Determined to offer strength in uncertain times.

Profit Announcement

For the full year ended 30 June 2008

Determined to be different

WINNER Money MAGAZINE AWARDS 2008 BANK OF THE YEAR

13th August 2008

Commonwealth Bank of Australia ACN 123 123 124

ASX Appendix 4E

Results for announcement to the market [1]

Report for the full year ended 30 June 2008	$M
Revenues from ordinary activities	**Up 12% to $37,054**
Profit/(loss) from ordinary activities after tax attributable to Equity holders	**Up 7% to $4,791**
Net profit/(loss) for the period attributable to Equity holders	**Up 7% to $4,791**
Dividends (distributions)	
Final Dividend – fully franked (cents per share)	**153**
Interim Dividend – fully franked (cents per share)	**113**
Record date for determining entitlements to the dividend	**22 August 2008**

(1) Rule 4.2C.3

Refer to Appendix 18 ASX Appendix 4E on page 60, for disclosures required under ASX Listing Rules.

This report should be read in conjunction with the 30 June 2008 Annual Financial Report of the Group and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Important Dates for Shareholders	
Full Year Results Announcement	13 August 2008
Ex-dividend Date	18 August 2008
Record Date	22 August 2008
Final Dividend Payment Date	1 October 2008
Annual General Meeting	13 November 2008
2009 Interim Results Date	11 February 2009

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Except where otherwise stated, all figures relate to the full year ended 30 June 2008 and comparatives to the full year ended 30 June 2007. The term "prior comparative period" refers to the half year ended 30 June 2007, while the term "prior half" refers to the half year ended 31 December 2007, unless otherwise stated.

Highlights

Group Performance Highlights

Net Profit after Income Tax	Full Year 30/06/08 $M	Full Year 30/06/07 $M	Half Year 30/06/08 $M	Half Year 31/12/07 $M
Statutory basis	**4,791**	4,470	**2,420**	2,371
Cash basis	**4,733**	4,527	**2,348**	2,385
Underlying basis	**4,746**	4,431	**2,389**	2,357

The Group's net profit after tax ("statutory basis") for the full year ended 30 June 2008 was $4,791 million, an increase of 7% on the prior year. The final dividend of $1.53 per share is another record and the total dividend for the year is $2.66 per share.

Cash earnings per share increased 3% on the prior year to 356.9 cents per share.

The Group's Return on Equity ("cash basis") has remained strong at 20.4%.

The Group's net profit after tax ("cash basis") for the full year ended 30 June 2008 was $4,733 million, an increase of 5% on the prior year. The Group's net profit after tax ("underlying basis"), which excludes Shareholder investment returns, increased 7% to $4,746 million.

This solid result was achieved in a difficult environment with the Group incurring additional funding costs during the year due to ongoing volatility in global credit markets. In addition, loan impairment expense increased $496 million on the prior year due to increased provisioning in the corporate portfolio reflecting a tougher economic climate.

Key financial performance highlights over the year were:

- Growth in Banking income of 8%, following an increase in average interest earning assets of 16% to $386 billion and net interest margin contraction of ten basis points on an underlying basis (six basis points on a headline basis);
- Funds management income growth of 23%, reflecting average funds under administration growth of 18% to $194 billion and net gains from asset sales;
- Growth in average inforce premiums of 18% to $1,511 million supported by sales growth in both life and general insurance businesses;
- Operating expense growth of 9%, reflecting continued investment in the business to support productivity and growth initiatives as well as the effect of inflation on salary and general expenses; and
- Substantially increased corporate loan provisioning levels to ensure sufficient provision coverage is maintained, reflecting market conditions.

The Group's net profit after tax ("statutory basis") includes the following additional non-cash items:

- Gain on the Visa Initial Public Offering of $295 million after tax; and
- Amounts have been recognised for investment and restructuring of $264 million after tax, relating to the cost of implementation of Core Banking Modernisation and other strategic initiatives.

The Group's net profit after tax ("underlying basis") for the half year ended 30 June 2008 was $2,389 million, an increase of 1% on the prior half. The second half was impacted by two fewer days, a significantly higher loan impairment expense and lower returns from investment markets.

Other performance highlights specifically relating to the Group's strategic priorities over the year included:

- Recognised as 2008 "Bank of the Year" by Money Magazine;
- The full suite of rated retail deposit and transaction products receiving a five star rating from CANNEX;
- The launch of the Group's new "Determined to be different" brand marketing campaign;
- Institutional Banking recognised as the industry leader, receiving the highest customer satisfaction rating in the East & Partners survey for the third year running;
- Launched Core Banking Modernisation, a project that will deliver a world class technology platform and enhanced customer service;
- Recognised as Australia's best Mastertrust/Wrap provider in the Wealth Insights 2008 Service Level Survey Reports (Source: ASSIRT/Wealth Insights); and
- People Engagement Workplace survey results which place the Group in the top quartile worldwide (source: Gallup).

Basel II Transition

In December 2007, APRA granted "advanced" Basel II accreditation status to the Group for the measurement of regulatory capital, which was effective from 1 January 2008. The Tier One and Total Capital ratios as at 30 June 2008 as disclosed on page 5 have been calculated in accordance with the Basel II methodology. Further details on the impact of the Basel II transition are in appendix 13, Capital Adequacy, page 50.

Dividends

The total dividend for the year is another record at $2.66 per share.

The final dividend declared is $1.53 per share which takes the full year dividend to $2.66, an increase of 10 cents or 4% on the prior year. The dividend has been determined based on net profit after tax ("cash basis"). On this basis the dividend payout ratio for the year is 75.0%.

The dividend payment is fully franked and will be paid on 1 October 2008 to owners of ordinary shares at the close of business on 22 August 2008 ("record date"). Shares will be quoted ex-dividend on 18 August 2008.

The Group issued $400 million of shares to satisfy shareholder participation in the Dividend Reinvestment Plan ("DRP") in respect of the interim dividend for 2007/08.

Outlook

The headwinds which the Australian banking industry experienced in the 2008 financial year are expected to dominate the outlook for global banking. Uncertainty and volatility in global credit markets will continue to place upward pressure on funding costs.

While the domestic economy remains resilient, credit growth is expected to moderate to slightly below the average of the past decade as the slowing in the economy impacts both consumers and business.

The outlook is cautious going into the new financial year and the Group will continue with its conservative stance until signs of improvements in economic conditions are evident. The Group's capital position is strong with capital levels well above target ranges. A prudent approach has been taken to the management of credit and market risk and we are well provisioned given the economic outlook.

While it is clearly a time to be cautious, the Group's robust financial position enables it to maintain the momentum behind its five strategic priorities and remains committed to further strengthening core businesses should attractive, "on strategy", investment opportunities arise.

Group Performance Summary	Full Year Ended 30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Net interest income	**7,907**	7,036	12	**4,008**	3,899	3
Other banking income	**3,312**	3,321	-	**1,771**	1,541	15
Total banking income	**11,219**	10,357	8	**5,779**	5,440	6
Funds management income	**2,307**	1,874	23	**1,166**	1,141	2
Insurance income	**832**	817	2	**439**	393	12
Total operating income	**14,358**	13,048	10	**7,384**	6,974	6
Shareholder investment returns	**(17)**	149	large	**(59)**	42	large
Total income	**14,341**	13,197	9	**7,325**	7,016	4
Operating expenses	**7,021**	6,427	9	**3,643**	3,378	8
Loan impairment expense	**930**	434	large	**597**	333	79
Net profit before income tax	**6,390**	6,336	1	**3,085**	3,305	(7)
Corporate tax expense (1)	**1,626**	1,782	(9)	**721**	905	(20)
Minority interests (2)	**31**	27	15	**16**	15	7
Net profit after income tax ("cash basis")	**4,733**	4,527	5	**2,348**	2,385	(2)
Gain on Visa Initial Public Offering	**295**	-	-	**295**	-	-
Investment and restructuring	**(264)**	-	-	**(264)**	-	-
Defined benefit superannuation plan income/(expense)	**9**	5	80	**13**	(4)	large
Treasury shares valuation adjustment	**60**	(75)	large	**73**	(13)	large
Hedging and AIFRS volatility	**(42)**	13	large	**(45)**	3	large
Net profit after income tax ("statutory basis")	**4,791**	4,470	7	**2,420**	2,371	2
Represented by: (3)						
Retail Banking Services	**1,904**	1,766	8	**955**	949	1
Premium Business Services	**1,480**	1,445	2	**756**	724	4
Wealth Management (4)	**740**	627	18	**351**	389	(10)
International Financial Services	**589**	478	23	**293**	296	(1)
Other (4)	**20**	211	(91)	**(7)**	27	large
Net profit after income tax ("cash basis")	**4,733**	4,527	5	**2,348**	2,385	(2)
Shareholder investment returns after tax	**13**	(96)	large	**41**	(28)	large
Net profit after income tax ("underlying basis")	**4,746**	4,431	7	**2,389**	2,357	1

(1) For purposes of presentation, Policyholder tax benefit and Policyholder tax expense components of Corporate tax expense are shown on a net basis (full years ended 30 June 2008: $(115) million, 30 June 2007: $266 million and half years ended 30 June 2008 $(151) million, 31 December 2007: $36 million).

(2) Minority interests include preference dividends paid to holders of preference shares in ASB Capital.

(3) During the first half of the current financial year the presentation of the segments of the Group was changed. Prior periods have been restated on a consistent basis.

(4) During the year a change was made to the recognition of intra-segment income between the Wealth Management and Other segments. This resulted in the recognition of an additional $9 million in after tax profit in the Wealth Management segment in the prior half.

Shareholder Summary	Full Year Ended 30/06/08	30/06/07	Jun 08 vs Jun 07	Half Year Ended 30/06/08	31/12/07	Jun 08 vs Dec 07%
Dividend per share – fully franked (cents)	**266**	256	4	**153**	113	35
Dividend cover – cash (times)	**1. 3**	1. 3	n/a	**1. 1**	1. 6	n/a
Earnings per share (cents) (1)						
Statutory – basic	**363. 0**	344. 7	5	**182. 6**	180. 4	1
Cash basis – basic	**356. 9**	347. 1	3	**176. 2**	180. 7	(3)
Dividend payout ratio (%)						
Statutory basis	**74. 1**	75. 2	(110)bpts	**84. 6**	63. 4	large
Cash basis	**75. 0**	74. 2	80bpts	**87. 3**	63. 0	large
Weighted avg no. of shares – statutory basic (M) (1)	**1,307**	1,281	2	**1,314**	1,300	1
Weighted avg no. of shares – cash basic (M) (1) (2)	**1,313**	1,289	2	**1,319**	1,306	1
Return on equity – cash (%)	**20. 4**	21. 7	(130)bpts	**19. 9**	20. 8	(90)bpts

(1) For definitions refer to appendix 23, page 70.

(2) Fully diluted EPS and weighted average number of shares (fully diluted) are disclosed in appendix 20, page 65.

Highlights continued

Balance Sheet Summary	30/06/08 $M	31/12/07 $M	30/06/07 $M	Jun 08 vs Dec 07 %	Jun 08 vs Jun 07 %
	As at				
Lending assets (1)	**369,597**	351,208	319,786	5	16
Total assets (2)	**487,572**	472,664	440,157	3	11
Total liabilities (2)	**461,435**	447,026	415,713	3	11
Shareholders' Equity	**26,137**	25,638	24,444	2	7
Assets held and Funds Under Administration (FUA)					
On Balance Sheet:					
Banking assets (2)	**461,944**	445,695	412,111	4	12
Insurance Funds Under Administration	**17,345**	18,940	19,814	(8)	(12)
Other insurance and internal funds management assets	**8,283**	8,029	8,232	3	1
	487,572	472,664	440,157	3	11
Off Balance Sheet:					
Funds Under Administration	**173,960**	188,762	157,257	(8)	11
Total assets held and FUA	**661,532**	661,426	597,414	-	11

(1) Lending assets comprise Loans, advances, and other receivables (gross of provisions for impairment and excluding securitisation and unearned income) and Bank acceptances of customers.

(2) During the year, a review of the accounting treatment of Group Limit Facilities and Mortgage Interest Saver Accounts led to an increase in lending and deposit balances (30 June 2008: $20 billion, 31 December 2007: $19 billion, 30 June 2007: $16 billion).

Key Performance Indicators	Full Year Ended 30/06/08	30/06/07	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08	31/12/07	Jun 08 vs Dec 07 %
Group						
Underlying profit after tax ($M) (1)	**4,746**	4,431	7	**2,389**	2,357	1
Net interest margin (%) (2) (3)	**2.02**	2.08	(6)bpts	**1.98**	2.06	(8)bpts
Average interest earning assets ($M) (2) (3)	**385,667**	332,492	16	**400,678**	370,819	8
Average interest bearing liabilities ($M) (2) (3)	**362,249**	311,236	16	**375,930**	348,716	8
Funds management income to average funds under administration (%)	**1.19**	1.14	5bpts	**1.18**	1.19	(1)bpts
Average funds under administration ($M)	**194,156**	164,404	18	**198,801**	191,447	4
Insurance income to average inforce premiums (%)	**55.1**	63.9	(14)	**56.8**	54.1	5
Average inforce premiums ($M)	**1,511**	1,278	18	**1,554**	1,444	8
Operating expense to total operating income (%)	**48.9**	49.3	(1)	**49.3**	48.4	2
Effective corporate tax rate (%)	**25.4**	28.1	(10)	**23.4**	27.4	(15)
Retail Banking Services						
Cash net profit after tax ($M)	**1,904**	1,766	8	**955**	949	1
Operating expense to total banking income (%)	**45.5**	46.6	(2)	**45.3**	45.8	(1)
Premium Business Services						
Cash net profit after tax ($M)	**1,480**	1,445	2	**756**	724	4
Operating expense to total banking income (%)	**45.3**	45.7	(1)	**47.0**	43.4	8
Wealth Management						
Underlying profit after tax ($M) (1)	**756**	548	38	**384**	372	3
Average funds under administration ($M)	**186,696**	157,338	19	**191,721**	183,548	4
Average inforce premiums ($M)	**1,136**	938	21	**1,172**	1,058	11
Funds management income to average funds under administration (%)	**1.21**	1.16	4	**1.20**	1.21	(1)
Insurance income to average inforce premiums (%)	**51.1**	61.1	(16)	**52.7**	51.3	3
Operating expense to net operating income (%) (4)	**55.0**	59.8	(8)	**55.7**	54.3	3
International Financial Services						
Underlying profit after tax ($M) (1)	**563**	461	22	**287**	276	4
Average funds under administration ($M)	**7,460**	7,066	6	**7,080**	7,899	(10)
Average inforce premiums ($M)	**375**	340	10	**382**	386	(1)
Funds management income to average funds under administration (%)	**0.64**	0.65	(2)	**0.74**	0.55	35
Insurance income to average inforce premiums (%)	**67.2**	71.8	(6)	**69.5**	61.8	12
Operating expense to net operating income (%) (4)	**51.6**	55.0	(6)	**49.8**	53.6	(7)
Capital Adequacy Ratios – (Basel I) (5)						
Tier One (%)	**-**	7.14		**-**	7.41	
Total (%)	**-**	9.76		**-**	9.82	
Adjusted Common Equity (%)	**-**	4.79		**-**	4.77	
Capital Adequacy Ratios – (Basel II) (5)						
Tier One (%)	**8.17**	-		**8.17**	8.17	-
Total (%)	**11.58**	-		**11.58**	12.08	(50)bpts
Adjusted Common Equity (%)	**6.47**	-		**6.47**	6.58	(11)bpts

(1) Cash net profit after tax less Shareholder investment returns after tax.

(2) During the year, a review of the accounting treatment of Group Limit Facilities and Mortgage Interest Saver Accounts led to an increase in lending and deposit balances (30 June 2008: $20 billion, 31 December 2007: $19 billion, 30 June 2007: $16 billion). Prior periods have been restated on a consistent basis.

(3) Average interest earning assets and average interest bearing liabilities have been adjusted to remove the impact of securitisation. Refer to Average Balances and Related Interest Page 30.

(4) Net operating income represents Total operating income less volume expenses.

(5) June 2008 regulatory capital is calculated in accordance with Basel II rules and methodology which was effective from 1 January 2008. The Basel II ratios make no allowances for interest rate risk in the banking book, as this measure is not effective until 1 July 2008. The December 2007 and June 2007 regulatory capital is reported in accordance with Basel I rules and methodology.

Credit Ratings	Long-term	Short-term	Outlook
Fitch Ratings	AA	F1+	Stable
Moody's Investor Services	Aa1	P-1	Stable
Standard & Poor's	AA	A-1+	Stable

The Group continues to maintain a strong capital position which is reflected in its credit ratings. Additional information regarding the Group's capital is disclosed in appendix 13, pages 50 to 54.

Group Performance Analysis

Financial Performance and Business Review

The full year underlying net profit after tax of $4,746 million for the Group increased 7% on the prior year.

The performance during the year was underpinned by:

- Strong growth in lending balances, with business lending up 22% to $127 billion and housing lending up 12% to $216 billion;
- Domestic deposit volume growth of 23% since June 2007 to $234 billion;
- Underlying net interest margin contraction of 10 basis points since 30 June 2007, a solid result in a difficult environment;
- Average funds under administration growth of 18% to $194 billion, reflecting positive net funds flows partly offset by falls in Australian and global equity markets;
- Operating expense growth of 9% on the prior year, reflecting continued investment in the Group's businesses as well as the effect of inflation on salary and general expenses;
- Higher funding costs caused by volatility in global credit markets; and
- Increased corporate sector collective and individual provisioning consistent with market conditions.

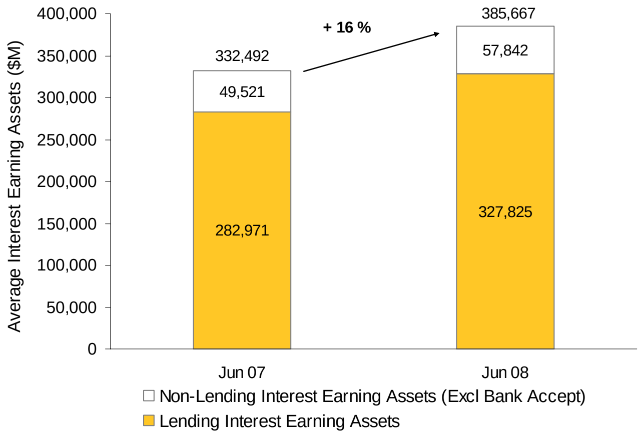
The underlying net profit after tax for the second half of the year increased by 1% on the prior half to $2,389 million. The second half performance was impacted by two fewer days and a significantly higher corporate loan impairment expense.

Net Interest Income

Net interest income increased by 12% on the prior year to $7,907 million. Excluding the impact of the reclassification of net swap costs under AIFRS, net interest income growth was 10%. This result was achieved through strong volume growth in average interest earning assets of 16%, partly offset by underlying margin contraction of ten basis points.

During the current half net interest income increased by 3% over the prior half. This represents 6% on an underlying basis after adjusting for the dampening impact of two fewer days and AIFRS net swap cost reclassification. The increase in net interest income was driven by an 8% growth in average interest earning assets partly offset by a seven basis point contraction in underlying margin.

Average Interest Earning Assets [(1)]



Average interest earning assets increased by $53 billion on the prior year to $386 billion, reflecting a $45 billion increase in average lending interest earnings assets and a $8 billion increase in average non-lending interest earning assets.

Above market home lending growth was the largest contributor to the increase in average interest earning assets. Average home loan balances excluding the impact of securitisation increased by 15% since 30 June 2007 and 9% since 31 December 2007.

Average balances for business and corporate lending benefited from strong volume growth, particularly in Institutional Banking. This resulted in growth of 18% since 30 June 2007 and 9% since 31 December 2007.

Personal lending average balances grew by 12% since 30 June 2007 and 3% since 31 December 2007. This result continues to be driven by growth in margin lending, which slowed in the second half due to the downturn in investment markets.

Net Interest Margin

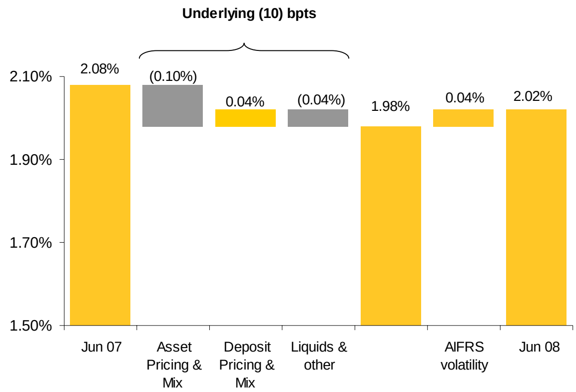
Underlying net interest margin decreased 10 basis points compared to the prior year. This was partly offset by AIFRS hedging volatility which resulted in a four basis point increase, bringing headline margin contraction to six basis points. The key drivers of the underlying margin contraction were:

Asset pricing and mix: Overall margin contraction of 10 basis points, with home lending margins contributing to a seven basis point decline during the year due to the impact of higher funding costs together with the increased proportion of lower margin fixed rate and packaged home lending products more than offsetting the changes in pricing of standard variable rate home loans. Business and personal lending margins contracted three basis points due to higher funding costs and the strong growth in lower margin Institutional loans and lower interest rate credit cards.

Deposit pricing and mix: Retail deposit margins improved four basis points due to benefits of increases in the official cash rate offsetting the ongoing mix impact of strong growth in higher interest rate deposit products.

Liquids and other: The Group increased holdings of liquid assets by $8 billion during the year, resulting in four basis points of margin compression.

NIM movement since June 2007 [(1)]



The net interest margin has been protected from further deterioration due to hedging of short-dated interest rate exposures which led to incremental costs of approximately $50 million in Other banking income, largely in the first half.

During the second half, net interest margin decreased by eight basis points (seven basis points on an underlying basis) due to similar influences as described above.

Additional information, including the average balances, is set out on pages 30 to 33.

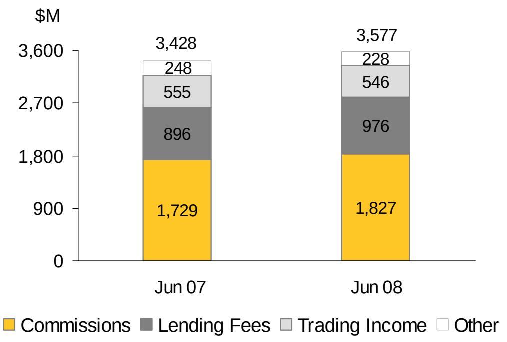
(1) Headline net interest margin has been impacted by a change in the accounting treatment of Group Limit Facilities and Mortgage Interest Saver Accounts which led to an increase in lending and deposit balances. Prior periods have been restated on a consistent basis. Refer to appendix 18, page 61.

Other Banking Income

	Full Year Ended		Half Year Ended	
	30/06/08	30/06/07	30/06/08	31/12/07
	$M	$M	$M	$M
Commissions	**1,827**	1,729	**919**	908
Lending fees	**976**	896	**507**	469
Trading income	**546**	555	**346**	200
Other income	**228**	248	**100**	128
	3,577	3,428	**1,872**	1,705
AIFRS reclassification of net swap costs (1)	**(265)**	(107)	**(101)**	(164)
Other banking income	**3,312**	3,321	**1,771**	1,541

(1) Refer to appendix 5, Other operating income, page 36 for further details.

Excluding the impact of AIFRS non-trading derivative volatility, Other banking income increased 4% over the year.



Factors impacting Other banking income were:

- Commissions: increased by 6% on the prior year to $1,827 million, principally driven by strong brokerage commissions within CommSec and volume-driven increases in international transactions;
- Lending fees: increased by 9% on the prior year to $976 million. The growth is principally due to retail and corporate customer fees, increasing in line with lending volumes together with higher syndication structured transaction fee income;
- Trading income: decreased 2% on the prior year to $546 million due to additional costs in the prior half on derivatives used to hedge short-dated interest rate exposures; and
- Other income: decreased 8% on the prior year to $228 million. The prior year included $79 million due to the sale of the Group's share in Greater Energy Alliance Corporation Pty Limited ("Loy Yang") and $58 million in relation to the sale of MasterCard shares. The impact of these items was partly offset in the current year due to realised gains on hedges of the New Zealand operations of $31 million compared to a loss of $23 million in the prior year, accrued income of $24 million relating to a prior period tax refund, the receipt of dividend income on Group investments of $36 million, together with several other offsetting non-recurring gains and losses.

The current half increased 10% on the prior half excluding the impact of AIFRS reclassification. This was the result of a strong increase in trading income in the Global Markets business due to market volatility in the current half providing a good trading environment.

Funds Management Income

	Full Year Ended		Half Year Ended	
	30/06/08	30/06/07	30/06/08	31/12/07
	$M	$M	$M	$M
CFS GAM	**1,068**	759	**567**	501
Colonial First State	**909**	844	**421**	488
CommInsure & Other	**282**	225	**152**	130
Sovereign & Other	**48**	46	**26**	22
Funds management income	**2,307**	1,874	**1,166**	1,141

Funds management income increased by 23% on the prior year to $2,307 million. This growth was driven by an increase in average funds under administration (FUA) of 18% on the prior year to $194 billion and a $108 million pre-tax gain on sale of assets.

Funds management income in the current half increased 2% on the prior half to $1,166 million, reflecting the impact of a $40 million higher pre-tax gain on the sale of assets and a $16 billion decline in funds under administration due to the investment market downturn in the second half.

Insurance Income

	Full Year Ended		Half Year Ended	
	30/06/08	30/06/07	30/06/08	31/12/07
	$M	$M	$M	$M
CommInsure & Other	**580**	573	**307**	273
Sovereign & Other	**252**	244	**132**	120
Insurance income	**832**	817	**439**	393

Insurance income increased by 2% on the prior year to $832 million. This result is a combination of strong growth in average inforce premiums of 18% offset by adverse claims experience associated with weather events concentrated on the east coast of Australia.

Insurance income in the current half increased 12% on the prior half due to an 8% increase in inforce premiums and the impact of weather events in the first half.

Group Performance Analysis continued

Operating Expenses

Group operating expenses increased by 9% on the prior year to $7,021 million. Operating expenses were impacted by:

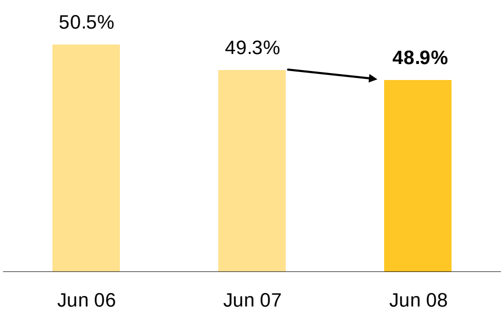
- Average salary increases reflecting the tight domestic labour market together with the effect of inflation on general expenses;
- Continued investment in staff in support of strategic initiatives, with staff numbers rising 5% on the prior year;
- Further investment in strategic growth initiatives, including the Business Banking Growth Strategy;
- Higher occupancy expenses resulting from market rent increases, relocation of the Business Continuity Centre to Sydney Olympic Park and increases in other property costs;
- Continued productivity improvements achieved through process re-engineering and simplification initiatives; and
- Higher volume related expenses resulting from strong growth in funds under administration, the IWL acquisition and an increase in underlying retail equities trading volumes.

During the second half of the year operating expenses increased 8% to $3,643 million. As previously disclosed, the first half included a one-off GST refund ($64 million) and the Group has continued to invest in staff and projects to support its strategic priorities.

Group Expense to Income Ratio

The expense to income ratio improved from 49.3% in the prior year to 48.9% in the current year, representing a 1% improvement in productivity. The improvement in productivity is a reflection of solid income growth, disciplined underlying expense management and continued investment in the business.

Productivity



Taxation Expense

The corporate tax charge for the year was $1,626 million, representing an effective tax rate of 25.4%.

The effective tax rate is lower in the current half primarily due to satisfactory resolution of long outstanding issues with tax authorities.

Reductions in the corporate tax rate in offshore jurisdictions including New Zealand, Hong Kong and the United Kingdom will lead to a lower underlying tax rate than in prior years. The long term underlying effective tax rate is therefore expected to range between 27% and 28%.

Loan Impairment

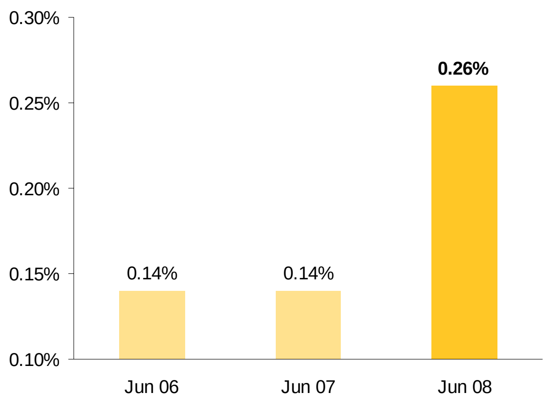
The total charge for loan impairment for the year was $930 million, which represents 26 basis points of average gross loans and acceptances. This expense is $496 million higher than the prior year, reflecting increased levels of collective and individual provisioning in the corporate portfolio. The current half loan impairment expense increased by 79% to $597 million for the same reason.

Gross impaired assets were $683 million as at 30 June 2008, compared with $421 million at 30 June 2007.

The Group remains well provisioned, with total provisions for impairment losses as at 30 June 2008 of $1,745 million. The current level of provisioning reflects:

- The large proportion of high quality, low risk home loans within the consumer portfolio;
- No direct exposure to US sub-prime or non-recourse mortgages;
- No participation in the zero rate credit card balance transfer market;
- Increased collective and individual provisioning in the corporate portfolio consistent with market conditions; and
- No material exposure to Collateralised Debt Obligations ("CDOs").

Loan Impairment Expense to Average Gross Loans and Acceptances [(1)]



(1) During the current year a review of the netting of certain assets and liabilities led to an increase in both lending and deposit balances (30 June 2008: $20 billion, 31 December 2007: $19 billion, 30 June 2007: $16 billion). Prior periods have been restated on a consistent basis.

Total Group Assets & Liabilities	30/06/08 $M	31/12/07 $M	30/06/07 $M	Jun 08 vs Dec 07 %	Jun 08 vs Jun 07 %
	As at				
Interest earning assets					
Home loans including securitisation	**215,743**	203,885	192,770	6	12
Less: securitisation	**(11,676)**	(13,177)	(15,633)	(11)	(25)
Home loans excluding securitisation	**204,067**	190,708	177,137	7	15
Personal	**20,265**	20,838	20,074	(3)	1
Business and corporate	**126,987**	119,857	103,854	6	22
Loans, advances and other receivables (1)	**351,319**	331,403	301,065	6	17
Provisions for loan impairment	**(1,713)**	(1,352)	(1,233)	27	39
Net loans, advances and other receivables	**349,606**	330,051	299,832	6	17
Non-lending interest earning assets	**49,385**	51,065	49,553	(3)	-
Total interest earning assets	**400,704**	382,468	350,618	5	14
Other assets (2)	**86,868**	90,196	89,539	(4)	(3)
Total assets (3)	**487,572**	472,664	440,157	3	11
Interest bearing liabilities					
Transaction deposits	**59,917**	60,210	55,168	-	9
Savings deposits	**53,420**	54,659	52,408	(2)	2
Investment deposits	**98,745**	84,328	76,856	17	28
Other demand deposits	**44,014**	45,889	26,156	(4)	68
Total interest bearing deposits	**256,096**	245,086	210,588	4	22
Deposits not bearing interest	**7,610**	8,021	8,480	(5)	(10)
Deposits and other public borrowings	**263,706**	253,107	219,068	4	20
Debt issues	**73,785**	65,699	69,753	12	6
Other interest bearing liabilities	**44,756**	49,597	43,719	(10)	2
Total interest bearing liabilities	**374,637**	360,382	324,060	4	16
Securitisation debt issues	**12,032**	13,673	15,737	(12)	(24)
Non-interest bearing liabilities (4)	**74,766**	72,971	75,916	2	(2)
Total liabilities (3)	**461,435**	447,026	415,713	3	11
Provisions for loan impairment					
Collective provision	**1,346**	1,084	1,034	24	30
Individually assessed provisions	**367**	268	199	37	84
Total provisions for loan impairment	**1,713**	1,352	1,233	27	39
Other credit provisions (5)	**32**	28	23	14	39
Total provisions for impairment losses	**1,745**	1,380	1,256	26	39

Asset Quality	Full Year Ended 30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Gross loans and acceptances ($M)	**383,502**	337,339	14	**383,502**	366,313	5
Risk weighted assets ("RWA") – Basel I ($M)	**-**	245,347	n/a	**-**	272,609	n/a
Risk weighted assets – Basel II ($M) (6)	**205,501**	-	n/a	**205,501**	198,228	4
Gross impaired assets ($M)	**683**	421	62	**683**	562	22
Net impaired assets ($M)	**316**	222	42	**316**	294	7
Collective provision as a % of RWA – Basel I	**-**	0. 42	n/a	**-**	0. 40	n/a
Collective provision as a % of RWA – Basel II	**0. 65**	-	n/a	**0. 65**	0. 55	18
Collective provision as a % of credit risk weighted assets – Basel II	**0. 72**	-	n/a	**0. 72**	0. 60	20
Collective provision as a % of gross loans and acceptances	**0. 35**	0. 31	13	**0. 35**	0. 30	17
Individually assessed provisions for impairment as a % of gross impaired assets (7)	**40. 8**	23. 8	71	**40. 8**	33. 6	21
Loan impairment expense as a % of average risk weighted assets annualised – Basel I (8)	**-**	0. 19	n/a	**-**	0. 26	n/a
Loan impairment expense as a % of average risk weighted assets annualised – Basel II (9)	**0. 46**	-	-	**0. 59**	-	-
Loan impairment expense as a % of average gross loans and acceptances annualised (8)	**0. 26**	0. 14	86	**0. 32**	0. 19	68

(1) Gross of provisions for impairment which are included in other assets.

(2) Other assets include Bank acceptances of customers, derivative assets, provisions for loan impairment, securitisation assets, insurance assets and intangibles.

(3) During the current year a review of the netting of certain assets and liabilities led to an increase in both lending and deposit balances (30 June 2008: $20 billion, 31 December 2007: $19 billion, 30 June 2007: $16 billion). Prior periods have been restated on a consistent basis.

(4) Non-interest bearing liabilities include derivative liabilities and insurance policy liabilities.

(5) Included in Other provisions.

(6) Basel II RWA and associated ratios for 31 December 2007 are on a pro-forma basis. RWA for Interest Rate Risk in the Banking Book is excluded from the above tables as it is effective from 1 July 2008 only.

(7) Bulk portfolio provisions of $88 million at 30 June 2008 ($79 million at 31 December 2007 and $99 million at 30 June 2007) to cover unsecured personal loans and credit card lending have been deducted from individually assessed provisions to calculate this ratio. These provisions are deducted due to the exclusion of the related assets from gross impaired assets. The related asset amounts are instead included in the 90 days or more past due disclosure.

(8) Average of opening and closing balances.

(9) This ratio uses a simple average pro-forma Basel II RWA at 31 December 2007 and Basel II RWA at 30 June 2008.

Retail Banking Services

Financial Performance and Business Review

Retail Banking Services has maintained its solid performance over the year ended 30 June 2008 with cash net profit after tax increasing by 8%, despite the impact of increased funding costs from continuing volatility in global credit markets. This has been achieved by strong volume growth in key product lines, sound credit quality, tight expense management and strategic business investment to drive profitable growth and efficiency.

Over the year, the business has made good progress towards the Group's vision to be Australia's finest financial services organisation through excelling in customer service. Highlights included:

- Winning the 'Best Branch Strategy' award at the International Retail Banking Awards in April 2008. The award recognises the success of the new branch network operating model in enabling increased lending capabilities in every branch and providing convenient options for customers through extended trading hours and weekend branch openings in selected locations;
- Further roll-out of the modernised branch design with 70 branches completed or under refurbishment by June 2008;
- Market leading product development with the full suite of rated personal deposit and transaction products receiving a five star rating from CANNEX;
- Enabling more environmentally sustainable banking with the launch of online statements in January 2008, which has already resulted in almost 400,000 customer accounts electing to opt out of receiving paper statements;
- Successful implementation of the Simple Home Loans program which has driven significant improvement in customer service by providing customers with faster access to funds and creating a better home buying experience;
- A new telephony platform implemented for the NetBank Helpdesk, Third Party and General Enquiry contact centres to improve efficiency and service; and
- Needs analysis sales and service training programs continue to be rolled out to staff, with over 7,650 "Masters" being accredited so far.

The success of these initiatives is reflected in:

- Encouraging customer satisfaction levels, only down marginally on June 2007, despite the higher interest rate environment(1) (Source: Roy Morgan Research); and
- Improvement in staff engagement scores as independently measured by the Gallup organisation, with Retail Banking Services now ranking well inside the international top quartile.

Home Loans

Home loan revenue decreased 5% on the prior year and 17% on the prior half. This result was impacted by higher funding costs following continued volatility in global credit markets. Balance growth of 15% on the prior year and 8% on the prior half was underpinned by strong performances in both the branch and broker channels resulting in 15 consecutive months of market share gains. Fee revenue growth was strong, up 20% on the prior year underpinned by package fee income and strong volume growth.

Consumer Finance

Consumer Finance revenue growth was 2% on the prior year (excluding the profit on the sale of shares in MasterCard) and 8% on the prior half. This was achieved despite increased funding costs and highlights the success of the focus on profitably growing this portfolio in a sustainable manner. Credit card balances have grown steadily, up 5% on June 2007. This growth has been driven by targeted customer campaigns and a focus on cross-sell initiatives and resulted in a significant increase in new accounts opened. Personal loans continued to perform well with steady volume growth and risk based pricing initiatives.

Retail Deposits

Deposit revenue increased 12% on the prior year, driven by a combination of strong volume growth of 18% and focused margin management in a competitive environment.

Despite the highly competitive environment for retail deposits, Retail Banking Services maintained a dominant position and further grew market share by capturing 30% of market balance growth over the year (Source: APRA). The success of products such as NetBank Saver and Business Online Saver and targeted Term Deposits campaigns resulted in a stable market share of 29.1% in June 2008.

Distribution

Commissions received from the distribution of both business banking and wealth management products through the retail distribution network remained in line with prior year. This was a robust performance in a difficult environment and benefited from improved insurance sales capabilities in the branch network and an increased focus on cross-sell activities.

Operating Expenses

Expense growth on the prior year was contained to 2% despite wage inflation pressures in a tight labour market, higher occupancy costs and continued strategic business investment. Sound management of these cost pressures together with the continued realisation of IT savings and productivity gains have contributed to further improvements in the expense to income ratio from 46.6% in the prior year to 45.5%.

Loan Impairment Expense

Loan impairment expense fell by 5% on the prior year to $331 million, despite average interest earning asset growth of 13% over the same period. This result reflects careful portfolio management and responsible lending practices over a period of intense competition. Loan impairment expense increased in the second half due to portfolio growth and seasonal factors. Despite the uncertain environment, arrears rates across the portfolios have not significantly deteriorated in the current year and in most cases are still running at a lower rate than in prior years.

Market Share Percentage (2)	30/06/08	31/12/07	30/06/07
Home loans	**19.3**	18.8	18.5
Credit cards (3)	**18.2**	18.5	18.8
Personal lending (APRA and other households) (4)	**15.8**	16.7	16.4
Household deposits (5)	**29.1**	28.9	29.0
Retail deposits(5)	**22.3**	22.0	21.6

(1) Refer to appendix 23 Definitions: customer satisfaction – external survey.

(2) For market share definitions refer to appendix 24, page 71.

(3) As at 30 May 2008.

(4) Personal lending market share includes personal loans and margin loans.

(5) In accordance with APRA guidelines, these measures include some products relating to both the Retail and Corporate Segment.

	Full Year Ended 30 June 2008 (1)				
	Home Loans $M	Consumer Finance $M	Retail Deposits $M	Distribution $M	Total $M
Net interest income	1,174	780	2,386	-	4,340
Other banking income	134	347	673	103	1,257
Total banking income	1,308	1,127	3,059	103	5,597
Operating expenses					2,549
Loan impairment expense					331
Net profit before tax					2,717
Corporate tax expense					813
Cash net profit after tax					1,904

	Full Year Ended 30 June 2007 (1)				
	Home Loans $M	Consumer Finance $M	Retail Deposits $M	Distribution $M	Total $M
Net interest income	1,268	742	2,071	-	4,081
Other banking income	112	419	656	104	1,291
Total banking income	1,380	1,161	2,727	104	5,372
Operating expenses					2,501
Loan impairment expense					349
Net profit before tax					2,522
Corporate tax expense					756
Cash net profit after tax					1,766

	Half Year Ended 30 June 2008 (1)				
	Home Loans $M	Consumer Finance $M	Retail Deposits $M	Distribution $M	Total $M
Net interest income	529	406	1,262	-	2,197
Other banking income	65	180	345	50	640
Total banking income	594	586	1,607	50	2,837
Operating expenses					1,286
Loan impairment expense					190
Net profit before tax					1,361
Corporate tax expense					406
Cash net profit after tax					955

(1) During the current period there has been a re-alignment of internal charges between consumer finance and retail deposits segments. Prior periods have been restated on a consistent basis.

Major Balance Sheet Items (gross of impairment)	As at 30/06/08 $M	31/12/07 $M	30/06/07 $M	Jun 08 vs Dec 07 %	Jun 08 vs Jun 07 %
Home loans (including securitisation) (1)	**186,942**	173,784	162,751	8	15
Consumer finance (2)	**11,428**	11,027	10,810	4	6
Total assets – Retail Banking Services products	**198,370**	184,811	173,561	7	14
Home loans (net of securitisation)	**175,266**	160,607	147,118	9	19
Transaction deposits	**18,267**	19,470	18,980	(6)	(4)
Savings deposits	**44,261**	44,906	41,782	(1)	6
Investment and other deposits	**55,388**	44,230	38,779	25	43
Deposits not bearing interest	**2,305**	2,543	2,599	(9)	(11)
Total liabilities - Retail Banking Services products	**120,221**	111,149	102,140	8	18

(1) During the year, a review of the accounting treatment of Mortgage Interest Saver Accounts led to an increase in lending and deposit balances (30 June 2008: $3,234 million, 31 December 2007: $2,431 million, 30 June 2007: $2,433 million). Refer appendix 18, page 61.

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

Premium Business Services

Financial Performance and Business Review

Premium Business Services delivered income growth of 16% on the prior year, or 17% after adjusting for the impact of the acquisition of IWL in the current year and the gain on sale of the Group's share in the Greater Energy Alliance Corporation Pty Ltd ("Loy Yang") in the prior year. This result was underpinned by a solid improvement in customer service scores and strong gains in deposit market share.

The strong performance was impacted by higher funding costs, increased investment spend (including the cost of integrating the IWL business), a tax refund on the satisfactory resolution of an outstanding issue and additional loan impairment provisioning, resulting in cash net profit after tax growth of 2% on the prior year.

The core businesses of Premium Business Services continued to perform well due to the customer centred strategy implemented in February 2007. The ongoing focus on this strategy enabled the business to build upon the momentum of the first half and post strong income growth across all businesses, despite the challenging environment.

Institutional Banking

Institutional Banking income increased by 14% (19% excluding Loy Yang) on the prior year driven by a significant increase in Financial Markets income, strong balance growth and stable margins. The syndication business recorded strong growth and was joint lead arranger of a $3.4 billion syndication deal for Singapore Power. Despite strong lending growth over the year, balance growth slowed during the second half as the Group actively managed the debt portfolio to sell down its exposure to certain sectors of the market.

Private Client Services

Despite weaker financial markets during the second half, Private Client Services income increased by 25% on the prior year. This growth was the result of strong income growth during the first half as well as the impact of the IWL acquisition in November 2007.

The integration of IWL is tracking well against the planned integration schedule with all retail clients transitioned onto the CommSec platform.

In June, CommSec successfully launched an integrated cash management solution as part of its trading platform under the theme 'Better Together'. In addition, during the year the business received a number of awards including "Best Feature-Packed Online Broker 2008" and "Best Margin Lender 2008".

Corporate Financial Services

Corporate Financial Services income increased by 14% on the prior year. Corporate Financial Services continued to invest in additional front line staff, adding 90 full time equivalents during the year, as well as opening eight new Business Banking Centres across New South Wales, South Australia and Victoria adding to the eight Centres opened during the prior year. In addition, new specialist teams have been created to service the Healthcare and Financial Planning client segments which, together with the strong focus on client cross-sell activity, has driven balance growth and a significant lift in customer service scores as measured by TNS Business Finance Monitor.

Agribusiness

Agribusiness performed strongly during the period with income growth of 20% on the prior year. This was underpinned by significant balance growth resulting from a continued focus on corporate agriculture and large scale family farming enterprises. Market share gains were achieved during the year by providing customers with tailored commodity and interest rate risk management solutions. 'AgriLine', the purpose built service centre based in Wagga Wagga, has continued to exceed expectations with over 30,000 client calls having been recorded since April 2007.

Local Business Banking

Investment in Local Business Banking, as part of the Group's strategic priority in Business Banking, has enabled the business to maintain the strong turnaround in performance highlighted at the half year. The progressive roll out of Business Bankers across more than 700 branches, the implementation of the new 24 hour, 7 day customer service centre and the implementation of a new business model have resulted in a 65% uplift in lending activity and 12% growth in income over the prior year.

Operating Expenses

Operating expenses of $1,915 million represent an increase of 15% over the prior year. This reflects expansion of the front line sales force, the opening of new Business Banking Centres, additional Business Bankers in Branches as well as costs associated with the IWL acquisition. In addition, client demand for operating leases through the Structured Asset Finance business has resulted in increased depreciation costs for the Group.

Loan Impairment Expense

Loan impairment expense has increased significantly to $426 million from the historically low levels of recent years. This was the combined result of additional provisioning related to the changed global economic conditions, increases in individual assessments and balance growth across the portfolio.

Market Share

Business deposit market share of non-financial corporations, as measured by APRA, has increased by 143 basis points since 30 June 2007 to 14.4%.

Business lending market share to non-financial corporations, as measured by APRA, decreased 26 basis points since 30 June 2007 to 12.2% while business lending market share as measured by the RBA has decreased 10 basis points since 30 June 2007 to 12.5%. The reduction in lending market share was driven by a direct strategy to actively manage exposure to certain sectors of the market within the institutional banking business.

Market Share Percentage (1)	30/06/08	31/12/07	30/06/07
Business lending – APRA	**12. 2**	12. 5	12. 4
Business lending – RBA (2)	**12. 5**	12. 8	12. 6
Business deposits – APRA	**14. 4**	13. 7	13. 0
Equities trading (CommSec) (2)	**5. 9**	5. 0	4. 3

(1) For market share definitions refer to appendix 24, page 71.

(2) Prior comparative period has been restated.

Premium Business Services continued

	Full Year Ended 30 June 2008						
	Institutional Banking $M	Private Client Services $M	Corporate Financial Services $M	Agri business $M	Local Business Banking $M	Eliminations $M	Total $M
Net interest income	996	240	516	156	358	-	2,266
Other banking income	886	386	416	97	210	(30)	1,965
Total banking income	1,882	626	932	253	568	(30)	4,231
Operating expenses							1,915
Loan impairment expense							426
Net profit before tax							1,890
Corporate tax expense							410
Cash net profit after tax							1,480

	Full Year Ended 30 June 2007 (1)						
	Institutional Banking $M	Private Client Services $M	Corporate Financial Services $M	Agri business $M	Local Business Banking $M	Eliminations $M	Total $M
Net interest income	820	189	441	132	328	-	1,910
Other banking income	837	313	377	79	178	(40)	1,744
Total banking income	1,657	502	818	211	506	(40)	3,654
Operating expenses							1,669
Loan impairment expense							75
Net profit before tax							1,910
Corporate tax expense							465
Cash net profit after tax							1,445

	Half Year Ended 30 June 2008 (1)						
	Institutional Banking $M	Private Client Services $M	Corporate Financial Services $M	Agri business $M	Local Business Banking $M	Eliminations $M	Total $M
Net interest income	511	119	271	85	184	-	1,170
Other banking income	464	192	211	49	120	(8)	1,028
Total banking income	975	311	482	134	304	(8)	2,198
Operating expenses							1,032
Loan impairment expense							251
Net profit before tax							915
Corporate tax expense							159
Cash net profit after tax							756

(1) During the current period the lines of business have been re-segmented due to refinements in allocation methodology. Prior periods have been restated on a consistent basis.

	As at				
Major Balance Sheet Items (gross of impairment)	30/06/08 $M	31/12/07 $M	30/06/07 $M	Jun 08 vs Dec 07 %	Jun 08 vs Jun 07 %
Interest earning lending assets (1)	**113,828**	110,386	95,519	3	19
Bank acceptances of customers	**18,278**	19,805	18,721	(8)	(2)
Non-lending interest earning assets	**18,705**	21,917	25,245	(15)	(26)
Margin loans	**7,817**	8,721	8,070	(10)	(3)
Other assets (2)	**14,742**	17,306	11,869	(15)	24
Total assets	**173,370**	178,135	159,424	(3)	9
Transaction deposits (1)	**39,791**	38,843	34,831	2	14
Other demand deposits	**5,602**	7,634	4,658	(27)	20
Deposits not bearing interest	**3,839**	3,785	4,244	1	(10)
Certificates of deposits and other	**33,922**	29,741	28,522	14	19
Due to other financial institutions	**16,659**	16,971	13,837	(2)	20
Liabilities at fair value through Income Statement	**1,914**	2,555	3,965	(25)	(52)
Debt issues	**25,438**	25,011	37,861	2	(33)
Loan Capital	**581**	714	344	(19)	69
Other non-interest bearing liabilities (2)	**38,639**	45,349	44,582	(15)	(13)
Total liabilities	**166,385**	170,603	172,844	(2)	(4)

(1) During the year, a review of the accounting treatment of Group Limit Facilities led to an increase in lending and deposit balances (30 June 2008: $17,134 million, 31 December 2007: $16,200 million, 30 June 2007: $13,253 million).

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

Wealth Management

Financial Performance and Business Review

Cash net profit after tax for the Wealth Management business increased by 18% on the prior year to $740 million. The result was driven by strong revenue growth in the funds management businesses and gains on asset sales, offset by lower Shareholder investment returns.

Cash net profit after tax in the second half fell 10% to $351 million impacted by significant falls in investment markets.

Funds Under Administration increased 10% to $185 billion as at 30 June 2008. The growth in funds under administration was driven by positive net flows offset by significant market falls in Australian and global equities in the second half.

Net funds flows for the year ended 30 June 2008 were $28.6 billion, driven by:

- Solid net flows into the FirstChoice and Avanteos platforms and Global Equity Funds; and
- Short-term cash mandates from institutional investors.

Investment markets have been volatile, with some negative returns experienced in the second half. Despite this, investment performance has been good relative to the market with 63% of funds outperforming benchmark on a three year basis.

CFS Global Asset Management (CFS GAM)

CFS Global Asset Management provides asset management services to wholesale and institutional investors. Cash net profit after tax was $409 million, an increase of 59% on the prior year, reflecting revenue growth from the global expansion and diversification of the business. Included in operating income is a pre-tax gain of $108 million from the sell down of seed assets.

Funds under Management increased 9% on the prior year to $153 billion. The growth in funds under management was driven by strong flows into Global Equity Funds and short-term cash mandates from institutional investors.

Key developments include:

- Managed property funds are well positioned in this market environment with quality assets and strong balance sheets;
- Launched over 14 funds during the year. A number of funds have grown out of the GAM Seeding Trust, which is the foundation for many new product development initiatives within the business;
- CFS Property Management has entered into a joint venture partnership with Jones Lang LaSalle for the establishment of Sandalwood Pte Ltd, one of Asia's largest third-party retail property asset management and development businesses;
- First State Investments won "Specialist Group of the Year" at the Investment Week Fund Manager of the Year Awards in the UK and the Global Emerging Markets team earned the top six positions in Professional Adviser magazine's Hot 100 fund manager rankings; and
- The progressive sell down of the Group's interest in AWG continues, with the remaining 16% holding expected to be sold in the next financial year.

Colonial First State

Colonial First State provides product packaging, administration, distribution and advice to retail customers. Cash net profit after tax was $206 million, an increase of 45% on the prior year. Underlying profit, which excludes Shareholder investment returns, increased by 10% to $193 million.

Net revenue benefited from strong inflows, as investors took advantage of superannuation legislation changes in June 2007, and tight expense control also contributed to the result.

FirstChoice flows remained strong in the market with $4.9 billion in net flows for the year to 30 June 2008. FirstChoice captured 18% of master fund net flows in the year to March 2008.

Key developments include:

- Recognition as Australia's Best Mastertrust/Wrap provider in the Wealth Insights 2008 Service Level Survey Reports and led all other platforms in the categories of service, value for money and planner usage (Source: ASSIRT/Wealth Insights);
- Ranking number one in terms of cash flows in Money Management's 2008 Top 50 Platforms Survey;
- Rated by advisers as the best platform and recorded the highest average satisfaction in the Investment Trends 2007 Planner Technology Report; and
- The addition of eight new investment options following the launch of the Generation Global Sustainability Fund earlier in the year. The new options include Australian and Global infrastructure funds, providing a total of 100 options.

CommInsure

CommInsure is a domestic provider of life and general insurance. Cash net profit after tax was $253 million, a decline of 25% on the prior year, impacted by significant fall in investment markets in the second half and the unrealised mark to market losses of $37 million from widening credit spreads on the valuation of assets backing the Guaranteed Annuities portfolio. The life insurance business attracted strong new business volumes in both retail and wholesale lines driving a 22% growth in inforce premiums to $1,250 million and a 12% increase in planned profit margins.

Life experience variations were positive at $12 million albeit at lower levels than the prior year following a reversion to normal life claims experience on wholesale life following exceptional experience in the prior year.

The general insurance business experienced strong new business growth primarily through cross-sell into the Bank network. General Insurance operating margins were significantly impacted by claims associated with major weather events resulting in a net loss for the year. Key developments include:

- Strong Retail Life sales up 22% on the prior year;
- CommInsure was awarded the Life Insurance Company of the Year and Annuity provider of the year for 2007 at the Association of Financial Advisers / Plan For Life awards; and
- General Insurance new business sales increased by 102% on the prior year through a significant improvement in cross-sell rates, the launch of a new motor insurance product in the first half of the year, and the deployment of Branch Insurance Representatives into the remaining regions of the Group's retail branch network.

Operating Expenses

Total operating expenses increased by 7% on the prior year to $1,262 million, driven by:

- Investment in the expansion of the Global Asset Management businesses;
- Growth in employee profit share allocations, commensurate with profit growth and investment performance; and
- Establishment of motor underwriting and expansion of the insurance distribution footprint.

Taxation

The effective corporate tax rate on underlying profit for the full year was 26.7% compared with 30.6% for the prior year.

	Full Year Ended 30 June 2008 [1]				
	CFS GAM $M	Colonial First State $M	CommInsure $M	Other $M	Total $M
Funds management income	1,068	909	280	2	2,259
Insurance income	-	-	580	-	580
Total operating income	1,068	909	860	2	2,839
Volume expense	153	215	177	-	545
Net operating income	915	694	683	2	2,294
Operating expenses	369	416	331	146	1,262
Net profit before tax	546	278	352	(144)	1,032
Corporate tax expense	136	85	103	(48)	276
Underlying profit after tax	410	193	249	(96)	756
Shareholder investment returns after tax	(1)	13	4	(32)	(16)
Cash net profit after tax	409	206	253	(128)	740

	Full Year Ended 30 June 2007				
	CFS GAM $M	Colonial First State $M	CommInsure $M	Other $M	Total $M
Funds management income	759	844	229	(4)	1,828
Insurance income	-	-	573	-	573
Total operating income	759	844	802	(4)	2,401
Volume expense	98	184	155	-	437
Net operating income	661	660	647	(4)	1,964
Operating expenses	310	407	316	141	1,174
Net profit before tax	351	253	331	(145)	790
Corporate tax expense	108	78	96	(40)	242
Underlying profit after tax	243	175	235	(105)	548
Shareholder investment returns after tax	15	(33)	103	(6)	79
Cash net profit after tax	258	142	338	(111)	627

	Half Year Ended 30 June 2008				
	CFS GAM $M	Colonial First State $M	CommInsure $M	Other $M	Total $M
Funds management income	567	421	148	4	1,140
Insurance income	-	-	305	2	307
Total operating income	567	421	453	6	1,447
Volume expense	83	105	91	-	279
Net operating income	484	316	362	6	1,168
Operating expenses	178	205	175	93	651
Net profit before tax	306	111	187	(87)	517
Corporate tax expense	68	35	54	(24)	133
Underlying profit after tax	238	76	133	(63)	384
Shareholder investment returns after tax	3	7	(28)	(15)	(33)
Cash net profit after tax	241	83	105	(78)	351

	Full Year Ended			Half Year Ended		
Sources of Profit from Insurance Activities	30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
The Margin on Services profit from ordinary activities after income tax is represented by:						
Planned profit margins	**145**	130	12	**74**	71	4
Experience variations	**12**	39	(69)	**11**	1	large
Funds management operating margins	**117**	55	large	**61**	56	9
General insurance operating margins	**(25)**	11	large	**(13)**	(12)	8
Operating margins	**249**	235	6	**133**	116	15
Shareholder investment returns after tax	**4**	103	(96)	**(28)**	32	large
Cash net profit after tax	**253**	338	(25)	**105**	148	(29)

(1) Additional information has been provided for this segment in line with the historic level of market disclosure.

Wealth Management continued

Funds Under Management (FUM) [1]	Full Year Ended 30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Australian equities	**23,502**	31,199	(25)	23,502	29,618	(21)
Global equities	**35,589**	33,709	6	35,589	40,945	(13)
Cash and fixed interest	**66,729**	48,927	36	66,729	66,694	-
Property and alternative investments	**27,120**	25,850	5	27,120	27,102	-
Total	**152,940**	139,685	9	152,940	164,359	(7)

(1) FUM does not include the Group's interests in the China Joint Venture, AWG plc or ENW Limited.

Funds Under Administration (FUA)	Full Year Ended 30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Funds under administration – average	**186,696**	157,338	19	191,721	183,548	4
Funds under administration – spot	**184,970**	168,810	10	184,970	199,834	(7)
Funds under management – average	**152,328**	128,893	18	158,650	152,022	4
Funds under management – spot	**152,940**	139,685	9	152,940	164,359	(7)
Retail Net funds flows (Australian Retail)	**1,888**	(1,366)	large	279	1,609	(83)

Market Share

In the latest Plan for Life market share statistics, the Group remained 1st in total Australian retail market share at 14.2% while FirstChoice Platform remained flat at 9.6%. Market share for Individual Life Insurance increased to 13.1% in a growing market and CommInsure continues to maintain the No.1 ranking for Total Life Insurance with 14.3% of the market.

Market Share Percentage [1]	As at 30/06/08 $M	31/12/07 %	30/06/07 %
Australian Retail Funds – administrator view [2] [3]	**14. 2**	14. 3	14. 1
FirstChoice Platform [2] [3]	**9. 6**	9. 6	9. 0
Australia (Total Life Insurance Risk) [2] [3]	**14. 3**	14. 1	14. 3
Australia (Individual Life Insurance Risk) [2] [3]	**13. 1**	13. 0	12. 9

(1) For market share definitions refer to appendix 24, page 72.

(2) Prior period comparatives have been restated.

(3) As at 31 March 2008.

Annual Inforce Premiums [1]	Full Year Ended 30 June 2008: Opening Balance 30/06/07 $M	Sales/New Balances $M	Lapses $M	Other [2] Movements $M	Closing Balance 30/06/08 $M
General insurance	184	113	(39)	21	279
Retail life	530	156	(81)	-	605
Wholesale life	308	91	(33)	-	366
Total	**1,022**	**360**	**(153)**	**21**	**1,250**

Annual Inforce Premiums [1]	Full Year Ended 30 June 2007: Opening Balance 30/06/06 $M	Sales/New Balances $M	Lapses $M	Other [2] Movements $M	Closing Balance 30/06/07 $M
General insurance	169	56	(41)	-	184
Retail life	486	128	(84)	-	530
Wholesale life	199	176	(64)	(3)	308
Total	**854**	**360**	**(189)**	**(3)**	**1,022**

Annual Inforce Premiums [1]	Half Year Ended 30 June 2008: Opening Balance 31/12/07 $M	Sales/New Balances $M	Lapses $M	Other [2] Movements $M	Closing Balance 30/06/08 $M
General insurance	203	74	(19)	21	279
Retail life	568	83	(46)	-	605
Wholesale life	323	60	(17)	-	366
Total	**1,094**	**217**	**(82)**	**21**	**1,250**

(1) Inforce premium relates to risk business. Savings products are disclosed within Funds Management.

(2) Other movements represent prior year renewals not previously included in comparatives.

Funds Under Administration	Opening Balance 30/06/07 $M	Inflows $M	Outflows $M	Net flows $M	Investment Income & Other (5) $M	Closing Balance 30/06/08 $M
	Full Year Ended 30 June 2008					
FirstChoice	39,545	17,537	(12,610)	4,927	(5,765)	38,707
Avanteos	5,875	2,365	(1,079)	1,286	(904)	6,257
Cash management	3,130	1,767	(2,411)	(644)	90	2,576
Legacy products (1)	34,061	2,477	(6,110)	(3,633)	(2,928)	27,500
Retail Products (Plan for Life) (2)	82,611	24,146	(22,210)	1,936	(9,507)	75,040
Other retail (3)	1,577	209	(257)	(48)	(163)	1,366
Australian retail	84,188	24,355	(22,467)	1,888	(9,670)	76,406
Wholesale	34,469	37,097	(17,470)	19,627	(1,720)	52,376
Property	14,843	3,481	(1,713)	1,768	3,599	20,210
Other (4)	3,635	159	(267)	(108)	(279)	3,248
Domestically sourced	137,135	65,092	(41,917)	23,175	(8,070)	152,240
Internationally sourced	31,675	17,481	(12,042)	5,439	(4,384)	32,730
Total Wealth Management	168,810	82,573	(53,959)	28,614	(12,454)	184,970

Funds Under Administration	Opening Balance 30/06/06 $M	Inflows $M	Outflows $M	Net flows $M	Investment Income & Other (5) $M	Closing Balance 30/06/07 $M
	Full Year Ended 30 June 2007					
FirstChoice	26,177	17,191	(7,995)	9,196	4,172	39,545
Avanteos	9,198	2,603	(7,966)	(5,363)	2,040	5,875
Cash management	3,690	2,066	(2,751)	(685)	125	3,130
Legacy products (1)	34,669	2,757	(7,426)	(4,669)	4,061	34,061
Retail Products (Plan for Life) (2)	73,734	24,617	(26,138)	(1,521)	10,398	82,611
Other retail (3)	886	412	(257)	155	536	1,577
Australian retail	74,620	25,029	(26,395)	(1,366)	10,934	84,188
Wholesale	29,815	12,902	(10,037)	2,865	1,789	34,469
Property	13,909	1,014	(2,411)	(1,397)	2,331	14,843
Other (4)	3,708	136	(608)	(472)	399	3,635
Domestically sourced	122,052	39,081	(39,451)	(370)	15,453	137,135
Internationally sourced	23,596	12,704	(11,874)	830	7,249	31,675
Total Wealth Management	145,648	51,785	(51,325)	460	22,702	168,810

Funds Under Administration	Opening Balance 31/12/07 $M	Inflows $M	Outflows $M	Net flows $M	Investment Income & Other (5) $M	Closing Balance 30/06/08 $M
	Half Year Ended 30 June 2008					
FirstChoice	42,814	6,613	(5,208)	1,405	(5,512)	38,707
Avanteos	6,278	1,281	(497)	784	(805)	6,257
Cash management	2,947	751	(1,200)	(449)	78	2,576
Legacy products (1)	32,133	1,155	(2,571)	(1,416)	(3,217)	27,500
Retail Products (Plan for Life) (2)	84,172	9,800	(9,476)	324	(9,456)	75,040
Other retail (3)	1,340	75	(120)	(45)	71	1,366
Australian retail	85,512	9,875	(9,596)	279	(9,385)	76,406
Wholesale	54,746	9,827	(9,776)	51	(2,421)	52,376
Property	18,551	1,575	(690)	885	774	20,210
Other (4)	3,528	95	(97)	(2)	(278)	3,248
Domestically sourced	162,337	21,372	(20,159)	1,213	(11,310)	152,240
Internationally sourced	37,497	7,610	(5,380)	2,230	(6,997)	32,730
Total Wealth Management	199,834	28,982	(25,539)	3,443	(18,307)	184,970

(1) Includes stand alone retail and legacy retail products.

(2) Retail products aligned to Plan for Life market release.

(3) Includes listed equity trusts and regular premium plans. These retail products are not reported in market share data.

(4) Includes life company assets sourced from retail investors but not attributable to a funds management product (e.g. premiums from risk products). These amounts do not appear in retail market share data.

(5) Includes foreign exchange gains and losses from translation of international sourced business.

International Financial Services

Financial Performance and Business Review

International Financial Services incorporates the Group's banking operations in New Zealand, Fiji, Indonesia, China, Japan, India and Vietnam. It also includes life insurance and funds distribution activities in several of these countries.

Cash net profit after tax for the year was $589[1] million, an increase of 23% on the prior year. After removing the impact of realised gains and losses associated with the hedge of the New Zealand operations and other foreign exchange movements the underlying growth was 17%. This strong profit growth was attributable to sustained growth in the Group's New Zealand businesses, complemented by the growing contribution from Asian businesses, particularly the China banking investments.

ASB Bank

ASB Bank cash net profit after tax for the year was $428 million. Excluding the impact of realised gains on the hedge of New Zealand operations, profit increased 11% on the prior year. This was a very positive result in a challenging market with aggressive competition continuing to place downward pressure on margins and a general slowing in economic activity. The major drivers of growth were:

- Home loan balances increased by 9% over the year, with market share increasing to 23.3%. Business banking market share increased to 8.8% at 30 June 2008, following 17% growth in balances for the year. Rural lending also showed strong growth for the year. Retail deposits grew by 13% to NZD 27.8 billion at 30 June 2008. Market share for retail deposits was also stable at 21.2%;
- Net interest margin declined by six basis points with the impact of competition and the increased costs of wholesale funding partially offset by the higher mix of retail deposits;
- Impairment expenses increased to $34 million from $16 million in 2007. Although loan arrears remain within acceptable limits, early indications are that the slowing in the New Zealand economy is starting to impact arrears; and
- ASB continued to focus on service capability, maintaining its position as leader of the major banks based on recent customer service surveys and expanding the branch network with the addition of 10 new branches during the year.

Sovereign Insurance

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

Sovereign's cash net profit after tax for the year was $96 million, an increase of 3% on the prior year. This result included the impact of a deterioration in the New Zealand dollar exchange rate. The main drivers of this result were:

- Positive claims experience particularly in the Death and Living Assurance/TPD classes;
- Growth in inforce premiums of 11% whilst market share declined marginally to 31.7% at 31 March 2008, from 31.8% at 30 June 2007;
- Market leading growth in new business sales with Sovereign capturing 34.4% of new business sales market share to March 2008 on a rolling 12 month basis; and
- Positive impact on Shareholder investment returns due to the fall in corporate bond rates.

Other Asia Pacific Business

International Financial Services has grown its presence in the Asia Pacific region during the year with a number of business initiatives:

- Indonesia: Following the completion of the acquisition of Bank Arta Niaga Kencana (ANK) on 26 July 2007 and the legal merger of Bank ANK with PT Bank Commonwealth (PTBC) in December 2007, PTBC has continued to focus on expansion with the addition of eight new branches during the year which now total 51;
- Indonesia: Acquisition of an additional 30% interest held by the Group's joint venture partner in PT Astra Life Insurance business bringing the Group's shareholding to 80%. The business provides unit linked investment, traditional life and disability insurance products through its 51 branches operating in 16 Indonesian cities;
- Vietnam: Following the granting of a licence to operate a branch in Ho Chi Minh City in January 2008, the branch will open in August 2008;
- China: Continued strong growth in profits of the Jinan City Commercial Bank (11% holding) and Bank of Hangzhou (formerly Hangzhou City Commercial Bank - 19.9% holding). The Group also continued to implement its Capability Transfer Program at both Jinan City Commercial Bank and the Bank of Hangzhou; and
- The Fiji business performed strongly in 2008 following the disruptions which arose during the political crisis last year. There are signs of increasing arrears as the economic uncertainty continues.

Operating Expense

Operating expenses for the year increased by 11% to $825 million. The increase was due to:

- Increases in staff costs associated with branch expansion programs in ASB and PT Bank Commonwealth;
- Acquisitions and start up costs for new operations, including a branch in Vietnam, full year expenses for Bank ANK in Indonesia and the acquisition of PT Commonwealth Life;
- Wage inflation averaging 6% in New Zealand reflecting a combination of competitive labour markets and the introduction of a mandatory employer sponsored savings scheme (Kiwisaver);
- Wage inflation in China and Indonesia in excess of 10% for the year; partly offset by
- Impact of the weaker New Zealand Dollar and Indonesian Rupiah against the Australian Dollar.

Market Share

Housing market share in New Zealand improved over the year to 23.3%.

Retail deposit market share in New Zealand was 21.2%, in line with June 2007.

The market share of inforce premiums at 30 June 2008 was 31.7%, down marginally from June 2007.

Market Share Percentage [2]	30/06/08	31/12/07	30/06/07
NZ lending for housing [3]	**23. 3**	23. 1	23. 1
NZ retail deposits [3]	**21. 2**	21. 3	21. 2
NZ retail FUM [3]	**16. 4**	16. 1	15. 8
NZ annual inforce premium	**31. 7**	31. 8	31. 8

(1) Represents Group Management view for the product segment rather than statutory view.

(2) For market share definitions refer to appendix 24, page 72.

(3) The prior period comparative has been restated.

International Financial Services continued

	Full Year Ended 30 June 2008 (1)			
	ASB $M	Sovereign $M	Other $M	Total $M
Net interest income	814	-	101	915
Other banking income	316	-	67	383
Total banking income	1,130	-	168	1,298
Funds management income	-	48	-	48
Insurance income	-	210	42	252
Total operating income	1,130	258	210	1,598
Operating expenses	484	194	147	825
Loan impairment expense	34	-	9	43
Net profit before tax	612	64	54	730
Corporate tax expense	184	(7)	(12)	165
Minority interests	-	-	2	2
Underlying profit after tax	428	71	64	563
Shareholder investment returns after tax	-	25	1	26
Cash net profit after tax	428	96	65	589

	Full Year Ended 30 June 2007			
	ASB $M	Sovereign $M	Other $M	Total $M
Net interest income	708	-	41	749
Other banking income	266	-	41	307
Total banking income	974	-	82	1,056
Funds management income	-	46	-	46
Insurance income	-	220	24	244
Total operating income	974	266	106	1,346
Operating expenses	456	180	104	740
Loan impairment expense	16	-	4	20
Net profit before tax	502	86	(2)	586
Corporate tax expense	145	10	(30)	125
Underlying profit after tax	357	76	28	461
Shareholder investment returns after tax	-	17	-	17
Cash net profit after tax	357	93	28	478

	Half Year Ended 30 June 2008			
	ASB $M	Sovereign $M	Other $M	Total $M
Net interest income	414	-	59	473
Other banking income	160	-	40	200
Total banking income	574	-	99	673
Funds management income	-	24	2	26
Insurance income	-	104	28	132
Total operating income	574	128	129	831
Operating expenses	232	97	85	414
Loan impairment expense	28	-	3	31
Net profit before tax	314	31	41	386
Corporate tax expense	102	(5)	1	98
Minority interests	-	-	1	1
Underlying profit after tax	212	36	39	287
Shareholder investment returns after tax	-	17	(11)	6
Cash net profit after tax	212	53	28	293

(1) Additional information has been provided for this segment in line with the historic level of market disclosure.

International Financial Services continued

Major Balance Sheet Items (gross of impairment)	As at 30/06/08 $M	31/12/07 $M	30/06/07 $M	Jun 08 vs Dec 07 %	Jun 08 vs Jun 07 %
Home lending	**28,347**	29,723	28,581	(5)	(1)
Assets at fair value through Income Statement	**5,186**	7,333	4,921	(29)	5
Other lending assets	**12,328**	11,088	11,333	11	9
Non-lending interest earning assets	**1,654**	1,803	3,102	(8)	(47)
Other assets	**4,119**	4,428	4,654	(7)	(11)
Total assets	**51,634**	54,375	52,591	(5)	(2)
Debt issues	**3,556**	2,473	3,970	44	(10)
Deposits [1]	**22,810**	23,971	23,094	(5)	(1)
Liabilities at fair value through Income Statement	**12,592**	18,724	12,168	(33)	3
Other liabilities	**3,792**	4,340	4,569	(13)	(17)
Total liabilities	**42,750**	49,508	43,801	(14)	(2)

Balance Sheet					
Assets					
ASB Bank	**46,958**	49,434	47,688	(5)	(2)
Other	**4,676**	4,941	4,903	(5)	(5)
Total assets	**51,634**	54,375	52,591	(5)	(2)
Liabilities					
ASB Bank	**39,231**	45,542	39,112	(14)	-
Other	**3,519**	3,966	4,689	(11)	(25)
Total liabilities	**42,750**	49,508	43,801	(14)	(2)

(1) International Financial Services exclude deposits held in other overseas countries (30 June 2008: $7 billion, 31 December 2007: $8 billion and 30 June 2007: $5 billion). These deposits are reported within the Premium Business Services segment.

Sources of Profit from Insurance Activities	Full Year Ended 30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
The Margin on Service profit from ordinary activities after income tax is represented by:						
Planned profit margin	**76**	75	1	**38**	38	-
Experience variations	**11**	18	(39)	**10**	1	large
Operating margins	**87**	93	(6)	**48**	39	23
Shareholder investment returns after tax	**41**	24	71	**9**	32	(72)
Cash net profit after tax	**128**	117	9	**57**	71	(20)

New Zealand – Funds Under Administration	Full Year Ended 30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Opening balance	**8,261**	5,865	41	**7,868**	8,261	(5)
Inflows	**2,382**	2,921	(18)	**1,332**	1,050	27
Outflows	**(2,905)**	(1,618)	80	**(1,837)**	(1,068)	72
Net Flows	**(523)**	1,303	large	**(505)**	(18)	large
Investment income and Other	**(1,403)**	1,093	large	**(1,028)**	(375)	large
Closing balance	**6,335**	8,261	(23)	**6,335**	7,868	(19)

New Zealand – Annual Inforce Premiums	Full Year Ended 30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Opening balance	**379**	302	25	**392**	379	3
Sales/New Business	**54**	55	(2)	**25**	29	(14)
Lapses	**(14)**	(14)	-	**(9)**	(5)	80
Other movements	**(48)**	36	large	**(37)**	(11)	large
Closing balance	**371**	379	(2)	**371**	392	(5)

	Full Year Ended 30 June 2008		
	Corporate Centre $M	Eliminations/ Unallocated $M	Total $M
Net interest income [1]	302	(181)	121
Other banking income [1]	(12)	(16)	(28)
Total operating income	290	(197)	93
Operating expenses	(75)	-	(75)
Loan impairment expense	-	130	130
Underlying profit before tax	365	(327)	38
Corporate tax expense	110	(144)	(34)
Minority interests	-	29	29
Underlying profit after tax	255	(212)	43
Shareholder investment returns	-	(23)	(23)
Cash net profit after tax	255	(235)	20

	Full Year Ended 30 June 2007		
	Corporate Centre $M	Eliminations/ Unallocated $M	Total $M
Net interest income [1]	277	(88)	189
Other banking income [1]	99	(13)	86
Total operating income	376	(101)	275
Operating expenses	(94)	-	(94)
Loan impairment expense	-	(10)	(10)
Underlying profit before tax	470	(91)	379
Corporate tax expense	168	(27)	141
Minority interests	-	27	27
Underlying profit after tax	302	(91)	211
Shareholder investment returns	-	-	-
Cash net profit after tax	302	(91)	211

	Half Year Ended 30 June 2008		
	Corporate Centre $M	Eliminations/ Unallocated $M	Total $M
Net interest income [1]	160	(93)	67
Other banking income [1]	36	(32)	4
Total operating income	196	(125)	71
Operating expenses	(19)	-	(19)
Loan impairment expense	-	125	125
Underlying profit before tax	215	(250)	(35)
Corporate tax expense	64	(121)	(57)
Minority interests	-	15	15
Underlying profit after tax	151	(144)	7
Shareholder investment returns	-	(14)	(14)
Cash net profit after tax	151	(158)	(7)

(1) Excludes the impact of reclassification of net swap costs from Net interest income to Other banking income related to certain economic hedges which do not qualify for AIFRS hedge accounting (30 June 2008: $265 million, 31 December 2007: $164 million and 30 June 2007: $107 million).

Financial Performance

Corporate Centre includes the results of unallocated group support functions such as Investor Relations, Group Strategy, Secretariat and Treasury, together with centralised project spend. Cash net profit after tax has decreased $47 million on the prior year due largely to the impact of $100 million of additional funding costs which were absorbed within Treasury income during the first half of the current year.

Corporate Centre cash net profit after tax increased by $47 million over the prior half due to passing on of additional funding costs from Treasury to the revenue generating businesses.

Eliminations/Unallocated includes intra-group elimination entries arising on consolidation, centrally raised provisions and other unallocated intra-group revenue and expenses. Cash net profit after tax has decreased $144 million on the prior year due to a reduction in the interest accrued on intra-group lending balances, a change in the methodology relating to the apportionment of deferred tax assets across the Group, a significant strengthening of the centralised portion of the collective loan impairment provision, the reversal of a prior period tax provision and other unallocated intra-group expenses.

Shareholder Investment Returns

Shareholder Investment Returns	Full Year Ended 30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Wealth Management	**(19)**	129	large	**(46)**	27	large
International Financial Services	**25**	20	25	**1**	24	(96)
Eliminations	**(23)**	-	-	**(14)**	(9)	56
Shareholder investment returns before tax	**(17)**	149	large	**(59)**	42	large
Corporate tax expense	**(4)**	53	large	**(18)**	14	large
Shareholder investment returns after tax	**(13)**	96	large	**(41)**	28	large

Shareholder investment returns of $17 million before tax was impacted by market volatility, primarily in the property sector.

Shareholder Investment Asset Mix (%)	As at 30 June 2008 Australia %	New Zealand %	Asia %	Total %
Local equities	1	-	-	-
International equities	-	1	12	1
Property	21	-	32	17
Sub-total	**22**	**1**	**44**	**18**
Fixed interest	26	55	55	34
Cash	52	44	1	48
Sub-total	**78**	**99**	**56**	**82**
Total	**100**	**100**	**100**	**100**

Shareholder Investment Asset Mix ($M)	As at 30 June 2008 Australia $M	New Zealand $M	Asia $M	Total $M
Local equities	10	1	-	11
International equities	-	4	11	15
Property	310	1	28	339
Sub-total	**320**	**6**	**39**	**365**
Fixed interest	373	246	49	668
Cash	748	194	1	943
Sub-total	**1,121**	**440**	**50**	**1,611**
Total	**1,441**	**446**	**89**	**1,976**

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Financial Statements

Consolidated Income Statement

For the year ended 30 June 2008

		Full Year Ended		Half Year Ended	
		30/06/08	30/06/07	30/06/08	31/12/07
	Appendix	$M	$M	$M	$M
Interest income	1	**29,234**	23,862	**15,453**	13,781
Interest expense	1	**21,327**	16,826	**11,445**	9,882
Net interest income	1	**7,907**	7,036	**4,008**	3,899
Other operating income	5	**3,559**	3,341	**2,014**	1,545
Net banking operating income		**11,466**	10,377	**6,022**	5,444
Funds management income		**2,369**	1,871	**1,231**	1,138
Investment revenue		**(525)**	2,120	**(845)**	320
Claims and policyholder liability expense		**519**	(2,020)	**824**	(305)
Net funds management operating income		**2,363**	1,971	**1,210**	1,153
Premiums from insurance contracts	11	**1,373**	1,117	**712**	661
Investment revenue		**(27)**	858	**(237)**	210
Claims and policyholder liability expense from insurance contracts		**(606)**	(932)	**(182)**	(424)
Insurance margin on services operating income		**740**	1,043	**293**	447
Total net operating income		**14,569**	13,391	**7,525**	7,044
Loan impairment expense		**930**	434	**597**	333
Operating expenses	6	**7,398**	6,427	**4,020**	3,378
Defined benefit superannuation plan income/(expense)		**14**	8	**20**	(6)
Net profit before income tax	7	**6,255**	6,538	**2,928**	3,327
Corporate tax expense	7	**1,548**	1,775	**643**	905
Policyholder tax expense/(benefit)		**(115)**	266	**(151)**	36
Net profit after income tax	11	**4,822**	4,497	**2,436**	2,386
Minority interests	11	**(31)**	(27)	**(16)**	(15)
Net profit attributable to Equity holders of the Bank	11	**4,791**	4,470	**2,420**	2,371

	Full Year Ended		Half Year Ended	
	30/06/08	30/06/07	30/06/08	31/12/07
	Cents per share			
Earnings per share:				
Statutory basic	**363. 0**	344. 7	**182. 6**	180. 4
Statutory diluted	**348. 7**	339. 7	**175. 6**	177. 7
Dividends per share attributable to shareholders of the Bank:				
Ordinary shares	**266**	256	**153**	113
Trust preferred securities (TPS) – issued 8 March 2006	**6,850**	7,821	**3,284**	3,566

Consolidated Balance Sheet

As at 30 June 2008

Assets	Appendix	As at 30/06/08 $M	31/12/07 $M	30/06/07 $M
Cash and liquid assets		**7,736**	6,951	10,108
Receivables due from other financial institutions		**6,984**	7,779	5,495
Assets at fair value through Income Statement:				
Trading		**21,676**	22,321	21,469
Insurance		**20,650**	21,926	23,519
Other		**3,266**	5,540	4,073
Derivative assets		**18,232**	15,583	12,743
Available-for-sale investments		**11,488**	10,518	9,672
Loans, advances and other receivables (1)	8	**361,282**	343,228	315,465
Bank acceptances of customers		**18,278**	19,805	18,721
Property, plant and equipment		**1,640**	1,490	1,436
Investment in associates		**906**	872	836
Intangible assets	16	**8,258**	8,213	7,835
Deferred tax assets		**76**	220	254
Other assets		**6,492**	6,960	7,157
		486,964	471,406	438,783
Assets held for sale		**608**	1,258	1,374
Total assets		**487,572**	472,664	440,157

Liabilities	Appendix	As at 30/06/08 $M	31/12/07 $M	30/06/07 $M
Deposits and other public borrowings (1)	10	**263,706**	253,107	219,068
Payables due to other financial institutions		**17,672**	17,972	14,386
Liabilities at fair value through Income Statement		**15,526**	17,439	16,396
Derivative liabilities		**19,541**	15,507	16,680
Bank acceptances		**18,278**	19,805	18,721
Current tax liabilities		**768**	584	882
Deferred tax liabilities		**266**	848	908
Other provisions		**1,174**	875	878
Insurance policy liabilities	15	**18,495**	20,671	21,613
Debt issues		**85,817**	81,468	88,525
Managed funds units on issue		**1,109**	185	310
Bills payable and other liabilities		**7,524**	6,453	7,346
		449,876	434,914	405,713
Loan capital		**11,559**	12,112	10,000
Total liabilities		**461,435**	447,026	415,713
Net assets		**26,137**	25,638	24,444

Shareholders' Equity	Appendix	As at 30/06/08 $M	31/12/07 $M	30/06/07 $M
Share capital:				
Ordinary share capital	14	**15,727**	15,356	14,483
Other equity instruments		**939**	939	939
Reserves		**1,206**	1,673	2,143
Retained profits	18	**7,747**	7,159	6,367
Shareholders' equity attributable to Equity holders of the Bank		**25,619**	25,127	23,932
Minority interests:				
Controlled entities		**518**	511	512
Total Shareholders' equity		**26,137**	25,638	24,444

(1) During the year, a review of the accounting treatment of Group Limit Facilities and Mortgage Interest Saver Accounts led to an increase in lending and deposit balances (30 June 2008: $20 billion, 31 December 2007: $19 billion, 30 June 2007: $16 billion).

Consolidated Statement of Cash Flows (1)

For the year ended 30 June 2008

	Appendix	Full Year Ended 30/06/08 $M	30/06/07 $M
Cash flows from operating activities			
Interest received		**29,464**	23,123
Interest paid		**(20,786)**	(16,405)
Other operating income received		**5,314**	4,627
Expenses paid		**(6,882)**	(5,699)
Income taxes paid		**(1,905)**	(1,942)
Net (increase) in assets at fair value through Income Statement (excluding life insurance)		**(990)**	(1,715)
Net increase in liabilities value through Income Statement			
Life insurance:			
Investment income		**509**	2,296
Premiums received (2)		**2,304**	2,431
Policy payments (2)		**(3,789)**	(5,346)
Other liabilities at fair value through Income Statement		**810**	4,831
Cash flows from operating activities before changes in operating assets and liabilities		**4,049**	6,201
Changes in operating assets and liabilities arising from cash flow movements			
Movement in available-for-sale investments:			
Purchases		**(35,113)**	(22,214)
Proceeds from sale		**610**	1,480
Proceeds at or close to maturity		**31,974**	21,139
Lodgement of deposits with regulatory authorities		**13**	(8)
Net (increase) in loans, advances and other receivables		**(51,570)**	(37,885)
Net (increase)/decrease in receivables due from other financial institutions not at call		**(2,621)**	833
Net decrease/(increase) in securities purchased under agreements to resell		**634**	(1,647)
Life insurance business:			
Purchase of insurance assets at fair value through Income Statement		**(8,719)**	(8,476)
Proceeds from sale/maturity of insurance assets at fair value through Income Statement		**11,159**	8,842
Net increase in deposits and other public borrowings		**49,603**	26,361
Net proceeds from issuance of debt securities		**(4,816)**	7,207
Net increase in payables due to other financial institutions not at call		**4,486**	1,865
Net (decrease)/increase in securities sold under agreements to repurchase		**(1,764)**	1,943
Changes in operating assets and liabilities arising from cash flow movements		**(6,124)**	(560)
Net cash (used in)/provided by operating activities	19 (a)	**(2,075)**	5,641
Cash flows from investing activities			
Payment for acquisition of entities and management rights	19 (e)	**(241)**	(7)
Proceeds from disposal of controlled entities	19 (c)	**2**	-
Net proceeds from disposal of other entities		**-**	16
Dividends received		**39**	3
Proceeds from sale of property, plant and equipment		**14**	53
Purchases of property, plant and equipment		**(482)**	(314)
Payment for acquisition of investments in associates/joint ventures		**-**	(6)
Purchases of intangible assets		**(226)**	(130)
Sales and (purchases) of assets held for sale		**766**	(1,091)
Net (increase) in other assets		**(24)**	(800)
Net cash (used in) investing activities		**(152)**	(2,276)

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

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

Consolidated Statement of Cash Flows [1] (continued)

For the year ended 30 June 2008

		Full Year Ended	
		30/06/08	30/06/07
	Appendix	$M	$M
Cash flows from financing activities			
On-market share purchase		**-**	-
Proceeds from issue of shares (net of costs)		**3**	19
Dividends paid (excluding Dividend Reinvestment Plan) [2]		**(2,351)**	(2,284)
Net movement in other liabilities		**553**	219
Net (purchase)/sale of treasury shares		**(9)**	55
Issue of loan capital		**2,091**	1,969
Redemption of loan capital		**(7)**	(1,069)
Other		**128**	(228)
Net cash provided by/(used in) financing activities		**408**	(1,319)
Net (decrease)/increase in cash and cash equivalents		**(1,819)**	2,046
Cash and cash equivalents at beginning of period		**4,084**	2,038
Cash and cash equivalents at end of period	19 (b)	**2,265**	4,084

(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 $98 million allocated to participants under the Dividend Reinvestment Plan by an on-market purchase.

Appendices

1. Net Interest Income

	Full Year Ended			Half Year Ended		
	30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Interest Income						
Loans	**25,598**	20,711	24	**13,631**	11,967	14
Other financial institutions	**474**	443	7	**197**	277	(29)
Cash and liquid assets (1)	**473**	483	(2)	**230**	243	(5)
Assets at fair value through Income Statement (1)	**1,933**	1,495	29	**1,014**	919	10
Available-for-sale investments	**756**	730	4	**381**	375	2
Total interest income	**29,234**	23,862	23	**15,453**	13,781	12
Interest Expense						
Deposits (1)	**12,393**	8,995	38	**6,864**	5,529	24
Other financial institutions	**989**	674	47	**497**	492	1
Liabilities at fair value through Income Statement (1)	**1,129**	1,087	4	**536**	593	(10)
Debt issues	**6,024**	5,506	9	**3,134**	2,890	8
Loan capital (1)	**792**	564	40	**414**	378	10
Total interest expense	**21,327**	16,826	27	**11,445**	9,882	16
Net interest income	**7,907**	7,036	12	**4,008**	3,899	3

(1) During the current year certain interest amounts have been reclassified between categories. Prior periods have been restated on a consistent basis.

2. Net Interest Margin

	Full Year Ended		Half Year Ended	
	30/06/08 %	30/06/07 %	30/06/08 %	31/12/07 %
Australia				
Interest spread (1)	**1.79**	1.93	**1.72**	1.86
Benefit of interest free liabilities, provisions and equity (2)	**0.27**	0.23	**0.27**	0.27
Net interest margin (3)	**2.06**	2.16	**1.99**	2.13
Overseas				
Interest spread (1)	**1.11**	0.92	**1.08**	1.14
Benefit of interest free liabilities, provisions and equity (2)	**0.57**	0.68	**0.65**	0.49
Net interest margin (3)	**1.68**	1.60	**1.73**	1.63
Total Bank				
Interest spread (1)	**1.68**	1.75	**1.62**	1.74
Benefit of interest free liabilities, provisions and equity (2)	**0.34**	0.33	**0.36**	0.32
Net interest margin (3)	**2.02**	2.08	**1.98**	2.06

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

(2) A portion of the Group's interest earning assets are funded by interest free liabilities and Shareholders' equity. The benefit to the Group of these interest free funds is the amount it would cost to replace them at the average cost of funds.

(3) Net interest income divided by average interest earning assets for the year or for the half year annualised.

3. Average Balances and Related Interest

The following table lists the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for each of the years ending 30 June 2008 and 30 June 2007 together with the half years ending 30 June 2008, 31 December 2007 and 30 June 2007. Averages used were predominantly daily averages. Interest is accounted for based on product yield, while all trading gains and losses are disclosed as Trading income within Other banking income.

Where assets or liabilities are hedged, the amounts are shown net of the hedge.

The overseas component comprises overseas branches of the Bank and overseas domiciled controlled entities.

The official cash rate in Australia increased by 100 basis points during the year while rates in New Zealand increased by a total of 25 basis points.

During the year the Group reassessed the application of AASB 132 Financial Instruments: Presentation. As a result, Mortgage Interest Saver Accounts and business overdraft set off accounts are now presented on a gross basis as savings deposits and other demand deposits, respectively, instead of being netted against loan balances. Prior period average balances have been restated for this change.

Average Balances

	Full Year Ended 30/06/08			Full Year Ended 30/06/07		
Interest Earning Assets	Avg Bal $M	Income $M	Yield %	Avg Bal $M	Income $M	Yield %
Home loans excluding securitisation	**189,890**	**14,554**	**7. 66**	165,274	11,671	7. 06
Personal (1) (2)	**20,391**	**2,319**	**11. 37**	18,213	1,994	10. 95
Business and corporate (2) (3)	**117,544**	**7,637**	**6. 50**	99,484	6,037	6. 07
Loans, advances and other receivables	**327,825**	**24,510**	**7. 48**	282,971	19,702	6. 96
Cash and other liquid assets (2)	**17,134**	**947**	**5. 53**	15,926	926	5. 81
Assets at fair value through Income Statement (excluding life insurance) (2)	**28,509**	**1,933**	**6. 78**	21,719	1,495	6. 88
Available-for-sale investments (2)	**12,199**	**756**	**6. 20**	11,876	730	6. 15
Non-lending interest earning assets	**57,842**	**3,636**	**6. 29**	49,521	3,151	6. 36
Total interest earning assets (excluding securitisation) (4)	**385,667**	**28,146**	**7. 30**	332,492	22,853	6. 87
Securitisation home loan assets	**13,427**	**1,088**	**8. 10**	13,344	1,009	7. 56
Non-interest earning assets	**76,644**			66,449		
Total average assets	**475,738**			412,285		

	Full Year Ended 30/06/08			Full Year Ended 30/06/07		
Interest Bearing Liabilities	Avg Bal $M	Expense $M	Yield %	Avg Bal $M	Expense $M	Yield %
Transaction deposits	**58,721**	**1,587**	**2. 70**	50,055	1,049	2. 10
Savings deposits	**54,555**	**2,593**	**4. 75**	49,370	2,089	4. 23
Investment deposits (2)	**87,486**	**6,008**	**6. 87**	73,316	4,469	6. 10
Certificates of deposits and other (2) (3)	**40,156**	**2,205**	**5. 49**	24,448	1,388	5. 68
Total interest bearing deposits	**240,918**	**12,393**	**5. 14**	197,189	8,995	4. 56
Payable due to other financial Institutions	**19,406**	**989**	**5. 10**	12,351	674	5. 46
Liabilities at fair value through Income Statement (2)	**15,017**	**1,129**	**7. 52**	15,193	1,087	7. 15
Debt issues (2) (3)	**74,369**	**5,056**	**6. 80**	76,238	4,612	6. 05
Loan Capital (2) (3)	**12,539**	**792**	**6. 32**	10,265	564	5. 49
Total interest bearing liabilities	**362,249**	**20,359**	**5. 62**	311,236	15,932	5. 12
Securitisation debt issues	**14,005**	**968**	**6. 91**	13,861	894	6. 45
Non-interest bearing liabilities	**74,078**			64,430		
Total average liabilities	**450,332**			389,527		

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

(2) During the current period, certain balances and associated interest amounts were reclassified to ensure consistent classification of amounts across all of the Group's businesses. Prior periods have been restated on a consistent basis.

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

(4) Used for calculating net interest margin.

3. Average Balances and Related Interest (continued)

Average Balances

Interest Earning Assets	Half Year Ended 30/06/08 Avg Bal $M	Income $M	Yield %	Half Year Ended 31/12/07 Avg Bal $M	Income $M	Yield %	Half Year Ended 30/06/07 Avg Bal $M	Income $M	Yield %
Home loans excluding securitisation	**197,771**	**7,767**	**7. 90**	182,095	6,787	7. 41	167,958	5,976	7. 18
Personal (1)	**20,655**	**1,204**	**11. 72**	20,130	1,115	11. 02	18,862	1,022	10. 93
Business and corporate (2) (3)	**122,669**	**4,129**	**6. 77**	112,474	3,508	6. 20	104,938	3,166	6. 08
Loans, advances and other receivables	**341,095**	**13,100**	**7. 72**	314,699	11,410	7. 21	291,758	10,164	7. 03
Cash and other liquid assets (2)	**17,450**	**427**	**4. 92**	16,821	520	6. 15	16,679	474	5. 73
Assets at fair value through Income Statement (ex life insurance) (2)	**29,973**	**1,014**	**6. 80**	27,061	919	6. 76	23,003	742	6. 50
Available-for-sale investments (2)	**12,160**	**381**	**6. 30**	12,238	375	6. 10	12,174	347	5. 75
Non-lending interest earning assets	**59,583**	**1,822**	**6. 15**	56,120	1,814	6. 43	51,856	1,563	6. 08
Total interest earning assets (excluding securitisation) (4)	**400,678**	**14,922**	**7. 49**	370,819	13,224	7. 09	343,614	11,727	6. 88
Securitisation home loan assets	**12,438**	**531**	**8. 59**	14,405	557	7. 69	15,069	570	7. 63
Non-interest earning assets	**77,492**			75,805			66,672		
Total average assets	**490,608**			461,029			425,355		

Interest Bearing Liabilities	Half Year Ended 30/06/08 Avg Bal $M	Expense $M	Yield %	Half Year Ended 31/12/07 Avg Bal $M	Expense $M	Yield %	Half Year Ended 30/06/07 Avg Bal $M	Expense $M	Yield %
Transaction deposits	**59,813**	**853**	**2. 87**	57,641	734	2. 53	52,914	593	2. 26
Savings deposits	**54,988**	**1,322**	**4. 83**	54,127	1,271	4. 67	51,075	1,107	4. 37
Investment deposits (2)	**93,902**	**3,344**	**7. 16**	81,140	2,664	6. 53	75,513	2,308	6. 16
Certificates of deposits and other (2) (3)	**44,128**	**1,345**	**6. 13**	36,226	860	4. 72	26,098	682	5. 27
Total interest bearing deposits	**252,831**	**6,864**	**5. 46**	229,134	5,529	4. 80	205,600	4,690	4. 60
Payable due to other financial Institutions	**20,732**	**497**	**4. 82**	18,094	492	5. 41	12,691	341	5. 42
Liabilities at fair value through Income Statement (2)	**14,331**	**536**	**7. 52**	15,696	593	7. 51	17,396	624	7. 23
Debt issues (2) (3)	**75,836**	**2,662**	**7. 06**	72,918	2,394	6. 53	75,219	2,291	6. 14
Loan Capital (2) (3)	**12,200**	**414**	**6. 82**	12,874	378	5. 84	10,499	292	5. 61
Total interest bearing liabilities	**375,930**	**10,973**	**5. 87**	348,716	9,386	5. 35	321,405	8,238	5. 17
Securitisation debt issues	**12,915**	**472**	**7. 35**	15,083	496	6. 54	15,954	508	6. 42
Non-interest bearing liabilities	**75,988**			72,189			64,596		
Total average liabilities	**464,833**			435,988			401,955		

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

(2) During the current period, certain balances and associated interest amounts were reclassified to ensure consistent classification of amounts across all of the Group's businesses. Prior periods have been restated on a consistent basis.

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

(4) Used for calculating net interest margin.

3. Average Balances and Related Interest (continued)

Net Interest Margin	Full Year Ended 30/06/08 Avg Bal $M	Income $M	Yield %	Full Year Ended 30/06/07 Avg Bal $M	Income $M	Yield %
Total interest earning assets excluding securitisation	**385,667**	**28,146**	**7. 30**	332,492	22,853	6. 87
Total interest bearing liabilities excluding securitisation	**362,249**	**20,359**	**5. 62**	311,236	15,932	5. 12
Net interest income & interest spread (excluding securitisation)		**7,787**	**1. 68**		6,921	1. 75
Benefit of free funds			**0. 34**			0. 33
Net interest margin			**2. 02**			2 .08

Geographical analysis of key categories

Loans, Advances and Other Receivables	Full Year Ended 30/06/08 Avg Bal $M	Income $M	Yield %	Full Year Ended 30/06/07 Avg Bal $M	Income $M	Yield %
Australia	**273,124**	**20,047**	**7. 34**	234,022	16,016	6. 84
Overseas	**54,701**	**4,463**	**8. 16**	48,949	3,686	7. 53
Total	**327,825**	**24,510**	**7. 48**	282,971	19,702	6. 96
Non-Lending Interest Earning Assets						
Australia	**35,860**	**2,297**	**6. 41**	29,557	1,911	6. 47
Overseas	**21,982**	**1,339**	**6. 09**	19,964	1,240	6. 21
Total	**57,842**	**3,636**	**6. 29**	49,521	3,151	6. 36
Total Interest Bearing Deposits(1)						
Australia	**210,294**	**10,400**	**4. 95**	170,517	7,437	4. 36
Overseas	**30,624**	**1,993**	**6. 51**	26,672	1,558	5. 84
Total	**240,918**	**12,393**	**5. 14**	197,189	8,995	4. 56
Other Interest Bearing Liabilities						
Australia	**75,093**	**5,287**	**7. 04**	72,269	4,392	6. 08
Overseas	**46,238**	**2,679**	**5. 79**	41,778	2,545	6. 09
Total	**121,331**	**7,966**	**6. 57**	114,047	6,937	6. 08

(1) Comparisons between reporting periods are impacted by hedge accounting.

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

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

3. Average Balances and Related Interest (continued)

Net Interest Margin	Half Year Ended 30/06/08 Avg Bal $M	Income $M	Yield %	Half Year Ended 31/12/07 Avg Bal $M	Income $M	Yield %	Half Year Ended 30/06/07 Avg Bal $M	Income $M	Yield %
Total interest earning assets excluding securitisation	**400,678**	**14,922**	**7. 49**	370,819	13,224	7. 09	343,614	11,727	6. 88
Total interest bearing liabilities excluding securitisation	**375,930**	**10,973**	**5. 87**	348,716	9,386	5. 35	321,405	8,238	5. 17
Net interest income & interest spread (excluding securitisation)		**3,949**	**1. 62**		3,838	1. 74		3,489	1. 71
Benefit of free funds			**0. 36**			0. 32			0. 34
Net interest margin			**1. 98**			2. 06			2. 05

Geographical analysis of key categories

	Half Year Ended 30/06/08 Avg Bal $M	Income $M	Yield %	Half Year Ended 31/12/07 Avg Bal $M	Income $M	Yield %	Half Year Ended 30/06/07 Avg Bal $M	Income $M	Yield %
Loans, Advances and Other Receivables									
Australia	**285,251**	**10,766**	**7. 59**	261,129	9,281	7. 07	240,438	8,217	6. 89
Overseas	**55,844**	**2,334**	**8. 40**	53,570	2,129	7. 91	51,320	1,947	7. 65
Total	**341,095**	**13,100**	**7. 72**	314,699	11,410	7. 21	291,758	10,164	7. 03
Non-Lending Interest Earning Assets									
Australia	**36,874**	**1,220**	**6. 65**	34,857	1,077	6. 15	31,400	935	6 .00
Overseas	**22,709**	**602**	**5. 33**	21,263	737	6. 89	20,456	628	6. 19
Total	**59,583**	**1,822**	**6. 15**	56,120	1,814	6. 43	51,856	1,563	6. 08
Total Interest Bearing Deposits(1)									
Australia	**220,459**	**5,806**	**5. 30**	200,239	4,594	4. 56	178,051	3,901	4. 42
Overseas	**32,372**	**1,058**	**6. 57**	28,895	935	6. 44	27,549	789	5. 78
Total	**252,831**	**6,864**	**5. 46**	229,134	5,529	4. 80	205,600	4,690	4. 60
Other Interest Bearing Liabilities									
Australia	**76,778**	**2,846**	**7. 45**	73,426	2,441	6. 61	71,933	2,205	6. 18
Overseas	**46,321**	**1,263**	**5. 48**	46,156	1,416	6. 10	43,872	1,343	6. 17
Total	**123,099**	**4,109**	**6. 71**	119,582	3,857	6. 42	115,805	3,548	6. 18

(1) Comparisons between reporting periods are impacted by hedge accounting.

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

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

4. Interest Rate and Volume Analysis

Interest Earning Assets	Full Year Ended Jun 08 vs Jun 07 Volume $M	Rate $M	Total $M	Full Year Ended Jun 07 vs Jun 06 Volume $M	Rate $M	Total $M
Home loans	**1,812**	**1,071**	**2,883**	1,074	609	1,683
Personal	**243**	**82**	**325**	222	19	241
Business and Corporate	**1,135**	**465**	**1,600**	1,080	159	1,239
Loans, advances and other receivables	**3,238**	**1,570**	**4,808**	2,439	724	3,163
Cash and other liquid assets	**69**	**(48)**	**21**	213	93	306
Assets at fair value through Income Statement (excluding life insurance)	**464**	**(26)**	**438**	203	143	346
Available-for-sale investments	**20**	**6**	**26**	22	23	45
Non-lending interest earning assets	**526**	**(41)**	**485**	447	250	697
Total interest earning assets	**3,768**	**1,525**	**5,293**	2,894	966	3,860
Securitisation home loan assets	**7**	**72**	**79**	179	65	244

Interest Bearing Liabilities	Full Year Ended Jun 08 vs Jun 07 Volume $M	Rate $M	Total $M	Full Year Ended Jun 07 vs Jun 06 Volume $M	Rate $M	Total $M
Transaction deposits	**208**	**330**	**538**	100	151	251
Savings deposits	**233**	**271**	**504**	233	236	469
Investment deposits	**918**	**621**	**1,539**	389	455	844
Certificates of deposits and other	**877**	**(60)**	**817**	297	(251)	46
Total interest bearing deposits	**2,122**	**1,276**	**3,398**	989	621	1,610
Payable due to other financial institutions	**372**	**(57)**	**315**	141	58	199
Liabilities at fair value through Income Statement	**(13)**	**55**	**42**	164	(24)	140
Debt issues	**(120)**	**564**	**444**	718	704	1,422
Loan capital	**134**	**94**	**228**	64	(76)	(12)
Total interest bearing liabilities	**2,739**	**1,688**	**4,427**	2,030	1,329	3,359
Securitised debt issues	**10**	**64**	**74**	142	81	223

Change in Net Interest Income	Full Year Ended Jun 08 vs Jun 07 Increase/(Decrease) $M	Jun 07 vs Jun 06 Increase/ (Decrease) $M
Due to changes in average volume of interest earning assets and interest bearing liabilities	1,090	926
Due to changes in interest margin	(224)	(425)
Due to variation in time period	-	-
Change in net interest income	866	501

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

Geographical analysis of key categories	Full Year Ended Jun 08 vs Jun 07 Volume $M	Rate $M	Total $M	Full Year Ended Jun 07 vs Jun 06 Volume SM	Rate $M	Total $M
Loans, Advances and Other Receivables						
Australia	**2,773**	**1,258**	**4,031**	1,829	660	2,489
Overseas	**451**	**326**	**777**	629	45	674
Total	**3,238**	**1,570**	**4,808**	2,439	724	3,163
Non-Lending Interest Earning Assets						
Australia	**406**	**(20)**	**386**	340	109	449
Overseas	**124**	**(25)**	**99**	112	136	248
Total	**526**	**(41)**	**485**	447	250	697
Total Interest Bearing Deposits						
Australia	**1,851**	**1,112**	**2,963**	784	612	1,396
Overseas	**244**	**191**	**435**	217	(3)	214
Total	**2,122**	**1,276**	**3,398**	989	621	1,610
Other Interest Bearing Liabilities						
Australia	**185**	**710**	**895**	823	261	1,084
Overseas	**265**	**(131)**	**134**	281	384	665
Total	**461**	**568**	**1,029**	1,097	652	1,749

4. Interest Rate and Volume Analysis (continued)

Interest Earning Assets	Half Year Ended Jun 08 vs Dec 07 Volume $M	Rate $M	Total $M	Half Year Ended Jun 08 vs Jun 07 Volume $M	Rate $M	Total $M
Home loans	**600**	**380**	**980**	1,116	675	1,791
Personal	**30**	**59**	**89**	101	81	182
Business and corporate	**331**	**290**	**621**	566	397	963
Loans, advances and other receivables	**985**	**705**	**1,690**	1,807	1,129	2,936
Cash and other liquid assets	**17**	**(110)**	**(93)**	20	(67)	(47)
Assets at fair value through Income Statement (excluding life insurance)	**99**	**(4)**	**95**	230	42	272
Available-for-sale investments	**(2)**	**8**	**6**	-	34	34
Non-lending interest earning assets	**109**	**(101)**	**8**	235	24	259
Total interest earning assets	**1,088**	**610**	**1,698**	2,036	1,159	3,195
Securitisation home loan assets	**(80)**	**54**	**(26)**	(106)	67	(39)

Interest Bearing Liabilities	Half Year Ended Jun 08 vs Dec 07 Volume $M	Rate $M	Total $M	Half Year Ended Jun 08 vs Jun 07 Volume $M	Rate $M	Total $M
Transaction deposits	**29**	**90**	**119**	88	172	260
Savings deposits	**20**	**31**	**51**	89	126	215
Investment deposits	**437**	**243**	**680**	608	428	1,036
Certificates of deposits and other	**214**	**271**	**485**	510	153	663
Total interest bearing deposits	**608**	**727**	**1,335**	1,180	994	2,174
Payable due to other financial institutions	**67**	**(62)**	**5**	204	(48)	156
Liabilities at fair value through Income Statement	**(51)**	**(6)**	**(57)**	(112)	24	(88)
Debt issues	**99**	**169**	**268**	20	351	371
Loan capital	**(21)**	**57**	**36**	53	69	122
Total interest bearing liabilities	**763**	**824**	**1,587**	1,495	1,240	2,735
Securitised debt issues	**(75)**	**51**	**(24)**	(104)	68	(36)

Change in Net Interest Income	Half Year Ended Jun 08 vs Dec 07 Increase/(Decrease) $M	Half Year Ended Jun 08 vs Jun 07 Increase/ (Decrease) $M
Due to changes in average volume of interest earning assets and interest bearing liabilities	**300**	571
Due to changes in interest margin	**(147)**	(111)
Due to variation in time period	**(42)**	-
Change in net interest income	**111**	460

Geographical analysis of key categories	Half Year Ended Jun 08 vs Dec 07 Volume $M	Rate $M	Total $M	Half Year Ended Jun 08 vs Jun 07 Volume SM	Rate $M	Total $M
Loans, Advances and Other						
Australia	**884**	**601**	**1,485**	1,611	938	2,549
Overseas	**93**	**112**	**205**	180	207	387
Total	**985**	**705**	**1,690**	1,807	1,129	2,936
Non-Lending Interest Earning Assets						
Australia	**65**	**78**	**143**	172	113	285
Overseas	**44**	**(179)**	**(135)**	64	(90)	(26)
Total	**109**	**(101)**	**8**	235	24	259
Total Interest Bearing Deposits						
Australia	**498**	**714**	**1,212**	1,023	882	1,905
Overseas	**113**	**10**	**123**	148	121	269
Total	**608**	**727**	**1,335**	1,180	994	2,174
Other Interest Bearing Liabilities						
Australia	**118**	**287**	**405**	164	477	641
Overseas	**5**	**(158)**	**(153)**	71	(151)	(80)
Total	**115**	**137**	**252**	233	328	561

These volume and rate analyses were for half year periods. The calculations were based on balances over the half year. The volume and rate variances for total interest earning assets and liabilities have been calculated separately (rather than being the sum of the individual categories).

5. Other Operating Income

	Full Year Ended			Half Year Ended		
	30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Loan service fees:						
From financial assets	**933**	873	7	**494**	439	13
Other	**43**	23	87	**13**	30	(57)
Commissions and other fees:						
From financial liabilities	**507**	501	1	**246**	261	(6)
Other	**1,320**	1,228	7	**673**	647	4
Trading income	**546**	555	(2)	**346**	200	73
Net gains/(losses) on disposal of available-for-sale investments	**309**	138	large	**310**	(1)	large
Net (loss)/gains on disposal of other non-trading instruments	**(1)**	9	large	**(1)**	-	-
Dividends	**39**	3	large	**38**	1	large
Net (losses) on sale of property, plant and equipment	**(15)**	(15)	-	**(8)**	(7)	14
Other income	**173**	136	27	**50**	123	(59)
	3,854	3,451	12	**2,161**	1,693	28
Net hedging ineffectiveness	**(58)**	30	large	**(44)**	(14)	large
Net (losses) and gains on other financial instruments:						
Fair value through Income Statement	**(9)**	65	large	**(21)**	12	large
Derivative yield reclassification	**(265)**	(107)	large	**(101)**	(164)	(38)
Non-trading derivatives	**37**	(98)	large	**19**	18	6
Total other operating income	**3,559**	3,341	7	**2,014**	1,545	30

Loss on other financial instruments – Hedging and AIFRS volatility

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.

	Full Year Ended			Half Year Ended		
	30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Reclassification of yield to Other banking income (1)	**265**	107	large	**101**	164	(38)
Net interest income	**265**	107	large	**101**	164	(38)
Reclassification of yield from Net interest income (1)	**(265)**	(107)	large	**(101)**	(164)	(38)
Other banking income ("cash basis")	**(265)**	(107)	large	**(101)**	(164)	(38)
Revenue hedge of New Zealand operations – unrealised	**25**	(9)	large	**14**	11	27
Hedging and AIFRS volatility	**(86)**	120	large	**(79)**	(7)	large
One-off AIFRS hedging mismatches	**-**	(91)	large	**-**	-	-
Other banking income ("statutory basis")	**(326)**	(87)	large	**(166)**	(160)	4

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

6. Operating Expenses

Expenses by Segment	Full Year Ended 30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Operating expenses						
Retail Banking Services	**2,549**	2,501	2	**1,286**	1,263	2
Premium Business Services	**1,915**	1,669	15	**1,032**	883	17
Wealth Management	**1,807**	1,611	12	**930**	877	6
International Financial Services	**825**	740	11	**414**	411	1
Other	**(75)**	(94)	(20)	**(19)**	(56)	(66)
	7,021	6,427	9	**3,643**	3,378	8
Investment and restructuring	**377**	-	-	**377**	-	-
Total	**7,398**	6,427	15	**4,020**	3,378	19

Expenses by Category	Full Year Ended 30/06/08 $M	30/06/07 $M	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08 $M	31/12/07 $M	Jun 08 vs Dec 07 %
Staff	**3,661**	3,229	13	**1,881**	1,780	6
Occupancy and equipment	**767**	688	11	**394**	373	6
Information technology services	**826**	883	(6)	**410**	416	(1)
Other	**1,767**	1,627	9	**958**	809	18
	7,021	6,427	9	**3,643**	3,378	8
Investment and restructuring	**377**	-	-	**377**	-	-
Total	**7,398**	6,427	15	**4,020**	3,378	19

Capitalisation of Computer Software Costs

Capitalised computer software costs (net of amortisation) totalled $353 million as at 30 June 2008 (December 2007: $316 million and June 2007: $297 million). Expenditure in the year principally comprises development of customer focussed systems.

6. Operating Expenses (continued)

	Full Year Ended		Half Year Ended	
	30/06/08	30/06/07	30/06/08	31/12/07
	$M	$M	$M	$M
Staff expenses				
Salaries and wages	**3,097**	2,746	**1,592**	1,505
Share-based compensation	**106**	89	**57**	49
Superannuation contributions	**14**	8	**10**	4
Provisions for employee entitlements	**90**	61	**44**	46
Payroll tax	**162**	139	**77**	85
Fringe benefits tax	**32**	34	**16**	16
Other staff expenses	**160**	152	**85**	75
Total staff expenses	**3,661**	3,229	**1,881**	1,780
Occupancy and equipment expenses				
Operating lease rentals	**403**	367	**203**	200
Depreciation:				
Buildings	**27**	22	**14**	13
Leasehold improvements	**63**	59	**33**	30
Equipment	**84**	73	**43**	41
Operating lease assets	**20**	22	**11**	9
Repairs and maintenance	**81**	71	**45**	36
Other	**89**	74	**45**	44
Total occupancy and equipment expenses	**767**	688	**394**	373
Information technology services				
Application maintenance and development	**224**	304	**103**	121
Data processing	**195**	206	**95**	100
Desktop	**114**	119	**58**	56
Communications	**174**	168	**92**	82
Amortisation of software assets	**88**	62	**46**	42
IT equipment depreciation	**31**	24	**16**	15
Total information technology services	**826**	883	**410**	416
Other expenses				
Postage	**119**	109	**60**	59
Stationery	**98**	104	**49**	49
Fees and commissions:				
Fees payable on trust and other fiduciary activities	**538**	402	**281**	257
Other	**280**	289	**147**	133
Advertising, marketing and loyalty	**348**	326	**188**	160
Amortisation of other intangible assets (excluding software)	**15**	8	**11**	4
Non-lending losses	**78**	97	**46**	32
Other	**291**	292	**176**	115
Total other expenses	**1,767**	1,627	**958**	809
Investment and restructuring				
Write-down of leasehold improvements	**18**	-	**18**	-
Write-down of software	**77**	-	**77**	-
Other provisions	**282**	-	**282**	-
Total investment and restructuring	**377**	-	**377**	-
Total operating expenses	**7,398**	6,427	**4,020**	3,378

7. Income Tax Expense

	Full Year Ended		Half Year Ended	
	30/06/08	30/06/07	30/06/08	31/12/07
	$M	$M	$M	$M
Profit from Ordinary Activities before Income Tax				
Retail Banking Services	**2,675**	2,522	**1,319**	1,356
Premium Business Services	**1,865**	1,905	**892**	973
Wealth Management	**986**	1,090	**446**	540
International Financial Services	**777**	678	**373**	404
Other	**(48)**	343	**(102)**	54
Net profit before income tax	**6,255**	6,538	**2,928**	3,327
Prima Facie Income Tax at 30%				
Retail Banking Services	**803**	757	**396**	407
Premium Business Services	**560**	571	**268**	292
Wealth Management Services	**296**	327	**134**	162
International Financial Services	**233**	204	**112**	121
Other	**(15)**	103	**(31)**	16
	1,877	1,962	**879**	998
Tax effect of expenses that are non-deductible / income non-assessable in determining taxable profit:				
Current period				
Taxation offsets and other dividend adjustments	**(65)**	(55)	**(23)**	(42)
Tax adjustment referable to policyholder income	**(81)**	186	**(107)**	26
Tax losses recognised	**(89)**	(24)	**(89)**	-
Difference in overseas and offshore banking unit	**(51)**	(43)	**(24)**	(27)
Other	**(36)**	35	**(39)**	3
	(322)	99	**(282)**	(40)
Prior periods				
Other	**(122)**	(20)	**(105)**	(17)
Total income tax expense	**1,433**	2,041	**492**	941
Income Tax Attributable to Profit from Ordinary Activities				
Retail Banking Services	**801**	756	**394**	407
Premium Business Services	**402**	463	**152**	250
Wealth Management	**310**	275	**157**	153
International Financial Services	**170**	150	**93**	77
Other	**(135)**	131	**(153)**	18
Corporate tax expense	**1,548**	1,775	**643**	905
Policyholder tax (benefit)/expense	**(115)**	266	**(151)**	36
Total income tax expense	**1,433**	2,041	**492**	941
	%	%	%	%
Effective Tax Rate				
Total – corporate	**24. 3**	28. 3	**20. 9**	27. 5
Retail Banking Services – corporate	**29. 9**	30. 0	**29. 9**	30. 0
Premium Business Services – corporate	**21. 6**	24. 3	**17. 0**	25. 7
Wealth Management – corporate	**27. 9**	33. 3	**26. 6**	29. 4
International Financial Services – corporate	**22. 1**	22. 2	**24. 5**	19. 8

8. Loans, Advances and Other Receivables

	30/06/08 $M	31/12/07 $M	30/06/07 $M
Australia			
Overdrafts	**20,047**	18,973	16,155
Housing loans (including securitisation)	**186,926**	173,269	163,839
Credit card outstandings	**7,555**	7,370	7,185
Lease financing	**4,239**	3,839	4,532
Bills discounted	**5,868**	3,713	3,640
Term loans	**83,431**	82,579	68,577
Other lending	**1,076**	675	1,339
Other securities	**13**	5	11
Total Australia	**309,155**	290,423	265,278
Overseas			
Overdrafts	**716**	775	1,605
Housing loans	**28,817**	30,616	28,931
Credit card outstandings	**538**	594	533
Lease financing	**563**	508	531
Bills discounted	**-**	-	33
Term loans	**23,916**	21,905	20,027
Redeemable preference share financing	**1,194**	1,194	1,194
Other lending	**25**	51	183
Other securities	**300**	442	303
Total Overseas	**56,069**	56,085	53,340
Gross loans, advances and other receivables	**365,224**	346,508	318,618
Less:			
Provisions for impairment:			
Collective provision	**(1,346)**	(1,084)	(1,034)
Individually assessed provisions	**(367)**	(268)	(199)
Unearned income:			
Term loans	**(1,047)**	(978)	(941)
Lease financing	**(1,182)**	(950)	(979)
	(3,942)	(3,280)	(3,153)
Net loans, advances and other receivables	**361,282**	343,228	315,465

9. Provisions for Impairment and Asset Quality

	2008				
	Housing Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans and Advances which were neither Past Due nor Impaired (1)					
Investment Grade	156,110	2,631	-	70,886	229,627
Pass Grade	47,432	13,764	8,028	45,996	115,220
Weak	6,017	2,200	-	2,532	10,749
Total loans and advances which were neither past due nor impaired	209,559	18,595	8,028	119,414	355,596
Loans and Advances which were Past Due but not Impaired (2)					
Past due 1-29 days	3,676	746	233	1,087	5,742
Past due 30-59 days	1,034	192	77	146	1,449
Past due 60-89 days	433	90	27	92	642
Past due 90-179 days	497	109	21	73	700
Past due 180 days or more	349	15	1	47	412
Total loans and advances past due but not impaired	5,989	1,152	359	1,445	8,945

(1) Gross loans and advances include other receivables.

(2) Personal loans, credit cards and other personal financing balances are generally unsecured and written off at 180 days past due unless agreements have been made with the debtor.

	2007				
	Housing Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans and Advances which were neither Past Due nor Impaired (1)					
Investment Grade	140,897	2,621	-	59,667	203,185
Pass Grade	40,864	13,463	7,965	36,149	98,441
Weak	6,071	1,638	1	1,113	8,823
Total loans and advances which were neither past due nor impaired	187,832	17,722	7,966	96,929	310,449
Loans and Advances which were Past Due but not Impaired (2)					
Past due 1-29 days	2,923	759	230	1,071	4,983
Past due 30-59 days	832	176	57	160	1,225
Past due 60-89 days	348	92	27	103	570
Past due 90-179 days	345	139	17	75	576
Past due 180 days or more	295	19	2	78	394
Total loans and advances past due but not impaired	4,743	1,185	333	1,487	7,748

(1) Gross loans and advances include other receivables.

(2) Personal loans, credit cards and other personal financing balances are generally unsecured and written off at 180 days past due unless agreements have been made with the debtor.

9. Provisions for Impairment and Asset Quality (continued)

	Full Year Ended		Half Year Ended	
	30/06/08	30/06/07	30/06/08	31/12/07
	$M	$M	$M	$M
Movement in Impaired Asset Balances				
Gross impaired assets – opening balance	**421**	326	**562**	421
New and increased	**1,104**	928	**538**	566
Balances written off	**(470)**	(482)	**(246)**	(224)
Returned to performing or repaid	**(372)**	(351)	**(171)**	(201)
Gross impaired assets – closing balance	**683**	421	**683**	562

	As at	
	30/06/08	30/06/07
	$M	$M
Impaired Assets by Size of Loan		
Less than $1 million	**228**	208
$1 million to $10 million	**199**	160
Greater than $10 million	**256**	53
Gross impaired assets	**683**	421
Less individually assessed provisions for impairment	**(367)**	(199)
Total net impaired assets	**316**	222

	30/06/08	30/06/07
	%	%
Asset Quality Ratios		
Gross impaired assets as a percentage of gross loans and acceptances	**0. 18**	0. 13
Loans and advances 90 or more days past due but not impaired as a ratio of gross loans and acceptances	**0. 29**	0. 29

9. Provisions for Impairment and Asset Quality (continued)

Provisioning Policy

Provisions for impairment are maintained at an amount adequate to cover incurred credit related losses. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is objective evidence of impairment, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the expected future cash flows discounted at the financial asset's original effective interest rate. Short term balances are not discounted.

	Full Year Ended		Half Year Ended	
	30/06/08	30/06/07	30/06/08	31/12/07
	$M	$M	$M	$M
Provisions for impairment losses				
Collective provision				
Opening balance	**1,034**	1,046	**1,084**	1,034
Total charge against profit and loan impairment expense	**930**	434	**597**	333
Net transfer (to)/from individually assessed provisions	**(625)**	(507)	**(334)**	(291)
Impairment losses recovered	**77**	103	**37**	40
Adjustments for foreign exchange movements and other items	**(22)**	9	**(14)**	(8)
	1,394	1,085	**1,370**	1,108
Impairment losses written off	**(48)**	(51)	**(24)**	(24)
Closing balance	**1,346**	1,034	**1,346**	1,084
Individually assessed provisions				
Opening balance	**199**	171	**268**	199
Charge against profit and loss for:				
New and increased provisioning	**658**	523	**357**	301
Less write-back of provisions no longer required	**(33)**	(16)	**(23)**	(10)
Net transfer	**625**	507	**334**	291
Discount unwind to interest income	**(9)**	(6)	**(5)**	(4)
Adjustments for foreign exchange movements and other items	**7**	(5)	**8**	(1)
Impairment losses	**(455)**	(468)	**(238)**	(217)
Closing balance	**367**	199	**367**	268
Total provisions for loan impairment	**1,713**	1,233	**1,713**	1,352
Other credit provisions	**32**	23	**32**	28
Total provisions for impairment losses	**1,745**	1,256	**1,745**	1,380

	30/06/08	30/06/07	30/06/08	31/12/07
	%	%	%	%
Provision Ratios				
Collective provisions as a % of gross loans and acceptances	**0. 35**	0. 31	**0. 35**	0. 30
Collective provision as a % of risk weighted assets - Basel I	**-**	0. 42	**-**	0. 40
Collective provision as a % of risk weighted assets - Basel II (1)	**0. 65**	-	**0. 65**	0. 55
Individually assessed provisions for impairment as a % of gross impaired assets (2)	**40. 8**	23. 8	**40. 8**	33. 6
Total provisions for impairment losses as a % of gross impaired assets	**255. 5**	298. 3	**255. 5**	245. 6

(1) Basel II Risk Weighted Assets are at 31 December 2007 on a pro-forma basis.

(2) Portfolio provisions of $88 million at 30 June 2008 ($79 million at 31 December 2007 and $99 million at 30 June 2007) to cover unsecured personal loans and credit card lending have been deducted from individually assessed provisions to calculate this ratio. These provisions are deducted due to the exclusion of the related assets from gross impaired assets. The related asset amounts are instead included in the 90 days or more past due disclosure.

10. Deposits and Other Public Borrowings

	Half Year Ended		
	30/06/08	31/12/07	30/06/07
	$M	$M	$M
Australia			
Certificates of deposits	**36,981**	37,292	20,165
Term deposits	**71,637**	58,023	50,888
On demand and short term deposits	**117,712**	117,045	109,680
Deposits not bearing interest	**6,142**	6,328	6,662
Securities sold under agreements to repurchase	**1,462**	2,433	3,323
Total Australia	**233,934**	221,121	190,718
Overseas			
Certificates of deposits	**4,139**	3,250	903
Term deposits	**15,687**	16,895	16,416
On demand and short term deposits	**8,351**	9,235	9,183
Deposits not bearing interest	**1,468**	1,693	1,818
Securities sold under agreements to repurchase	**127**	913	30
Total Overseas	**29,772**	31,986	28,350
Total deposits and other public borrowings	**263,706**	253,107	219,068

11. Financial Reporting by Segments

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

	Full Year Ended 30 June 2008					
Business Segments Information	Retail Banking Services	Premium Business Services	Wealth Management	International Financial Services	Other	Total
Income Statement	$M	$M	$M	$M	$M	$M
Interest income	14,651	9,204	-	4,061	1,318	**29,234**
Insurance premium and related revenue	-	-	994	379	-	**1,373**
Other income	1,257	1,965	2,840	458	(73)	**6,447**
Total revenue	15,908	11,169	3,834	4,898	1,245	**37,054**
Equity accounted earnings	-	-	60	32	-	**92**
Revenue from external customers	15,896	10,622	3,774	4,773	1,897	**36,962**
Revenue from other operating segments	12	547	-	93	(652)	**-**
Interest expense	5,306	6,701	87	3,081	6,152	**21,327**
Segment result before income tax	2,675	1,865	986	777	(48)	**6,255**
Income tax expense	(801)	(402)	(186)	(179)	135	**(1,433)**
Segment result after income tax	1,874	1,463	800	598	87	**4,822**
Minority interests	-	-	-	(2)	(29)	**(31)**
Segment result after income tax and minority interests	1,874	1,463	800	596	58	**4,791**
Less: Non-Cash items	(30)	(17)	60	7	38	**58**
Net profit after tax ("cash basis")	1,904	1,480	740	589	20	**4,733**
Non-Cash Expenses						
Intangible asset amortisation	19	53	-	12	19	**103**
Loan impairment expense	331	426	-	43	130	**930**
Depreciation	19	45	4	39	118	**225**
Defined benefit superannuation plan expense	-	3	-	-	(17)	**(14)**
Investment and restructuring	41	22	-	14	300	**377**
Other	28	17	11	6	28	**90**
Balance Sheet						
Total assets	200,289	173,370	24,318	51,634	37,961	**487,572**
Acquisition of property, plant & equipment, intangibles and other non-current assets	15	547	8	71	321	**962**
Investments in associates	-	17	724	165	-	**906**
Total liabilities	122,332	166,386	20,857	42,750	109,110	**461,435**

11. Financial Reporting by Segments (continued)

	Full Year Ended 30 June 2007					
Business Segments Information	Retail Banking Services	Premium Business Services	Wealth Management	International Financial Services	Other	Total
Income Statement	$M	$M	$M	$M	$M	$M
Interest income	12,007	7,230	-	3,425	1,200	23,862
Insurance premium and related revenue	-	-	830	279	8	1,117
Other income	1,291	1,744	4,590	677	(112)	8,190
Total revenue	13,298	8,974	5,420	4,381	1,096	33,169
Equity accounted earnings	-	1	16	36	-	53
Revenue from external customers	13,279	8,650	5,384	4,404	1,399	33,116
Revenue from other operating segments	19	323	20	(59)	(303)	-
Interest expense	3,890	5,200	33	2,617	5,086	16,826
Segment result before income tax	2,522	1,905	1,090	678	343	6,538
Income tax expense	(756)	(463)	(538)	(153)	(131)	(2,041)
Segment result after income tax	1,766	1,442	552	525	212	4,497
Minority interests	-	-	-	-	(27)	(27)
Segment result after income tax and minority interests	1,766	1,442	552	525	185	4,470
Less: Non-Cash items	-	(3)	(75)	47	(26)	(57)
Net profit after tax ("cash basis")	1,766	1,445	627	478	211	4,527
Non-Cash Expenses						
Intangible asset amortisation	14	35	-	8	13	70
Loan impairment expense	349	75	-	20	(10)	434
Depreciation	20	33	4	39	104	200
Defined benefit superannuation plan (income)/expense	-	5	-	-	(13)	(8)
Other	26	14	49	3	9	101
Balance Sheet						
Total assets	174,261	159,424	27,553	52,591	26,328	440,157
Acquisition of property, plant & equipment, intangibles and other non-current assets	45	139	6	89	171	450
Investments in associates	-	1	691	143	1	836
Total liabilities	103,958	172,754	22,732	43,801	72,468	415,713

11. Financial Reporting by Segments (continued)

Geographical Segments Financial Performance	Full Year Ended 30/06/08 $M	%	30/06/07 $M	%
Revenue				
Australia	**29,131**	**78. 6**	26,350	79. 5
New Zealand	**4,922**	**13. 3**	4,517	13. 6
Other countries (1)	**3,001**	**8. 1**	2,302	6. 9
	37,054	**100. 0**	33,169	100. 0
Non-current assets				
Australia	**9,929**	**87. 7**	9,260	85. 0
New Zealand	**1,129**	**10. 0**	1,133	10. 4
Other countries (1)	**265**	**2. 3**	496	4. 6
	11,323	**100. 0**	10,889	100. 0

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

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

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

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

Credit Risk

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

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

By Industry	30/06/08 %	31/12/07 %	30/06/07 %
Agriculture, forestry and fishing	**2. 3**	2. 2	2 .3
Banks	**11. 8**	11. 2	12. 8
Business services	**0. 9**	0. 7	0. 8
Construction	**0. 8**	0. 9	1. 0
Culture and recreational services	**0. 9**	1. 0	1. 1
Energy	**1. 8**	1. 8	1 .4
Finance – Other	**7. 5**	8. 7	9. 7
Health and community service	**0. 9**	1. 0	1. 1
Manufacturing	**2. 9**	2 .9	3. 1
Mining	**1. 2**	1. 4	1. 2
Property	**6. 9**	6. 9	5. 9
Retail trade and wholesale trade	**2. 7**	2. 8	2. 6
Sovereign	**5. 3**	4. 3	3. 2
Transport and storage	**1. 7**	1. 7	1. 7
Other	**5. 5**	5. 6	6. 1
Consumer	**46. 9**	46. 9	46. 0
	100. 0	100. 0	100. 0

The bulk of the Group's committed exposures are concentrated in Australia and New Zealand.

By Region	30/06/08 %	31/12/07 %	30/06/07 %
Australia	**73. 1**	74. 3	73. 2
New Zealand	**11. 3**	12. 4	14. 0
Europe	**10. 4**	8. 4	7. 5
Americas	**3. 0**	2. 8	3. 6
Asia	**1. 9**	1. 8	1. 5
Other	**0. 3**	0. 3	0. 2
	100. 0	100. 0	100. 0

Commercial Portfolio Quality	30/06/08 %	31/12/07 %	30/06/07 %
AAA/AA	**36**	31	32
A	**18**	19	19
BBB	**17**	20	20
Other	**29**	30	29
	100	100	100

As a measure of individually risk rated commercial portfolio exposure (including finance and insurance), the Group has 71% of commercial exposures at investment grade quality.

12. Integrated Risk Management (continued)

Market Risk

Market risk in the Balance Sheet is discussed within Note 42 of the 2008 Annual Report.

Value at Risk (VaR)

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

VaR is modelled at a 97.5% confidence level over a 1-day holding period for trading book positions and over a 20-day holding period for banking book interest rate risk and insurance business market risk.

The following table provides a summary of VaR, where applicable, for all market risks across the Group.

Total Market Risk VaR (1)	Average VaR June 2008 $M	Average VaR Dec 2007 $M	Average VaR June 2007 $M	Average VaR Dec 2006 $M
Traded Market Risk	**10. 85**	9. 12	7. 98	10. 33
Non-Traded Interest Rate Risk	**28. 50**	15.65	17.20	10.38
Structural FX Risk (2)	**n/a**	n/a	n/a	n/a
Non-Traded Equity Price Risk (2)	**n/a**	n/a	n/a	n/a
Non-Traded Insurance Market Risk	**9. 30**	8. 45	8. 44	8. 77
Residual Value Risk (2)	**n/a**	n/a	n/a	n/a
Defined Benefit Superannuation Risk (2)	**n/a**	n/a	n/a	n/a

(1) The VaR values in the table above are disclosed as 1 day equivalents at a 97.5% confidence level.

(2) Certain types of risk exposure are not suitable for VaR measurement.

Liquidity and Funding Risk

Although the cost of liquidity and funding has increased significantly since July 2007 due to market conditions, the Group's liquidity and funding policies have remained unchanged throughout this period, as they have proven to be effective.

The Group has managed its liquidity during adverse market conditions to avoid concentrations such as dependence on single sources of funding and has taken advantage of its diversified funding base and significant funding capacity in the global unsecured debt markets.

Details of the Group's regulatory capital position and capital management activities are disclosed in Appendix 13: Capital Adequacy.

Appendices

13. Capital Adequacy

Risk-Weighted Capital Ratios [1]	Basel II 30/06/08 %	Basel II 31/12/07 %	Basel I 31/12/07 %	Group Basel I 30/06/07 %
Tier One	**8.17**	8.17	7.41	7.14
Tier Two	**3.41**	3.91	3.19	3.41
Less Deductions	**-**	-	(0.78)	(0.79)
Capital Base	**11.58**	12.08	9.82	9.76
Adjusted Common Equity [2]	**6.47**	6.58	4.77	4.79

Regulatory Capital	Basel II 30/06/08 $M	Basel II 31/12/07 $M	Basel I 31/12/07 $M	Group Basel I 30/06/07 $M
Tier One Capital				
Fundamental Tier One Capital				
Total shareholders' equity [3]	**26,137**	25,638	25,638	24,444
Adjustments to total shareholders' equity:				
Expected dividend [4]	**(2,029)**	(1,487)	(1,487)	(1,939)
Estimated reinvestment under Dividend Reinvestment Plan [5]	**609**	400	400	485
Treasury shares	**264**	235	235	255
Cash flow hedge reserve	**(341)**	(477)	(477)	(440)
General reserve for credit losses (after tax) [6]	**-**	-	-	(350)
Employee compensation reserve	**39**	81	81	51
Asset revaluation reserve	**(195)**	(181)	(181)	(185)
Available-for-sale investments reserve	**41**	72	72	35
Foreign currency translation reserve related to non-consolidated subsidiaries	**39**	(13)	(13)	(8)
Deferred fees	**2**	54	54	97
Retained earnings [7]	**752**	752	752	752
Trust Preferred Securities 2006 [8]	**(939)**	(939)	(939)	(939)
Minority Interests [9]	**(505)**	(505)	-	-
Other	**(67)**	(40)	(40)	(34)
Total Fundamental Tier One Capital	**23,807**	23,590	24,095	22,224
Residual Tier One Capital				
Innovative Tier One Capital				
Irredeemable non-cumulative preference shares [10]	**3,396**	3,451	3,451	3,474
Minority Interests [9]	**505**	505	-	-
Eligible loan capital	**209**	236	236	245
Total Innovative Capital	**4,110**	4,192	3,687	3,719
Non-Innovative Residual Tier One Capital [11]	**1,443**	1,443	1,443	-
Less residual capital in excess of prescribed limits transferred to Upper Tier Two Capital [12]	**(1,359)**	(1,592)	-	-
Total Residual Tier One Capital	**4,194**	4,043	5,130	3,719

(1) June 2008 regulatory capital is calculated in accordance with Basel II rules and methodology which was effective from 1 January 2008. The Basel II ratios quoted in the table above do not make allowance for interest rate risk in the banking book, which is not effective until 1 July 2008. The December 2007 and June 2007 regulatory capital is reported in accordance with Basel I rules and methodology.

(2) Adjusted Common Equity ("ACE") is one measure considered by Standard & Poor's in evaluating the Bank's credit rating. The ACE ratio for June 2008 has been calculated using the ACE numerator as a percentage of Basel II RWA with a comparison for December 2007.

(3) Represents Total Shareholders Equity as disclosed in the Group's Consolidated Balance Sheet.

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

(5) Based on reinvestment experience related to the Bank's Dividend Reinvestment Plan (DRP) as approved by APRA. The DRP in respect of the December 2007 interim dividend was satisfied by the issue of $400 million in ordinary shares. December 2007 comparatives have been restated accordingly. The shares to be issued under the DRP in respect of the final 2007 dividend was estimated at 25% as approved by APRA, actual take up was 36.6%.

(6) General reserve for credit loss of $350 million (after tax) transferred to retained earnings in December 2007.

(7) Represents the write-down in retained earnings upon adoption of AIFRS within the non-consolidated subsidiaries.

(8) Trust Preferred Securities 2006 issued 15th March 2006 USD$700 million. These instruments qualify as Tier One Innovative Capital of the Bank.

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

(10) APRA approved Innovative Tier One Capital instruments (Perls II and III and Trust Preferred Securities 2003 and 2006).

(11) Perpetual Exchangeable Resaleable Listed Securities (Perls IV) of $1,465 million (less costs) issued by the Bank in July 2007 and approved by APRA as Tier One Non-Innovative Capital instruments.

(12) Residual Capital eligible for inclusion as Tier One Capital is subject to a APRA prescribed limit of 25% of Tier One Capital with any excess transferred to Upper Tier Two Capital. The Bank was granted transitional relief to 1 January 2010 with respect to the innovative capital limit of 15% of Tier One Capital of $974 million.

13. Capital Adequacy (continued)

	Basel II 30/06/08 $M	Basel II 31/12/07 $M	Basel I 31/12/07 $M	Group Basel I 30/06/07 $M
Tier One Capital Deductions – 100%				
Goodwill (1)	**(8,010)**	(8,030)	(8,030)	(7,632)
Capitalised expenses	**(110)**	(100)	(100)	(136)
Capitalised computer software costs	**(353)**	(316)	(316)	(297)
Defined benefit superannuation plan surplus (2)	**(1,075)**	(1,314)	(1,314)	(1,270)
Deferred tax	**(38)**	(27)	(27)	(37)
	(9,586)	(9,787)	(9,787)	(9,372)
Tier One Capital Deductions – 50% (3)				
Equity investments in other companies and trusts(4)	**(561)**	(723)	(870)	(700)
Equity investments in non-consolidated subsidiaries (net on intangibles)	**(376)**	(296)	-	-
Expected impairment loss (before tax) in excess of eligible credit provisions (net of deferred tax) (5)	**(587)**	(536)	-	-
Other deductions	**(100)**	(95)	-	-
	(1,624)	(1,650)	(870)	(700)
Transitional Tier One capital relief on adoption of AIFRS (6)	**-**	-	1,641	1,641
Total Tier One Deductions	**(11,210)**	(11,437)	(9,016)	(8,431)
Total Tier One Capital	**16,791**	16,196	20,209	17,512

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

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

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

(4) Represents the Group's non-controlling interest in major infrastructure assets and unit trusts.

(5) Regulatory Expected Loss (pre tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions (net of tax) are deducted 50% from both Tier One and Tier Two capital.

(6) APRA granted transitional relief for Tier One and Tier Two Capital on adoption of AIFRS, which expired 1 January 2008.

13. Capital Adequacy (continued)

Regulatory Capital	Basel II 30/06/08 $M	Basel II 31/12/07 $M	Basel I 31/12/07 $M	Group Basel I 30/06/07 $M
Tier Two Capital				
Upper Tier Two Capital				
Residual capital in excess of prescribed limits transferred from Tier One Capital (1)	**1,359**	1,592	-	-
Collective provision for impairment losses	**-**	-	1,084	1,034
Other credit provisions	**-**	-	28	23
Fair value credit adjustments	**-**	-	22	24
General reserve for credit losses (pre-tax equivalent)	**-**	-	-	500
Prudential general reserve for credit losses (2)	**-**	-	1,134	1,581
Future income tax benefit related to prudential general reserve for credit losses	**-**	-	(340)	(474)
Asset revaluation reserve (3)	**88**	81	81	83
Upper Tier Two note and bond issues	**196**	203	203	191
Other	**57**	45	45	34
Total Upper Tier Two Capital	**1,700**	1,921	1,123	1,415
Lower Tier Two Capital				
Lower Tier Two note and bond issues (4) (5)	**6,977**	7,532	7,532	6,922
Holding of Own Lower Tier Two Capital	**(40)**	(45)	(45)	(46)
Transitional Tier Two Capital relief on adoption of AIFRS (6)	**-**	-	74	74
Total Lower Tier Two capital	**6,937**	7,487	7,561	6,950
Tier Two Capital Deductions				
50% Deductions from Tier Two Capital (7)	**(1,624)**	(1,650)	-	-
Total Tier Two Capital	**7,013**	7,758	8,684	8,365
Total Tier One and Tier Two Capital	**23,804**	23,954	28,893	25,877
Total Capital Deductions (8)				
Investment in non-consolidated subsidiaries (net of intangible component deducted from Tier One Capital):	**-**	-	(592)	(409)
Value of acquired inforce business (9)	**-**	-	(1,339)	(1,339)
Other deductions	**-**	-	(189)	(178)
Total Capital	**23,804**	23,954	26,773	23,951

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

(2) Prudential Reserve for Credit Losses not eligible for inclusion in Upper Tier Two Capital under Basel II.

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

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

(5) For regulatory capital purposes, Lower Tier Two note and bond issues are amortised by 20% of the original amount during each of the last five years to maturity.

(6) APRA has granted transitional relief for Tier One and Two Capital on adoption of AIFRS, which expired 1 January 2008.

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

(8) Total Capital deductions revert to a 50% Tier One and 50% Tier Two deduction under Basel II regulations.

(9) Value of acquired inforce business transferred to goodwill upon adoption of AIFRS. The deduction as at 30 June 2008 is now reflected in the goodwill deduction in Tier One Capital.

13. Capital Adequacy (continued)

Risk Weighted Assets [1]	Basel II 30/06/08 $M	Basel II 31/12/07 $M	Basel I 31/12/07 $M	Group Basel I 30/06/07 $M
Credit Risk				
Sovereign	**1,802**	1,380	n/a	n/a
Banks	**5,292**	3,780	n/a	n/a
Corporate [2]	**45,635**	40,855	n/a	n/a
SME Corporate [3]	**31,478**	31,529	n/a	n/a
Residential Mortgages [4]	**39,128**	34,693	n/a	n/a
Qualifying Revolving Retail	**6,070**	5,587	n/a	n/a
SME Retail [5]	**4,318**	5,920	n/a	n/a
Other Retail	**5,274**	4,623	n/a	n/a
Equity Portfolio	**293**	204	n/a	n/a
Trading book repos and other derivatives [6]	**-**	4,851	n/a	n/a
Specialised lending subject to the slotting approach [7]	**21,053**	22,760	n/a	n/a
Securitisation [8]	**3,536**	2,554	n/a	n/a
Other assets [9]	**9,229**	5,968	n/a	n/a
Portfolios subject to Standardised Approach	**5,992**	7,605	n/a	n/a
Impact of regulatory scaling factor [10]	**8,340**	9,527	n/a	n/a
Total Credit Risk	**187,440**	181,836	268,235	241,224
Market Risk - Traded	**4,501**	4,374	4,374	4,123
Operational Risk	**13,560**	12,018	n/a	n/a
Total risk weighted assets [11]	**205,501**	198,228	272,609	245,347

(1) Risk Weighted Assets for 30 June 2008 are calculated in accordance with the Group's advanced accreditation under Basel II. Risk Weighted Assets under Basel II are disclosed for 31 December 2007 for the purposes of comparison and align to the "Parallel Run" return provided to APRA at that date. Risk Weighted Assets calculated under Basel I methodology for 31 December 2007 and 30 June 2007 are shown for information purposes.

(2) Corporate includes commercial credit risk where annual revenues exceed $50 million.

(3) SME Corporate includes small and medium enterprise commercial credit risk where annual revenues are less than $50 million and exposures are greater than $1 million.

(4) Residential Mortgages include retail and small and medium enterprise exposures up to $1 million that are secured by residential mortgage property.

(5) SME Retail includes small and medium enterprise exposures up to $1 million that are not secured by residential mortgage property.

(6) Trading Book repos and derivatives were separately identified in the calculation of RWA during the Basel II "Parallel Run" period. From, 1 January 2008, these exposures are now reported in asset classes including Sovereign, Banks and Corporate.

(7) Specialised lending subject to the slotting approach includes Income Producing Real Estate and Project Finance.

(8) Securitisation includes Bank-originated securitised exposures and the provision of facilities to customers in relation to securitisation activities.

(9) Other Assets includes Cash, Investments in Related Entities, Fixed Assets and Margin Lending.

(10) Risk Weighted Assets which are calculated in accordance with APRA's approval for advanced accreditation under Basel II, are required to apply a scaling factor of 1.06 to assets that are not subject to specific risk weights. The 31 December 2007 comparative includes scaling impact of $1,531 million applied to Specialised Lending, Securitisation and Equity Portfolio that was included in the "Parallel Run" calculations of RWA provided to APRA at that date for those credit risk types. This is no longer applicable to these asset classes.

(11) The transitional capital floors prescribed in APRA Prudential Standard APS 150 "Capital Adequacy: Basel II Transition" did not impact on the Group's Risk Weighted Assets as at 30 June 2008 or 31 December 2007. Risk Weighted Assets equivalent for Interest Rate Risk in the Banking Book is not included in this table as it is not effective until 1 July 2008.

Adjusted Common Equity [1]	Basel II 30/06/08 $M	Basel II 31/12/07 $M	Basel I 31/12/07 $M	Group Basel I 30/06/07 $M
Total Fundamental Tier One Capital	**23,807**	23,590	24,095	22,224
Deduct:				
Goodwill	**(8,010)**	(8,030)	(8,030)	(7,632)
Capitalised expenses	**(110)**	(100)	(100)	(136)
Capitalised computer software costs	**(353)**	(316)	(316)	(297)
Defined benefit superannuation plan surplus	**(1,075)**	(1,314)	(1,314)	(1,270)
Investment in non-consolidated subsidiaries (net of intangible component deducted from Tier One Capital) [2]	**(752)**	(592)	(592)	(409)
Other deductions [3]	**(200)**	(189)	(189)	(178)
Minority interest [4]	**(13)**	(6)	(511)	(512)
Total Adjusted Common Equity	**13,294**	13,043	13,043	11,790
Total risk weighted assets - Basel II [5]	**205,501**	198,228	273,478	246,047

(1) Adjusted Common Equity ("ACE") is one measure considered by Standard & Poor's in evaluating the Bank's credit rating. The ACE ratio for June 2008 has been calculated using the ACE numerator as a percentage of Basel II RWA with a comparison for December 2007.

(2) Investment in non-consolidated subsidiaries of $752 million comprises $376 million deduction from both Tier One and Tier Two Capital.

(3) Other deductions of $200 million comprises $100 million deduction from both Tier One and Tier Two Capital.

(4) Represents minority interest balance net of preference shares transferred to innovative capital of $505 million.

(5) In calculating Basel I risk weighted assets in accordance with Standard and Poor's agreed methodology, the equity investment in other companies (December 2007: $0.9 billion and June 2007: $0.7 billion) was required to be added to risk weighted assets as this amount is not deducted from ACE Capital.

13. Capital Adequacy (continued)

Active Capital Management

The Group maintains a strong capital position with the advanced Basel II accreditation resulting in an increase in both the Group's Tier One and Total Capital ratios, primarily driven by the reduction in risk weighted assets.

As a result of Basel II advanced accreditation, the Total Capital Ratio increased from 9.82% to 12.08% at 31 December 2007. The Tier One capital ratio increased from 7.41% to 8.17% at 31 December 2007.

As at 30 June 2008 the Tier One and Total Capital ratio are 8.17% and 11.58% respectively.

The Group's capital ratios throughout the period were in compliance with both APRA minimum capital adequacy requirements (Tier One Capital 4% and Total Capital 8%) and the Board Approved Target Ranges of Tier One Capital 6.5 to 7% and Total Capital 10 to 12%).

The Total Capital target range was amended in 2008 from a range of 9 to 11% to a range of 10 to 12% in order to align with the Group's strategy to apply for US Financial Holding Company (FHC) status. FHC status requires the Group to maintain minimum Tier One Capital of 6% and Total Capital at 10% at all times.

Risk Weighted Assets ("RWA") are $206 billion at 30 June 2008. This represents an $8 billion increase from the restated Basel II 31 December 2007 level of $198 billion.

Adjusted Common Equity

The Group's Basel II ACE capital ratio as at 30 June 2008 is 6.47% and compares with 6.58% as at 31 December 2007.

Significant Initiatives

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

Tier One Capital

- Issue of $1,465 million ($1,443 million net of issue costs) Perpetual Exchangeable Resaleable Listed Securities (PERLS IV) in July 2007 which qualify as Non-Innovative Residual Tier One Capital;
- Issue of $709 million shares in October 2007 to satisfy the Dividend Reinvestment Plan ("DRP") in respect of the final dividend for 2006/07;
- Issue of $400 million shares in April 2008 in order to satisfy the DRP in respect of the interim dividend for 2007/08. A further $98 million of shares were purchased as part of the DRP;
- In accordance with APRA guidelines, the estimated issue of $609 million of shares to satisfy the DRP in respect of the final dividend for 2007/08. This estimate represents a 30% participation in the DRP in respect of the final dividend.

Tier Two Capital

- Issue of the equivalent of $664 million of Lower Tier Two Capital was raised during the financial year, all of which was raised in the first half of the financial year.

Life Insurance and Funds Management Business

The Group's life insurance and funds management companies held assets in excess of regulatory capital requirements at 30 June 2008. The Group's Australian and New Zealand life insurance and funds management businesses held $949 million of assets in excess of regulatory solvency requirements at 30 June 2008 (31 December 2007: $1,051 million, 30 June 2007: $1,168 million).

Regulatory Changes

Basel II

In December 2007 APRA granted "advanced" Basel II accreditation to the Group. The work undertaken to achieve the advanced accreditation has provided the Group with increased sophistication in risk measurement and management, thereby increasing the flexibility with which the Group manages its decision making and capital management. Adoption of the methodology prescribed under the advanced approach was effective from 1 January 2008.

Regulatory capital as at 30 June 2008 has been calculated in accordance with the Basel II advanced methodology. The prudential calculations for the prior financial year are in accordance with the previous Basel I methodology.

As a result of receiving advanced Basel II accreditation, the advanced internal ratings based approach for credit risk and the advanced measurement approaches for operational risk have been adopted in the calculation of RWA. There is an agreed methodology for measuring market risk for traded assets, which remains unchanged from Basel I.

APRA has specifically requested Australian banks to incorporate regulatory capital for interest rate risk in the banking book (IRRBB capital) in their assessment of total regulatory capital from 1 July 2008. This is not a requirement under Basel II Pillar 1. The Group's capital calculation framework has been updated to include an appropriate allowance for IRRBB capital in its 2009 financial year regulatory capital calculation.

APRA made several changes to the definition of capital effective from 1 January 2008. The material changes applicable to the Group include:

- Limits on the amount of Residual (25%) and Innovative Capital (15%) that qualifies as Tier One capital, with any excess transferred to upper Tier Two Capital. APRA has granted the Group $974 million transitional relief on the innovative capital limits until 1 January 2010;
- Regulatory Expected Loss (pre tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions (net of tax) are deducted 50% from both Tier One and Tier Two capital;
- The prudential general reserve for credit losses is excluded from Upper Tier Two Capital;
- Total Capital deductions revert to 50% Tier One and 50% Tier Two Capital deductions;
- Capital floor based on 90% of the capital required under Basel II, which as at 30 June 2008 has no impact on the Group's capital levels; and
- The loss of AIFRS Transitional Relief from Tier One and Two Capital.

14. Share Capital

Ordinary Share Capital	Full Year Ended 30/06/08 $M	Full Year Ended 30/06/07 $M	Half Year Ended 30/06/08 $M	Half Year Ended 31/12/07 $M
Opening balance (excluding Treasury Shares deduction)	**14,738**	13,901	**15,591**	14,738
Dividend reinvestment plan: Final dividend prior year	**709**	300	**-**	709
Dividend reinvestment plan: Interim dividend	**400**	518	**400**	-
Share issue – IWL acquisition	**141**	-	**-**	141
Exercise of executive options	**3**	19	**-**	3
Closing balance (excluding Treasury Shares deduction)	**15,991**	14,738	**15,991**	15,591
Less Treasury Shares	**(264)**	(255)	**(264)**	(235)
Closing balance	**15,727**	14,483	**15,727**	15,356

Shares on Issue	Full Year Ended 30/06/08 Number	Full Year Ended 30/06/07 Number	Half Year Ended 30/06/08 Number	Half Year Ended 31/12/07 Number
Opening balance (excluding treasury share deduction)	**1,300,583,376**	1,282,904,909	**1,315,962,276**	1,300,583,376
Dividend reinvestment plan issue:				
2005/2006 Final dividend fully paid ordinary shares at $45.24	**-**	6,638,553	**-**	-
2006/2007 Interim dividend fully paid ordinary shares at $50.02	**-**	10,343,514	**-**	-
2006/2007 Final dividend fully paid ordinary shares at $54.80	**12,938,969**	-	**-**	12,938,969
2007/2008 Interim dividend fully paid ordinary shares at $39.44	**10,156,101**	-	**10,156,101**	-
Share issue – IWL acquisition	**2,327,431**	-	**-**	2,327,431
Exercise under executive option plan	**125,000**	696,400	**12,500**	112,500
Closing balance (excluding Treasury Shares deduction)	**1,326,130,877**	1,300,583,376	**1,326,130,877**	1,315,962,276
Less Treasury Shares	**(7,988,013)**	(7,611,744)	**(7,988,013)**	(6,991,385)
Closing balance	**1,318,142,864**	1,292,971,632	**1,318,142,864**	1,308,970,891

Terms and Conditions of Ordinary Share Capital

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from sale of surplus assets in proportion to the number of and amounts paid up on shares held.

A shareholder has one vote on a show of hands and one vote for each fully paid share on a poll. A shareholder may be present at a general meeting in person or by proxy or attorney, and if a body corporate, it may also authorise a representative.

Dividend Franking Account

After fully franking the final dividend to be paid for the financial year ended 30 June 2008 the amount of credits available, as at 30 June 2008 to frank dividends for subsequent financial years is $495 million (June 2007: $559 million). This figure is based on the combined franking accounts of the Bank at 30 June 2008, which have been adjusted for franking credits that will arise from the payment of income tax payable on profits for the year ended 30 June 2008, franking debits that will arise from the payment of dividends proposed for the year and franking credits that the Bank may be prevented from distributing in subsequent financial periods. The Bank expects the future tax payments will generate sufficient franking credits for the Bank to be able to fully frank future dividend payments. These calculations have been based on the taxation law as at 30 June 2008.

Dividends

The Directors have declared a fully franked final dividend of 153 cents per share amounting to $2,029 million. The dividend will be payable on 1 October 2008 to shareholders on the register at 5pm on 22 August 2008.

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.

Dividends paid since the end of the previous financial year:

- As declared in the 31 December 2007 Profit Announcement, a fully franked interim dividend of 113 cents per share amounting to $1,487 million was paid on 2 April 2008. The payment comprised cash disbursements of $989 million with $498 million being reinvested by participants through the Dividend Reinvestment Plan, of which $98 million of shares were provided by an on-market purchase.

Dividend Reinvestment Plan

The Bank expects to issue around $609 million of shares in respect of the Dividend Reinvestment Plan for the final dividend for the 2008 financial year ended 30 June 2008.

Record Date

The register closes for determination of dividend entitlement and for participation in the DRP at 5:00pm on 22 August 2008 at Link Market Services, Locked Bag A14, Sydney South, 1235.

Ex Dividend Date

The ex-dividend date is 18 August 2008.

15. Life Insurance Business

Life Insurance Contract liabilities

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

Life Investment Contract liabilities

Investment contracts consist of a financial instrument and an investment management services element, both of which are measured at fair value. The resulting liabilities to policyholders are closely linked to the performance and the value of the assets (after tax) that back those liabilities. The fair value of such liabilities is therefore the same as the fair value of those assets, after tax on the basis charged to the policyholders.

Components of Policy Liabilities [1]	30/06/08 $M	31/12/07 $M	30/06/07 $M
Future policy benefits [2]	**21,525**	22,817	23,837
Future bonuses	**1,182**	1,327	1,302
Future expenses	**2,510**	2,316	2,268
Future shareholder profit margins	**1,669**	1,590	1,495
Future shareholder tax on profit margins	**291**	251	227
Future charges for acquisition expenses	**(601)**	(576)	(532)
Balance of future premiums	**(8,330)**	(7,164)	(7,096)
Provisions for bonuses not allocated to participating policyholders	**104**	110	112
Total net policy liabilities	**18,350**	20,671	21,613

(1) Includes both investment and insurance business.

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

Taxation

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

Actuarial Methods and Assumptions

Insurance contract policy liabilities have been calculated in accordance with AASB 1038 ("Life Insurance Contracts") and the Margin on Services ("MoS") methodology as set out in Actuarial Standard 1.04 – Valuation Standard ("AS1.04") issued by the Life Insurance Actuarial Standards Board ("LIASB"). The principal methods and profit carriers used for particular product groups were as follows:

Product Type	Method	Profit Carrier
Individual		
Conventional	Projection	Bonuses or expected claim payments
Investment account	Projection	Bonuses or funds under management
Lump sum risk	Projection	Premiums/Expected claim payment
Income stream risk	Projection	Expected claim payments
Immediate annuities	Projection	Annuity payments
Group		
Investment account	Projection	Bonuses or funds under management
Lump sum risk	Accumulation/Projection	Expected claim payments
Income stream risk	Accumulation/Projection	Expected claim payments

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

Bonuses are amounts added, at the discretion of the life insurer, to the benefits currently payable under Participating Business. Bonuses may take a number of forms including reversionary bonuses, interest credits and terminal bonuses (payable on the termination of the policy).

Actuarial assumptions

Set out on pages 56 and 57 is a summary of the material assumptions used in the calculation of policy liabilities.

Discount rates

Discount rates are used to discount future cash flows in the determination of policy liabilities. Where insurance contract benefits are linked to the performance of the underlying assets, the discount rates are based on the expected earnings rate on the assets held (Traditional and Investment Account contracts). For all other insurance contracts, the discount rates are based on risk free rates of return. Allowance is made for taxation where relevant and for the nature and term of the liabilities. The following table shows the applicable rates for the major classes of business in Australia and New Zealand. The changes relate to changes in long term earnings rates and asset mix.

15. Life Insurance Business (continued)

Class of Business – Australia [1]	June 2008 Rate Range %	December 2007 Rate Range %	June 2007 Rate Range %
Traditional – ordinary business (after tax)	**4. 52 – 6. 74**	4. 43 – 6. 64	4. 38 – 6. 34
Traditional – superannuation business (after tax)	**5. 48 – 8. 24**	5. 38 – 8. 12	5. 32 – 7. 75
Annuity – term and lifetime (exempt from tax)	**6. 31 – 8. 17**	6. 49 – 7. 73	6. 52 – 7. 09
Term insurance (before tax)	**6. 44 – 7. 25**	6. 24 – 6. 88	6. 25 – 6. 46
Income protection (before tax)	**6. 44 – 7. 25**	6. 24 – 6. 88	6. 25 – 6. 46
Investment account – ordinary (after tax)	**4. 79 – 5. 35**	4. 70 – 5. 26	4. 55
Investment account – superannuation (after tax)	**5. 83 – 6. 52**	5. 72 – 6. 41	5. 53
Investment account – annuities (exempt from tax)	**6. 79 – 7. 53**	6. 66 – 7. 40	6. 46

(1) For New Zealand, investment earning rates assumed were 3.9% to 5.6% net of tax.

Bonuses

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

Maintenance expenses

The maintenance expenses are based on an internal analysis of experience and are assumed to increase in line with inflation each year. The expenses are expected to be sufficient to cover the cost of servicing the business in the coming year, after adjusting for one-off expenses. To be consistent with other legal entities within the Group, from 1 July 2008 Group Overheads will no longer be allocated to the life company and accordingly, no allowance for Group Overheads is included in the expense assumptions. For Australian Participating Business, expenses continue on the previous charging basis with adjustments for actual experience and are assumed to increase in line with inflation each year.

Investment management expenses

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

Inflation

The inflation assumption is consistent with the investment earning assumptions. The inflation assumption was increased from 2.75% at 30 June 2007 to 3% at 30 June 2008.

Benefit indexation

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

Taxation

The taxation basis and rates assumed vary by market and product type. There has been no significant change to the taxation basis.

Voluntary discontinuance

Discontinuance rates are based on recent company experience and vary by market, product, age and duration inforce. Overall discontinuance rates have been reduced.

Surrender values

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

Mortality and morbidity

Rates vary by sex, age, product type and smoker status. Rates are based on standard mortality tables applicable to each market (e.g. IA95-97 in Australia for retail risk, IM/IF80 for annuities), adjusted for recent company experience where appropriate. There have been no significant changes to mortality assumptions. Claim termination assumptions on disability income business have been reduced and incidence assumptions on Trauma business have been increased to reflect recent experience.

Solvency

Australian life insurers:

Australian life insurers are required to hold prudential reserves in excess of policy liabilities. These reserves are required to support solvency requirements and provide protection against adverse experience. Prudential Standard LPS 2.04 Solvency Standard ("LPS 2.04") prescribes a minimum solvency requirement and the minimum level of assets required to be held in each insurance fund. All controlled Australian insurance entities complied with the solvency requirements of LPS 2.04.

Overseas life insurers:

Overseas insurance subsidiaries are required to hold reserves in excess of policy liabilities in accordance with local Acts and prudential rules. Each of the overseas subsidiaries complied with local requirements.

Managed assets & fiduciary activities

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

Disaggregated information

Life Insurance business is conducted through a number of life insurance entities in Australia and overseas. Under the Australian Life Insurance Act 1995, life insurance business is conducted within one or more separate statutory funds, which are separated from the shareholders' funds. The financial statements of Australian life insurers, which are lodged annually with the relevant Australian regulators, show all major components of the financial statements disaggregated between the various life insurance statutory funds and their shareholders' funds, as well as between investment linked business and non-investment linked business.

16. Intangible Assets

	As At		
	30/06/08	31/12/07	30/06/07
	$M	$M	$M
Total Intangible Assets			
Goodwill	**7,484**	7,462	7,163
Computer software costs	**353**	316	297
Management fee rights	**311**	311	311
Other	**110**	124	64
Total intangible assets	**8,258**	8,213	7,835
Goodwill			
Purchased goodwill – Colonial	**6,705**	6,705	6,705
Purchased goodwill – other	**779**	757	458
Total goodwill	**7,484**	7,462	7,163
Computer Software Costs			
Cost	**629**	481	420
Accumulated amortisation	**(199)**	(165)	(123)
Accumulated write-offs	**(77)**	-	-
Total computer software costs	**353**	316	297
Management Fee Rights			
Cost	**311**	311	311
Total management fee rights	**311**	311	311
Other			
Cost	**159**	162	85
Accumulated amortisation	**(49)**	(38)	(21)
Total other	**110**	124	64

	Full Year Ended		Half Year Ended	
	30/06/08	30/06/07	30/06/08	31/12/07
	$M	$M	$M	$M
Goodwill (reconciliation)				
Opening balance	**7,163**	7,200	**7,462**	7,163
Additions	**323**	3	**24**	299
Disposals	**(2)**	-	**(2)**	-
Impairment	**-**	(40)	**-**	-
Closing balance	**7,484**	7,163	**7,484**	7,462
Computer Software Costs (reconciliation)				
Opening balance	**297**	229	**316**	297
Additions:				
From purchases	**90**	20	**79**	11
From internal development	**131**	110	**81**	50
Amortisation	**(88)**	(62)	**(46)**	(42)
Impairment	**(77)**	-	**(77)**	-
Closing balance	**353**	297	**353**	316
Management Fee Rights (reconciliation)				
Opening balance	**311**	311	**311**	311
Closing balance	**311**	311	**311**	311
Other (reconciliation)				
Opening balance	**64**	69	**124**	64
Additions:				
From acquisitions	**64**	3	**-**	64
Disposals	**(3)**	-	**(3)**	-
Amortisation	**(15)**	(8)	**(11)**	(4)
Closing balance	**110**	64	**110**	124

17. ASB Bank Group – Statutory View

Income Statement (1)	Full Year Ended 30/06/08 NZDM	30/06/07 NZDM	30/06/08 $M	30/06/07 $M
Interest income	**4,647**	3,816	**3,964**	3,340
Interest expense	**3,646**	2,926	**3,110**	2,561
Net interest earnings	**1,001**	890	**854**	779
Other income	**364**	420	**310**	368
Total operating income	**1,365**	1,310	**1,164**	1,147
Impairment losses on advances	**40**	18	**34**	16
Total operating income after debt provisions expense	**1,325**	1,292	**1,130**	1,131
Total operating expense	**588**	533	**501**	467
Salaries and other staff expense	**346**	314	**295**	275
Building occupancy and equipment expense	**101**	91	**86**	80
Information technology expense	**54**	50	**46**	44
Other expenses	**87**	78	**74**	68
Net surplus before taxation	**737**	759	**629**	664
Taxation	**222**	227	**189**	199
Net surplus after taxation	**515**	532	**440**	465

Balance Sheet (2)	As At 30/06/08 NZDM	30/06/07 NZDM	30/06/08 $M	30/06/07 $M
Assets				
Cash and liquid assets	**1,155**	3,013	**914**	2,734
Due from other banks	**710**	1,126	**562**	1,022
Money market advances	**1,223**	2,264	**968**	2,054
Securities at fair value through Income Statement	**4,962**	2,437	**3,928**	2,211
Derivative assets	**952**	761	**754**	691
Advances to customers	**49,835**	42,856	**39,456**	38,889
Property, plant and equipment	**159**	159	**126**	144
Intangible assets	**56**	36	**44**	33
Deferred taxation assets	**26**	-	**21**	-
Other assets	**272**	241	**215**	219
Total assets	**59,350**	52,893	**46,988**	47,997
Total interest earning and discount bearing assets	**57,765**	51,658	**45,733**	46,877
Liabilities				
Money and market deposits	**20,545**	17,323	**16,266**	15,720
Derivative liabilities	**744**	984	**589**	893
Deposits from customers	**27,789**	24,523	**22,001**	22,253
Due to other banks	**5,627**	5,935	**4,455**	5,386
Other liabilities	**591**	423	**468**	383
Deferred taxation liabilities	**-**	134	**-**	122
Current tax liabilities	**26**	-	**21**	-
Subordinated debt	**829**	451	**656**	409
Total liabilities	**56,151**	49,773	**44,456**	45,166
Shareholders' Equity				
Contributed capital – ordinary shareholder	**1,973**	1,563	**1,562**	1,418
Asset revaluation reserve	**29**	27	**23**	25
Available for sale reserve	**19**	-	**15**	-
Cash flow hedge reserves	**27**	251	**21**	228
Accumulated surplus	**601**	729	**476**	661
Ordinary shareholders' equity	**2,649**	2,570	**2,097**	2,332
Contributed capital – perpetual preference shareholders	**550**	550	**435**	499
Total shareholders' equity	**3,199**	3,120	**2,532**	2,831
Total liabilities and shareholders' equity	**59,350**	52,893	**46,988**	47,997
Total interest and discount bearing liabilities	**52,938**	46,277	**41,911**	41,994

(1) The Income Statement has been translated at AUD 1.00 = NZD 1.172 for the year ended 30 June 2008 (AUD 1.00 = NZD 1.1426 for the year ended 30 June 2007).

(2) Refer to appendix 22 for rates at which the Balance Sheet has been translated.

Appendices

18. ASX Appendix 4E

Cross Reference Index

Consolidated retained profits reconciliation (Rule 4.3A Item No. 8)

	Full Year Ended	
	30/06/08 $M	30/06/07 $M
Retained profits		
Opening balance	**6,367**	4,487
Loyalty Program adjustment	**(5)**	-
Restated opening balance	**6,362**	4,487
Actuarial gains and losses from defined benefit superannuation plan	**(240)**	414
Realised gains and dividend income on treasury shares held within the Bank's life insurance statutory funds (1)	**26**	45
Operating profit attributable to Equity holders of the Bank	**4,791**	4,470
Total available for appropriation	**10,939**	9,416
Transfer from general reserve	**(85)**	54
Transfers from general reserve for credit losses	**350**	-
Interim 2008 dividend – cash component (2)	**(1,087)**	(862)
Interim 2008 dividend – dividend reinvestment plan	**(400)**	(518)
Payment of 2007 final dividend – cash component	**(1,229)**	(1,368)
Payment of 2007 final dividend – dividend reinvestment plan	**(709)**	(300)
Other dividends	**(32)**	(55)
Closing balance	**7,747**	6,367

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

(2) Includes $98 million of shares purchased on-market to partly satisfy the Dividend Reinvestment Plan.

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

	Date control lost	Ownership Interest Held (%)
Lighthouse Trust	15 November 2007	100%
Intervest Pty Ltd	31 March 2008	100%

18. ASX Appendix 4E (continued)

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

As at 30 June 2008	Ownership Interest Held (%)
Acadian Asset Management (Australia) Limited	50%
CMG CH China Funds Management Limited	50%
Equigroup Pty Limited	50%
Equion Health (Barts) Limited	50%
First State Media (Ireland) Limited	50%
Five D Holdings Pty Limited	50%
Forth Valley Investment Company Limited	50%
John Laing Health (Pembury) Limited	50%
Sandalwood Pte Ltd	50%
China Life CMG Life Assurance Company Limited	49%
First State Cinda Fund Management Company Limited	46%
Healthcare Support (Newcastle) Limited	40%
Vipro Pty Ltd	33%
International Private Equity Real Estate Fund	33%
AMTD Group Company Limited	30%
452 Capital Pty Limited	30%
Cash Services Australia	25%
Bank of Hangzhou Co. Ltd (formerly Hangzhou City Commercial Bank Co. Limted)	19.9%
Commonwealth Property Office Fund	9.8%
CFS Retail Property Trust	9.7%

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

Certain Balance Sheet comparative information has been restated due to the Group's revised application of the following accounting standards:

AASB 132 Financial Instruments: Presentation

The Group has reassessed the application of AASB 132 to certain products with legal right of set-off, for which interest is calculated and charged on a net basis. The Group now considers that these products do not meet the requirements for set-off in the Balance Sheet, so they are now presented on a gross basis. Prior periods have been restated as follows: Loans, advances and other receivables and Deposits and other public borrowings - 2007: increased $15,686 million, 2006: increased $14,349 million.

AASB 139 Financial Instruments: Recognition and Measurement

Certain liabilities previously designated as Liabilities at fair value through Income Statement did not meet the necessary requirements for this designation. Consequently these liabilities have been reclassified to Debt issues. Prior periods have been restated by decreasing Liabilities at fair value through Income Statement and increasing Debt issues as follows - 2007: $3,035 million, 2006: $2,144 million.

AASB 112 Income Taxes

The Group has reassessed the application of AASB 112 to presentation of deferred income tax balances for the tax-consolidated group and determined that the conditions for set-off have been met. This has had the effect of reducing Deferred tax assets and Deferred tax liabilities as follows - 2007: $668 million, 2006: $602 million.

Post Balance Date Events

On 23 July 2008 the Group announced it was in discussions with Royal Bank of Scotland to acquire ABN AMRO Australia Holdings Pty Ltd. The discussions are ongoing, incomplete and non-binding.

Foreign Entities (Rule 4.3A Item No. 13)

Not Applicable

Compliance Statement

This preliminary final report for the year ended 30 June 2008 is prepared in accordance with the ASX listing rules. It should be read in conjunction with any announcements to the market made by the Group during the year.

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

The Financial Statements of the Group have been audited.

John Hatton

Company Secretary

13 August 2008

Appendices

19. Notes to the Statement of Cash Flows

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

	Full Year Ended 30/06/08 $M	30/06/07 $M
Net profit after income tax	**4,822**	4,497
Net decrease/(increase) in interest receivable	**187**	(745)
Increase in interest payable	**449**	362
Net decrease/(increase) in assets at fair value through Income Statement (excluding life insurance)	**196**	(7,272)
Net (gain) on sale of investments	**(1)**	-
Net increase in derivative assets	**(5,459)**	(3,068)
Net loss on sale of property, plant and equipment	**15**	16
Net (gain) on sale of Visa Initial Public Offering	**(127)**	-
Loan impairment expense	**930**	434
Depreciation and amortisation (including asset write down)	**423**	270
(Decrease)/increase in liabilities at fair value through Income Statement (excluding life insurance)	**(884)**	5,799
Increase in derivative liabilities	**4,622**	5,860
Increase in other provisions	**296**	57
Increase in income taxes payable	**29**	297
(Decrease)/increase in deferred income taxes payable	**(643)**	175
Decrease/(increase) in deferred tax assets	**178**	(272)
Increase in accrued fees/reimbursements receivable	**(153)**	(163)
(Decrease)/increase in accrued fees and other items payable	**(575)**	386
Increase/(decrease) in life insurance contract policy liabilities	**184**	(1,460)
(Decrease)/increase in cash flow hedge reserve	**(150)**	547
Changes in operating assets and liabilities arising from cash flow movements	**(6,124)**	(560)
Other	**(290)**	481
Net cash (used in)/provided by operating activities	**(2,075)**	5,641

19 (b) Reconciliation of Cash

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

	30/06/08	30/06/07
Notes, coins and cash at bank	**2,476**	4,557
Other short term liquid assets	**1,309**	967
Receivables due from other financial institutions – at call [(1)]	**3,357**	4,607
Payables due to other financial institutions – at call [(1)]	**(4,877)**	(6,047)
Cash and cash equivalents at end of year	**2,265**	4,084

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

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

	30/06/08	30/06/07
Other assets	**1**	-
Profit on sale	**1**	-
Net cash inflow on disposal	**2**	-

19 (d) Non-Cash Financing and Investing Activities

	30/06/08	30/06/07
Shares issued under the dividend reinvestment plan	**1,109**	818

19 (e) Acquisition of Controlled Entities

	30/06/08	30/06/07
Fair value of assets acquired:		
Cash and liquids	**24**	-
Minority interests	**-**	4
Goodwill (including discount on acquisition)	**316**	**3**
Other intangible assets	**64**	**-**
Loans, advances and other receivables	**241**	**-**
Investments	**112**	**-**
Other assets	**11**	**-**
Payables	**(130)**	**-**
Deposits and other public borrowings	**(202)**	**-**
Other liabilities	**(30)**	**-**
Cash consideration paid	**406**	**7**
Less cash and cash equivalents acquired	**(24)**	**-**
	382	**7**
Less: Non-cash consideration	**(141)**	**-**
Net cash outflow on acquisition	**241**	**7**
Number of equity instruments issued as part of business combinations	**2,327,431**	**-**
Fair value of equity issued as part of business combinations	**140,952,360**	**-**

19 (f) Financing Facilities

Standby funding lines are immaterial

20. Analysis Template

Profit Summary – Input Schedule	Full Year Ended 30/06/08 $M	Full Year Ended 30/06/07 $M	Half Year Ended 30/06/08 $M	Half Year Ended 31/12/07 $M	Page References
Income – Cash Basis					
Net interest income	**7,907**	7,036	**4,008**	3,899	Page 3
Other banking operating income	**3,312**	3,321	**1,771**	1,541	Page 3
Total banking Income	**11,219**	10,357	**5,779**	5,440	Page 3
Funds management income	**2,307**	1,874	**1,166**	1,141	Page 3
Insurance income	**832**	817	**439**	393	Page 3
Operating income	**14,358**	13,048	**7,384**	6,974	Page 3
Shareholder investment returns	**(17)**	149	**(59)**	42	Page 3
Total income	**14,341**	13,197	**7,325**	7,016	Page 3
Expenses – Cash Basis					
Retail Banking Services	**2,549**	2,501	**1,286**	1,263	Page 11
Premium Business Services	**1,915**	1,669	**1,032**	883	Page 13
Wealth Management – operating expenses	**1,262**	1,174	**651**	611	Page 15
Wealth Management – volume expenses	**545**	437	**279**	266	Page 15
International Financial Services	**825**	740	**414**	411	Page 19
Other	**(75)**	(94)	**(19)**	(56)	Page 21
Total operating expenses	**7,021**	6,427	**3,643**	3,378	Page 3
Profit before loan impairment expense	**7,320**	6,770	**3,682**	3,638	-
Loan impairment expense	**930**	434	**597**	333	Page 3
Profit before income tax	**6,390**	6,336	**3,085**	3,305	Page 3
Corporate tax expense	**1,626**	1,782	**721**	905	Page 3
Operating profit after tax	**4,764**	4,554	**2,364**	2,400	-
Minority interest	**31**	27	**16**	15	Page 3
Net profit after tax – cash basis	**4,733**	4,527	**2,348**	2,385	Page 3
Gain on Visa Initial Public Offering	**295**	-	**295**	-	Page 3
Investment and restructuring	**(264)**	-	**(264)**	-	Page 3
Defined benefit superannuation plan income/(expense)	**9**	5	**13**	(4)	Page 3
Treasury shares valuation adjustment	**60**	(75)	**73**	(13)	Page 3
Hedging and AIFRS volatility	**(42)**	13	**(45)**	3	Page 3
Net profit after tax – statutory basis	**4,791**	4,470	**2,420**	2,371	Page 3
Investment return on Shareholder funds	**(17)**	149	**(59)**	42	Page 22
Tax expense on shareholder investment returns	**(4)**	53	**(18)**	14	Page 22
Shareholder investment returns – after tax	**(13)**	96	**(41)**	28	Page 22
Net profit after tax – underlying basis	**4,746**	4,431	**2,389**	2,357	Page 3
Total Operating Income					
Retail Banking Services	**5,597**	5,372	**2,837**	2,760	Page 11
Premium Business Services	**4,231**	3,654	**2,198**	2,033	Page 13
Wealth Management – before operating expenses	**2,294**	1,964	**1,168**	1,126	Page 15
International Financial Services	**1,598**	1,346	**831**	767	Page 19

20. Analysis Template (continued)

Profit Summary – Input Schedule	Full Year Ended 30/06/08 $M	Full Year Ended 30/06/07 $M	Half Year Ended 30/06/08 $M	Half Year Ended 31/12/07 $M	Page References
Other Data					
Net interest income (excluding securitisation)	**7,787**	6,921	**3,949**	3,838	Page 32
Average interest earning assets	**385,667**	332,492	**400,678**	370,819	Page 32
Average net assets (1)	**25,406**	22,758	**25,888**	25,041	Page 25
Average minority interest (1)	**514**	509	**515**	512	Page 25
Average preference shares & other equity instruments (1)	**939**	939	**939**	939	Page 25
Average treasury shares (1)	**(251)**	(315)	**(250)**	(245)	Page 55
Average defined benefit superannuation plan net surplus (1)	**1,185**	1,013	**1,154**	1,267	-
Distributions – other equity instruments	**48**	55	**23**	25	-
Interest expense (after tax) – Perls II	**30**	25	**16**	14	-
Interest expense (after tax) – Perls III	**68**	60	**35**	33	-
Interest expense (after tax) – Perls IV	**58**	-	**32**	26	-
Interest expense (after tax) – TPS	**25**	26	**13**	12	-
Interest expense (after tax) – Convertible notes	**41**	39	**20**	21	-
Weighted average number of shares – statutory basic	**1,307**	1,281	**1,314**	1,300	Page 3
Weighted average number of shares – fully diluted – statutory	**1,424**	1,344	**1,431**	1,380	-
Weighted average number of shares – cash and underlying	**1,313**	1,289	**1,319**	1,306	Page 3
Weighted average number of shares – fully diluted – cash and underlying	**1,430**	1,351	**1,437**	1,386	-
Weighted average number of shares – Perls II	**18**	13	**18**	12	-
Weighted average number of shares – Perls III	**28**	21	**28**	19	-
Weighted average number of shares – Perls IV	**36**	-	**36**	23	-
Weighted average number of shares – TPS	**13**	11	**13**	10	-
Weighted average number of shares – Convertible notes	**23**	17	**23**	16	-
Weighted average number of shares – Executive Options	**-**	-	**-**	-	-
Dividends per share (cents)	**266**	256	**153**	113	Page 3
No. of shares at end of period	**1,326**	1,301	**1,326**	1,316	Page 55
Average funds under administration	**194,156**	164,404	**198,801**	191,447	Page 5
Average inforce premiums (1)	**1,511**	1,278	**1,554**	1,444	Page 5
Net assets	**26,137**	24,444	**26,137**	25,638	Page 25
Total intangible assets	**8,258**	7,835	**8,258**	8,213	Page 25
Minority interests	**518**	512	**518**	511	Page 25
Other equity instruments	**939**	939	**939**	939	Page 25
Total Fundamental Tier One Capital	**23,807**	22,224	**23,807**	23,590	Page 50
Deduct:					
Goodwill	**8,010**	7,632	**8,010**	8,030	Page 51
Capitalised expenses	**110**	136	**110**	100	Page 51
Capitalised computer software costs	**353**	297	**353**	316	Page 51
Defined benefit superannuation surplus	**1,075**	1,270	**1,075**	1,314	Page 51
Investment in non-consolidated subsidiaries (net of intangible component deducted from Tier One Capital)	**752**	409	**752**	592	Page 53
Other deductions	**200**	178	**200**	189	Page 53
Minority interests used for ACE ratio	**13**	512	**13**	6	Page 53
Risk weighted assets used for ACE ratio	**205,501**	246,047	**205,501**	198,228	Page 53

(1) Average of reporting period balances.

20. Analysis Template (continued)

Ratios – Output Summary	Full Year Ended 30/06/08 $M	30/06/07 $M	Half Year Ended 30/06/08 $M	31/12/07 $M
EPS				
Net profit after tax – cash basis	**4,733**	4,527	**2,348**	2,385
Less distribution – other equity instruments	**48**	55	**23**	25
Adjusted profit for EPS calculation	**4,685**	4,472	**2,325**	2,360
Average number of shares (M)	**1,313**	1,289	**1,319**	1,306
Earnings per share – cash basis	**356. 9**	347. 1	**176. 2**	180.7
Earnings per share – dilutions				
Interest expense (after tax) – Perls II	**30**	25	**16**	14
Interest expense (after tax) – Perls III	**68**	60	**35**	33
Interest expense (after tax) – Perls IV	**58**	-	**32**	26
Interest expense (after tax) – TPS	**25**	26	**13**	12
Interest expense (after tax) – Convertible notes	**41**	39	**20**	21
Profit impact of assumed conversions (after tax)	**222**	150	**116**	106
Weighted average number of shares – Perls II (M)	**18**	13	**18**	12
Weighted average number of shares – Perls III (M)	**28**	21	**28**	19
Weighted average number of shares – Perls IV (M)	**36**	-	**36**	23
Weighted average number of shares – TPS (M)	**13**	11	**13**	10
Weighted average number of shares – Convertible Notes (M)	**23**	17	**23**	16
Weighted average number of shares – Executive Options (M)	**-**	-	**-**	-
Weighted average number of shares – Dilutive securities (M)	**118**	62	**118**	80
Adjusted cash profit for EPS calculation	**4,685**	4,472	**2,325**	2,360
Add back profit impact of assumed conversions (after tax) (M)	**222**	150	**116**	106
Adjusted diluted profit for EPS calculation	**4,907**	4,622	**2,441**	2,466
Average number of shares (M)	**1,313**	1,289	**1,319**	1,306
Add back weighted average number of shares (M)	**118**	62	**118**	80
Diluted average number of shares (M)	**1,430**	1,351	**1,437**	1,386
EPS diluted – cash basis (cents)	**343. 1**	342. 1	**169. 9**	177. 9
Net profit after tax – underlying	**4,746**	4,431	**2,389**	2,357
Less distributions – other equity instruments	**48**	55	**23**	25
Adjusted profit for EPS calculation	**4,698**	4,376	**2,366**	2,332
Average number of shares (M)	**1,313**	1,289	**1,319**	1,306
Earnings per share – underlying basis (cents)	**357. 9**	339. 6	**179. 5**	178. 4

20. Analysis Template (continued)

Ratios – Output Summary	Full Year Ended 30/06/08 $M	Full Year Ended 30/06/07 $M	Half Year Ended 30/06/08 $M	Half Year Ended 31/12/07 $M
DPS				
Dividends				
Dividends per share (cents)	**266**	256	**153**	113
No of shares at end of period (M)	**1,326**	1,301	**1,326**	1,316
Total dividends	**3,516**	3,319	**2,029**	1,487
Dividend payout ratio – cash basis				
Net profit after tax – cash basis	**4,733**	4,527	**2,348**	2,385
NPAT – available for distribution to ordinary shareholders	**4,685**	4,472	**2,325**	2,360
Total dividends	**3,516**	3,319	**2,029**	1,487
Payout ratio – cash basis (%)	**75. 0**	74. 2	**87. 3**	63. 0
Dividend cover				
NPAT – available for distribution to ordinary shareholders	**4,685**	4,472	**2,325**	2,360
Total dividends	**3,516**	3,319	**2,029**	1,487
Dividend cover – cash basis	**1. 3**	1. 3	**1. 1**	1. 6
ROE				
Return on equity – cash basis				
Average net assets	**25,406**	22,758	**25,888**	25,041
Less:				
Average minority interests	**(514)**	(509)	**(515)**	(512)
Average preference shares	**(939)**	(939)	**(939)**	(939)
Average equity	**23,953**	21,310	**24,434**	23,590
Add average treasury shares	**251**	315	**250**	245
Less average defined benefit superannuation plan net surplus	**(1,185)**	(1,013)	**(1,154)**	(1,267)
Net average equity	**23,019**	20,612	**23,530**	22,568
NPAT ("cash basis")	**4,733**	4,527	**2,348**	2,385
Less distributions – other equity instruments	**48**	55	**23**	25
Adjusted profit for ROE calculation	**4,685**	4,472	**2,325**	2,360
Return on equity – cash basis (%)	**20. 4**	21. 7	**19. 9**	20. 8
Return on equity – underlying basis				
Average net assets	**25,406**	22,758	**25,888**	25,041
Average minority interests	**(514)**	(509)	**(515)**	(512)
Average preference shares	**(939)**	(939)	**(939)**	(939)
Average equity	**23,953**	21,310	**24,434**	23,590
Add average treasury shares	**251**	315	**250**	245
Less average defined benefit superannuation plan net surplus	**(1,185)**	(1,013)	**(1,154)**	(1,267)
Net average equity	**23,019**	20,612	**23,530**	22,568
NPAT ("underlying basis")	**4,746**	4,431	**2,389**	2,357
Less distribution other equity instruments	**48**	55	**23**	25
Adjusted profit for ROE calculation	**4,698**	4,376	**2,366**	2,332
Return on equity – underlying basis (%)	**20. 4**	21. 2	**20. 2**	20. 6
NIM				
Net interest income (excluding securitisation)	**7,787**	6,921	**3,949**	3,838
Average interest earning assets (excluding securitisation)	**385,667**	332,492	**400,678**	370,819
NIM (% pa)	**2. 02**	2. 08	**1. 98**	2. 06

20. Analysis Template (continued)

Ratios – Output Summary	Full Year Ended 30/06/08 $M	Full Year Ended 30/06/07 $M	Half Year Ended 30/06/08 $M	Half Year Ended 31/12/07 $M
Productivity				
Group operating expense to total operating income ratio				
Operating expenses	**7,021**	6,427	**3,643**	3,378
Total operating income	**14,358**	13,048	**7,384**	6,974
Operating expense to total operating income (%)	**48. 9**	49. 3	**49. 3**	48. 4
Retail Banking Services expenses to income ratio				
Operating expenses	**2,549**	2,501	**1,286**	1,263
Total banking income	**5,597**	5,372	**2,837**	2,760
Operating expenses to total operating income (%)	**45. 5**	46. 6	**45. 3**	45. 8
Premium Business Services operating expenses to total banking income ratio				
Operating expenses	**1,915**	1,669	**1,032**	883
Total banking Income	**4,231**	3,654	**2,198**	2,033
Operating expenses to total operating income (%)	**45. 3**	45. 7	**47. 0**	43. 4
Wealth Management operating expenses to net operating income ratio				
Operating expenses	**1,262**	1,174	**651**	611
Net operating income	**2,294**	1,964	**1,168**	1,126
Operating expenses to net operating income	**55. 0**	59. 8	**55. 7**	54. 3
International Financial Services operating expenses to total operating income ratio				
Operating expenses	**825**	740	**414**	411
Total operating Income	**1,598**	1,346	**831**	767
Operating expenses to net operating income (%)	**51. 6**	55. 0	**49. 8**	53. 6
Net Tangible Assets (NTA) per share				
Net assets	**26,137**	24,444	**26,137**	25,638
Less:				
Intangible assets	**(8,258)**	(7,835)	**(8,258)**	(8,213)
Minority interests	**(518)**	(512)	**(518)**	(511)
Other equity instruments	**(939)**	(939)	**(939)**	(939)
Total net tangible assets	**16,422**	15,158	**16,422**	15,975
No of shares at end of period (M)	**1,326**	1,301	**1,326**	1,316
Net tangible assets (NTA) per share ($)	**12. 38**	11. 65	**12. 38**	12. 14
ACE ratio				
Total Fundamental Tier One Capital	**23,807**	22,224	**23,807**	23,590
Deduct:				
Goodwill	**(8,010)**	(7,632)	**(8,010)**	(8,030)
Capitalised expense	**(110)**	(136)	**(110)**	(100)
Capitalised computer software costs	**(353)**	(297)	**(353)**	(316)
Defined benefit superannuation surplus	**(1,075)**	(1,270)	**(1,075)**	(1,314)
Investment in non-consolidated subsidiaries (net of intangible component deducted from Tier One Capital)	**(752)**	(409)	**(752)**	(592)
Other deductions	**(200)**	(178)	**(200)**	(189)
Minority interests	**(13)**	(512)	**(13)**	(6)
Total Adjusted Common Equity	**13,294**	11,790	**13,294**	13,043
Risk weighted assets	**205,501**	246,047	**205,501**	198,228
ACE ratio (%)	**6. 47**	4. 79	**6. 47**	6. 58

21. Summary

Total		Page	Full Year Ended 30/06/08	30/06/07	Jun 08 vs Jun 07 %	Half Year Ended 30/06/08	31/12/07	Jun 08 vs Dec 07 %
Net profit after tax – underlying basis	$M	3	**4,746**	4,431	7	**2,389**	2,357	1
Net profit after tax – cash basis	$M	3	**4,733**	4,527	5	**2,348**	2,385	(2)
Gain on Visa Initial Public Offering	$M	3	**295**	-	-	**295**	-	-
Investment and restructuring – after tax	$M	3	**(264)**	-	-	**(264)**	-	-
Defined benefit superannuation plan income/(expense) – after tax	$M	3	**9**	5	80	**13**	(4)	large
Treasury shares valuation adjustment – after tax	$M	3	**60**	(75)	large	**73**	(13)	large
Hedging and AIFRS volatility	$M	3	**(42)**	13	large	**(45)**	3	large
Net profit after tax – statutory	$M	3	**4,791**	4,470	7	**2,420**	2,371	2
Earnings per share – cash basis – basic	cents	3	**356. 9**	347. 1	3	**176. 2**	180.7	(3)
Dividends per share	cents	3	**266**	256	4	**153**	113	35
Dividend pay-out ratio – cash basis	%	3	**75. 0**	74. 2	80bpts	**87. 3**	63. 0	large
Tier One capital – Basel I	%	50	**-**	7. 14	n/a	**-**	7. 41	n/a
Total capital – Basel I	%	50	**-**	9. 76	n/a	**-**	9. 82	n/a
Adjusted common equity – Basel I	%	50	**-**	4. 79	n/a	**-**	4. 77	n/a
Tier One capital – Basel II	%	50	**8. 17**	-	n/a	**8. 17**	8. 17	-
Total capital – Basel II	%	50	**11. 58**	-	n/a	**11. 58**	12. 08	50bpts
Adjusted common equity – Basel II	%	50	**6. 47**	-	n/a	**6. 47**	6. 58	(11)bpts
Number of full time equivalent staff	No.	-	**39,621**	37,873	5	**39,621**	38,452	3
Return on equity – cash	%	3	**20. 4**	21. 7	(130)bpts	**19. 9**	20. 8	(90)bpts
Return on equity – underlying	%	66	**20. 4**	21. 2	(80)bpts	**20. 2**	20. 6	(40)bpts
Weighted average number of shares – statutory	M	3	**1,307**	1,281	2	**1,314**	1,300	1
Net tangible assets per share	$	67	**12. 38**	11. 65	6	**12. 38**	12. 14	2
Net Interest Income	$M	3	**7,907**	7,036	12	**4,008**	3,899	3
Net Interest Margin	%	5	**2. 02**	2. 08	(6)bpts	**1. 98**	2. 06	(8)bpts
Other banking income ("cash basis")	$M	3	**3,312**	3,321	-	**1,771**	1,541	15
Other banking income/total banking income	%	-	**29. 5**	32. 1	(260)bpts	**30. 6**	28. 3	230bpts
Operating expense to total operating income	%	5	**48. 9**	49. 3	(1)	**49. 3**	48. 4	2
Average interest earning assets	$M	5	**385,667**	332,492	16	**400,678**	370,819	8
Average interest earning liabilities	$M	5	**362,249**	311,236	16	**375,930**	348,716	8
Loan impairment expense	$M	3	**930**	434	large	**597**	333	79
Loan impairment expense to average risk-weighted assets – Basel I	%	9	**-**	0. 19	n/a	**-**	0. 26	n/a
Loan impairment expense to average risk-weighted assets – Basel II	%	9	**0. 46**	-	n/a	**0. 59**	-	n/a
Total provisions for impairment losses to gross impaired assets	%	43	**255. 5**	298. 3	(14)	**255. 5**	245. 6	4
Individually assessed provisions for impairment to gross impaired assets	%	43	**40. 8**	23. 8	71	**40. 8**	33. 6	21
Risk weighted assets	$M	53	**205,501**	245,347	(16)	**205,501**	198,228	4
Retail Banking Services								
Cash net profit after tax	$M	5	**1,904**	1,766	8	**955**	949	1
Operating expenses to total banking income	%	5	**45. 5**	46. 6	(2)	**45 .3**	45. 8	(1)
Premium Business Services								
Cash net profit after tax	$M	5	**1,480**	1,445	2	**756**	724	4
Operating expenses to total banking income	%	5	**45. 3**	45. 7	(1)	**47. 0**	43. 4	8
Wealth Management								
Cash net profit after tax	$M	15	**740**	627	18	**351**	389	(10)
Underlying profit after tax	$M	15	**756**	548	38	**384**	372	3
Shareholder investment returns	$M	22	**(19)**	129	large	**(46)**	27	large
FUA - average	$M	16	**186,696**	157,338	19	**191,721**	183,548	4
FUA - spot	$M	16	**184,970**	168,810	10	**184,970**	199,834	(7)
Net fund flows	$M	17	**28,614**	460	large	**3,443**	25,171	(86)
Average inforce premiums	$M	5	**1,136**	938	21	**1,172**	1,058	11
Inforce premiums - spot	$M	16	**1,250**	1,022	22	**1,250**	1,094	14
Funds management income to average FUA	%	5	**1. 21**	1. 16	4	**1. 20**	1.21	(1)
Insurance income to average inforce premiums	%	5	**51. 1**	61. 1	(16)	**52. 7**	51. 3	3
Operating expense to net operating income	%	5	**55. 0**	59. 8	(8)	**55. 7**	54. 3	3
International Financial Services								
Underlying profit after tax	$M	5	**563**	461	22	**287**	276	4
FUA - average	$M	5	**7,460**	7,066	6	**7,080**	7,899	(10)
FUA - spot	$M	20	**6,335**	8,261	(23)	**6,335**	7,868	(19)
Average inforce premiums	$M	5	**375**	340	10	**382**	386	(1)
Inforce premiums - spot	$M	20	**371**	379	(2)	**371**	392	(5)
Funds management income to average FUA	%	5	**0. 64**	0. 65	(2)	**0. 74**	0. 55	35
Insurance income to average inforce premiums	%	5	**67. 2**	71. 8	(6)	**69. 5**	61. 8	12
Operating expenses to net operating income	%	5	**51. 6**	55. 0	(6)	**49. 8**	53. 6	(7)

22. Foreign Exchange Rates

Exchange Rates Utilised

As At		30/06/08	31/12/07	30/06/07
AUD 1. 00 =	USD	**0. 9656**	0. 8815	0. 8497
	GBP	**0. 4841**	0. 4412	0. 4241
	JPY	**102. 070**	98. 748	104. 889
	NZD	**1. 263**	1. 134	1. 102
	HKD	**7. 5323**	6. 878	6 .6426
	EUR	**0. 6113**	0. 5980	0. 6319

Appendices

23. Definitions

Term	Description
Customer satisfaction – external survey	This represents the Roy Morgan Research six monthly Main Financial Institutions (MFI) survey (targeting customers aged 14+).The measure is the percentage of customers who respond as either very or fairly satisfied.
Customer satisfaction – internal survey	Internal customer satisfaction surveys are conducted by Roy Morgan Research on behalf of Commonwealth Bank of Australia.
Dividend payout ratio	Dividends paid on ordinary shares divided by earnings (earnings are net of dividends on other equity instruments).
DRP	Dividend reinvestment plan.
DRP participation	The percentage of total issued capital participating in the dividend reinvestment plan.
Earnings per share	Calculated in accordance with AASB 133: Earnings per Share.
Expense to income ratio	Represents operating expenses as a percentage of total operating revenue.
International Financial Services	International Financial Services includes the Banking, Funds Management and Insurance businesses operating in New Zealand, Fiji, Indonesia, China, Japan, India and Vietnam excluding the international business of Premium Business Services in New Zealand.
Net profit after tax ("Cash basis")	Represents profit after tax and minority interests before gains on Visa Initial Public Offering, investment and restructuring, defined benefit superannuation plan income/expense, treasury shares valuation adjustment and unrealised gains and losses related to hedging and AIFRS volatility.
Net profit after tax ("Statutory Basis")	Represents profit after tax, gains on Visa Initial Public Offering, investment and restructuring, minority interests, defined benefit superannuation plan income/expense, treasury shares valuation adjustment and unrealised gains and losses related to hedging and AIFRS volatility. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank".
Net profit after tax ("Underlying Basis")	Represents net profit after tax ("cash basis") excluding shareholder investment returns.
Net tangible assets per share	Net assets excluding intangible assets, minority interests, preference shares and other equity instruments divided by ordinary shares on issue at the end of the period.
Operating expense to net operating income ratio	Represents operating expenses (excluding volume expenses) as a percentage of total operating income less volume expenses.
Overseas	Represents amounts booked in branches and controlled entities outside Australia.
Premium Business Services	Premium Business Services provides specialised banking services to relationship managed business and Agribusiness customers, private banking to high net worth individuals and margin lending and trading through CommSec. In addition commission is received for the distribution of retail banking products through the Premium Business network.
Retail Banking Services	Retail Banking Services includes both the manufacturing of home loan, consumer finance and retail deposit products and the sales and servicing of all Retail bank customers. In addition commission is received for the distribution of business and wealth management products through the retail distribution network.
Return on average shareholders' equity – Cash basis	Based on cash net profit after tax and minority interests less other equity instruments' distributions applied to average shareholders equity, excluding minority interests, other equity instruments, treasury shares and defined benefit superannuation plan net surplus.
Return on average shareholders' equity – Statutory basis	Based on net profit after tax ("statutory basis") less other equity instruments' distributions applied to average shareholders' equity, excluding minority interests and other equity instruments.
Staff numbers	Staff numbers include all permanent full time staff, part time staff equivalents and external contractors employed by 3rd party agencies.
Wealth Management	Wealth Management includes the Global Asset Management, Platform Administration and Life and General Insurance businesses of the Australian operations.
Weighted average number of shares ("Cash basic")	Includes an adjustment to deduct from ordinary shares only those "Treasury Shares" related to the investment in the Bank's shares held by the employee share scheme trust.
Weighted average number of shares ("Statutory basic")	Includes an adjustment to exclude "Treasury Shares" related to investments in the Bank's shares held by both the life insurance statutory funds and by the employee share scheme trust.

24. Market Share Definitions

Retail Banking Services

Home Loans	Total Household Loans (APRA) – MISA (Pre Sep 04) + Securitised Assets (APRA) + Homepath / Total Housing Loans (incl securitisations) (from RBA which includes NBFI's unlike APRA) (1)
Credit Cards	CBA Total Credit Card Lending (APRA) / Total Credit Cards with Interest Free + Total Credit Cards without Interest Free (from RBA which includes NBFI's unlike APRA) (1)
Personal Lending (Other Household Lending)	CBA Term Personal Lending + Margin Lending net balances + Personal Leasing + Revolving credit / Total Market Term Personal Lending + Margin Lending + Personal Leasing + Revolving credit from APRA
Household Deposits	CBA Household Deposits (as reported to APRA) - MISA (Pre Sep 04) / Total Bank Household Deposits (from APRA monthly banking statistics)
Retail Deposits	CBA Current Deposits + Term (excl CD's) + Other (All as reported to RBA) / Total RBA: Current Deposits with banks + Term (excl CD's) + Other with banks (from RBA monthly bulletin statistics) (1)

Premium Business Services

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

(1) The RBA restates the total of all financial intermediaries retrospectively when required. This may be due to a change in definition, the inclusion of a new participant or correction of errors in prior returns. CBA restates its market share where the RBA total has changed based on current balances less implied percentage growth rates now reported by the RBA for previous months.

Appendices

24. Market Share Definitions (continued)

Wealth Management

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

International Financial Services

New Zealand Lending for housing	All ASB residential mortgages to personal customers for housing purposes (including off balance sheet) / Total New Zealand residential mortgages to personal customers for housing purposes (from New Zealand Reserve Bank)
New Zealand Retail Deposits	All New Zealand dollar retail deposits on ASB Balance Sheet / Total New Zealand dollar deposits of all New Zealand registered banks (from New Zealand Reserve Bank)
New Zealand Retail FUM	Total ASB + Sovereign / Total Market net Retail Funds under Management (from Fund Source Research Limited)
New Zealand Inforce Premiums	Total Sovereign excluding health (inforce annual premium income + new business – exits – other) / Total inforce premium for New Zealand (from ISI statistics)