt investment securities measured at fair value through other comprehensive income net of tax. The year ended 30 June 2018 includes $9 million loss on revaluation of available- for-sale investments net of tax.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying appendices.

	Full Year Ended		Half Year Ended	
	30 Jun 19	30 Jun 18	**30 Jun 19**	31 Dec 18
	Cents per Share			
Dividends per share attributable to shareholders of the Bank:				
Ordinary shares	**431**	431	**231**	200

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Consolidated Balance Sheet

As at 30 June 2019

Assets	Appendix	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M
		As at (1) (2) (3)		
Cash and liquid assets		**29,387**	37,220	36,417
Receivables due from other financial institutions		**8,093**	7,744	9,222
Assets at fair value through Income Statement:				
Trading		**32,506**	33,615	32,254
Insurance		**-**	-	372
Other		**1,171**	1,029	258
Derivative assets		**25,215**	28,569	32,133
Investment securities:				
At amortised cost		**7,355**	6,990	-
At fair value through other comprehensive income		**78,912**	75,246	-
Available-for-sale investments		**-**	-	82,240
Loans, bills discounted and other receivables	2.1	**755,141**	753,507	743,365
Bank acceptances of customers		**32**	53	379
Property, plant and equipment		**2,383**	2,417	2,576
Investments in associates and joint ventures		**3,001**	2,831	2,842
Intangible assets	6.2	**7,965**	8,161	9,090
Deferred tax assets		**1,675**	1,735	1,439
Other assets		**7,115**	6,097	6,924
Assets held for sale		**16,551**	15,216	15,654
Total assets		**976,502**	980,430	975,165
Liabilities				
Deposits and other public borrowings	3.1	**636,040**	637,010	622,234
Payables due to other financial institutions		**23,370**	22,545	20,899
Liabilities at fair value through Income Statement		**8,520**	9,030	10,247
Derivative liabilities		**22,777**	26,305	28,472
Bank acceptances		**32**	53	379
Current tax liabilities		**326**	401	952
Other provisions		**2,751**	2,196	1,860
Insurance policy liabilities		**-**	-	451
Debt issues		**163,990**	168,851	172,294
Bills payable and other liabilities		**10,285**	8,280	11,625
Liabilities held for sale		**15,796**	14,350	14,900
		883,887	889,021	884,313
Loan capital		**22,966**	22,831	22,992
Total liabilities		**906,853**	911,852	907,305
Net assets		**69,649**	68,578	67,860
Shareholders' Equity				
Ordinary share capital	4.2	**38,020**	38,015	37,270
Reserves	4.2	**3,092**	2,051	1,676
Retained profits	4.2	**28,482**	27,959	28,360
Shareholders' Equity attributable to equity holders of the Bank		**69,594**	68,025	67,306
Non-controlling interests	4.2	**55**	553	554
Total Shareholders' Equity		**69,649**	68,578	67,860

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Current period balances have been impacted by the announced sale of CFSGAM, PT Commonwealth Life, Count Financial and completed sales of Sovereign and TymeDigital SA.
(3) Current period balances reflect the adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from contracts with customers' on 1 July 2018. As permitted by AASB 9 and AASB 15 comparative information has not been restated. For details on the adoption of AASB 9 and AASB 15 refer to Note 1.1 of the 2019 Annual Report.

The above Consolidated Balance Sheet should be read in conjunction with the accompanying appendices.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Ordinary share capital $M	Reserves $M	Retained profits $M	Total $M	Non-controlling interests $M	Total Shareholders' Equity $M
As at 31 December 2017	36,776	1,494	27,267	**65,537**	554	**66,091**
Net profit after income tax from continuing operations	-	-	4,299	**4,299**	7	**4,306**
Net profit after income tax from discontinued operations	-	-	124	**124**	3	**127**
Net other comprehensive income from continuing operations	-	229	116	**345**	-	**345**
Net other comprehensive income from discontinued operations	-	(22)	-	**(22)**	-	**(22)**
Total comprehensive income for the period	-	207	4,539	**4,746**	10	**4,756**
Transactions with Equity holders in their capacity as Equity holders: (1)						
Dividends paid on ordinary shares	-	-	(3,505)	**(3,505)**	-	**(3,505)**
Dividend reinvestment plan (net of issue costs)	533	-	-	**533**	-	**533**
Issue of shares (net of issue costs)	-	-	-	**-**	-	**-**
Share-based payments	-	30	-	**30**	-	**30**
Purchase of treasury shares	(83)	-	-	**(83)**	-	**(83)**
Sale and vesting of treasury shares	44	-	-	**44**	-	**44**
Other changes	-	(55)	59	**4**	(10)	**(6)**
As at 30 June 2018	37,270	1,676	28,360	**67,306**	554	**67,860**
Change on adoption of new accounting standards (2)	-	-	(955)	**(955)**	-	**(995)**
Restated opening balance	37,270	1,676	27,405	**66,351**	554	**66,905**
Net profit after income tax from continuing operations	-	-	4,575	**4,575**	6	**4,581**
Net profit after income tax from discontinued operations	-	-	24	**24**	4	**28**
Net other comprehensive income from continuing operations	-	518	(79)	**439**	-	**439**
Net other comprehensive income from discontinued operations	-	(9)	-	**(9)**	-	**(9)**
Total comprehensive income for the period	-	509	4,520	**5,029**	10	**5,039**
Transactions with Equity holders in their capacity as Equity holders: (1)						
Dividends paid on ordinary shares	-	-	(4,065)	**(4,065)**	-	**(4,065)**
Dividend reinvestment plan (net of issue costs)	748	-	-	**748**	-	**748**
Issue of shares (net of issue costs)	-	-	-	**-**	-	**-**
Share-based payments	-	(42)	-	**(42)**	-	**(42)**
Purchase of treasury shares	(74)	-	-	**(74)**	-	**(74)**
Sale and vesting of treasury shares	71	-	-	**71**	-	**71**
Other changes	-	(92)	99	**7**	(11)	**(4)**
As at 31 December 2018	38,015	2,051	27,959	**68,025**	553	**68,578**
Net profit after income tax from continuing operations	-	-	3,785	**3,785**	6	**3,791**
Net profit after income tax from discontinued operations	-	-	187	**187**	3	**190**
Net other comprehensive income from continuing operations	-	1,017	30	**1,047**	-	**1,047**
Net other comprehensive income from discontinued operations	-	23	-	**23**	-	**23**
Total comprehensive income for the period	-	1,040	4,002	**5,042**	9	**5,051**
Transactions with Equity holders in their capacity as Equity holders: (1)						
Dividends paid on ordinary shares	-	-	(3,541)	**(3,541)**	-	**(3,541)**
Dividend reinvestment plan (net of issue costs)	-	-	-	**-**	-	**-**
Issue of shares (net of issue costs)	-	-	-	**-**	-	**-**
Share-based payments	-	58	-	**58**	-	**58**
Purchase of treasury shares	(19)	-	-	**(19)**	-	**(19)**
Sale and vesting of treasury shares	24	-	-	**24**	-	**24**
Other changes	-	(57)	62	**5**	(507)	**(502)**
As at 30 June 2019	38,020	3,092	28,482	**69,594**	55	**69,649**

(1) Current period and prior periods include discontinued operations.
(2) The Group adopted AASB 9 'Financial Instruments' and AASB 15 'Revenue from contracts with customers' on 1 July 2018. The carrying amounts of assets and liabilities impacted by the adoption were adjusted through opening retained profits and reserves on 1 July 2018 as if the Group has always applied the new requirements. As permitted by AASB 9 and AASB 15, comparative information has not been restated. For details on the adoption of AASB 9 and AASB 15 refer to Note 1.1 of the 2019 Annual Report.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying appendices.

Consolidated Statement of Cash Flows (1) (2)

For the year ended 30 June 2019

	Full Year Ended	
	30 Jun 19 $M	30 Jun 18 $M
Cash flows from operating activities		
Interest received	**34,757**	35,801
Interest paid	**(15,695)**	(15,356)
Other operating income received	**5,808**	6,181
Expenses paid	**(10,784)**	(10,340)
Income taxes paid	**(4,878)**	(4,791)
Net inflows from assets at fair value through Income Statement (excluding life insurance)	**2,482**	5,270
Net inflows/(outflows) from liabilities at fair value through Income Statement:		
Insurance:		
Investment income	**340**	225
Premiums received (3)	**2,414**	3,241
Policy payments and commission expense (3)	**(3,061)**	(3,453)
Other liabilities at fair value through Income Statement	**126**	(208)
Cash flows from operating activities before changes in operating assets and liabilities	**11,509**	16,570
Changes in operating assets and liabilities arising from cash flow movements		
Movement in investment securities:		
Purchases	**(41,925)**	-
Proceeds	**43,239**	-
Movement in available-for-sale investments:		
Purchases	**-**	(51,783)
Proceeds	**-**	52,832
Net increase in loans, bills discounted and other receivables	**(9,465)**	(16,105)
Net decrease in receivables due from other financial institutions and regulatory authorities	**1,345**	884
Net decrease in securities purchased under agreements to resell	**930**	9,258
Insurance business:		
Purchase of insurance assets at fair value through Income Statement	**(1,383)**	(1,594)
Proceeds from sale/maturity of insurance assets at fair value through Income Statement	**2,512**	2,671
Net decrease/(increase) in other assets	**525**	(11)
Net increase/(decrease) in deposits and other public borrowings	**4,891**	(876)
Net increase/(decrease) in payables due to other financial institutions	**2,154**	(8,279)
Net increase/(decrease) in securities sold under agreements to repurchase	**4,402**	(1,574)
Net decrease in other liabilities	**(648)**	(884)
Changes in operating assets and liabilities arising from cash flow movements	**6,577**	(15,461)
Net cash provided by operating activities	**18,086**	1,109
Cash flows from investing activities		
Cash inflows/(outflows) from acquisitions	**-**	26
Net proceeds from disposal of entities and businesses (net of cash disposals)	**1,259**	-
Dividends received	**141**	68
Proceeds from sale of property, plant and equipment	**151**	155
Purchases of property, plant and equipment	**(326)**	(477)
Net cash flows from sales/(acquisitions) of associates/joint ventures	**72**	(271)
Net purchase of intangible assets	**(314)**	(503)
Net cash provided by/(used in) investing activities	**983**	(1,002)

(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) Includes discontinued operations.
(3) Represents gross premiums and policy payments before splitting between policy holders and shareholders.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying appendices.

Consolidated Statement of Cash Flows [1] [2] (continued)

For the year ended 30 June 2019

	Full Year Ended	
	30 Jun 19 $M	30 Jun 18 $M
Cash flows from financing activities		
Dividends paid (excluding Dividend Reinvestment Plan)	**(6,853)**	(5,366)
Redemption of other equity instruments (net of costs)	**(505)**	-
Proceeds from issuance of debt securities	**56,448**	68,273
Redemption of issued debt securities	**(73,747)**	(67,809)
Purchase of treasury shares	**(93)**	(95)
Sale of treasury shares	**22**	55
Issue of loan capital	**1,579**	4,445
Redemption of loan capital	**(2,637)**	(464)
Proceeds from issuance of shares (net of issue costs)	**-**	-
Other	**47**	27
Net cash used in financing activities	**(25,739)**	(934)
Net decrease in cash and cash equivalents	**(6,670)**	(827)
Effect of foreign exchange rates on cash and cash equivalents	**675**	715
Cash and cash equivalents at beginning of year	**23,005**	23,117
Cash and cash equivalents at end of year	**17,010**	23,005

(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) Includes discontinued operations.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying appendices.

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Appendices

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Section 7 – Appendices

Appendices

1) Our Performance

Overview

The Group earns its returns from providing a broad range of banking and wealth management products and services to retail and wholesale customers in Australia, New Zealand and other jurisdictions.

Lending and deposit taking are the Group's primary business activities with net interest income being the main contributor to the Group's results. Net interest income is derived as the difference between interest earned on lending and investment assets and interest incurred on customer deposits and wholesale debt raised to fund these assets.

The Group further generates income from lending fees and commissions, funds management services, insurance products and trading activities. It also incurs costs associated with running the business such as staff, occupancy and technology related expenses.

The Performance section provides details of the main contributors to the Group's returns and analysis of its financial performance by business segments and geographical regions.

1.1 Net Interest Income (continuing operations basis)

	Full Year Ended (1) (2)			Half Year Ended (1) (2)		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Interest Income						
Effective interest income:						
Loans and bills discounted	**31,449**	31,315	-	**15,575**	15,874	(2)
Other financial institutions	**181**	140	29	**86**	95	(9)
Cash and liquid assets	**572**	459	25	**266**	306	(13)
Investment securities:						
At amortised cost	**199**	-	large	**94**	105	(10)
At fair value through Other Comprehensive Income	**1,688**	-	large	**816**	872	(6)
Available-for-sale investments	**-**	1,729	large	**-**	-	-
Total effective interest income	**34,089**	33,643	1	**16,837**	17,252	(2)
Other:						
Assets at fair value through Income Statement	**499**	501	-	**236**	263	(10)
Total interest income	**34,588**	34,144	1	**17,073**	17,515	(3)
Interest Expense						
Deposits	**9,948**	9,843	1	**4,923**	5,025	(2)
Other financial institutions	**464**	418	11	**236**	228	4
Liabilities at fair value through Income Statement	**172**	167	3	**84**	88	(5)
Debt issues	**4,563**	4,169	9	**2,192**	2,371	(8)
Loan capital	**951**	836	14	**468**	483	(3)
Bank levy	**370**	369	-	**184**	186	(1)
Total interest expense	**16,468**	15,802	4	**8,087**	8,381	(4)
Net interest income	**18,120**	18,342	(1)	**8,986**	9,134	(2)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Current year amounts reflect the adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from contracts with customers' on 1 July 2018. As permitted by AASB 9 and AASB 15 comparative information has not been restated. For details on the adoption of AASB 9 and AASB 15 refer to Note 1.1 of the 2019 Annual Report.

Accounting policies

Interest income and interest expense on financial assets and liabilities are measured using the effective interest rate method. The effective interest rate method calculates the amortised cost of a financial instrument, such as a loan, deposit or issued debt instrument, and allocates the interest income or interest expense over the expected life of the financial instrument.

Interest income is recognised on gross carrying amounts for financial assets in Stage 1 and Stage 2, and gross carrying amounts net of impairment provisions for financial assets in Stage 3.

Fees, transaction costs and issue costs integral to the financial assets and liabilities are capitalised and included in the interest recognised over the expected life of the instrument. This includes fees for providing a loan or a lease arrangement.

1.1 **Net Interest Income** (continuing operations basis) (continued)

Accounting policies (continued)

Interest income on finance leases is recognised progressively over the life of the lease, consistent with the outstanding investment and unearned income balance.

Interest expense also includes payments made under a liquidity facility arrangement with the Reserve Bank of Australia, the Major Bank Levy (Bank Levy) expense and other financing charges.

Net Interest Income – Reconciliation of Cash to Statutory Basis

The table below sets out the accounting impacts arising from the application of Australian Accounting Standard 139 “Financial Instruments: Recognition and Measurement” to the Group’s derivative hedging activities and other non-cash items.

	Full Year Ended (1)			Half Year Ended (1)		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Total interest income - "cash basis"	**34,588**	34,144	1	**17,073**	17,515	(3)
Hedging and IFRS volatility	**-**	-	-	**-**	-	-
Total interest income - "statutory basis"	**34,588**	34,144	1	**17,073**	17,515	(3)
Total interest expense - "cash basis"	**16,468**	15,802	4	**8,087**	8,381	(4)
Hedging and IFRS volatility	**-**	-	-	**-**	-	-
Total interest expense - "statutory basis"	**16,468**	15,802	4	**8,087**	8,381	(4)

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

1.2 Net Interest Margin (continuing operations basis)

	Full Year Ended [1]		Half Year Ended [1]	
	30 Jun 19	30 Jun 18	**30 Jun 19**	31 Dec 18
	%	%	**%**	%
Australia				
Interest spread [2] [3]	**1. 93**	2. 00	**1. 92**	1. 93
Benefit of interest-free liabilities, provisions and equity [4]	**0. 25**	0. 23	**0. 27**	0. 26
Net interest margin [3] [5]	**2. 18**	2. 23	**2. 19**	2. 19
New Zealand				
Interest spread [2] [3]	**1. 67**	1. 68	**1. 66**	1. 68
Benefit of interest-free liabilities, provisions and equity [4]	**0. 34**	0. 33	**0. 33**	0. 34
Net interest margin [3] [5]	**2. 01**	2. 01	**1. 99**	2. 02
Other Overseas				
Interest spread [2] [3]	**0. 43**	0. 67	**0. 41**	0. 45
Benefit of interest-free liabilities, provisions and equity [4]	**0. 10**	0. 05	**0. 12**	0. 09
Net interest margin [3] [5]	**0. 53**	0. 72	**0. 53**	0. 54
Total Group				
Interest spread [2]	**1. 84**	1. 92	**1. 83**	1. 85
Benefit of interest-free liabilities, provisions and equity [4]	**0. 26**	0. 23	**0. 27**	0. 25
Net interest margin [5]	**2. 10**	2. 15	**2. 10**	2. 10

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Difference between the average interest rate earned and the average interest rate paid on funds.
(3) Interest spread and margin calculations have been adjusted to include intragroup borrowings to more appropriately reflect the overseas cost of funds.
(4) A portion of the Group's interest earning assets is 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.
(5) Net interest income divided by average interest earning assets for the year or the half year annualised.

1.3 Average Balances and Related Interest (continuing operations basis)

The following tables list 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 each of the full years ended 30 June 2019 and 30 June 2018. Averages used were predominantly daily averages. Interest is accounted for based on product yield.

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 comprise overseas branches of the Group and overseas domiciled controlled entities.

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

The official cash rates in both Australia and New Zealand decreased 25 basis points during the year.

	Full Year Ended 30 Jun 19			Full Year Ended 30 Jun 18 (1)		
Interest Earning Assets	**Avg Bal $M**	**Interest $M**	**Yield %**	Avg Bal $M	Interest $M	Yield %
Home loans (2)	**466,057**	**20,089**	**4. 31**	451,607	19,823	4. 39
Consumer Finance (3)	**22,491**	**2,629**	**11. 69**	23,265	2,793	12. 01
Business and corporate loans	**220,986**	**8,731**	**3. 95**	225,037	8,699	3. 87
Loans, bills discounted and other receivables	**709,534**	**31,449**	**4. 43**	699,909	31,315	4. 47
Cash and other liquid assets	**46,547**	**753**	**1. 62**	46,272	599	1. 29
Assets at fair value through Income Statement (excluding life insurance)	**25,473**	**499**	**1. 96**	24,831	501	2. 02
Investment Securities:						
At amortised cost	**6,892**	**199**	**2. 89**	-	-	-
At fair value through other comprehensive income	**75,728**	**1,688**	**2. 23**	-	-	-
Available-for-sale investments	**-**	**-**	**-**	83,252	1,729	2. 08
Non-lending interest earning assets	**154,640**	**3,139**	**2. 03**	154,355	2,829	1. 83
Total interest earning assets (4)	**864,174**	**34,588**	**4. 00**	854,264	34,144	4. 00
Non-interest earning assets (2)	**94,415**			106,749		
Assets held for sale	**16,957**			15,274		
Total average assets	**975,546**			976,287		

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

(2) Net of average mortgage offset balances which are included in Non-interest earning assets. Gross average home loans balance in the year ended 30 June 2019, excluding mortgage offset accounts was $511,232 million (year ended 30 June 2018: $492,431 million). While these balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the calculation of the Group's Net interest margin.

(3) Consumer finance includes personal loans, credit cards and margin loans.

(4) Used for calculating Net interest margin.

1.3 Average Balances and Related Interest (continuing operations basis) (continued)

	Full Year Ended 30 Jun 19			Full Year Ended 30 Jun 18 [1]		
Interest Bearing Liabilities	**Avg Bal $M**	**Interest $M**	**Yield %**	Avg Bal $M	Interest $M	Yield %
Transaction deposits [2]	**77,010**	**582**	**0. 76**	72,068	556	0. 77
Savings deposits [2]	**179,974**	**2,006**	**1. 11**	182,501	2,281	1. 25
Investment deposits	**220,273**	**5,563**	**2. 53**	220,399	5,256	2. 38
Certificates of deposit and other	**62,308**	**1,797**	**2. 88**	61,108	1,750	2. 86
Total interest bearing deposits	**539,565**	**9,948**	**1. 84**	536,076	9,843	1. 84
Payables due to other financial institutions	**21,561**	**464**	**2. 15**	26,940	418	1. 55
Liabilities at fair value through Income Statement	**10,426**	**172**	**1. 65**	8,889	167	1. 88
Debt issues	**167,123**	**4,563**	**2. 73**	167,116	4,169	2. 49
Loan capital	**22,440**	**951**	**4. 24**	20,562	836	4. 07
Bank levy	**-**	**370**	**-**	-	369	-
Total interest bearing liabilities	**761,115**	**16,468**	**2. 16**	759,583	15,802	2. 08
Non-interest bearing liabilities [2]	**131,175**	**-**	**-**	136,113	-	-
Liabilities held for sale	**14,880**			14,721		
Total average liabilities	**907,170**			910,417		

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Net of average mortgage offset balances which are included in Non-interest bearing liabilities.

1.3 Average Balances and Related Interest (continuing operations basis) (continued)

Net Interest Margin	Full Year Ended 30 Jun 19 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30 Jun 18 [1] Avg Bal $M	Interest $M	Yield %
Total interest earning assets	**864,174**	**34,588**	**4. 00**	854,264	34,144	4. 00
Total interest bearing liabilities	**761,115**	**16,468**	**2. 16**	759,583	15,802	2. 08
Net interest income and interest spread		**18,120**	**1. 84**		18,342	1. 92
Benefit of free funds			**0. 26**			0. 23
Net interest margin			**2. 10**			2. 15

Geographical Analysis of Key Categories	Full Year Ended 30 Jun 19 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30 Jun 18 [1] Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables						
Australia	**603,394**	**26,524**	**4. 40**	597,343	26,711	4. 47
New Zealand [2]	**82,828**	**3,984**	**4. 81**	76,977	3,763	4. 89
Other Overseas [2]	**23,312**	**941**	**4. 04**	25,589	841	3. 29
Total	**709,534**	**31,449**	**4. 43**	699,909	31,315	4. 47
Non-Lending Interest Earning Assets						
Australia	**109,136**	**2,435**	**2. 23**	108,379	2,286	2. 11
New Zealand [2]	**11,235**	**231**	**2. 06**	9,830	196	1. 99
Other Overseas [2]	**34,269**	**473**	**1. 38**	36,146	347	0. 96
Total	**154,640**	**3,139**	**2. 03**	154,355	2,829	1. 83
Total Interest Bearing Deposits						
Australia	**462,629**	**7,903**	**1. 71**	462,235	7,970	1. 72
New Zealand [2]	**56,692**	**1,457**	**2. 57**	51,959	1,402	2. 70
Other Overseas [2]	**20,244**	**588**	**2. 90**	21,882	471	2. 15
Total	**539,565**	**9,948**	**1. 84**	536,076	9,843	1. 84
Other Interest Bearing Liabilities						
Australia	**174,326**	**5,267**	**3. 02**	170,303	4,725	2. 77
New Zealand [2]	**25,946**	**845**	**3. 26**	24,794	803	3. 24
Other Overseas [2]	**21,278**	**408**	**1. 92**	28,410	431	1. 52
Total	**221,550**	**6,520**	**2. 94**	223,507	5,959	2. 67

(1) Comparative information has been restated to conform to presentation in the current period.
(2) The New Zealand and Other Overseas components comprise overseas branches of the Group and overseas domiciled controlled entities.

Appendices

1.3 Average Balances and Related Interest (continuing operations basis) (continued)

Interest Earning Assets	Half Year Ended 30 Jun 19 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 18 (1) Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 18 (1) Avg Bal $M	Interest $M	Yield %
Home loans (2)	**470,493**	**10,012**	**4. 29**	461,693	10,077	4. 33	455,462	9,862	4. 37
Consumer Finance (3)	**22,275**	**1,279**	**11. 58**	22,703	1,350	11. 80	23,383	1,399	12. 07
Business and corporate loans	**219,367**	**4,284**	**3. 94**	222,579	4,447	3. 96	223,452	4,328	3. 91
Loans, bills discounted and other receivables	**712,135**	**15,575**	**4. 41**	706,975	15,874	4. 45	702,297	15,589	4. 48
Cash and other liquid assets	**44,573**	**352**	**1. 59**	48,489	401	1. 64	46,198	319	1. 39
Assets at fair value through Income Statement (excluding life insurance)	**25,759**	**236**	**1. 85**	25,192	263	2. 07	24,943	267	2. 16
Investment Securities:									
At amortised cost	**6,792**	**94**	**2. 79**	6,990	105	2. 98	-	-	-
At fair value through Other Comprehensive Income	**75,433**	**816**	**2. 18**	76,018	872	2. 28	-	-	-
Available-for-sale investments	**-**	**-**	**-**	-	-	-	83,612	898	2. 17
Non-lending interest earning assets	**152,557**	**1,498**	**1. 98**	156,689	1,641	2. 08	154,753	1,484	1. 93
Total interest earning assets (4)	**864,692**	**17,073**	**3. 98**	863,664	17,515	4. 02	857,050	17,073	4. 02
Non-interest earning assets (2)	**90,587**			98,181			108,521		
Assets held for sale	**17,965**			15,965			15,659		
Total average assets	**973,244**			977,810			981,230		

Interest Bearing Liabilities	Half Year Ended 30 Jun 19 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 18 (1) Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 18 (1) Avg Bal $M	Interest $M	Yield %
Transaction deposits (5)	**76,292**	**285**	**0. 75**	77,716	297	0. 76	72,266	281	0. 78
Savings deposits (5)	**179,841**	**973**	**1. 09**	180,104	1,033	1. 14	181,907	1,105	1. 22
Investment deposits	**219,752**	**2,743**	**2. 52**	220,786	2,820	2. 53	221,881	2,657	2. 41
Certificates of deposit and other	**63,111**	**922**	**2. 95**	61,519	875	2. 82	59,181	824	2. 81
Total interest bearing deposits	**538,996**	**4,923**	**1. 84**	540,125	5,025	1. 85	535,235	4,867	1. 83
Payables due to other financial institutions	**20,770**	**236**	**2. 29**	22,338	228	2. 02	25,252	218	1. 74
Liabilities at fair value through Income Statement	**11,514**	**84**	**1. 47**	9,356	88	1. 87	8,696	94	2. 18
Debt issues	**164,044**	**2,192**	**2. 69**	170,152	2,371	2. 76	170,431	2,170	2. 57
Loan capital	**22,194**	**468**	**4. 25**	22,683	483	4. 22	22,138	450	4. 10
Bank levy	**-**	**184**	**-**	-	186	-	-	189	-
Total interest bearing liabilities	**757,518**	**8,087**	**2. 15**	764,654	8,381	2. 17	761,752	7,988	2. 11
Non-interest bearing liabilities (5)	**130,665**			131,676			137,929		
Liabilities held for sale	**16,038**			13,741			14,902		
Total average liabilities	**904,221**			910,071			914,583		

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

(2) Net of average mortgage offset balances which are included in Non-interest earning assets. Gross average home loans balance for half year ended June 2019, excluding mortgage offset accounts is $516,493 million (half year ended 31 December 2018: $506,054; half year ended 30 June 2018: $497,441 million). While these balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the calculation of the Group's Net interest margin.

(3) Consumer finance includes personal loans, credit cards and margin loans.

(4) Used for calculating Net interest margin.

(5) Net of average mortgage offset balances which are included in Non-interest bearing liabilities.

1.3 Average Balances and Related Interest (continuing operations basis) (continued)

Net Interest Margin	Half Year Ended 30 Jun 19 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 18 (1) Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 18 (1) Avg Bal $M	Interest $M	Yield %
Total interest earning assets	**864,692**	**17,073**	**3. 98**	863,664	17,515	4. 02	857,050	17,073	4. 02
Total interest bearing liabilities	**757,518**	**8,087**	**2. 15**	764,654	8,381	2. 17	761,752	7,988	2. 11
Net interest income and interest spread		**8,986**	**1. 83**		9,134	1. 85		9,085	1. 91
Benefit of free funds			**0. 27**			0. 25			0. 23
Net interest margin			**2. 10**			2. 10			2. 14

Geographical Analysis of Key Categories	Half Year Ended 30 Jun 19 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 18 (1) Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 18 (1) Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables									
Australia	**604,877**	**13,103**	**4. 37**	601,934	13,421	4. 42	598,119	13,261	4. 47
New Zealand (2)	**85,323**	**2,013**	**4. 76**	80,374	1,971	4. 86	78,521	1,901	4. 88
Other Overseas (2)	**21,935**	**459**	**4. 22**	24,667	482	3. 88	25,657	427	3. 36
Total	**712,135**	**15,575**	**4. 41**	706,975	15,874	4. 45	702,297	15,589	4. 48
Non-Lending Interest Earning Assets									
Australia	**109,125**	**1,157**	**2. 14**	109,144	1,278	2. 32	105,831	1,173	2. 24
New Zealand (2)	**11,214**	**113**	**2. 03**	11,255	118	2. 08	10,754	107	2. 01
Other Overseas (2)	**32,218**	**228**	**1. 43**	36,290	245	1. 34	38,168	204	1. 08
Total	**152,557**	**1,498**	**1. 98**	156,689	1,641	2. 08	154,753	1,484	1. 93
Total Interest Bearing Deposits									
Australia	**462,197**	**3,907**	**1. 70**	463,055	3,996	1. 71	459,561	3,926	1. 72
New Zealand (2)	**57,667**	**721**	**2. 52**	55,732	736	2. 62	52,838	691	2. 64
Other Overseas (2)	**19,132**	**295**	**3. 11**	21,338	293	2. 72	22,836	250	2. 21
Total	**538,996**	**4,923**	**1. 84**	540,125	5,025	1. 85	535,235	4,867	1. 83
Other Interest Bearing Liabilities									
Australia	**172,105**	**2,539**	**2. 97**	176,512	2,728	3. 07	174,996	2,511	2. 89
New Zealand (2)	**26,710**	**431**	**3. 25**	25,194	414	3. 26	25,321	404	3. 22
Other Overseas (2)	**19,707**	**194**	**1. 99**	22,823	214	1. 86	26,200	206	1. 59
Total	**218,522**	**3,164**	**2. 92**	224,529	3,356	2. 96	226,517	3,121	2. 78

(1) Comparative information has been restated to conform to presentation in the current period.
(2) The New Zealand and Other Overseas components comprise overseas branches of the Group and overseas domiciled controlled entities.

1.4 Interest Rate and Volume Analysis (continuing operations basis)

The following tables show the movement in interest income and expense due to changes in volume and interest rates. Volume variances reflect the change in interest from the prior year due to movement in the average balance. Rate variance reflects the change in interest from the prior year due to changes in interest rates.

	Full Year Ended Jun 19 vs Jun 18 [1]			Full Year Ended Jun 18 vs Jun 17 [1]		
Interest Earning Assets [2]	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Home loans	**623**	**(357)**	**266**	709	114	823
Consumer finance	**(90)**	**(74)**	**(164)**	(30)	(34)	(64)
Business and corporate loans	**(160)**	**192**	**32**	149	(221)	(72)
Loans, bills discounted and other receivables	**427**	**(293)**	**134**	884	(197)	687
Cash and other liquid assets	**4**	**150**	**154**	(29)	158	129
Assets at fair value through Income Statement (excluding life insurance)	**13**	**(15)**	**(2)**	(16)	27	11
Investment securities [3]	**(14)**	**172**	**158**	57	65	122
Non-lending interest earning assets	**6**	**304**	**310**	(4)	266	262
Total interest earning assets	**397**	**47**	**444**	780	169	949

	Full Year Ended Jun 19 vs Jun 18 [1]			Full Year Ended Jun 18 vs Jun 17 [1]		
Interest Bearing Liabilities [2]	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Transaction deposits	**37**	**(11)**	**26**	41	8	49
Savings deposits	**(28)**	**(247)**	**(275)**	(10)	(128)	(138)
Investment deposits	**(3)**	**310**	**307**	197	(279)	(82)
Certificates of deposit and other	**35**	**12**	**47**	(226)	(169)	(395)
Total interest bearing deposits	**64**	**41**	**105**	90	(656)	(566)
Payables due to other financial institutions	**(116)**	**162**	**46**	(53)	171	118
Liabilities at fair value through Income Statement	**25**	**(20)**	**5**	7	58	65
Debt issues	**-**	**394**	**394**	(45)	55	10
Loan capital	**80**	**35**	**115**	157	-	157
Bank levy	**-**	**1**	**1**	-	369	369
Total interest bearing liabilities	**33**	**633**	**666**	83	70	153

	Full Year Ended [1]	
Change in Net Interest Income [2]	Jun 19 vs Jun 18 Increase/(Decrease) $M	Jun 18 vs Jun 17 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	208	419
Due to changes in interest margin	(430)	377
Due to variation in time period	-	-
Change in net interest income	(222)	796

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

(2) "Rate" reflects the change due to movements in yield assuming average volume is consistent across the two periods, "Volume" reflects change due to balance growth assuming average rate is consistent across the two periods and the impact of variation in calendar days. 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).

(3) Investment securities at FVOCI and investment Securities at amortised cost have been compared to Available-for-sale investments in the prior periods.

1.4 Interest Rate and Volume Analysis (continuing operations basis) (continued)

Geographical Analysis of Key Categories [2]	Full Year Ended Jun 19 vs Jun 18 [1] Volume $M	Rate $M	Total $M	Full Year Ended Jun 18 vs Jun 17 [1] Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	**266**	**(453)**	**(187)**	727	(176)	551
New Zealand	**281**	**(60)**	**221**	106	(90)	16
Other Overseas	**(92)**	**192**	**100**	44	76	120
Total	**427**	**(293)**	**134**	884	(197)	687
Non-Lending Interest Earning Assets						
Australia	**17**	**132**	**149**	1	114	115
New Zealand	**29**	**6**	**35**	43	(9)	34
Other Overseas	**(26)**	**152**	**126**	(23)	136	113
Total	**6**	**304**	**310**	(4)	266	262
Total Interest Bearing Deposits						
Australia	**7**	**(74)**	**(67)**	66	(678)	(612)
New Zealand	**122**	**(67)**	**55**	59	(108)	(49)
Other Overseas	**(48)**	**165**	**117**	(24)	119	95
Total	**64**	**41**	**105**	90	(656)	(566)
Other Interest Bearing Liabilities						
Australia	**122**	**420**	**542**	119	615	734
New Zealand	**38**	**4**	**42**	56	(55)	1
Other Overseas	**(137)**	**114**	**(23)**	(106)	90	(16)
Total	**(58)**	**619**	**561**	(25)	744	719

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

(2) "Rate" reflects the change due to movements in yield assuming average volume is consistent across the two periods, "Volume" reflects change due to balance growth assuming average rate is consistent across the two periods and the impact of variation in calendar days. 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).

Appendices

1.4 Interest Rate and Volume Analysis (continuing operations basis) (continued)

Interest Earning Assets [2]	Half Year Ended Jun 19 vs Dec 18 [1] Volume $M	Rate $M	Total $M	Half Year Ended Jun 19 vs Jun 18 [1] Volume $M	Rate $M	Total $M
Home loans	23	(88)	(65)	320	(170)	150
Consumer Finance	(47)	(24)	(71)	(64)	(56)	(120)
Business and corporate loans	(135)	(28)	(163)	(80)	36	(44)
Loans, bills discounted and other receivables	(146)	(153)	(299)	215	(229)	(14)
Cash and other liquid assets	(37)	(12)	(49)	(13)	46	33
Assets at fair value through Income Statement (excluding life insurance)	1	(28)	(27)	7	(38)	(31)
Investment Securities [3]	(25)	(42)	(67)	(15)	27	12
Non-lending interest earning assets	(67)	(76)	(143)	(22)	36	14
Total interest earning assets	(265)	(177)	(442)	151	(151)	-

Interest Bearing Liabilities [2]	Half Year Ended Jun 19 vs Dec 18 [1] Volume $M	Rate $M	Total $M	Half Year Ended Jun 19 vs Jun 18 [1] Volume $M	Rate $M	Total $M
Transaction deposits	(10)	(2)	(12)	15	(11)	4
Savings deposits	(18)	(42)	(60)	(11)	(121)	(132)
Investment deposits	(59)	(18)	(77)	(27)	113	86
Certificates of deposit and other	9	38	47	57	41	98
Total interest bearing deposits	(92)	(10)	(102)	34	22	56
Payables due to other financial institutions	(22)	30	8	(51)	69	18
Liabilities at fair value through Income Statement	14	(18)	(4)	21	(31)	(10)
Debt issues	(120)	(59)	(179)	(85)	107	22
Loan capital	(18)	3	(15)	1	17	18
Bank levy	-	(2)	(2)	-	(5)	(5)
Total interest bearing liabilities	(213)	(81)	(294)	(45)	144	99

Change in Net Interest Income [2]	Half Year Ended [1] Jun 19 vs Dec 18 Increase/(Decrease) $M	Jun 19 vs Jun 18 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	11	79
Due to changes in interest margin	(10)	(178)
Due to variation in time periods	(149)	-
Change in net interest income	(148)	(99)

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

(2) "Rate" reflects the change due to movements in yield assuming average volume is consistent across the two periods, "Volume" reflects change due to balance growth assuming average rate is consistent across the two periods and the impact of variation in calendar days. 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).

(3) Investment securities at FVOCI and investment Securities at amortised cost have been compared to Available-for-sale investments in the prior periods.

1.4 Interest Rate and Volume Analysis (continuing operations basis) (continued)

Geographical analysis of key categories [2]	Half Year Ended Jun 19 vs Dec 18 [1] Volume $M	Rate $M	Total $M	Half Year Ended Jun 19 vs Jun 18 [1] Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	(155)	(163)	(318)	146	(304)	(158)
New Zealand	85	(43)	42	160	(48)	112
Other Overseas	(65)	42	(23)	(78)	110	32
Total	(146)	(153)	(299)	215	(229)	(14)
Non-Lending Interest Earning Assets						
Australia	(21)	(100)	(121)	35	(51)	(16)
New Zealand	(2)	(3)	(5)	5	1	6
Other Overseas	(33)	16	(17)	(42)	66	24
Total	(67)	(76)	(143)	(22)	36	14
Total Interest Bearing Deposits						
Australia	(72)	(17)	(89)	22	(41)	(19)
New Zealand	12	(27)	(15)	60	(30)	30
Other Overseas	(39)	41	2	(57)	102	45
Total	(92)	(10)	(102)	34	22	56
Other Interest Bearing Liabilities						
Australia	(109)	(80)	(189)	(43)	71	28
New Zealand	18	(1)	17	22	5	27
Other Overseas	(34)	14	(20)	(64)	52	(12)
Total	(142)	(50)	(192)	(116)	159	43

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

(2) "Rate" reflects the change due to movements in yield assuming average volume is consistent across the two periods, "Volume" reflects change due to balance growth assuming average rate is consistent across the two periods and the impact of variation in calendar days. 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).

1.5 Other Banking Income (continuing operations basis)

	Full Year Ended [1]			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	30 Jun 19 $M	31 Dec 18 $M	Jun 19 vs Dec 18 %
Lending fees	**992**	1,109	(11)	**485**	507	(4)
Commissions	**2,673**	2,712	(1)	**1,313**	1,360	(3)
Trading income	**974**	1,025	(5)	**480**	494	(3)
Net gain/(loss) on non-trading financial instruments [2]	**(113)**	58	large	**(13)**	(100)	(87)
Net gain/(loss) on sale of property, plant and equipment	**(9)**	(17)	(47)	**(5)**	(4)	25
Net gain/(loss) from hedging ineffectiveness	**13**	12	8	**3**	10	(70)
Dividends	**5**	10	(50)	**3**	2	50
Share of profit of associates and joint ventures net of impairment	**296**	317	(7)	**118**	178	(34)
Other [3]	**163**	197	(17)	**79**	84	(6)
Total other banking income - "statutory basis"	**4,994**	5,423	(8)	**2,463**	2,531	(3)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Inclusive of non-trading derivatives that are held for risk management purposes.
(3) Includes depreciation of $72 million (30 June 18: $74 million).

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 [1]			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	30 Jun 19 $M	31 Dec 18 $M	Jun 19 vs Dec 18 %
Other banking income - "cash basis"	**5,068**	5,215	(3)	**2,432**	2,636	(8)
Revenue hedge of New Zealand operations - unrealised	**(134)**	124	large	**4**	(138)	large
Hedging and IFRS volatility	**18**	19	(5)	**11**	7	57
Gain on disposal and acquisition of entities net of transaction costs	**42**	65	(35)	**16**	26	(38)
Other banking income - "statutory basis"	**4,994**	5,423	(8)	**2,463**	2,531	(3)

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

1.6 Operating Expenses (continuing operations basis)

	Full Year Ended [1]			Half Year Ended		
	30 Jun 19 $M	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Staff Expenses						
Salaries and related on-costs	**5,418**	4,963	9	**2,775**	2,643	5
Share-based compensation	**99**	69	43	**62**	37	68
Superannuation	**398**	407	(2)	**203**	195	4
Total staff expenses	**5,915**	5,439	9	**3,040**	2,875	6
Occupancy and Equipment Expenses						
Operating lease rentals	**654**	665	(2)	**322**	332	(3)
Depreciation of property, plant and equipment	**270**	271	-	**142**	128	11
Other occupancy expenses	**174**	198	(12)	**85**	89	(4)
Total occupancy and equipment expenses	**1,098**	1,134	(3)	**549**	549	-
Information Technology Services						
Application, maintenance and development	**721**	553	30	**383**	338	13
Data processing	**183**	200	(9)	**95**	88	8
Desktop	**142**	153	(7)	**69**	73	(5)
Communications	**217**	179	21	**123**	94	31
Amortisation of software assets [2]	**598**	563	6	**288**	310	(7)
Software write-offs	**13**	71	(82)	**13**	-	large
IT equipment depreciation	**93**	80	16	**49**	44	11
Total information technology services	**1,967**	1,799	9	**1,020**	947	8
Other Expenses						
Postage and stationery	**159**	177	(10)	**75**	84	(11)
Transaction processing and market data	**156**	138	13	**79**	77	3
Fees and commissions:						
Professional fees	**490**	671	(27)	**207**	283	(27)
Other	**239**	133	80	**126**	113	12
Advertising, marketing and loyalty	**453**	496	(9)	**227**	226	-
Amortisation of intangible assets (excluding software and merger related amortisation)	**11**	13	(15)	**5**	6	(17)
Non-lending losses [3]	**656**	838	(22)	**632**	24	large
Other	**125**	157	(20)	**20**	105	(81)
Total other expenses	**2,289**	2,623	(13)	**1,371**	918	49
Operating expenses before restructuring, separation and transaction costs	**11,269**	10,995	2	**5,980**	5,289	13
Restructuring, separation and transaction costs [4]	**104**	34	large	**76**	28	large
Total operating expenses	**11,373**	11,029	3	**6,056**	5,317	14

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

(2) The year ended 30 June 2019 includes $161 million of amortisation for prepaid software licenses ($136 million for the year ended 30 June 2018, $83 million for the half year ended 30 June 2019, $78 million for the half year ended 31 December 2018).

(3) The half year ended 31 December 2018 includes $145 million of insurance recoveries in relation to the AUSTRAC civil penalty. The year ended 30 June 2018 includes $700 million for the AUSTRAC civil penalty ($325 million for the half year ended 30 June 2018 and $375 million for the half year ended 31 December 2017).

(4) The year ended 30 June 2019 includes $102 million of transaction and separation costs ($30 million for the year ended 30 June 2018, $76 million for the half year ended 30 June 2019, $26 million for the half year ended 31 December 2018). The year ended 30 June 2019 includes $2 million of merger related amortisation ($4 million for the year ended 30 June 2018, $2 million for the half year ended 31 December 2018) relating to Bankwest core deposits and customer lists.

1.7 Income Tax Expense

	Full Year Ended (1)		Half Year Ended	
	30 Jun 19	30 Jun 18	**30 Jun 19**	31 Dec 18
	$M	$M	**$M**	$M
Profit before income tax	**11,763**	13,022	**5,351**	6,412
Prima facie income tax at 30%	**3,529**	3,907	**1,605**	1,924
Effect of amounts which are non-deductible/(assessable) in calculating taxable income:				
Taxation offsets and other dividend adjustments	**-**	(7)	**-**	-
Offshore tax rate differential	**(40)**	(36)	**(20)**	(20)
Offshore banking unit	**(32)**	(39)	**(14)**	(18)
Effect of changes in tax rates	**1**	15	**1**	-
Income tax over provided in previous years	**(101)**	(70)	**(39)**	(62)
Non-deductible expense provision (2)	**-**	210	**-**	-
Other	**34**	(28)	**27**	7
Total income tax expense	**3,391**	3,952	**1,560**	1,831
Effective tax rate (%)	**28. 8**	30. 3	**29. 2**	28. 6

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Due to the $700 million AUSTRAC civil penalty which is non-deductible for tax purposes.

2) Our Lending Activities

Overview

Lending is the Group's primary business activity, generating most of its net interest income and lending fees. The Group satisfies customers' needs for borrowed funds by providing a broad range of lending products in Australia, New Zealand and other jurisdictions. As a result of its lending activities the Group assumes credit risk arising from the potential that borrowers will fail to meet their obligations in accordance with agreed lending terms.

This section provides details of the Group's lending portfolio by type of product and geographical regions, analysis of the credit quality of the Group's lending portfolio and the related impairment provisions.

2.1 Loans, Bills Discounted and Other Receivables

	As at		
	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M
Australia			
Overdrafts	**26,297**	25,920	25,217
Home loans (1) (2)	**467,361**	458,983	451,367
Credit card outstandings	**11,271**	11,521	11,877
Lease financing	**4,410**	4,676	4,318
Bills discounted (3)	**1,955**	2,854	4,280
Term loans and other lending	**141,695**	146,416	147,028
Total Australia	**652,989**	650,370	644,087
New Zealand			
Overdrafts	**1,265**	1,030	1,123
Home loans (1)	**54,679**	52,626	49,425
Credit card outstandings	**1,069**	1,077	993
Lease financing	**8**	14	23
Term loans and other lending	**29,814**	29,440	27,303
Total New Zealand	**86,835**	84,187	78,867
Other Overseas			
Overdrafts	**577**	551	534
Home loans	**902**	896	873
Lease financing	**-**	-	2
Term loans and other lending	**19,678**	23,353	23,666
Total Other Overseas	**21,157**	24,800	25,075
Gross loans, bills discounted and other receivables	**760,981**	759,357	748,029
Less:			
Provisions for Loan Impairment (4):			
Collective provision	**(3,820)**	(3,711)	(2,735)
Individually assessed provisions	**(895)**	(920)	(870)
Unearned income:			
Term loans	**(739)**	(792)	(692)
Lease financing	**(386)**	(427)	(367)
	(5,840)	(5,850)	(4,664)
Net loans, bills discounted and other receivables	**755,141**	753,507	743,365

(1) Home loans balance includes residential mortgages that have been assigned to securitisation vehicles and covered bond trusts. Further detail on these residential mortgages is disclosed in Appendix 5.2.

(2) Home loans are presented gross of mortgage offset balances, which are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.

(3) On adoption of AASB 9 on 1 July 2018, bills discounted were reclassified from the trading category under AASB 139 to the amortised cost category under AASB 9 as the bills no longer meet the definition of a trading asset and they are held under the business model to collect. The reclassification did not have an impact on the Group's retained profits. As permitted by AASB 9, comparative information has not been restated.

(4) The adoption of AASB 9 impairment requirements on 1 July 2018 resulted in $968 million increase in the Group's collective provisions on loans, bills discounted and other receivables and $87 million increase in collective provisions for off-balance sheet instruments. As permitted by AASB 9, comparative information has not been restated.

2.1 Loans, Bills Discounted and Other Receivables (continued)

Accounting policies

Loans, bills discounted and other receivables include overdrafts, home loans, credit card and other personal lending, term loans, and discounted bills. These financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual cash flows on these financial assets comprise the payment of principal and interest only. These instruments are accordingly measured at amortised cost.

Loans, bills discounted and other receivables are recognised on settlement date, when funding is advanced to the borrowers. They are initially recognised at their fair value plus directly attributable transaction costs such as broker fees. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method and are presented net of provisions for impairment. For the accounting policy for provisions for impairment, refer to Appendix 2.2.

Finance leases, where the Group acts as lessor, are also included in Loans, bills discounted and other receivables. Finance leases are those where substantially all the risks and rewards of the lease asset have been transferred to the lessee. Lease receivables are recognised at an amount equal to the net investment in the lease. Finance lease income reflects a constant periodic return on this net investment and is recognised within interest income in the Income Statement.

Critical accounting judgements and estimates

When applying this effective interest method the Group has estimated the behavioural term of each loan portfolio by reference to historical prepayment rates and the contractual maturity.

2.2 Provisions for Impairment and Asset Quality

	As at 30 June 2019 (1)				
	Home Loans $M	Other Personal (2) $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	304,262	4,394	649	88,040	397,345
Pass Grade	192,531	15,583	7,140	109,542	324,796
Weak	12,214	1,961	275	4,983	19,433
Total loans which were neither past due nor impaired	509,007	21,938	8,064	202,565	741,574
Loans which were past due but not impaired (3)					
Past due 1 - 29 days	6,158	809	164	1,507	8,638
Past due 30 - 59 days	2,113	228	36	214	2,591
Past due 60 - 89 days	1,096	138	17	136	1,387
Past due 90 - 179 days	1,358	16	2	191	1,567
Past due 180 days or more	1,410	11	-	349	1,770
Total loans past due but not impaired	12,135	1,202	219	2,397	15,953

	As at 30 June 2018				
	Home Loans $M	Other Personal (2) $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	323,464	4,608	652	95,362	424,086
Pass Grade	156,698	15,407	7,859	109,263	289,227
Weak	8,455	4,045	243	3,713	16,456
Total loans which were neither past due nor impaired	488,617	24,060	8,754	208,338	729,769
Loans which were past due but not impaired					
Past due 1 - 29 days	5,930	755	159	1,438	8,282
Past due 30 - 59 days	1,932	224	42	206	2,404
Past due 60 - 89 days	1,068	140	12	101	1,321
Past due 90 - 179 days	1,455	14	4	155	1,628
Past due 180 days or more	1,318	9	-	261	1,588
Total loans past due but not impaired	11,703	1,142	217	2,161	15,223

(1) During the year ended 30 June 2019, the Group implemented new Australian residential mortgage regulatory capital models which resulted in movements of credit risk exposures across PD bands. There was a reduction in investment grade and an increase in pass and weak grade home loans exposures as a result of this change.
(2) Included in these balances are credit card facilities and other unsecured portfolio managed facilities up to 90 days past due. At 90 days past due all unsecured portfolio managed facilities are classified as impaired.
(3) Includes assets in Stage 3 that have defaulted, but have not been classified as credit impaired as the loans are well secured and expected to be recovered.

2.2 Provisions for Impairment and Asset Quality (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 19 $M	30 Jun 18 $M	**30 Jun 19 $M**	31 Dec 18 $M
Movement in gross impaired assets				
Gross impaired assets - opening balance	**3,179**	3,187	**3,560**	3,179
New and increased	**2,289**	2,136	**1,103**	1,186
Balances written off	**(1,245)**	(1,196)	**(628)**	(617)
Returned to performing or repaid	**(1,328)**	(1,666)	**(786)**	(542)
Portfolio managed - new/increased/return to performing/repaid	**727**	718	**373**	354
Gross impaired assets - closing balance (1) (2)	**3,622**	3,179	**3,622**	3,560

(1) Includes $3,454 million of loans and advances and $168 million of other financial assets (31 December 2018: $3,242 million of loans and advances and $318 million of other financial assets; 30 June 2018: $3,037 million of loans and advances and $142 million of other financial assets).

(2) As at 30 June 2019, impaired assets include those assets in Stage 3 that are considered impaired, as well as restructured assets in Stage 2.

	As at	
	30 Jun 19 $M	30 Jun 18 $M
Impaired assets by size of asset (1)		
Less than $1 million	**1,964**	1,557
$1 million to $10 million	**775**	766
Greater than $10 million	**883**	856
Gross impaired assets	**3,622**	3,179
Less total provisions for impaired assets (2)	**(1,187)**	(1,068)
Net impaired assets	**2,435**	2,111

(1) As at 30 June 2019, impaired assets include those assets in Stage 3 that are considered impaired, as well as restructured assets in Stage 2. Provisions for impaired assets include $9 million for restructured assets in Stage 2.

(2) Includes $895 million of individually assessed provisions and $292 million of collective provisions (30 June 2018: $870 million of individually assessed provisions and $198 million of collective provisions).

2.2 Provisions for Impairment and Asset Quality (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 19	30 Jun 18	**30 Jun 19**	31 Dec 18
	$M	$M	**$M**	$M
Provision for impairment losses				
Collective provision				
Opening balance	**2,763**	2,747	**3,814**	2,763
Change on adoption of AASB 9 (1)	**1,055**	-	**-**	1,055
Net collective provision funding	**724**	716	**412**	312
Impairment losses written off	**(901)**	(871)	**(463)**	(438)
Impairment losses recovered	**206**	201	**102**	104
Other	**57**	(30)	**39**	18
Closing balance	**3,904**	2,763	**3,904**	3,814
Individually assessed provisions				
Opening balance	**870**	980	**920**	870
Net new and increased individual provisioning	**619**	625	**271**	348
Write-back of provisions no longer required	**(142)**	(262)	**(59)**	(83)
Discount unwind to interest income	**(23)**	(25)	**(13)**	(10)
Impairment losses written off	**(500)**	(548)	**(256)**	(244)
Other	**71**	100	**32**	39
Closing balance	**895**	870	**895**	920
Total provisions for impairment losses	**4,799**	3,633	**4,799**	4,734
Less: Off Balance Sheet provisions	**(84)**	(28)	**(84)**	(103)
Total provisions for loan impairment	**4,715**	3,605	**4,715**	4,631

(1) The adoption of AASB 9 impairment requirements has resulted in $1,055 million increase in collective provisions on 1 July 2018. This includes $968 million for loans, bills discounted and other receivables and $87 million for off-balance sheet instruments (recognised in other provisions). As permitted by AASB 9, comparative information has not been restated. For details on the adoption of AASB 9 refer to Note 1.1 in the Annual Report.

	Full Year Ended		Half Year Ended	
	30 Jun 19	30 Jun 18	**30 Jun 19**	31 Dec 18
	%	%	**%**	%
Provision ratios				
Total provisions for impaired assets as a % of gross impaired assets	**32. 77**	33. 60	**32. 77**	33. 34
Total provisions for impairment losses as a % of gross loans and acceptances	**0. 63**	0. 49	**0. 63**	0. 62

	Full Year Ended		Half Year Ended	
	30 Jun 19	30 Jun 18	**30 Jun 19**	31 Dec 18
	$M	$M	**$M**	$M
Loan impairment expense				
Net collective provision funding	**724**	716	**412**	312
Net new and increased individual provisioning	**619**	625	**271**	348
Write-back of individually assessed provisions	**(142)**	(262)	**(59)**	(83)
Total loan impairment expense	**1,201**	1,079	**624**	577

2.2 Provisions for Impairment and Asset Quality (continued)

Accounting policies

By providing loans to customers, the Group bears the risk that the future circumstances of customers might change, including their ability to repay their loans in part or in full. While the Group's credit and responsible lending policies aim to minimise this risk, there will always be instances where the Group will not receive the full amount owed and hence a provision for impaired loans will be necessary.

On 1 July 2018, the Group adopted the AASB 9 impairment requirements, which resulted in the implementation of an expected credit loss impairment model. As a result, from 1 July 2018 provisions are recognised in accordance with the AASB 9 expected credit loss approach. Refer to Note 1.1 of the 2019 Annual Report for the Group's accounting policies and critical accounting judgements and estimates involved in calculating AASB 9 impairment provisions.

3) Our Deposits and Funding Activities

Overview

Stable and well diversified funding sources are critical to the Group's ability to fund its lending and investing activities, and support growing its business.

Our main sources of funding include customer deposits, and term funds raised in domestic and offshore wholesale markets via issuing debt securities and loan capital. The Group also relies on repurchase agreements as a source of short-term wholesale funding. Refer to Note 9.4 of the 2019 Annual Report for the Group's management of liquidity and funding risk.

3.1 Deposits and Other Public Borrowings

	As at (1)		
	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M
Australia			
Certificates of deposit	**30,924**	30,849	31,405
Term deposits	**148,313**	155,976	149,924
On-demand and short-term deposits	**308,299**	299,521	300,607
Deposits not bearing interest	**49,274**	48,081	46,082
Securities sold under agreements to repurchase	**19,099**	17,382	14,696
Total Australia	**555,909**	551,809	542,714
New Zealand			
Certificates of deposit	**3,229**	3,450	2,339
Term deposits	**32,537**	31,484	29,580
On-demand and short-term deposits	**22,167**	22,328	20,629
Deposits not bearing interest	**5,286**	5,114	4,418
Total New Zealand	**63,219**	62,376	56,966
Other Overseas			
Certificates of deposit	**8,915**	9,347	6,170
Term deposits	**6,610**	11,432	14,316
On-demand and short-term deposits	**1,324**	1,420	2,011
Deposits not bearing interest	**63**	35	57
Securities sold under agreements to repurchase	**-**	591	-
Total Other Overseas	**16,912**	22,825	22,554
Total deposits and other public borrowings	**636,040**	637,010	622,234

(1) Current year balances reflect the adoption of AASB 9 'Financial Instruments' on 1 July 2018. As permitted by AASB 9, comparative information has not been restated. For details on adoption of AASB 9, refer to Note 1.1 of the 2019 Annual Report.

Accounting policies

Deposits from customers include certificates of deposit, term deposits, savings deposits, other demand deposits and debentures. Deposits are initially recognised at their fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost. Interest incurred is recognised within Net Interest Income using the effective interest method.

Securities sold under repurchase agreements are retained in the Financial Statements where substantially all the risks and rewards of ownership remain with the Group. A liability for the agreed repurchase amount is recognised within deposits and other public borrowings.

Appendices

4) Our Capital, Equity and Reserves

Overview

The Group maintains a strong capital position in order to satisfy regulatory capital requirements, provide financial security to its depositors and creditors and adequate return to its shareholders. The Group's Shareholders' Equity includes issued ordinary shares, retained earnings and reserves.

This section provides analysis of the Group's Shareholder's Equity including changes during the period.

4.1 Capital

The tables below show the APRA Basel III capital adequacy calculation at 30 June 2019 together with prior period comparatives.

	As at		
Risk Weighted Capital Ratios	**30 Jun 19 %**	31 Dec 18 %	30 Jun 18 %
Common Equity Tier 1	**10. 7**	10. 8	10. 1
Tier 1	**12. 7**	12. 9	12. 3
Tier 2	**2. 8**	2. 9	2. 7
Total Capital	**15. 5**	15. 8	15. 0

	As at		
	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M
Ordinary Share Capital and Treasury Shares			
Ordinary Share Capital	**38,020**	38,015	37,270
Treasury Shares (1)	**194**	268	265
Ordinary Share Capital and Treasury Shares	**38,214**	38,283	37,535
Reserves			
Reserves	**3,092**	2,051	1,676
Reserves related to non-consolidated subsidiaries (2)	**52**	73	(80)
Total Reserves	**3,144**	2,124	1,596
Retained Earnings and Current Period Profits			
Retained earnings and current period profits	**28,482**	27,959	28,360
Retained earnings adjustment from non-consolidated subsidiaries (3)	**(437)**	(434)	(342)
Net Retained Earnings	**28,045**	27,525	28,018
Non-controlling interests			
Non-controlling interests (4)	**55**	553	554
Less ASB perpetual preference shares (5)	**-**	(505)	(505)
Less other non-controlling interests not eligible for inclusion in regulatory capital	**(55)**	(48)	(49)
Non-controlling interests	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**69,403**	67,932	67,149

(1) Represents shares held by the Group's life insurance businesses ($86 million) and eligible employee share scheme trusts ($108 million).

(2) Represents equity reserve balances associated with the insurance and funds management entities, and those entities through which securitisation of the Group's assets are conducted. These entities are classified as non-consolidated subsidiaries by APRA and are excluded from the Level 2 Regulatory Consolidated Banking Group.

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

(4) Non-controlling interests predominantly comprise of external equity interests of subsidiaries.

(5) In May 2019 the Group redeemed ASB perpetual shares issued by its New Zealand subsidiaries.

4.1 Capital (continued)

	As at		
	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M
Common Equity Tier 1 regulatory adjustments			
Goodwill [1]	**(7,680)**	(7,504)	(8,021)
Other intangibles (including software) [2]	**(2,013)**	(2,108)	(2,124)
Capitalised costs and deferred fees	**(720)**	(741)	(714)
Defined benefit superannuation plan surplus [3]	**(324)**	(308)	(407)
General reserve for credit losses [4]	**(360)**	(378)	(412)
Deferred tax asset	**(2,581)**	(2,286)	(1,911)
Cash flow hedge reserve	**(787)**	(57)	160
Employee compensation reserve	**(161)**	(103)	(145)
Equity investments [5]	**(3,088)**	(3,113)	(2,967)
Equity investments in non-consolidated subsidiaries [6]	**(2,906)**	(2,887)	(3,474)
Shortfall of provisions to expected losses [7]	**-**	-	(212)
Unrealised fair value adjustments [8]	**(52)**	(74)	(116)
Other	**(364)**	(347)	(336)
Common Equity Tier 1 regulatory adjustments	**(21,036)**	(19,906)	(20,679)
Common Equity Tier 1	**48,367**	48,026	46,470
Additional Tier 1 Capital			
Basel III complying instruments [9]	**9,045**	9,045	9,455
Basel III non-complying instruments net of transitional amortisation [10]	**143**	647	640
Holding of Additional Tier 1 Capital [11]	**(200)**	(200)	(200)
Additional Tier 1 Capital	**8,988**	9,492	9,895
Tier 1 Capital	**57,355**	57,518	56,365
Tier 2 Capital			
Basel III complying instruments [12]	**11,368**	11,586	11,262
Basel III non-complying instruments net of transitional amortisation [13]	**613**	605	1,166
Holding of Tier 2 Capital	**(30)**	(23)	(25)
Prudential general reserve for credit losses [14]	**799**	764	176
Total Tier 2 Capital	**12,750**	12,932	12,579
Total Capital	**70,105**	70,450	68,944

(1) Goodwill excludes $254 million which is included in equity investments in non-controlled subsidiaries. In addition, Goodwill also includes $1,960 million Goodwill from discontinued operations.
(2) Other intangibles (including capitalised software costs), net of any associated deferred tax liability. Other intangibles also includes $89 million other intangibles from discontinued operations.
(3) Represents the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability.
(4) Adjustment to ensure the Group has sufficient provisions and capital to cover credit losses estimated to arise over the full life of individual facilities, as required by APRA Prudential Standard APS 220.
(5) Represents the Group's non-controlling interest in other entities.
(6) Non-consolidated subsidiaries primarily represent the insurance and funds management companies operating in the Colonial Group. The Group's insurance and funds management operating entities held $1,729 million of capital in excess of minimal regulatory requirements at 30 June 2019.
(7) Regulatory Expected Loss (pre-tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions (pre-tax).
(8) Includes gains due to changes in our credit risk on fair valued liabilities and other prudential valuation adjustments.
(9) As at 30 June 2019, comprises PERLS XI $1.590 million (December 2018), PERLS X $1.365 million (April 2018), PERLS IX $1.640 million (March 2017), PERLS VIII $1.450 million (March 2016), and PERLS VII $3,000 million (October 2014).
(10) Represents APRA Basel III non-compliant Additional Tier 1 Capital Instruments that are eligible for Basel III transitional relief.
(11) Represents holdings of Additional Tier 1 capital instruments issued by the Colonial Mutual Life Assurance Society Limited.
(12) In the full year ended 30 June 2019, no Basel III compliant Tier 2 Capital notes were issued by the Group.
(13) Includes both perpetual and term instruments subordinated to depositors and general creditors, having an original maturity of at least five years. APRA require these to be included as if they were unhedged. Term instruments are amortised 20% of the original amount during each of the last five years to maturity. These instruments are eligible for Basel III transitional relief.
(14) Represents the collective provision and general reserve for credit losses for exposures in the Group which are measured for capital purposes under the Standardised approach to credit risk.

4.1 Capital (continued)

Risk Weighted Assets (RWA)	As at 30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M
Credit Risk			
Subject to AIRB approach [1]			
Corporate	**64,683**	68,915	68,479
SME Corporate	**30,478**	30,121	32,772
SME retail	**6,896**	5,400	4,709
SME retail secured by residential mortgage	**3,335**	3,415	2,458
Sovereign	**2,456**	2,330	2,509
Bank	**9,451**	9,741	11,097
Residential mortgage	**147,956**	143,017	139,203
Qualifying revolving retail	**8,486**	8,942	9,592
Other retail	**13,990**	15,729	15,750
Total RWA subject to AIRB approach	**287,731**	287,610	286,569
Specialised lending exposures subject to slotting criteria	**53,796**	53,453	55,893
Subject to Standardised approach			
Corporate	**1,590**	1,406	1,246
SME corporate	**822**	1,034	412
SME retail	**4,628**	5,010	5,856
Sovereign	**233**	222	222
Bank	**66**	53	79
Residential mortgage	**6,732**	6,632	5,627
Other retail	**1,256**	1,493	1,593
Other assets	**8,854**	5,674	5,241
Total RWA subject to Standardised approach	**24,181**	21,524	20,276
Securitisation	**2,905**	3,049	2,890
Credit valuation adjustment	**2,932**	2,729	2,882
Central counterparties	**1,029**	991	1,018
Total RWA for Credit Risk Exposures	**372,574**	369,356	369,528
Traded market risk	**10,485**	5,263	8,255
Interest rate risk in the banking book	**9,898**	13,872	24,381
Operational risk	**59,805**	56,653	56,448
Total risk weighted assets	**452,762**	445,144	458,612

(1) Pursuant to APRA requirements, RWA amounts derived from AIRB risk weight functions have been multiplied by a scaling factor of 1.06.

4.2 Shareholders' Equity

	Full Year Ended		Half Year Ended	
	30 Jun 19 $M	30 Jun 18 $M	**30 Jun 19 $M**	31 Dec 18 $M
Ordinary Share Capital				
Shares on issue:				
Opening balance	**37,535**	35,266	**38,283**	37,535
Issue of shares (net of issue costs) (1)	**-**	164	**-**	-
Dividend reinvestment plan (net of issue costs) (2) (3)	**748**	2,105	**-**	748
	38,283	37,535	**38,283**	38,283
Less treasury shares:				
Opening balance	**(265)**	(295)	**(268)**	(265)
Purchase of treasury shares (4)	**(93)**	(95)	**(19)**	(74)
Sale and vesting of treasury shares (4)	**95**	125	**24**	71
	(263)	(265)	**(263)**	(268)
Closing balance	**38,020**	37,270	**38,020**	38,015
Retained Profits				
Opening balance	**28,360**	26,274	**27,959**	28,360
Changes on adoption of new accounting standards (5)	**(955)**	-	**-**	(955)
Restated opening balance	**27,405**	26,274	**27,959**	27,405
Actuarial (losses)/gains from defined benefit superannuation plans	**(49)**	161	**30**	(79)
Losses on liabilities at fair value due to changes in own credit risk	**-**	(2)	**-**	-
Realised gains and dividend income on treasury shares	**12**	16	**5**	7
Net profit attributable to equity holders of the Bank	**8,571**	9,329	**3,972**	4,599
Total available for appropriation	**35,939**	35,778	**31,966**	31,932
Transfers from general reserve	**126**	47	**54**	72
Transfers from asset revaluation reserve	**23**	19	**3**	20
Interim dividend - cash component	**(2,949)**	(2,969)	**(2,949)**	-
Interim dividend - dividend reinvestment plan (2) (3)	**(592)**	(536)	**(592)**	-
Final dividend - cash component	**(3,316)**	(2,406)	**-**	(3,316)
Final dividend - dividend reinvestment plan (3)	**(749)**	(1,573)	**-**	(749)
Closing balance	**28,482**	28,360	**28,482**	27,959

(1) During the prior year, shares issued relate to the acquisition of the remaining 20% interest in AHL Holdings Pty Limited.

(2) The DRP in respect of 2018/2019 interim dividend was satisfied in full through the on-market purchase and transfer of 8,080,558 shares to participating shareholders.

(3) The determined dividend includes an amount attributable to the dividend reinvestment plan of $749 million (final 2017/2018), $536 million (interim 2017/2018), and $1,573 million (final 2016/2017). The value of shares issued under plans rules net of issue costs for the respective periods was $748 million, $533 million, and $1,572 million.

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

(5) The Group adopted AASB 9 'Financial Instruments' and AASB 15 'Revenue from contracts with customers' on 1 July 2018. The carrying amounts of assets and liabilities impacted by the adoption were adjusted through opening retained profits and reserves on 1 July 2018 as if the Group has always applied the new requirements. As permitted by AASB 9 and AASB 15, comparative information has not been restated. For details on the adoption of AASB 9 and AASB 15 refer to Note 1.1 of the 2019 Annual Report.

4.2 Shareholders' Equity (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 19 $M	30 Jun 18 $M	**30 Jun 19 $M**	31 Dec 18 $M
Reserves				
General Reserve				
Opening balance	**859**	906	**787**	859
Appropriation to retained profits	**(126)**	(47)	**(54)**	(72)
Closing balance	**733**	859	**733**	787
Asset Revaluation Reserve				
Opening balance	**235**	223	**221**	235
Revaluation of properties	**38**	35	**38**	-
Transfer to retained profits	**(23)**	(19)	**(3)**	(20)
Income tax effect	**(4)**	(4)	**(10)**	6
Closing balance	**246**	235	**246**	221
Foreign Currency Translation Reserve				
Opening balance	**448**	457	**828**	448
Currency translation adjustments of foreign operations	**491**	(9)	**78**	413
Currency translation of net investment hedge	**(20)**	15	**10**	(30)
Income tax effect	**(7)**	(15)	**(4)**	(3)
Closing balance	**912**	448	**912**	828
Cash Flow Hedge Reserve				
Opening balance	**(160)**	(107)	**57**	(160)
Gains and (losses) on cash flow hedging instruments:				
Recognised in other comprehensive income	**1,087**	(260)	**869**	218
Transferred to Income Statement:				
Interest income	**(630)**	(960)	**(329)**	(301)
Interest expense	**898**	1,160	**496**	402
Income tax effect	**(408)**	7	**(306)**	(102)
Closing balance	**787**	(160)	**787**	57
Employee Compensation Reserve				
Opening balance	**145**	164	**103**	145
Current period movement	**16**	(19)	**58**	(42)
Closing balance	**161**	145	**161**	103

4.2 Shareholders' Equity (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 19	30 Jun 18	30 Jun 19	31 Dec 18
	$M	$M	$M	$M
Investment Securities Revaluation Reserve				
Opening balance	-	-	55	-
Change on adoption of AASB 9 (1)	149	-	-	149
Restated opening balance	149	-	55	149
Net gains / (losses) on revaluation of investment securities	140	-	254	(114)
Net gains on investment securities transferred to Income Statement on disposal	(42)	-	(8)	(34)
Income tax effect	6	-	(48)	54
Closing balance	253	-	253	55
Available-for-sale Investments Reserve				
Opening balance	149	226	-	149
Change on adoption of AASB 9 (1)	(149)	-	-	(149)
Restated opening balance	-	226	-	-
Net losses on revaluation of available-for-sale investments	-	(185)	-	-
Net losses on available-for-sale investments transferred to Income Statement on disposal	-	87	-	-
Income tax effect	-	21	-	-
Closing balance	-	149	-	-
Total Reserves	3,092	1,676	3,092	2,051
Shareholders' Equity attributable to Equity holders of the Bank	69,594	67,306	69,594	68,025
Shareholders' Equity attributable to Non-controlling interests	55	554	55	553
Total Shareholders' Equity	69,649	67,860	69,649	68,578

(1) On adoption of AASB 9 'Financial Instruments' on 1 July 2018 the Group reclassified net unrealised gains/(losses) on investment securities from available-for-sale investment reserves to investment securities revaluation reserve.

4.2 Shareholders' Equity (continued)

Accounting policies

Shareholder's equity includes ordinary share capital, retained profits and reserves. Policies for each component are set out below:

Ordinary Share Capital:

Ordinary shares are recognised at the amount paid up per ordinary share, net of directly attributable issue costs. Where the Bank or entities within the Group purchase shares in the Bank, the consideration paid is deducted from total Shareholders' Equity and the shares are treated as treasury shares until they are subsequently sold, reissued or cancelled. Where such shares are sold or reissued, any consideration received is included in Shareholders' Equity.

Retained Profits:

Retained profits includes the accumulated profits for the Group including certain amounts recognised directly in retained profits less dividends paid.

Reserves:

General Reserve

The general reserve is derived from revenue profits and is available for dividend payments except for undistributable profits in respect of the Group's life insurance business.

Asset Revaluation Reserve

The asset revaluation reserve is used to record revaluation adjustments on the Group's property assets. Where an asset is sold or disposed of, any balance in the reserve in relation to the asset is transferred directly to retained profits.

Foreign Currency Translation Reserve

Exchange differences arising on translation of the Group's foreign operations are accumulated in the foreign currency translation reserve. Specifically assets and liabilities are translated at the prevailing exchange rate at Balance Sheet date; revenue and expenses are translated at the transaction date; and all resulting exchange differences are recognised in the foreign currency translation reserve.

When a foreign operation is disposed of, exchange differences are reclassified to profit or loss.

Cash Flow Hedge Reserve

The cash flow hedge reserve is used to record fair value gains or losses associated with the effective portion of designated cash flow hedging instruments. Amounts are reclassified to profit or loss when the hedged transaction impacts profit or loss.

Employee Compensation Reserve

The employee compensation reserve is used to recognise the fair value of shares and other equity instruments issued to employees under the employee share plans and bonus schemes.

Investment Securities Revaluation Reserve

The investment securities revaluation reserve includes changes in the fair value of investment securities measured at fair value through other comprehensive income. For debt securities, these changes are reclassified to profit or loss when the asset is derecognised. For equity securities, these changes are not reclassified to profit or loss when derecognised.

Appendices

4.3 Share Capital

Shares on Issue	Full Year Ended 30 Jun 19 Number	30 Jun 18 Number	Half Year Ended 30 Jun 19 Number	31 Dec 18 Number
Opening balance (excluding Treasury Shares deduction)	**1,759,842,930**	1,729,868,161	**1,770,239,507**	1,759,842,930
Issue of shares [1]	**-**	2,087,604	**-**	-
Dividend reinvestment plan issues:				
2016/2017 Final dividend fully paid ordinary shares $75.73	**-**	20,772,433	**-**	-
2017/2018 Interim dividend fully paid ordinary shares $75.38	**-**	7,114,732	**-**	-
2017/2018 Final dividend fully paid ordinary shares $72.05	**10,396,577**	-	**-**	10,396,577
2018/2019 Interim dividend fully paid ordinary shares $73.21 [2]	**-**	-	**-**	-
Closing balance (excluding Treasury Shares deduction)	**1,770,239,507**	1,759,842,930	**1,770,239,507**	1,770,239,507
Less: Treasury Shares [3] [4]	**(2,508,628)**	(3,489,325)	**(2,508,628)**	(2,171,022)
Closing balance	**1,767,730,879**	1,756,353,605	**1,767,730,879**	1,768,068,485

(1) During the prior year the number of shares issued relates to the acquisition of the remaining 20% interest in AHL Holdings Pty Limited.
(2) The DRP in respect of 2018/2019 interim dividend was satisfied in full through the on-market purchase and transfer of 8,080,558 shares at $73.21 to participating shareholders.
(3) Comparative information has been restated to conform to presentation in the current period.
(4) Relates to Treasury shares held within the life insurance statutory funds and the employee share scheme.

Dividend Franking Account

After fully franking the final dividend to be paid for the full year, the amount of credits available at the 30% tax rate as at 30 June 2019 to frank dividends for subsequent financial years is $1,190 million (December 2018: $1,730 million; June 2018: $1,464 million). This figure is based on the franking accounts of the Bank at 30 June 2019, 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 2019.

Dividends

The Directors have declared a fully franked final dividend of 231 cents per share amounting to $4,089 million. There is no foreign conduit income attributed to the final dividend. The dividend will be payable on 26 September 2019 to shareholders on the register at 5:00pm AEST on 15 August 2019.

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 Group has a Dividend Reinvestment Plan (DRP) that is available to shareholders in Australia and certain other jurisdictions. Shareholders can elect to participate to acquire fully paid ordinary shares instead of receiving a cash dividend payment. Shares issued under DRP rank equally with ordinary shares on issue. The DRP for the 2019 interim dividend was satisfied in full by the on-market purchase of shares and had a participation rate of 16.7%. For the 2018 final dividend, the DRP participation rate (based on issued capital) was 18.4% and 15.3% for the 2018 interim dividend.

Record Date

The register closes for determination of dividend entitlement at 5:00pm AEST on 15 August 2019. The deadline for notifying a change to participation in the DRP is 5:00pm AEST on 16 August 2019.

Ex-Dividend Date

The ex-dividend date is 14 August 2019.

5) Risk Management

Overview

The Group faces a number of risks arising from its business operations and the assets and liabilities it holds. The management and mitigation of these risks varies depending on risk type and is covered more broadly by the Group's Risk Management framework, governance, culture, policies and procedures, and infrastructure. The Group's key risk types are credit, market, liquidity, funding, operational, and compliance which cover a significant proportion of total risk faced by the Group.

5.1 Integrated Risk Management

The Group's approach to risk management is described in the Notes to the Financial Statements in the 30 June 2019 Annual Report. Further disclosures in respect of capital adequacy and risk are provided in the Group's annual 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.

	As at		
By Industry [1]	**30 Jun 19 %**	31 Dec 18 %	30 Jun 18 %
Agriculture, forestry and fishing	**2. 1**	2. 1	2. 0
Banks	**4. 5**	4. 6	5. 5
Business services	**1. 1**	1. 3	1. 2
Construction	**0. 8**	0. 8	0. 7
Consumer	**58. 6**	57. 8	57. 4
Culture and recreational services	**0. 6**	0. 6	0. 6
Energy	**0. 9**	0. 9	1. 0
Finance - Other	**4. 9**	4. 9	5. 2
Health and community service	**0. 8**	0. 8	0. 9
Manufacturing	**1. 4**	1. 4	1. 4
Mining	**1. 1**	1. 3	1. 3
Property	**6. 3**	6. 2	6. 2
Retail trade and wholesale trade	**1. 9**	2. 0	2. 0
Sovereign	**9. 7**	10. 0	9. 3
Transport and storage	**1. 4**	1. 5	1. 4
Other	**3. 9**	3. 8	3. 9
	100. 0	100. 0	100. 0

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

5.1 Integrated Risk Management (continued)

By Region (1)	30 Jun 19 %	31 Dec 18 %	30 Jun 18 %
	As at		
Australia	**78. 4**	77. 9	77. 6
New Zealand	**10. 6**	10. 4	10. 0
Europe	**3. 5**	3. 9	4. 7
Americas	**4. 9**	4. 9	4. 6
Asia	**2. 4**	2. 7	2. 9
Other	**0. 2**	0. 2	0. 2
	100. 0	100. 0	100. 0

Commercial Portfolio Quality (1)	30 Jun 19 %	31 Dec 18 %	30 Jun 18 %
	As at		
AAA/AA	**33. 9**	33. 7	32. 7
A	**17. 4**	17. 6	17. 5
BBB	**16. 1**	16. 6	17. 7
Other	**32. 6**	32. 1	32. 1
	100. 0	100. 0	100. 0

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

As a measure of individually risk-rated commercial portfolio exposure (including finance and insurance), the Group has 67.4% (December 2018: 67.9%; June 2018: 67.9%) of commercial exposures at investment grade quality.

5.1 Integrated Risk Management (continued)

Market Risk

Market risk in the Balance Sheet is discussed within Note 9.3 of the 2019 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 is a statistical measure of potential loss using historically observed market movements.

VaR is modelled at a 97.5% confidence level. A 1-day holding period is used for trading book positions. A 20-day holding period is used for Interest Rate Risk in the Banking Book, insurance business market risk and Non-traded equity 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			
Traded Market Risk (1)	**30 Jun 19 $M**	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
Risk Type				
Interest rate risk	**6. 4**	8. 7	11. 8	5. 2
Foreign exchange risk	**2. 0**	1. 9	2. 7	1. 5
Equities risk	**0. 2**	0. 1	0. 1	0. 3
Commodities risk	**2. 8**	3. 4	3. 3	3. 0
Credit spread risk	**1. 8**	1. 6	1. 8	2. 2
Diversification benefit	**(6. 7)**	(7. 2)	(8. 9)	(6. 3)
Total general market risk	**6. 5**	8. 5	10. 8	5. 9
Undiversified risk	**2. 2**	2. 2	2. 5	2. 5
ASB	**0. 1**	0. 3	0. 2	0. 3
Total	**8. 8**	11. 0	13. 5	8. 7

(1) Average VaR is at 1 day 97.5% confidence, and is calculated for each six month period. The information in this table excludes exposures in the Group's Insurance and funds management businesses.

	Average VaR (1)			
Non-Traded VaR in Australian Life Insurance Business (20 day 97.5% confidence)	**30 Jun 19 $M**	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
Shareholder funds (2)	**1. 0**	1. 2	0. 9	1. 2
Guarantees (to Policyholders) (3)	**22. 2**	23. 4	23. 9	23. 2

(1) For the half year ended.

(2) VaR in relation to the investment of Shareholder Funds.

(3) VaR in relation to product portfolios where the Group has a guaranteed liability to policyholders (e.g. annuities where we receive a lump sum payment and guarantee to pay a series of future payments).

Non-Traded Equity

Non-traded equity includes all equity instruments outside the trading portfolio with the exception of the Group's structural and strategic holdings.

	As at			
Non-Traded Equity Risk VaR (20 day 97.5% confidence)	**30 Jun 19 $M**	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
VaR	**22. 4**	23. 3	21. 2	22. 7
VaR (excluding CFSGAM)	**9. 8**	8. 8	9. 5	14. 0

5.1 Integrated Risk Management (continued)

Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book is discussed within Note 9.3 of the 2019 Annual Report.

(a) Next 12 Months' Earnings

The potential unfavourable change to the Group's net interest earnings based on 100 basis point parallel rate shock is as follows:

Net Interest Earnings at Risk (1)		30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
Average monthly exposure	AUD	**468. 9**	375. 0	208. 4	249. 9
	NZD	**6. 1**	10. 0	8. 9	37. 7
High month exposure	AUD	**558. 0**	457. 6	257. 3	311. 5
	NZD	**9. 7**	15. 5	18. 1	44. 3
Low month exposure	AUD	**403. 5**	217. 8	120. 2	152. 3
	NZD	**1. 1**	1. 9	4. 3	31. 2

(1) Exposures over a 6 month period. NZD exposures are presented in NZD. Net interest earnings at risk for NZD decreased during the period due to an update to products classified as sensitive to interest rate changes.

(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.

	Average VaR (1)			
Non-Traded Interest Rate Risk (20 day 97.5% confidence)	**30 Jun 19 $M**	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
AUD Interest rate risk (2)	**159. 9**	168. 3	169. 6	215. 8
NZD Interest rate risk (3)	**2. 6**	1. 7	2. 6	4. 0

(1) Exposures over a 6 month period. NZD exposures are presented in NZD.

(2) The scope of the internal model for AUD Non-Traded Interest Rate Risk has been broadened to include a measurement of the risk of the change in spreads between swap rates and bond yields for Debt Securities held in the Banking Book. Prior periods have been restated to reflect this change in scope. NZD numbers remain unchanged.

(3) Relates specifically to ASB data as at month end.

5.1 Integrated Risk Management (continued)

Funding Sources

The following table provides the funding sources for the Group including customer deposits, short-term and long-term wholesale funding. Shareholders' Equity is excluded from this view of funding sources.

	As at				
	30 Jun 19 $M	31 Dec 18 $M	30 Jun 18 $M	Jun 19 vs Dec 18 %	Jun 19 vs Jun 18 %
Transaction deposits	**115,764**	111,133	106,316	4	9
Savings deposits	**190,397**	187,028	190,452	2	-
Investment deposits	**211,605**	222,020	216,852	(5)	(2)
Other customer deposits (1)	**61,020**	58,565	56,226	4	9
Total customer deposits	**578,786**	578,746	569,846	-	2
Wholesale funding					
Short-term					
Certificates of deposit (2)	**39,370**	38,046	34,612	3	14
Euro commercial paper programme	**244**	328	211	(26)	16
US commercial paper programme	**20,474**	22,172	26,792	(8)	(24)
Euro medium-term note programme	**4,425**	6,414	5,088	(31)	(13)
Central Bank deposits	**15,332**	15,622	14,672	(2)	4
Other (3)	**5,725**	4,550	3,985	26	44
Total short-term wholesale funding	**85,570**	87,132	85,360	(2)	-
Net collateral received	**313**	(1,036)	823	large	(62)
Internal RMBS sold under agreement to repurchase with RBA	**5,416**	5,370	5,370	1	1
Total short-term collateral deposits	**5,729**	4,334	6,193	32	(7)
Total long-term funding - less than or equal to one year residual maturity (4)	**32,434**	35,215	33,564	(8)	(3)
Long-term - greater than one year residual maturity					
Domestic debt program	**19,813**	17,558	18,560	13	7
Euro medium-term note programme	**22,587**	26,542	25,522	(15)	(11)
US medium-term note programme (5)	**24,892**	27,706	33,044	(10)	(25)
Covered bond programme	**31,197**	28,552	25,741	9	21
Securitisation	**9,537**	10,066	10,795	(5)	(12)
Loan capital	**19,497**	19,633	20,344	(1)	(4)
Other	**2,886**	3,114	3,130	(7)	(8)
Total long-term funding - greater than one year residual maturity	**130,409**	133,171	137,136	(2)	(5)
IFRS MTM and derivative FX revaluations	**3,424**	357	(165)	large	large
Total funding	**836,352**	838,955	831,934	-	1
Reported as					
Deposits and other public borrowings	**636,040**	637,010	622,234	-	2
Payables due to other financial institutions	**23,370**	22,545	20,899	4	12
Liabilities at fair value through Income Statement	**8,520**	9,030	10,247	(6)	(17)
Bank acceptances	**32**	53	379	(40)	(92)
Debt issues	**163,990**	168,851	172,294	(3)	(5)
Loan capital	**22,966**	22,831	22,992	1	-
Loans and other receivables - collateral posted	**(2,632)**	(3,172)	(1,599)	(17)	65
Receivables due from other financial institutions - collateral posted	**(3,202)**	(4,007)	(4,462)	(20)	(28)
Securities purchased under agreements to resell	**(12,732)**	(14,186)	(11,050)	(10)	15
Total funding	**836,352**	838,955	831,934	-	1

(1) Other customer deposits primarily consist of non-interest bearing deposits and deposits held at fair value through the Income Statement.
(2) Includes Bank acceptances.
(3) Includes net securities sold under agreement to repurchase and purchased under agreement to resell and interbank borrowings.
(4) Residual maturity of long-term wholesale funding (included in Debt issues and Loan capital) is the earlier of the next call date or final maturity.
(5) Includes notes issued under the Bank's 3(a)(2) program.

5.1 Integrated Risk Management (continued)

Liquidity and Funding Policies and Management

The Group recognises the critical nature of managing liquidity and funding risks to be able to meet financial obligations as they fall due in all market conditions.

The Group liquidity and funding framework comprises a Group liquidity risk policy, a risk appetite statement, liquidity risk limits and triggers, an annual funding strategy, and a Contingent Funding Plan (CFP). Group Treasury is responsible for managing liquidity risk under delegated authorities, subject to the oversight of an independent liquidity risk management function and of internal audit.

Australian Authorised Deposit-taking Institutions (ADIs) are subject to the Liquidity Coverage Ratio (LCR) and, from 1 January 2018, the Net Stable Funding Ratio (NSFR), implemented by the Australian Prudential Regulation Authority (APRA) in ADI Prudential Standard 210 (APS 210). The LCR requires large locally-incorporated ADIs to maintain liquid assets to cover net cash outflows forecast to occur over a prescribed 30 day liquidity stress scenario. Cash flow assumptions and liquid assets in the LCR are defined in APS 210. Liquid assets include cash and Commonwealth government and Semi-government debt. Given the limited amount of government debt in Australia, participating ADIs can access contingent liquidity via the RBA's Committed Liquidity Facility (CLF) and apply it to meet net cash outflows in the LCR. The amount of the CLF for each ADI is set annually by APRA. To access the CLF, ADIs need to meet certain conditions and pledge qualifying securities to the RBA. The NSFR requires LCR ADIs to fund core assets with stable funding. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding.

Risk tolerances and active forecasting of the LCR and the NSFR ensure that the Group maintains a superior level of liquidity and stable funding at all times relative to regulatory requirements.

The Group's liquidity and funding policies also establish a framework that ensures the Group has:

- Predominantly customer deposit funding;
- Diverse and stable sources of wholesale funding;
- Buffers over the regulatory requirements of 100% for the LCR and the NSFR;
- Short and long-term wholesale funding limits and triggers, which are reviewed regularly and are based on an assessment of the Group's capacity to borrow in the markets and balance sheet projections;
- Stress tests, covering a range of short-term and protracted idiosyncratic and market-wide stress scenarios, to identify potential sources of liquidity and funding strain (including from contingent liquidity exposures) and possible contingent funding actions. The stress test results drive management discussions and decisions on appropriate buffers;
- A diversified liquid asset portfolio eligible for repurchase with central banks, managed within specific concentration limits, including:
  - High quality liquid assets such as cash, Commonwealth government and Semi-government bonds;
  - ADI-issued securities, eligible securitisations andcovered bonds, and securities issued by supranationals, all of which are repo-eligible under the RBA's open market operations and under the CLF; and
  - Internal securitisations of Group mortgages retained on the Balance Sheet that can be used as collateral under the RBA's CLF.
- Specific foreign currency limits and policies that apply to offshore branches and subsidiaries, ensuring the holding of appropriate foreign currency liquid assets, providing liquidity in addition to the domestic liquid asset portfolio.

The Group's key liquidity risk management measures include:

- LCR and NSFR models incorporating APRA definitions of the regulatory measures and calculating actual and forecast positions. The models are used to monitor buffers and inform Group liquidity and funding management actions;
- A funding gap model that is used to analyse and forecast funding needs over the medium-term;
- Stress tests supplementary to the LCR, used to validate management buffers contained in liquidity and funding policies;
- Early warning indicators to identify the emergence of increased risk or vulnerabilities in the liquidity risk position or potential funding needs; and
- A detailed and robust CFP defining the approach to a liquidity shock on a location-specific and Group-wide basis, crisis management actions, roles and responsibilities, contingent sources of liquidity and funding, crisis reporting and operational guidelines. The CFP is tested and updated annually.

The Group's funding sources include:

- Its consumer retail funding base, covering retail transaction accounts, investment accounts and retirement style accounts for individual consumers;
- Its small business and institutional deposit base;
- Issuance of Australian dollar Negotiable Certificates of Deposit and Australian dollar bank bills;
- Its wholesale international and domestic funding programs that include its Asian Transferable Certificates of Deposit programme, Australian, US and Euro Commercial Paper programme, US Extendible Notes programme, Australian dollar Domestic Debt program, US Medium-Term Note programme, Euro Medium-Term Note programme, multi-jurisdiction Covered Bonds programme and its Medallion securitisation programme; and
- Contingent funding sources including access to various central bank facilities, including the CLF, providing the Group with the ability to borrow funds on a secured basis, in all market conditions.

5.2 Counterparty and Other Credit Risk Exposures

Securitisation and Covered Bond Vehicles

Reason for establishment – The Group conducts an asset securitisation program that transfers assets to a Special Purpose Vehicles (SPV) and issues asset-backed securities to investors. The Group securitises modest amounts of residential home loans to issue residential mortgage-backed securities and also issues covered bonds to diversify the Group's wholesale funding.

Control factors – The Group manages these SPVs, services assets in the SPVs, provides interest rate and currency hedging, or provides 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 SPVs after all payments due to investors and costs of the program have been met.

Asset-backed Securities

Asset-backed securities are debt securities where the cash flow is dependent on the performance of the assets assigned to SPVs, 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 Amortised Cost investments), and balance sheet holdings (classified as Fair Value Through Other Comprehensive Income investments).

The primary source of repayment of the debt instruments is the cash flow from the underlying assets. Investors in the debt instruments have no recourse to the general assets of the sponsor (except in the case of covered bonds where investors have recourse to both the underlying pool and the sponsor for repayment of principal and interest). The majority of the Group's asset-backed securities portfolio consists of notes externally rated AAA.

Special Purpose Vehicles

The Group invests in or establishes SPVs in the ordinary course of business, primarily to provide funding and financial services for its customers. These SPVs are consolidated in the Financial Statements whenever they meet the criteria of control as outlined in Note 4.4 to the Financial Statements of the 2019 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, at inception and periodically, whether an SPV should be consolidated based on the power the Group has over relevant activities of the entity, and the significance of the Group's exposure to variable returns of the structured entity.

The 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, investment securities 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 may be consolidated by the Group.

Other Exposures

Leveraged Finance

The Group provides leveraged finance to companies. This can include companies acquired or owned by private equity sponsors which are highly leveraged, primarily domiciled in Australia and New Zealand and exhibit stable and established earnings providing the ability to reduce borrowing levels.

The Group's exposure to firms owned by private equity sponsors is well diversified across industries and private equity sponsors. All highly leveraged debt facilities provided to private equity sponsors 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 30 June 2018 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.

5.2 Counterparty and Other Credit Risk Exposures (continued)

Securitisation and Covered Bond Vehicles

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

	Covered Bonds		Securitisation	
	30 Jun 19 $M	30 Jun 18 $M	**30 Jun 19 $M**	30 Jun 18 $M
Carrying amount of transferred assets	**39,129**	37,012	**13,521**	14,661
Carrying amount of associated liabilities	**33,314**	32,758	**12,177**	13,089
Net position	**5,815**	4,254	**1,344**	1,572

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	
Summary of Asset-backed Securities	**30 Jun 19 $M**	30 Jun 18 $M
Commercial mortgage-backed securities	**72**	108
Residential mortgage-backed securities	**7,618**	7,251
Other asset-backed securities	**404**	545
Total	**8,094**	7,904

Asset-backed Securities by Underlying Asset

	Trading Portfolio		Investment securities at FVOCI (previously AFS) (1)		Other (2)		Total	
	30 Jun 19 $M	30 Jun 18 $M	**30 Jun 19 $M**	30 Jun 18 $M	**30 Jun 19 $M**	30 Jun 18 $M	**30 Jun 19 $M**	30 Jun 18 $M
Non-conforming	**-**	-	**500**	337	**-**	-	**500**	337
Prime mortgages	**-**	22	**91**	6,892	**7,027**	-	**7,118**	6,914
Commercial Mortgages	**-**	-	**72**	108	**-**	-	**72**	108
Other assets	**-**	-	**126**	545	**278**	-	**404**	545
Total	**-**	22	**789**	7,882	**7,305**	-	**8,094**	7,904

(1) The Group reclassified $7,121 million of residential mortgage backed securities from Available-for sale investments to Investment securities at amortised cost on adoption of AASB 9 on 1 July 2018. $7,882 million of securities held at 30 June 2018 were classified as Available-for sale investments.

(2) Includes Investment securities at amortised cost.

5.2 Counterparty and Other Credit Risk Exposures (continued)

Asset-backed Securities by Credit Rating and Geography

	AAA & AA		A		BBB		BB and below including not rated		Total	
	30 Jun 19 $M	30 Jun 18 $M	30 Jun 19 $M	30 Jun 18 $M	30 Jun 19 $M	30 Jun 18 $M	30 Jun 19 $M	30 Jun 18 $M	30 Jun 19 $M	30 Jun 18 $M
Australia	**8,091**	7,889	**-**	-	**3**	3	**-**	12	**8,094**	7,904
Total	**8,091**	7,889	**-**	-	**3**	3	**-**	12	**8,094**	7,904

	Funded Commitments		Unfunded Commitments		Total	
Warehousing Financing Facilities	30 Jun 19 $M	30 Jun 18 $M	30 Jun 19 $M	30 Jun 18 $M	30 Jun 19 $M	30 Jun 18 $M
Australia	**2,801**	3,986	**3,137**	2,358	**5,938**	6,344
New Zealand	**531**	476	**143**	75	**674**	551
UK	**247**	178	**3**	69	**250**	247
Total	**3,579**	4,640	**3,283**	2,502	**6,862**	7,142

6) Other Information

6.1 CommInsure and Sovereign Sources of Profit

	Full Year Ended			Half Year Ended		
Sources of Profit from CommInsure	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
General insurance operating margins	**27**	95	(72)	**18**	9	large
Investment experience after tax	**8**	6	33	**4**	4	-
Cash net profit after tax	**35**	101	(65)	**22**	13	69

	Full Year Ended			Half Year Ended		
Sources of Profit from CommInsure Life (discontinued operations)	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Life insurance operating margins:						
Planned profit margins	**125**	147	(15)	**60**	65	(8)
Experience variations	**(237)**	(94)	large	**(137)**	(100)	37
Funds management operating margins	**55**	59	(7)	**27**	28	(4)
Operating margins	**(57)**	112	large	**(50)**	(7)	large
Investment experience after tax	**70**	48	46	**51**	19	large
Cash net profit after tax	**13**	160	(92)	**1**	12	(92)

	Full Year Ended			Half Year Ended		
Sources of Profit from Sovereign [(1)] (discontinued operations)	**30 Jun 19 NZ$M**	30 Jun 18 NZ$M	Jun 19 vs Jun 18 %	**30 Jun 19 NZ$M**	31 Dec 18 NZ$M	Jun 19 vs Dec 18 %
Planned profit margins	**-**	89	large	**-**	-	-
Experience variations	**-**	9	large	**-**	-	-
Operating margins	**-**	98	large	**-**	-	-
Investment experience after tax	**-**	8	large	**-**	-	-
Cash net profit after tax	**-**	106	large	**-**	-	-

(1) On 2 July 2018, CBA completed the sale its life insurance business in New Zealand (Sovereign) to AIA Group Limited.

6.2 Intangible Assets (continuing operations basis)

	As at		
	30 Jun 19	31 Dec 18	30 Jun 18
	$M	$M	$M
Goodwill			
Purchased goodwill at cost	**5,974**	6,022	6,941
Closing balance	**5,974**	6,022	6,941
Computer Software Costs			
Cost	**4,837**	4,703	4,633
Accumulated amortisation	**(3,125)**	(2,921)	(2,814)
Closing balance	**1,712**	1,782	1,819
Brand Names (1)			
Cost	**203**	205	206
Accumulated amortisation	**(2)**	(1)	(1)
Closing balance	**201**	204	205
Other Intangibles (2)			
Cost	**351**	370	342
Accumulated amortisation	**(273)**	(217)	(217)
Closing balance	**78**	153	125
Total intangible assets	**7,965**	8,161	9,090

(1) Brand names predominantly 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. The Bankwest brand name has an indefinite useful life as there is no foreseeable limit to the period over which the brand name is expected to generate cash flows. This balance also includes the Aussie Home Loans brand name ($16 million) which has an indefinite useful life. They are not subject to amortisation, but require annual impairment testing. No impairment was required this period. The Count Financial brand name of $3 million was impaired during the year ended 30 June 2019.

(2) Other intangibles include the value of customer and credit card relationships acquired from Bankwest and Aussie Home Loans. This value represents future net income generated from the relationships that existed at Balance Sheet date. The assets have a useful life of between 6 and 10 years based on the attrition rates of customers. Other intangibles also include prepaid software licenses with a net book value of $54 million (30 June 2018: $67 million). Customer relationship intangibles in relation to Count Financial franchise of $13 million were impaired during the year ended 30 June 2019.

6.3 ASX Appendix 4E

Details of Associates and Joint Ventures (Rule 4.3A Item No. 11)

As at 30 June 2019	Ownership Interest Held (%)
Aegis Correctional Partnership Pty Limited	50%
Aegis Correctional Partnership Trust	50%
Aegis Securitisation Nominees Pty Limited	50%
Aegis Securitisation Trust	50%
First State Cinda Fund Management Co., Ltd.	46%
BoCommLife Insurance Company Limited	38%
Countplus Limited	36%
Digital Wallet Pty Ltd	36%
BPAY Group Limited	25%
Vietnam International Commercial Joint Stock Bank	20%
Payments NZ Limited	19%
Silicon Quantum Computing Investment	19%
Qilu Bank Co., Ltd.	18%
Bank of Hangzhou Co., Ltd.	18%
Property Exchange Australia Limited	16%
First State European Diversified Infrastructure Fund FCP-SIF	4%
First State European Diversified Infrastructure Fund II	3%
equigroup Holdings Pty Limited (1)	0%
Paymark Limited (2)	0%

(1) The Group sold its investment in equigroup Holdings Pty Limited on 31 August 2018.
(2) The Group sold its investment in Paymark Limited on 11 January 2019.

6.3 ASX Appendix 4E (continued)

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

The Group has lost control of the following entities as a result of sales: ASB Group (Life) Limited, Sovereign Assurance Company Limited, Sovereign Services Limited, Sovereign Superannuation Funds Limited, Sovereign Superannuation Trustees Limited and Westside Properties Limited on 2 July 2018; Commonwealth Bank of South Africa (Holding Company) Limited on 1 November 2018. The Group has gained control over Rockgas Limited on 30 November 2018.

Other Significant Information (Rule 4.3A Item No. 12)

The Bank expects the DRP for the final dividend for the year ended 30 June 2019 will be satisfied in full by an on-market purchase and transfer of shares of approximately $683 million.

Completion of sale of Life insurance business in New Zealand

On 21 September 2017, the Group announced the sale of 100% of its New Zealand life insurance business (Sovereign) to AIA Group Limited (AIA) for $1.3 billion. The sale agreement includes a long-term partnership with AIA for the provision of life insurance products to customers in New Zealand. The sale of Sovereign completed on 2 July 2018, resulting in a total post-tax gain of $117 million (net of transaction and separation costs). This includes $135 million post-tax gain net of transactions and separation costs recognised during the year ended 30 June 2019, and $18 million post-tax transaction and separation costs recognised during the year ended 30 June 2018.

Sale of CommInsure Life

On 21 September 2017, the Group entered into an agreement to sell 100% of its life insurance businesses in Australia (CommInsure Life) to AIA Group Limited (AIA). The sale of CommInsure Life remains subject to completion of the transfer of the Group's stake in BoCommLife Insurance Company Limited (BoCommLife) out of CommInsure Life and its associated Chinese regulatory approvals.

The Group and AIA remain fully committed to completing the CommInsure Life transaction. The Group and AIA are also well progressed in exploring an alternative path to complete the CommInsure Life transaction prior to the transfer of the Group's stake in BoCommLife. The alternative path is expected to be subject only to Australian regulatory approvals. The Group expects to be able to provide further details of this alternative path by the end of the first quarter of the financial year 2020, if the sale of BoCommLife has not substantially progressed in that timeframe.

Sale of equity interest in BoCommLife

On 23 May 2018, the Group announced the sale of its 37.5% equity interest in BoCommLife to Mitsui Sumitomo Insurance Co. Ltd (MSI). The sale of BoCommLife is subject to Chinese regulatory approvals and is the final condition precedent for the sale of CommInsure Life. The sale of BoCommLife is expected to be completed in the second half of the calendar year 2019.

Sale of interest in Indonesian life Insurance business

On 23 October 2018, the Group announced the sale of its 80% interest in its Indonesian life insurance business, PT Commonwealth Life (PTCL), to FWD Group (FWD). As part of the sale, CBA's Indonesian banking subsidiary, PT Bank Commonwealth (PTBC), will enter into a 15 year life insurance distribution partnership with FWD. The sale is subject to regulatory approvals in Indonesia and is now expected to complete in the second half of calendar year 2019.

Completion of sale of Colonial First State Global Asset Management

On 31 October 2018, the Group announced the sale of Colonial First State Global Asset Management (CFSGAM) to Mitsubishi UFJ Trust and Banking Corporation (MUTB). The sale of CFSGAM completed on 2 August 2019, resulting in final sale proceeds of $4.2 billion and a total post tax gain of $1.5 billion (inclusive of separation costs and subject to final tax calculations and completion adjustments).

Completion of sale of TymeDigital SA

On 1 November 2018, the Group completed the sale of Commonwealth Bank of South Africa (Holding Company) Limited (TymeDigital SA) to the minority shareholder, African Rainbow Capital, resulting in a total post-tax loss of $113 million.

Sale of Count Financial

On 13 June 2019, the Group announced the sale of its 100% interest in Count Financial Limited (Count Financial) to CountPlus Limited (CountPlus). Completion is expected to occur in October 2019.

Update on Aligned Advice businesses

The Group has decided to cease providing licensee services through Financial Wisdom and will proceed with an assisted closure. The Group has also decided to allow Commonwealth Financial Planning Limited-Pathways (CFP-Pathways) advisers to transition to self-licensing arrangements or move to another licensee.

Investment in Klarna Holding AB (Klarna)

The Group has committed an investment of US$100 million into Klarna Holding AB (Klarna), as part of their US$460 million capital raise. The Group will become Klarna's exclusive partner in Australia and New Zealand and intends to further invest at the parent and local level to support this partnership.

Litigation, investigations and reviews

The Group is party to legal proceedings and the subject of investigations and reviews. These include the matters outlined below as at 30 June 2019. Provisions have been raised where indicated in line with the principles outlined in the accounting policy section of Note 7.1 of the 2019 Annual Report.

Litigation

Shareholder class actions

In October 2017 CBA was served with a shareholder class action proceeding filed in the Federal Court of Australia alleging breaches of CBA's continuous disclosure obligations and misleading and deceptive conduct in relation to the subject matter of the civil penalty proceedings brought by Australian Transaction Reports and Analysis Centre (AUSTRAC). The AUSTRAC proceedings concerned contraventions of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth). The resolution of the proceedings was approved by the Federal Court on 20 June 2018 with CBA paying a penalty of

6.3 ASX Appendix 4E (continued)

Litigation (continued)

Shareholder class actions (continued)

$700 million and legal costs. In the shareholder class action, it is alleged that CBA shareholders who acquired an interest in CBA shares between 1 July 2015 and 3 August 2017 suffered loss caused by the alleged conduct.

On 29 June 2018 a similar second shareholder class action in relation to the subject matter of the AUSTRAC proceedings was served on CBA on behalf of certain CBA shareholders who acquired an interest in CBA shares between 16 June 2014 and 3 August 2017. On 10 July 2019, court orders were made confirming the two class action proceedings would continue, would be case managed together and proceed by way of one harmonised statement of claim.

It is currently not possible to determine the ultimate impact of these claims, if any, on the Group. The Group denies the allegations and continues to defend both claims. The Group has provided for legal costs expected to be incurred in the defence of the claims.

Superannuation class action

On 9 October 2018, a class action claim was filed against CBA and Colonial First State Investments Limited (CFSIL) in the Federal Court of Australia. The claim relates to investment in cash and deposit options (which are cash and deposit products prioritised by CBA) in Colonial First State FirstChoice Superannuation Trust and Commonwealth Essential Super. The main allegation is that members with these options in the funds received lower interest rates on them than they would have received had CFSIL put them in equivalent products with higher interest rates obtainable on the market. It is alleged that CBA was involved in CFSIL's breaches as trustee of the funds and CFSIL's breaches as Responsible Entity of the underlying managed investment schemes. Both CBA and CFSIL deny the allegations and filed a defence to the claim on 20 December 2018. The class action lawyers made further amendments to the claim filing an amended statement of claim on 16 April 2019. The amendments introduced additional allegations relating to another term deposit and a breach of trust in respect of adviser commissions, however the commissions claim is made against CFSIL only. CBA and CFSIL filed a defence to the amended claim on 7 June 2019 denying the new claims. It is currently not possible to determine the ultimate impact of this claim, if any, on the Group. The Group has provided for the legal costs expected to be incurred in the defence of the claim.

ASIC bank bill swap rate

On 21 June 2018 the Federal Court approved the agreement between CBA and the Australian Securities and Investment Commission (ASIC) to resolve the proceedings concerning alleged market manipulation and unconscionable conduct in respect of the bank bill market. Accordingly CBA has paid a civil penalty of $5 million and a community benefit payment of $15 million to Financial Literacy Australia. It also agreed to pay ASIC's costs of the investigation and legal costs. The Group provided for these costs in the prior period.

As part of the settlement CBA also entered into an Enforceable Undertaking with ASIC under which CBA undertook to engage an independent expert to assess changes it has made (and will make) to its policies, procedures, controls systems, training, guidance and framework for the monitoring and supervision of employees and trading in Prime Bank Bills and CBA's BBSW referenced product businesses. On 5 October 2018, CBA appointed EY as the independent expert. CBA provided its BBSW Program of remediation work to ASIC and EY on 21 December 2018. EY reviewed the BBSW Program and provided certain recommendations in their report dated 23 April 2019. CBA considered those recommendations with ASIC and EY and delivered its Final BBSW Program to ASIC and EY on 23 July 2019. EY are due to report on CBA's Final BBSW Program on 30 August 2019. The Group has provided for costs associated with implementation of the BBSW program.

Investigations and reviews

ASIC investigation

In September 2017, following the commencement of the civil proceedings against CBA by AUSTRAC, ASIC launched an investigation in relation to the Group's disclosure in respect of the matters the subject of the AUSTRAC proceedings. ASIC is also investigating, among other things, whether the officers and directors at CBA complied with other specific obligations under the Corporations Act 2001 (Cth). CBA continues to engage with ASIC in respect of the investigation and respond to requests made by ASIC. It is currently not possible to predict the ultimate impact of this investigation, if any, on the Group. The Group has provided for the legal costs expected to be incurred in relation to this investigation.

APRA's prudential inquiry into CBA

On 28 August 2017, APRA announced it would establish an independent prudential inquiry (the Inquiry) into the Group with the goal of identifying shortcomings in the governance, culture and accountability frameworks.

The final report of the Inquiry was released on 1 May 2018 (the Final Report). The Final Report made a number of findings regarding the complex interplay of organisational and cultural factors within the Group and the need for enhanced management of non-financial risks. In response to the Final Report, the Group acknowledged that it will implement all of the recommendations and agreed to adjust its minimum operational risk capital requirements by an additional $1 billion (risk weighted assets $12.5 billion) until such time as the recommendations are implemented to APRA's satisfaction.

CBA has entered into an Enforceable Undertaking under which CBA's remedial action (Remedial Action Plan) in response to the Final Report would be agreed and monitored regularly by APRA. The Remedial Action Plan provides a detailed program of change outlining how CBA will improve the way it runs its business, manages risk, and works with regulators. The Remedial Action Plan also provides a comprehensive assurance framework, with Promontory Australasia (Sydney) Pty Ltd (Promontory) having been appointed as the independent reviewer and which is required to report to APRA on the Group's progress against committed milestones every 3 months.

Promontory has submitted two reports in September 2018 and December 2018 which have also been released by CBA. Promontory has noted that the Remedial Action Plan program of work remains on track and CBA's commitment to implementing the Inquiry's recommendations in a timely and comprehensive way continued to be strong with all 156 milestones on schedule

6.3 ASX Appendix 4E (continued)

Investigations and reviews (continued)

APRA's prudential inquiry into CBA (continued)

to be delivered by the due date. Promontory is providing APRA with quarterly progress reports, and CBA is committed to report publicly on its progress against the Remedial Action Plan twice a year. The Group has provided for costs associated with the implementation of the Remedial Action Plan.

The Royal Commission

The Royal Commission was established on 14 December 2017 and was authorised to inquire into misconduct by financial service entities (including CBA). Seven rounds of hearings into misconduct in the banking and financial services industry were held throughout 2018, covering a variety of topics including consumer and business lending, financial advice, superannuation, insurance and a policy round. The Royal Commission's final report was delivered on 1 February 2019. The final report included 76 policy recommendations to the Australian Government and findings in relation to the case studies investigated during the hearings, with a number of referrals being made to regulators for misconduct by financial institutions, which is expected to result in heightened levels of enforcement action across the industry.

The 76 recommendations covered many of CBA's business areas, and also canvassed the role of the regulators and the approach to be taken to customer focus, culture and remuneration. The recommendations regarding the role of regulators and their approach to enforcement may increase enforcement activity, costs and reputational impact for financial institutions. CBA released a statement to the ASX on 8 March 2019 welcoming the final report and committing to actions to deliver on the recommendations. The Government has accepted 75 of the 76 recommendations.

Ongoing service fees in Commonwealth Financial Planning

Following an ASIC investigation, Commonwealth Financial Planning (CFP) entered into an Enforceable Undertaking (EU) with ASIC in April 2018 and agreed to certain variations on 20 December 2018. Under the EU, as varied, CFP agreed, among other things, to provide an attestation to ASIC in relation to remediation of ongoing service over the period July 2015 to January 2018 and in relation to CFP's current ongoing service compliance systems and processes. Although CFP was not in a position to sign the attestation in January 2019, CFP provided the attestation to ASIC on 30 May 2019. ASIC has since confirmed that it is satisfied with the attestation and compliance with the obligations under the EU is now finalised (save for the payment of some remaining refunds due to customers by 30 September 2019).

CFP has not charged ongoing service fees since 1 February 2019, and has not entered into new ongoing service agreements since that date. CFP is moving to a new model where customers will pay for advice once they have received it.

Fair Work Ombudsman (FWO) Investigation

The FWO has commenced an investigation in relation to CBA's self-disclosure of discrepancies in employee arrangements and entitlements. CBA continues to engage with the FWO in respect of the investigation and respond to requests made by the FWO. It is currently not possible to predict the ultimate impact of this investigation, if any, on the Group.

New Zealand compliance audit findings

The Labour Inspectorate in New Zealand is undertaking a programme of compliance audits on a number of organisations in respect of the Holidays Act 2003 (the "Holidays Act"). On 18 December 2018 ASB Bank Limited (ASB) received the Labour Inspectorate's report of its findings on ASB's compliance with the Holidays Act. The findings, based on a sample of employees, include that ASB has not complied with the requirements of the Holidays Act by not including certain incentive payments in ASB's calculation of gross earnings under the Holidays Act. ASB's position in relation to that finding is that the application of the law is uncertain and yet to be definitively determined. That finding, if extrapolated to ASB's entire workforce, would result in an estimated liability of NZD31 million in total for the preceding six years' annual holiday payments. ASB will continue to engage with the Labour Inspectorate on the matter.

Enforceable Undertaking accepted by Office of Australian Information Commission

The Australian Information Commissioner (Commissioner) has accepted an Enforceable Undertaking (EU) offered by CBA. The EU underpins execution of further enhancements to the management and retention of customer personal information within CBA and certain subsidiaries.

The EU follows CBA's ongoing work to address two incidents: one relating to the disposal by a third party of magnetic data tapes containing historical customer statements and the other relating to potential unauthorised internal user access to certain systems and applications containing customer personal information. CBA reported both incidents to the Commissioner in 2016 and 2018 respectively and has since been working to address these incidents and respond to inquiries made by the Commissioner. CBA has found no evidence to date, as a result of these incidents, that our customers' personal information was compromised, or that there have been any instances of unauthorised access by CBA employees or third parties.

It is not currently possible to estimate the financial impact of the Group's response under the EU.

Program of Action

The Group continues to strengthen its financial crime capabilities, and has invested significantly, recognising the crucial role that it plays, including through the Program of Action with coverage across all aspects of financial crime (including anti-money laundering/counter-terrorism financing, sanctions and anti-bribery and corruption) and all business units. The Group has provided for certain costs of running the Program of Action.

6.3 ASX Appendix 4E (continued)

Investigations and reviews (continued)

Remediation and Compliance Programs

The Group undertakes ongoing compliance activities, including review of products, advice, conduct and services provided to customers, as well as interest, fees and premiums charged.

Some of these investigations and reviews have resulted in remediation programs and where required the Group consults with the respective regulator on the proposed remediation action. There is a risk that where a breach has occurred, regulators may also impose fines and/or sanctions.

Provisions are recognised when it is probable an outflow will be required to address a past event and where a reliable estimate is available. There remains a contingent liability with respect to these matters, however the aggregate potential liability of the above matters cannot be reliably estimated.

Other matter

Financial Wisdom Limited, a subsidiary of the Group, has agreements pre-dating 2013, which provide authorised representatives with the ability to sell their client book to the subsidiary in certain circumstances contingent upon a number of key conditions being met. The agreements provide for the sale at a multiple of ongoing revenue subject to a range of criteria (including potential discount factors). The authorised representative must apply to commence the conditional sale process. No applications have been received to date. It is not currently possible to reliably estimate the financial impact of these agreements.

Foreign Entities (Rule 4.3A Item No. 13)

Not applicable.

Compliance Statement

This preliminary final report for the year ended 30 June 2019 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.

PricewaterhouseCoopers has audited the financial statements contained within the Commonwealth Bank of Australia Annual Report and has issued an unmodified audit report. The Annual Report has been published together with the preliminary report. This preliminary final report has not been subject to audit by PricewaterhouseCoopers. The preceding financial information contained in the Financial Statements section of this preliminary final report includes financial information extracted from the audited financial statements together with financial information that has not been audited.

6.4 Profit Reconciliation

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

	Full Year Ended 30 June 2019						
Profit Reconciliation	**Net profit after tax "cash basis" $M**	Gain/(loss) on disposal and acquisition of controlled entities [1] $M	Hedging and IFRS volatility $M	Bankwest non-cash items [2] $M	Treasury shares valuation adjustment $M	Investment experience $M	**Net profit after tax "statutory basis" $M**
Group							
Interest income [3]	**34,588**	-	-	-	-	-	**34,588**
Interest expense	**(16,468)**	-	-	-	-	-	**(16,468)**
Net interest income	**18,120**	-	-	-	-	-	**18,120**
Other banking income	**5,068**	42	(116)	-	-	-	**4,994**
Total banking income	**23,188**	42	(116)	-	-	-	**23,114**
Funds management income	**1,072**	-	-	-	-	1	**1,073**
Insurance income	**147**	-	-	-	-	3	**150**
Total operating income	**24,407**	42	(116)	-	-	4	**24,337**
Investment experience	**4**	-	-	-	-	(4)	**-**
Total income	**24,411**	42	(116)	-	-	-	**24,337**
Operating expenses	**(11,269)**	(102)	-	(2)	-	-	**(11,373)**
Loan impairment expense	**(1,201)**	-	-	-	-	-	**(1,201)**
Net profit before tax	**11,941**	(60)	(116)	(2)	-	-	**11,763**
Corporate tax (expense)/benefit	**(3,437)**	8	37	1	-	-	**(3,391)**
Non-controlling interests	**(12)**	-	-	-	-	-	**(12)**
Net profit after income tax from continuing operations	**8,492**	(52)	(79)	(1)	-	-	**8,360**
Net profit after income tax from discontinued operations [4]	**214**	(9)	-	-	6	-	**211**
Net profit after income tax	**8,706**	(61)	(79)	(1)	6	-	**8,571**

(1) Continuing operations net profit after tax includes: $54 million separation costs for NewCo, $33 million impairment loss and transaction costs associated with the disposal of Count Financial, partly offset by a $35 million net gain on acquisition and disposals of other businesses. Discontinued operations net profit after tax includes: $82 million transaction and separation costs associated with the disposal of CommInsure Life, $71 million transaction and separation costs associated with the disposal of CFSGAM, partly offset by $135 million gain net of transaction and separation costs associated with the disposal of Sovereign and $9 million net gain on acquisition and disposals of other businesses.

(2) Includes merger related amortisation through operating expenses of $2 million, and an income tax benefit of $1 million.

(3) Interest income includes total effective interest income and other interest income.

(4) Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.

6.4 Profit Reconciliation (continued)

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 and/or are not considered representative of the Group's ongoing financial performance. The items are treated consistently each period and a description of these items is provided below.

Gain/(Loss) on acquisition, disposal, closure and demerger of businesses

Gains and losses on these transactions are inclusive of foreign exchange impacts, impairments, restructuring, separation and transactions costs and cover both controlled businesses and associates.

Hedging and IFRS volatility

Hedging and IFRS volatility represents timing differences between fair value movements on qualifying economic hedges and the underlying exposure. They do not affect the Group's performance over the life of the hedge relationship, and are recognised over the life of the hedged transaction. To qualify as an economic hedge the terms and/or risk profile must match or be substantially the same as the underlying exposure.

Bankwest non-cash items

The acquisition of Bankwest resulted in the recognition of assets at fair value, some of which have been amortising over their useful life. The transaction was considered one-off in nature. Bankwest customer lists were fully amortised in the half year ended 31 December 2018.

Treasury shares valuation adjustment

These valuation adjustments represent the elimination of gains and losses on CBA shares held through funds in the Wealth Management business.

Investment experience

Investment experience includes returns and revaluations on shareholder capital invested, in the wealth management businesses. It also includes changes in economic assumptions impacting the insurance businesses and investment profits on the annuity portfolio. This item is classified separately within cash profit.

6.4 Profit Reconciliation (continued)

Profit Reconciliation	Net profit after tax "cash basis" $M	Gain/(loss) on disposal and acquisition of controlled entities [2] $M	Hedging and IFRS volatility $M	Bankwest non-cash items [3] $M	Treasury shares valuation adjustment $M	Investment experience $M	Net profit after tax "statutory basis" $M
	Full Year Ended 30 June 2018 [1]						
Group							
Interest income [4]	**34,144**	-	-	-	-	-	**34,144**
Interest expense	**(15,802)**	-	-	-	-	-	**(15,802)**
Net interest income	**18,342**	-	-	-	-	-	**18,342**
Other banking income	**5,215**	65	143	-	-	-	**5,423**
Total banking income	**23,557**	65	143	-	-	-	**23,765**
Funds management income	**1,119**	-	-	-	-	5	**1,124**
Insurance income	**238**	-	-	-	-	3	**241**
Total operating income	**24,914**	65	143	-	-	8	**25,130**
Investment experience	**8**	-	-	-	-	(8)	**-**
Total income	**24,922**	65	143	-	-	-	**25,130**
Operating expenses	**(10,995)**	(30)	-	(4)	-	-	**(11,029)**
Loan impairment expense	**(1,079)**	-	-	-	-	-	**(1,079)**
Net profit before tax	**12,848**	35	143	(4)	-	-	**13,022**
Corporate tax (expense)/benefit	**(3,920)**	9	(42)	1	-	-	**(3,952)**
Non-controlling interests	**(13)**	-	-	-	-	-	**(13)**
Net profit after income tax from continuing operations	**8,915**	44	101	(3)	-	-	**9,057**
Net profit after income tax from discontinued operations [5]	**497**	(227)	-	-	2	-	**272**
Net profit after income tax	**9,412**	(183)	101	(3)	2	-	**9,329**

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Continuing operations net profit after tax includes: $58 million gain recognised on acquisition of AHL, $11 million gain on sale of County Banks, partly offset by $21 million demerger costs for NewCo and $4 million loss due to the dilution of the Group's interest in Qilu Bank Co. Ltd. Discontinued operations net profit after tax includes: $118 million transaction and separation costs associated with the disposal of CommInsure Life, $91 million impairment due to the reclassification of TymeDigital as a discontinued operation and $18 million transaction and separation costs associated with the disposal of Sovereign.
(3) Includes merger related amortisation through operating expenses of $4 million, and an income tax benefit of $1 million.
(4) Interest income includes total effective interest income and other interest income.
(5) Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.

6.4 Profit Reconciliation (continued)

Profit Reconciliation	Net profit after tax "cash basis" $M	Gain/(loss) on disposal and acquisition of controlled entities (1) $M	Hedging and IFRS volatility $M	Bankwest non-cash items (2) $M	Treasury shares valuation adjustment $M	Investment experience $M	Net profit after tax "statutory basis" $M
	Half Year Ended 30 June 2019						
Group							
Interest income (3)	**17,073**	-	-	-	-	-	**17,073**
Interest expense	**(8,087)**	-	-	-	-	-	**(8,087)**
Net interest income	**8,986**	-	-	-	-	-	**8,986**
Other banking income	**2,432**	16	15	-	-	-	**2,463**
Total banking income	**11,418**	16	15	-	-	-	**11,449**
Funds management income	**502**	-	-	-	-	-	**502**
Insurance income	**79**	-	-	-	-	1	**80**
Total operating income	**11,999**	16	15	-	-	1	**12,031**
Investment experience	**1**	-	-	-	-	(1)	**-**
Total income	**12,000**	16	15	-	-	-	**12,031**
Operating expenses	**(5,980)**	(76)	-	-	-	-	**(6,056)**
Loan impairment expense	**(624)**	-	-	-	-	-	**(624)**
Net profit before tax	**5,396**	(60)	15	-	-	-	**5,351**
Corporate tax (expense)/benefit	**(1,574)**	17	(3)	-	-	-	**(1,560)**
Non-controlling interests	**(6)**	-	-	-	-	-	**(6)**
Net profit after income tax from continuing operations	**3,816**	(43)	12	-	-	-	**3,785**
Net profit after income tax from discontinued operations (4)	**122**	56	-	-	9	-	**187**
Net profit after income tax	**3,938**	13	12	-	9	-	**3,972**

(1) Continuing operations net profit after tax includes: $36 million separation costs for NewCo, $33 million impairment loss and transaction costs associated with the disposal of Count Financial, partly offset by a $26 million net gain on acquisition and disposals of other businesses. Discontinued operations net profit after tax includes: $29 million benefit from lower transaction and separation costs associated with CFSGAM, $22 million gain net of transaction and separation costs associated with the disposal of Sovereign, and $49 million net gain on acquisition and disposals of other businesses, partly offset by $44 million transaction and separation costs associated with the disposal of CommInsure Life.

(2) Bankwest merger related amortisation was fully amortised in the half year ended 31 December 2018.

(3) Interest income includes total effective interest income and other interest income.

(4) Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.

6.5 Analysis Template

Ratios - Output Summary (continuing operations basis)	Full Year Ended (1) (2) 30 Jun 19 $M	30 Jun 18 $M	Half Year Ended (2) 30 Jun 19 $M	31 Dec 18 $M
Earnings Per Share (EPS)				
Net profit after tax - "cash basis"	**8,492**	8,915	**3,816**	4,676
Average number of shares (M) - "cash basis"	**1,766**	1,747	**1,769**	1,763
Earnings Per Share basic - "cash basis" (cents)	**480. 8**	510. 3	**215. 7**	265. 2
Net profit after tax - "statutory basis"	**8,360**	9,057	**3,785**	4,575
Average number of shares (M) - "statutory basis"	**1,765**	1,746	**1,768**	1,762
Earnings Per Share basic - "statutory basis" (cents)	**473. 7**	518. 8	**214. 1**	259. 6
Interest expense (after tax) - PERLS VI	**38**	83	**-**	38
Interest expense (after tax) - PERLS VII	**74**	71	**37**	37
Interest expense (after tax) - PERLS VIII	**54**	52	**27**	27
Interest expense (after tax) - PERLS IX	**71**	48	**35**	36
Interest expense (after tax) - PERLS X	**52**	13	**26**	26
Interest expense (after tax) - PERLS XI	**34**	-	**31**	3
Profit impact of assumed conversions (after tax)	**323**	267	**156**	167
Weighted average number of shares - PERLS VI (M)	**13**	25	**-**	26
Weighted average number of shares - PERLS VII (M)	**43**	37	**43**	43
Weighted average number of shares - PERLS VIII (M)	**21**	18	**21**	21
Weighted average number of shares - PERLS IX (M)	**23**	20	**24**	23
Weighted average number of shares - PERLS X (M)	**19**	4	**20**	19
Weighted average number of shares - PERLS XI (M)	**12**	-	**23**	2
Weighted average number of shares - Employee share plans (M)	**1**	2	**1**	2
Weighted average number of shares - dilutive securities (M)	**132**	106	**132**	136
Net profit after tax - "cash basis"	**8,492**	8,915	**3,816**	4,676
Add back profit impact of assumed conversions (after tax)	**323**	267	**156**	167
Adjusted diluted profit for EPS calculation	**8,815**	9,182	**3,972**	4,843
Average number of shares (M) - "cash basis"	**1,766**	1,747	**1,769**	1,763
Add back weighted average number of shares (M)	**132**	106	**132**	136
Diluted average number of shares (M)	**1,898**	1,853	**1,901**	1,899
Earnings Per Share diluted - "cash basis" (cents)	**464. 2**	495. 2	**208. 9**	255. 1
Net profit after tax - "statutory basis"	**8,360**	9,057	**3,785**	4,575
Add back profit impact of assumed conversions (after tax)	**323**	267	**156**	167
Adjusted diluted profit for EPS calculation	**8,683**	9,324	**3,941**	4,742
Average number of shares (M) - "statutory basis"	**1,765**	1,746	**1,768**	1,762
Add back weighted average number of shares (M)	**132**	106	**132**	136
Diluted average number of shares (M)	**1,897**	1,852	**1,900**	1,898
Earnings Per Share diluted - "statutory basis" (cents)	**457. 5**	503. 2	**207. 4**	249. 8

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Calculations are based on actual numbers prior to rounding to the nearest million.

6.5 Analysis Template (continued)

Ratios - Output Summary (including discontinued operations)	Full Year Ended [1] 30 Jun 19 $M	Full Year Ended [1] 30 Jun 18 $M	Half Year Ended [1] 30 Jun 19 $M	Half Year Ended [1] 31 Dec 18 $M
Earnings Per Share (EPS)				
Net profit after tax - "cash basis"	**8,706**	9,412	**3,938**	4,768
Average number of shares (M) - "cash basis"	**1,766**	1,747	**1,769**	1,763
Earnings Per Share basic - "cash basis" (cents)	**493. 0**	538. 8	**222. 6**	270. 4
Net profit after tax - "statutory basis"	**8,571**	9,329	**3,972**	4,599
Average number of shares (M) - "statutory basis"	**1,765**	1,746	**1,768**	1,762
Earnings Per Share basic - "statutory basis" (cents)	**485. 6**	534. 3	**224. 7**	261. 0
Interest expense (after tax) - PERLS VI	**38**	83	**-**	38
Interest expense (after tax) - PERLS VII	**74**	71	**37**	37
Interest expense (after tax) - PERLS VIII	**54**	52	**27**	27
Interest expense (after tax) - PERLS IX	**71**	48	**35**	36
Interest expense (after tax) - PERLS X	**52**	13	**26**	26
Interest expense (after tax) - PERLS XI	**34**	-	**31**	3
Profit impact of assumed conversions (after tax)	**323**	267	**156**	167
Weighted average number of shares - PERLS VI (M)	**13**	25	**-**	26
Weighted average number of shares - PERLS VII (M)	**43**	37	**43**	43
Weighted average number of shares - PERLS VIII (M)	**21**	18	**21**	21
Weighted average number of shares - PERLS IX (M)	**23**	20	**24**	23
Weighted average number of shares - PERLS X (M)	**19**	4	**20**	19
Weighted average number of shares - PERLS XI (M)	**12**	-	**23**	2
Weighted average number of shares - Employee share plans (M)	**1**	2	**1**	2
Weighted average number of shares - dilutive securities (M)	**132**	106	**132**	136
Net profit after tax - "cash basis"	**8,706**	9,412	**3,938**	4,768
Add back profit impact of assumed conversions (after tax)	**323**	267	**156**	167
Adjusted diluted profit for EPS calculation	**9,029**	9,679	**4,094**	4,935
Average number of shares (M) - "cash basis"	**1,766**	1,747	**1,769**	1,763
Add back weighted average number of shares (M)	**132**	106	**132**	136
Diluted average number of shares (M)	**1,898**	1,853	**1,901**	1,899
Earnings Per Share diluted - "cash basis" (cents)	**475. 4**	522. 0	**215. 3**	259. 9
Net profit after tax - "statutory basis"	**8,571**	9,329	**3,972**	4,599
Add back profit impact of assumed conversions (after tax)	**323**	267	**156**	167
Adjusted diluted profit for EPS calculation	**8,894**	9,596	**4,128**	4,766
Average number of shares (M) - "statutory basis"	**1,765**	1,746	**1,768**	1,762
Add back weighted average number of shares (M)	**132**	106	**132**	136
Diluted average number of shares (M)	**1,897**	1,852	**1,900**	1,898
Earnings Per Share diluted - "statutory basis" (cents)	**468. 6**	517. 7	**217. 2**	251. 1

(1) Calculations are based on actual numbers prior to rounding to the nearest million.

6.5 Analysis Template (continued)

Dividends Per Share (DPS)	Full Year Ended [1]		Half Year Ended [1]	
Dividends (including discontinued operations)	**30 Jun 19**	30 Jun 18	**30 Jun 19**	31 Dec 18
Dividends per share (cents) - fully franked	**431**	431	**231**	200
No. of shares at end of period excluding Treasury shares deduction (M)	**1,770**	1,760	**1,770**	1,770
Total dividends ($M)	**7,630**	7,570	**4,089**	3,540
Dividend payout ratio - "cash basis"				
Net profit after tax - attributable to ordinary shareholders ($M)	**8,706**	9,412	**3,938**	4,768
Total dividends ($M)	**7,630**	7,570	**4,089**	3,540
Payout ratio - "cash basis" (%)	**87. 6**	80. 4	**103. 8**	74. 3
Dividend cover				
Net profit after tax - attributable to ordinary shareholders ($M)	**8,706**	9,412	**3,938**	4,768
Total dividends ($M)	**7,630**	7,570	**4,089**	3,540
Dividend cover - "cash basis" (times)	**1. 1**	1. 2	**1. 0**	1. 3

(1) Calculations are based on actual numbers prior to rounding to the nearest million.

6.5 Analysis Template (continued)

Ratios - Output Summary (continuing operations basis)	Full Year Ended [1] [2] 30 Jun 19 $M	30 Jun 18 $M	Half Year Ended [1] [2] 30 Jun 19 $M	31 Dec 18 $M
Return on Equity (ROE)				
Return on Equity - "cash basis"				
Average net assets	**68,376**	65,870	**69,113**	67,740
Less:				
Average non-controlling interests	**(387)**	(551)	**(304)**	(554)
Average equity	**67,989**	65,319	**68,809**	67,186
Add average treasury shares	**86**	90	**86**	86
Net average equity	**68,075**	65,409	**68,895**	67,272
Net profit after tax - "cash basis"	**8,492**	8,915	**3,816**	4,676
ROE - "cash basis" (%)	**12. 5**	13. 6	**11. 2**	13. 8
Return on Equity - "statutory basis"				
Average net assets	**68,376**	65,870	**69,113**	67,740
Average non-controlling interests	**(387)**	(551)	**(304)**	(554)
Average equity	**67,989**	65,319	**68,809**	67,186
Net profit after tax - "statutory basis"	**8,360**	9,057	**3,785**	4,575
ROE - "statutory basis" (%)	**12. 3**	13. 9	**11. 1**	13. 5

(1) Calculations are based on actual numbers prior to rounding to the nearest million.
(2) Comparative information has been restated to conform to presentation in the current period.

6.5 Analysis Template (continued)

Ratios - Output Summary (including discontinued operations)	Full Year Ended (1) (2) 30 Jun 19 $M	30 Jun 18 $M	Half Year Ended (1) 30 Jun 19 $M	31 Dec 18 $M
Return on Equity (ROE)				
Return on Equity - "cash basis"				
Average net assets	**68,376**	65,870	**69,113**	67,740
Less:				
Average non-controlling interests	**(387)**	(551)	**(304)**	(554)
Average equity	**67,989**	65,319	**68,809**	67,186
Add average treasury shares	**86**	90	**86**	86
Net average equity	**68,075**	65,409	**68,895**	67,272
Net profit after tax - "cash basis"	**8,706**	9,412	**3,938**	4,768
ROE - "cash basis" (%)	**12. 8**	14. 4	**11. 5**	14. 1
Return on Equity - "statutory basis"				
Average net assets	**68,376**	65,870	**69,113**	67,740
Average non-controlling interests	**(387)**	(551)	**(304)**	(554)
Average equity	**67,989**	65,319	**68,809**	67,186
Net profit after tax - "statutory basis"	**8,571**	9,329	**3,972**	4,599
ROE - "statutory basis" (%)	**12. 6**	14. 3	**11. 6**	13. 6
Net Tangible Assets per share				
Net assets	**69,649**	67,860	**69,649**	68,578
Less:				
Intangible assets	**(10,014)**	(10,462)	**(10,014)**	(9,934)
Non-controlling interests	**(55)**	(554)	**(55)**	(553)
Total net tangible assets	**59,580**	56,844	**59,580**	58,091
No. of shares at end of period excluding Treasury shares deduction (M)	**1,770**	1,760	**1,770**	1,770
Net Tangible Assets per share ($)	**33. 66**	32. 30	**33. 66**	32. 82

(1) Calculations are based on actual numbers prior to rounding to the nearest million.
(2) Comparative information has been restated to conform to presentation in the current period.

Appendices

6.6 Group Performance Summary

	Summary from continuing operations						Summary including discontinued operations					
	Full Year Ended (1) ("cash basis")			Half Year Ended ("cash basis")			Full Year Ended (1) ("cash basis")			Half Year Ended ("cash basis")		
Group Performance Summary	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %	**30 Jun 19 $M**	30 Jun 18 $M	Jun 19 vs Jun 18 %	**30 Jun 19 $M**	31 Dec 18 $M	Jun 19 vs Dec 18 %
Net interest income	**18,120**	18,342	(1)	**8,986**	9,134	(2)	**18,207**	18,409	(1)	**9,029**	9,178	(2)
Other banking income	**5,068**	5,215	(3)	**2,432**	2,636	(8)	**5,067**	5,172	(2)	**2,426**	2,641	(8)
Total banking income	**23,188**	23,557	(2)	**11,418**	11,770	(3)	**23,274**	23,581	(1)	**11,455**	11,819	(3)
Funds management income	**1,072**	1,119	(4)	**502**	570	(12)	**2,061**	2,189	(6)	**1,011**	1,050	(4)
Insurance income	**147**	238	(38)	**79**	68	16	**221**	848	(74)	**81**	140	(42)
Total operating income	**24,407**	24,914	(2)	**11,999**	12,408	(3)	**25,556**	26,618	(4)	**12,547**	13,009	(4)
Investment experience	**4**	8	(50)	**1**	3	(67)	**87**	81	7	**69**	18	large
Total income	**24,411**	24,922	(2)	**12,000**	12,411	(3)	**25,643**	26,699	(4)	**12,616**	13,027	(3)
Operating expenses	**(11,269)**	(10,995)	2	**(5,980)**	(5,289)	13	**(12,207)**	(12,105)	1	**(6,431)**	(5,776)	11
Loan impairment expense	**(1,201)**	(1,079)	11	**(624)**	(577)	8	**(1,201)**	(1,079)	11	**(624)**	(577)	8
Net profit before tax	**11,941**	12,848	(7)	**5,396**	6,545	(18)	**12,235**	13,515	(9)	**5,561**	6,674	(17)
Corporate tax expense	**(3,437)**	(3,920)	(12)	**(1,574)**	(1,863)	(16)	**(3,510)**	(4,084)	(14)	**(1,614)**	(1,896)	(15)
Non-controlling interests	**(12)**	(13)	(8)	**(6)**	(6)	-	**(19)**	(19)	-	**(9)**	(10)	(10)
Net profit after tax	**8,492**	8,915	(5)	**3,816**	4,676	(18)	**8,706**	9,412	(8)	**3,938**	4,768	(17)
Net profit after tax from discontinued operations	**214**	497	(57)	**122**	92	33	**-**	-	-	**-**	-	-
Net profit after tax including discontinued operations	**8,706**	9,412	(8)	**3,938**	4,768	(17)	**8,706**	9,412	(8)	**3,938**	4,768	(17)

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

6.7 Foreign Exchange Rates

Exchange Rates Utilised [1]	Currency	As at 30 Jun 19	31 Dec 18	30 Jun 19	30 Jun 18
AUD 1.00 =	USD	**0. 7013**	0. 7057	**0. 7013**	0. 7387
	EUR	**0. 6170**	0. 6175	**0. 6170**	0. 6350
	GBP	**0. 5533**	0. 5563	**0. 5533**	0. 5635
	NZD	**1. 0460**	1. 0515	**1. 0460**	1. 0909
	JPY	**75. 6460**	77. 9848	**75. 6460**	81. 7215

(1) End of day, Sydney time.

		Full Year Ended		Half Year Ended	
Average Exchange Rates Utilised	Currency	**30 Jun 19**	30 Jun 18	**30 Jun 19**	31 Dec 18
AUD 1.00 =	USD	**0. 7154**	0. 7753	**0. 7062**	0. 7245
	EUR	**0. 6270**	0. 6501	**0. 6251**	0. 6289
	GBP	**0. 5528**	0. 5761	**0. 5459**	0. 5596
	NZD	**1. 0668**	1. 0850	**1. 0511**	1. 0822
	JPY	**79. 5140**	85. 5738	**77. 7297**	81. 2578

6.8 Definitions

Glossary of Terms

Term	Description
Assets Under Management	Assets Under Management (AUM) represents the market value of assets for which the Group acts as appointed manager. Growth and volatility in this balance is a key performance indicator for the Wealth Management and New Zealand businesses.
Bankwest	Bankwest is active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products. From 1 July 2018, Bankwest has been consolidated into Retail Banking Services.
Business and Private Banking	Business and Private Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions, as well as providing banking and advisory services for high net worth individuals. It also provides equities trading and margin lending services through our CommSec business. From 1 July 2018, the Small Business banking segment has been transferred out of Retail Banking Services into Business and Private Banking.
Corporate Centre (including eliminations)	Corporate Centre includes the results of unallocated Group support functions such as Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs. It also includes Group wide elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.
Corporations Act 2001	Corporations Act 2001 (Cth).
Dividend payout ratio ("cash basis")	Dividends paid on ordinary shares divided by net profit after tax ("cash basis").
Dividend payout ratio ("statutory basis")	Dividends paid on ordinary shares divided by net profit after tax ("statutory basis").
DRP	Dividend reinvestment plan.
DRP participation	The percentage of total issued capital participating in the dividend reinvestment plan.
Earnings per share (basic)	Basic earnings per share is the net profit attributable to ordinary equity holders of the Bank, divided by the weighted average number of ordinary shares on issue during the period, per the requirements of relevant accounting standards.
Earnings per share (diluted)	Diluted earnings per share adjusts the net profit attributable to ordinary equity holders of the Bank and the weighted average number of ordinary shares on issue used in the calculation of basic earnings per share, for the effects of dilutive potential ordinary shares, per the requirements of relevant accounting standards.
Full-time equivalent staff	Includes all permanent full-time staff, part-time staff equivalents and external contractors employed through third-party agencies.
Funds Under Administration	Funds Under Administration (FUA) represents the market value of funds administered by the Group and excludes AUM. Growth and volatility in this balance is a key performance indicator for the Wealth Management and New Zealand businesses.
International Financial Services	International Financial Services (IFS) incorporates the Indonesian retail and business banking operations, and associate investments in China (Bank of Hangzhou and Qilu Bank) and Vietnam (Vietnam International Bank). It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.
Institutional Banking and Markets	Institutional Banking and Markets serves the commercial and wholesale banking needs of large corporate, institutional and government clients across a full range of financial services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.
Interest Rate Risk in the Banking Book	Interest Rate Risk in the Banking Book (IRRBB) 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 earned over 12 months. This calculation is driven by APRA regulations with further detail outlined in the Bank's Basel III Pillar 3 report.

Appendices

Term	Description
Net profit after tax ("cash basis")	Represents net profit after tax and non-controlling interests before non-cash items including, hedging and IFRS volatility, Bankwest non-cash items, treasury shares valuation adjustment, and losses or gains on acquisitions, disposal, closure and demerger of businesses. This is Management's preferred measure of the Group's financial performance.
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 (excluding Treasury Shares deduction).
Net profit after tax ("statutory basis")	Represents net profit after tax and non-controlling interests, calculated in accordance with Australian Accounting Standards. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank".
Net Stable Funding Ratio (NSFR)	The NSFR more closely aligns the behaviour term of assets and liabilities. It is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF). ASF is the portion of an Authorised Deposit-taking Institution's (ADI) capital and liabilities expected to be a reliable source of funds over a one year time horizon. RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off-balance sheet activities.
NewCo	NewCo represents the wealth management and Mortgage Broking businesses CBA intends to exit. NewCo includes Colonial First State, Financial Wisdom, Aussie Home Loans and CBA's minority shareholdings in ASX-listed companies CountPlus and Mortgage Choice.
New Zealand	New Zealand includes the banking, funds management and insurance businesses operating in New Zealand (excluding Institutional Banking and Markets), under the ASB and Sovereign brands. On 2 July 2018, CBA completed the sale of Sovereign.
Profit after capital charge (PACC)	The Group uses PACC, a risk-adjusted measure, as a key measure of financial performance. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments.
Operating expenses to total operating income	Represents operating expenses as a percentage of total operating income. The ratio is a key efficiency measure.
Other Overseas	Represents amounts booked in branches and controlled entities outside Australia and New Zealand.
Retail Banking Services	Retail Banking Services provides home loan, consumer finance and retail deposit products and servicing to all Retail bank customers under the CBA and Aussie brands. In addition, commission is received for the distribution of Wealth Management products through the retail distribution network. From 1 July 2018, Bankwest and Commonwealth Financial Planning have been consolidated into Retail Banking Services. In addition, the CommInsure General Insurance business has been transferred into Retail Banking Services while under strategic review.
Return on equity ("cash basis")	Based on net profit after tax ("cash basis") and non-controlling interests less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests, other equity instruments and the treasury shares deduction relating to life insurance statutory funds.
Return on 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.
Total Committed Exposure (TCE)	Total Committed Exposure is defined as the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes settlement exposures on derivatives.
Wealth Management	Wealth Management provides superannuation, investment, retirement and insurance products and services including financial planning which help improve the financial wellbeing of our customers. In addition, as a global asset management business, it manages investments on behalf of institutional investors and pension funds, wholesale distributors and platforms, financial advisers and their clients.
Weighted average number of shares ("cash basis")	The calculation incorporates the bonus element of any rights issue, discount element of any DRP and excludes "Treasury Shares" related to investment in the Bank's shares held by the employee share scheme trust.
Weighted average number of shares ("statutory basis")	The calculation incorporates the bonus element of any rights issue, discount element of any DRP and excludes "Treasury Shares" related to investments in the Bank's shares held both by the life insurance statutory funds and by the employee share scheme trust.

Appendices

Market Share Definitions

Retail Banking Services	
Home loans	CBA Loans to individuals that are Owner Occupied and Investment Home Loans + Securitised Housing Loans as per APRA monthly Banking Statistics + separately reported subsidiaries: Wallaby Trust, Residential Group Mortgage Group P/L and Homepath P/L.
	RBA Total Housing Loans (includes Banks, Non-Banks and securitisation).
Credit cards (APRA)	CBA Personal Credit Card Lending (APRA).
	Loans to Households: Credit Cards (APRA Monthly Banking Statistics back series).
Consumer finance (other household lending)	CBA Lending to Individuals which includes: Personal Loans, Margin Lending, Personal Leasing, Revolving Credit, Overdrafts, and Home Loans for personal purposes.
	Loans to Households: Other (APRA Monthly Banking Statistics back series).
Household deposits	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for Households (individuals) excluding Self-Managed Super Funds (as per deposit balances submitted to APRA in ARF 320.0 Statement of Financial Position).
	Deposits from Households (APRA Monthly Banking Statistics back series).
Business Banking	
Business Lending (APRA)	CBA Total loans to residents as reported under APRA definitions for the Non-Financial Corporations sector (as per lending balances submitted to APRA in ARF 320.0 Statement of Financial Position) (this includes some Housing Loans to Business).
	Loans to Non-Financial Corporations (APRA Monthly Banking statistics back series).
Business lending (RBA)	CBA business lending and credit: specific "business lending" categories in lodged APRA returns – ARF 320.0 Statement of Financial Position Domestic Book, ARF 320.1 Debt Securities Held and ARF 320.4 Accepted and Endorsed Bills, excluding sub-categories of Banks, ADIs and RFCs and Governments.
	RBA Total business lending (seasonally adjusted).
Business deposits (APRA)	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for the non-financial corporation's sector (as per deposit balances submitted to APRA in ARF 320.0).
	Loans to Non-Financial Corporations (from APRA Monthly Banking Statistics back series).
Equities trading	Twelve months rolling average of total value of equities trades as measured by ASX.
	Twelve months rolling average of total value of equities market trades as measured by ASX.
Wealth Management	
Australian Retail	Total funds in CBA Wealth Management retail investment products (including WM products badged by other parties).
	Total funds in retail investment products market (from Strategic Insight).
FirstChoice Platform	Total funds in FirstChoice platform.
	Total funds in platform/masterfund market (from Strategic Insight).
Australia life insurance (total risk)	Total risk inforce premium of all CBA Group Australian life insurance companies.
	Total risk inforce premium for all Australian life insurance companies (from Strategic Insight).
Australia life insurance (individual risk)	(Individual lump sum + individual risk income) inforce premium of all CBA Group Australian life insurance companies.
	Individual risk inforce premium for all Australian life insurance companies (from Strategic insight).

Market Share Definitions (continued)

New Zealand

Home loans	All ASB residential mortgages for owner occupier and residential investor property use.
	Total New Zealand residential mortgages for owner occupier and residential investor property use of all New Zealand registered banks (from RBNZ).
Customer deposits	All resident and non-resident deposits on ASB Balance Sheet.
	Total resident and non-resident deposits of all New Zealand registered banks (from RBNZ).
Business lending	All New Zealand dollar loans for business use on ASB Balance Sheet excluding agriculture loans.
	Total New Zealand dollar loans for business use of all New Zealand registered banks excluding agriculture loans (from RBNZ).
Retail AUM (1)	Total ASB AUM.
	Total Market net Retail AUM (from Fund Source Research Limited).
Annual inforce premiums (2)	Total Sovereign inforce premiums excluding health (opening inforce annual premium income + new business - exits - other).
	Total inforce premium for New Zealand (from Financial Services Council of New Zealand statistics).

(1) Presented on a continuing operations basis.
(2) Discontinued operations.