Commonwealth Bank of Australia
U.S. Disclosure Document

For the half year ended 31 December 2013

Report for the half year ended 31 December 2013	$M	
Revenue from ordinary activities	22,287	Down 3%
Profit/(loss) from ordinary activities after tax attributable to Equity holders	4,207	Up 16%
Net profit/(loss) for the period attributable to Equity holders	4,207	Up 16%
Dividends (distributions)		
Interim Dividend - fully franked (cents per share)		183
Record date for determining entitlements to the dividend		21 February 2014

This Report (Document) should be read in conjunction with:

- The Commonwealth Bank of Australia Annual U.S. Disclosure Document – Year Ended 30 June 2013 (2013 Annual U.S. Disclosure Document);
- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2013 which contains the Financial Statements for the years ended 30 June 2011, 2012 and 2013 and as of 30 June 2011, 2012 and 2013 (2013 Financial Report);
- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2012 which contains the Financial Statements for the years ended 30 June 2010, 2011 and 2012 and as of 30 June 2010, 2011 and 2012 (2012 Financial Report);
- The Commonwealth Bank of Australia Basel III Pillar 3 Capital Adequacy and Risk Disclosures as of 31 December 2013 (December 2013 Pillar 3 Report); and
- The Commonwealth Bank of Australia Basel III Pillar 3 Capital Adequacy and Risk Disclosures as of 30 June 2013 (June 2013 Pillar 3 Report, and together with the December 2013 Pillar 3 Report, the Pillar 3 Reports).

In each case, these are found on the U.S. Investor Website located at http:/www.commbank.com.au/usinvestors (U.S. Investor Website).

The term “Bank” refers to the Commonwealth Bank of Australia and the term “Group” refers to the Bank and its consolidated subsidiaries. Certain other terms used in this Document are defined in Appendix 15 to this Document.

This Document, the 2013 Annual U.S. Disclosure Document, the 2013 Financial Report and the 2012 Financial Report are each presented in Australian dollars unless stated otherwise.

The Group’s financial years end on June 30 of each year. References to the 2013 Financial Year are to the year ended 30 June 2013 and prior financial years are referred to in a similar manner.

Except where otherwise stated, all figures in this Document relate to the half year ended 31 December 2013. The term “prior comparative period” refers to the half year ended 31 December 2012, while the term “prior half” refers to the half year ended 30 June 2013 and the terms “current period” or “current half” refers to the half year ended 31 December 2013.

Except where otherwise indicated, references to “Notes” or a “Note” are to Notes or a Note, as the case may be, to the Financial Statements contained in this Report.

Contents

This page has been intentionally left blank

Contents

Special Note Regarding Forward-Looking Statements

Certain statements under the captions “Highlights”, “Capital”, “Group Performance Analysis”, “Retail Banking Services”, “Business and Private Banking”, “Institutional Banking and Markets”, “Wealth Management”, “New Zealand”, “Bankwest”, “IFS and Other”, “Liquidity and Capital Resources” and elsewhere in this Document constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including economic forecasts and assumptions and business and financial projections, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include changes in political, social, credit, liquidity, investor confidence and economic conditions in Australia, New Zealand and elsewhere where the Group or its customers operate or raise funds; the impact of natural disasters; demographic changes; technological changes; changes in competitive conditions in Australia, New Zealand, Asia, the United States or the United Kingdom; changes in the regulatory structure of the banking, life insurance and funds management industries in Australia, New Zealand, the United Kingdom or Asia; changes in global credit and equity market conditions including funding costs, credit ratings and access; regulatory proposals for reform of the banking, life insurance and funds management industries in Australia and other regions where the Group operates; and various other factors beyond the Group's control. Given these risks, uncertainties and other factors, potential investors are cautioned not to place undue reliance on such forward-looking statements.

Risk factors applicable to the Group are detailed on page 7 of this Document and pages 14 to 18 of the 2013 Annual U.S. Disclosure Report.

Financial Information Definitions

Basis of preparation

The consolidated Financial Statements of the Group for the half years ended 31 December 2013, 30 June 2013 and 31 December 2012 comply with International Financial Reporting Standards (IFRS).

The Financial Reports are presented in Australian dollars.

The management discussion and analysis discloses the net profit after tax on both a “statutory basis” and a “cash basis”. The statutory basis is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with IFRS. The cash basis is used by management to present a view of the Group’s underlying operating results, excluding a number of items that the Group believes introduce volatility and/or one-off distortions of the Group’s current period performance. These items, such as hedging and IFRS volatility, are calculated consistently year on year and do not discriminate between positive and negative adjustments. A complete list of items excluded from statutory profit is provided in the reconciliation of the Group’s net profit after tax on page 12 of this Document and Appendix 11 to this Document.

This Document does not include all notes of the type included in the 2013 Annual U.S. Disclosure Document and therefore cannot be expected to provide as full an understanding of the financial position and financial performance of the Group as that given by the 2013 Annual U.S. Disclosure Document. As a result, this Document should be read in conjunction with the 2013 Annual U.S Disclosure Document, the 2013 Financial Report and the 2012 Financial Report.

Non-GAAP Financial Measures

In this Document, the Group presents its profit on a “statutory basis”, which is calculated in accordance with IFRS.

In addition to its financial results reported in this Document the 2013 Financial Report and the 2012 Financial Report in accordance with IFRS, the Group reports and describes in this Document certain "non-GAAP financial measures" (as defined in SEC Regulation G) of the financial performance and results of the Group. These non-GAAP financial measures are not calculated in accordance with IFRS. This Document contains reconciliations of these non-GAAP financial measures to the Group’s financial results prepared in accordance with IFRS.

The non-GAAP financial measures included in this Document are:

- Cash basis – the Group presents its results on a “cash net profit after tax basis”. “Cash basis” is defined by management as net profit after tax and non-controlling interests, before Bankwest significant items, treasury shares valuation adjustment, unrealised gains and losses related to hedging and IFRS volatility, loss on disposal of controlled entities/investments and other non-cash one-off expenses. Management believes that “cash basis” is a meaningful measure of the Group’s performance and it provides a basis for the determination of the Bank’s dividends. A reconciliation of the Group’s Net profit after tax from “statutory basis” to “cash basis” is set out on page 12 of this Document and Appendix 11 to this Document.
- Earnings per share (“cash basis”) – the Group presents its earnings per share on both a statutory and a cash basis. “Earnings per share (“cash basis”)” is defined by management as “cash basis” net profit after tax as described above, divided by the weighted average of the Bank’s ordinary shares outstanding over the relevant period.
- Funds Under Administration (FUA), represents funds administered by the Group and includes Assets Under Management (AUM) and funds managed externally. The Group derives funds management fees from FUA and AUM and management believes that the reporting of these measures assists investors in evaluating the Group’s funds management operations.

The Group also presents its dividend payout ratio on a statutory and cash basis. The dividend payout ratio (statutory basis) is calculated by dividing the dividends paid on ordinary shares by the net profit after tax (statutory basis), net of dividends on other equity instruments. The dividend payout ratio (cash basis) is calculated by dividing the dividends paid on ordinary shares by the net profit after tax (cash basis), net of dividends on other equity instruments. Similarly, the Group presents “Dividend cover – statutory”, which is net profit after tax (statutory basis), net of dividends on other equity instruments divided by dividends on ordinary shares for the applicable period, and "Dividend cover – cash", which is net profit after tax (cash basis) net of dividends on other equity instruments divided by dividends on ordinary shares for the applicable period. These ratios are provided on both a statutory and cash basis since net profit after tax, the primary component of these ratios, is also presented on a statutory and cash basis, for the reasons described above.

Reclassification of certain Income Statement and Balance Sheet Information

During the current half, the Group reclassified a number of items in its Income Statement and Balance Sheet. The following comparative changes arise from both new accounting standards and alignment with industry practice. The affected comparatives are footnoted. The key reclassifications are:

- Certain derivatives are now presented gross in accordance with accounting requirements; these were presented net in the prior comparative period. The impact is an increase of $865 million to both derivative assets and liabilities as at 31 December 2012.
- The impact of the amended AASB 119 'Employee Benefits', which is explained further in Note 1.
- The Group has reviewed the presentation of broker commissions paid within the funds management and insurance businesses together with other volume-related expenses. These expenses vary directly with the amount of associated revenue generated, and have been reclassified from operating expenses and netted against operating income. This is in line with recent industry practice and the relevant accounting requirements. This reclassification results in changes to the presentation of the Income Statement of the Group and affected business segments (Institutional Banking and Markets, Wealth Management, New Zealand and International Financial Services) as shown in Note 7. The total impact is an equivalent decrease on both operating expenses and operating income of $348 million and $330 million for the half year ended 30 June 2013 and 31 December 2012 respectively.
- The Group has reclassified depreciation expense against rental income in line with industry practice on the basis it better represents net income earned from operating lease arrangements.

The impact of these reclassifications on each segment's Net profit after tax ("cash basis"), Balance Sheet and cost to income ratios for the comparative periods is set out in Appendix 16 to this Document.

Reclassification of Customer Reporting Segments

To align the Group's strategic focus on placing the customer at the centre of everything we do, the presentation of the customer reporting segments in the Profit and Loss and Balance Sheet of this Document has been revised for the 2014 financial year and the 2013 financial year which includes the half year ended 31 December 2012. Specifically, revenue, expenses and associated customer balances between customer reporting segments have been reallocated based on where the customer relationship is managed, rather than the business from which the product originated.

Basel III Information

The Group adopted the Basel III measurement and monitoring of regulatory capital effective 1 January 2013. Refer to "Group Operations and Business Setting – Capital".

Impact of Foreign Currency Movements

The Group's consolidated financial results are presented in Australian dollars. In order to prepare the Group's consolidated financial results, the financial results of any reporting entities of the Group with a functional currency other than Australian dollars are translated into Australian dollars for each reporting period. As foreign exchange rates are subject to change, the Group's financial results can be affected by the prevailing rate of the Australian dollar at the time of such translations. The effects of these translations on various segments of the Group's business are noted throughout this Document.

The movement of the Australian dollar against the following currencies is highlighted in the table below.

Exchange Rates Utilised [1]	Currency	As at 31 Dec 13	As at 30 Jun 13	As at 31 Dec 12
AUD 1.00 =	USD	**0. 8939**	0. 9268	1. 0386
	EUR	**0. 6480**	0. 7098	0. 7868
	GBP	**0. 5424**	0. 6076	0. 6430
	NZD	**1. 0867**	1. 1860	1. 2610
	JPY	**93. 9090**	91. 5647	89. 4895

(1) End of day, Sydney time

Exchange Rates Utilised [1]	Currency	Average rates 31 Dec 13	Average rates 30 Jun 13	Average rates 31 Dec 12
AUD 1.00 =	USD	**0. 9135**	1. 0155	1. 0415
	EUR	**0. 6761**	0. 7735	0. 8134
	GBP	**0. 5730**	0. 6578	0. 6508
	NZD	**1. 1273**	1. 2254	1. 2720
	JPY	**91. 2570**	96. 8975	83. 7219

(1) Average of end of day Sydney time rates for the six month period.

The Group hedges foreign currency exposures on debt issues and significant foreign currency earnings exposures in offshore locations.

For further information regarding the composition of the Group's income by location please refer to Note 7.

The references to the weaker Australian dollar in this Document are to the weakening of the Australian dollar against the currencies disclosed in the table above.

Critical Accounting Policies and Estimates

The accounting policies followed in this Document are the same as those applied in the Group's 2013 Financial Report, except for the exceptions referred to in Note 1. Certain policies are considered to be more important in the determination of the Group's financial position, since they require management to make difficult, complex or subjective judgements, some of which may relate to matters that are inherently uncertain. These decisions are reviewed by the Board Audit Committee.

These policies include judgements as to levels of provisions for impairment for loan balances, actuarial assumptions in determining life insurance policy liabilities and pensions, and determining whether certain entities should be consolidated. An explanation of these policies and the related judgements and estimates involved is set out below.

Provisions for Impairment

Provisions for impairment are recognised where there is objective evidence of impairment and at an amount adequate to cover assessed credit related losses. In addition, provisions are raised where no objective evidence of impairment exists for an individually assessed financial asset, but for which a loss event has occurred which is likely to result in a loss within a group of financial assets.

Credit losses arise primarily from loans but also from other credit instruments such as bank acceptances, financial guarantees and commitments, contingent liabilities, financial instruments and investments and assets acquired through security enforcement.

Individually Assessed Provisions

Individually assessed provisions are raised where there is objective evidence of impairment and full recovery of principal is considered doubtful.

Individually assessed provisions are made against individual risk related credit facilities where a loss of $20,000 or more is expected. The provisions are established based primarily on estimates of the realisable (fair) value of collateral taken and are measured as the difference between the financial asset's carrying amount and the present value of the expected future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. Short term balances are not discounted.

Collective Provision

All other loans and advances that do not have an individually assessed provision are assessed collectively for impairment.

The collective provision is maintained to reduce the carrying amount of portfolios of similar loans and advances to their estimated recoverable amounts at the Balance Sheet date.

The evaluation process is subject to a series of estimates and judgements. In the credit risk rated segment, the risk rating system, including the frequency of default and loss given default rates, loss history, and the size, structure and diversity of individual credits are considered. Current developments in portfolios (industry, geographic and term) are reviewed.

In the statistically managed (retail) segment, the history of arrears and losses, and the size, structure and diversity of portfolios are considered.

In addition management considers overall indicators of portfolio performance, quality and economic conditions.

Changes in these estimates could have a direct impact on the level of provision determined.

The amount required to bring the collective provision to the level assessed is recognised as an expense as set out in Note 6.

Life Insurance Policyholder Liabilities

Life insurance policyholder liabilities are accounted for under AASB 1038: Life Insurance Business. A significant area of judgement is in the determination of policyholder liabilities, which involve actuarial assumptions. The areas of judgement where key actuarial assumptions are made in the determination of policyholder liabilities are:

- Business assumptions including:
  - Amount, timing and duration of claims/policy payments;
  - Policy lapse rates; and
  - Acquisition and long term maintenance expense levels;
- Long term economic assumptions for discount and interest rates, inflation rates and market earnings rates; and
- Selection of methodology, either projection or accumulation method. The selection of the method is generally governed by the product type.

The determination of assumptions relies on making judgements on variances from long-term assumptions. Where experience differs from long term assumptions:

- Recent results may be a statistical aberration; or
- There may be a commencement of a new paradigm requiring a change in long term assumptions.

The Group's actuaries arrive at conclusions regarding the statistical analysis using their experience and judgement.

Superannuation Obligations

The Group currently sponsors two defined benefit plans as described in Note 1(bb) and Note 41 of the 2013 Financial Report. For each of these plans, actuarial valuations of the plan's obligations and fair value measurements of the plan's assets are performed semi-annually in accordance with the requirements of AASB 119 'Employee Benefits'.

The actuarial valuation of plan obligations is dependent upon a series of assumptions, the key ones being price inflation, discount rates, earnings growth, mortality, morbidity and investment returns assumptions. Different assumptions could significantly alter the amount of the difference between plan assets and obligations, and the superannuation cost charged to the Income Statement.

Consolidation of Special Purpose Entities

The Group assesses, at inception and periodically, whether a special purpose entity should be consolidated based on the risks and rewards of each entity and whether the majority pass to the Group. Such assessments are predominately required in the context of the Group's securitisation program and structured transactions.

Risk Factors

Details of significant risk factors applicable to the Group are set forth under the section entitled "Risk Factors" on pages 14 to 18 of the 2013 U.S. Annual Disclosure Document. That section describes the principal risk factors that could materially affect the Group's businesses, its revenues, operating income, net income, net assets, liquidity and capital resources, which are in addition to, and should be read in conjunction with, the "Special Note Regarding Forward-Looking Statements" on page 4 of this Document and Appendix 6 to this Document. Appendix 6 to this Document provides details on how the Group manages its credit, market (traded and non-traded), funding and liquidity, operational, compliance, business continuity, security risks, strategic business and reputation risks in the course of carrying on its business. Also refer to Notes 38 – 40 of the 2013 Financial Report.

This page has been intentionally left blank

Contents

Highlights

Group Performance Highlights

	Half Year Ended ("statutory basis")		Half Year Ended ("cash basis")				
	31 Dec 13	Dec 13 vs Dec 12 %	31 Dec 13	30 Jun 13 (1)	31 Dec 12 (1)	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Net profit after tax ($M)	**4,207**	16	**4,268**	4,010	3,750	6	14
Return on equity (%)	**18. 5**	100 bpts	**18. 7**	18. 6	17. 9	10 bpts	80 bpts
Earnings per share - basic (cents)	**260. 5**	15	**263. 9**	248. 4	233. 7	6	13
Dividends per share (cents)	**183**	12	**183**	200	164	(9)	12

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details

These "Highlights" contain forward-looking statements. See "Special Note Regarding Forward-Looking Statements" on page 4 of this Document.

Financial Performance

The Group's Net profit after tax ("statutory basis") for the half year ended 31 December 2013 increased 16% on the prior comparative period to $4,207 million.

Return on equity ("statutory basis") was 18.5%. Earnings per share ("statutory basis") was 260.5 cents, an increase of 15% on the prior comparative period.

The management discussion and analysis discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared and reviewed in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is Management's preferred measure of the Group's financial performance, as the non-cash items tend to be non-recurring in nature or are not considered representative of the Group's ongoing financial performance. The impact of these items, such as hedging and IFRS volatility, is treated consistently with prior comparative period and prior half disclosures. These items do not discriminate between positive and negative adjustments. A list of items excluded from statutory profit is provided in the reconciliation of the Net profit after tax ("cash basis") on page 12 of this Document and described in greater detail on Appendix 11 to this Document.

The Group continues to strive to excel at securing and enhancing the financial well-being of people, businesses and communities. The Group believes the long-term strategies it has pursued to achieve this vision have delivered high rates of customer satisfaction in all areas and another strong financial result.

Operating income continued to grow strongly across the retail, wealth, New Zealand and Asian businesses. Business banking revenue reflected continued momentum in lending, partly offset by continued competitive pressure on domestic deposit margins.

Operating expenses increased due to continued investment in new technology, regulatory change and compliance initiatives, with underlying inflationary pressures more than offset by the incremental benefit generated from productivity initiatives.

Loan impairment expense decreased due to the Group's benign corporate and commercial loan loss experience. Management believes that provisioning levels remain prudent and there has been no change made to economic overlays.

Net profit after tax ("cash basis") for the half year ended 31 December 2013 increased by 14% on the prior comparative period to $4,268 million. Cash earnings per share increased 13% to 263.9 cents per share.

Return on equity ("cash basis") for the half year ended 31 December 2013 was 18.7%, an increase of 80 basis points on the prior comparative period.

Capital

The Group continued to organically strengthen its capital position under the Basel III regulatory capital framework. As at 31 December 2013, the Basel III Common Equity Tier 1 (CET1) ratio as measured on a fully internationally harmonised basis was 11.4%. On an APRA basis, the Group's CET1 ratio was 8.5%.

Funding

The Group continued to maintain conservative balance sheet settings, with a significant portion of lending growth funded by growth in customer deposits. Customer deposits increased to $426 billion as at 31 December 2013, up $41 billion on the prior comparative period. Customer deposits comprised 63% of the Group's total funding base at 31 December 2013, consistent with the prior half and prior comparative period.

Dividends

The interim dividend declared was $1.83 per share, an increase of 12% on the prior comparative period. The Dividend payout ratio ("cash basis") for the half year to 31 December 2013 was approximately 70%.

The interim dividend payment is expected to be fully franked and is scheduled to be paid on 3 April 2014 to owners of ordinary shares at the close of business on 21 February 2014 (record date). Shares will be quoted ex-dividend on 17 February 2014.

Outlook

The discussion below includes forward-looking statements. See "Special Note Regarding Forward-Looking Statements" on page 4 of this Document.

The Group remains cautiously optimistic about the economic environment for the 2014 calendar year. There is still volatility in global markets and the risks presented by that volatility continue to supress business confidence. As a result, there is little real evidence of a meaningful increase in investment in the non-resource sectors of the Australian economy besides the housing sector. However, the Group's reasons for optimism include improved growth forecasts for developed economies, generally higher consumer spending over the holiday season than last year, corporate balance sheets remain relatively strong, positive activity in the housing sector and the decline in the value of the Australian dollar has made Australia more competitive in export markets.

Overall, the Group continues to assume that any improvements in economic activity in the next year will be gradual rather than dramatic. The Group will continue to pursue its strategy and maintain business settings that reflect both the risks and the opportunities of this economic environment.

Highlights continued

Group Performance Summary [1]	Half Year Ended					Half Year Ended ("statutory basis")	
	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %	31 Dec 13 $M	Dec 13 vs Dec 12 %
Net interest income	**7,444**	7,082	6,862	5	8	**7,454**	9
Other banking income	**2,234**	2,051	2,105	9	6	**2,208**	6
Total banking income	**9,678**	9,133	8,967	6	8	**9,662**	8
Funds management income	**1,003**	944	884	6	13	**1,043**	17
Insurance income	**386**	385	354	-	9	**455**	(4)
Total operating income	**11,067**	10,462	10,205	6	8	**11,160**	8
Investment experience	**81**	70	84	16	(4)	**n/a**	n/a
Total income	**11,148**	10,532	10,289	6	8	**11,160**	8
Operating expenses	**(4,751)**	(4,543)	(4,467)	5	6	**(4,788)**	6
Loan impairment expense	**(457)**	(466)	(616)	(2)	(26)	**(457)**	(33)
Net profit before tax	**5,940**	5,523	5,206	8	14	**5,915**	15
Corporate tax expense [2]	**(1,662)**	(1,505)	(1,448)	10	15	**(1,698)**	14
Non-controlling interests [3]	**(10)**	(8)	(8)	25	25	**(10)**	25
Net profit after tax ("cash basis")	**4,268**	4,010	3,750	6	14	**n/a**	n/a
Hedging and IFRS volatility [4]	**(5)**	37	(10)	large	(50)	**n/a**	n/a
Other non-cash items [4]	**(56)**	(60)	(109)	(7)	(49)	**n/a**	n/a
Net profit after tax ("statutory basis")	**4,207**	3,987	3,631	6	16	**4,207**	16
Represented by:							
Retail Banking Services	**1,671**	1,566	1,523	7	10		
Business and Private Banking	**797**	748	726	7	10		
Institutional Banking and Markets	**674**	599	551	13	22		
Wealth Management	**369**	326	300	13	23		
New Zealand	**340**	298	299	14	14		
Bankwest	**323**	265	225	22	44		
IFS and Other	**33**	185	7	(82)	large		
Net profit after tax ("statutory basis")	**4,207**	3,987	3,631	6	16		

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

(2) For purposes of presentation, policyholder tax expense components of corporate tax expense are shown on a net basis (31 December 2013: $60 million; 30 June 2013: $28 million; 31 December 2012: $84 million).

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

(4) Refer to Appendix 11 to this Document for details.

Key Performance Indicators (1)	Half Year Ended 31 Dec 13	30 Jun 13	31 Dec 12	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Group					
Statutory net profit after tax ($M)	**4,207**	3,987	3,631	6	16
Net interest margin (%)	**2. 14**	2. 17	2. 10	(3)bpts	4 bpts
Average interest earning assets ($M)	**690,106**	657,951	649,394	5	6
Average interest bearing liabilities ($M)	**647,944**	613,779	605,408	6	7
Statutory funds management income to average Funds Under Administration (FUA) (%)	**0. 79**	0. 80	0. 82	(1)bpt	(3)bpts
FUA - average ($M)	**262,578**	239,948	215,554	9	22
Statutory insurance income to average inforce premiums (%)	**29. 5**	31. 1	34. 5	(160)bpts	(500)bpts
Average inforce premiums ($M)	**3,057**	2,898	2,736	5	12
Statutory operating expenses to total operating income (%)	**42. 9**	43. 4	43. 7	(50)bpts	(80)bpts
Statutory effective corporate tax rate (%)	**28. 0**	27. 3	27. 8	70 bpts	20 bpts
Retail Banking Services					
Statutory net profit after tax ($M)	**1,671**	1,566	1,523	7	10
Statutory operating expenses to total banking income (%)	**37. 0**	37. 4	38. 1	(40)bpts	(110)bpts
Business and Private Banking					
Statutory net profit after tax ($M)	**797**	748	726	7	10
Statutory operating expenses to total banking income (%)	**36. 6**	36. 9	36. 9	(30)bpts	(30)bpts
Institutional Banking and Markets					
Statutory net profit after tax ($M)	**674**	599	551	13	22
Statutory operating expenses to total banking income (%)	**33. 3**	34. 5	33. 1	(120)bpts	20 bpts
Wealth Management					
Statutory net profit after tax ($M)	**369**	326	300	13	23
FUA - average ($M)	**252,315**	231,138	207,437	9	22
Average inforce premiums ($M)	**2,219**	2,118	2,021	5	10
Statutory funds management income to average FUA (%)	**0. 78**	0. 79	0. 81	(1)bpt	(3)bpts
Statutory insurance income to average inforce premiums (%)	**30. 6**	31. 9	37. 1	(130)bpts	large
Statutory operating expenses to net operating income (%)	**59. 0**	60. 5	60. 7	(150)bpts	(170)bpts
New Zealand					
Statutory net profit after tax ($M)	**340**	298	299	14	14
FUA - average ($M)	**10,263**	8,810	8,117	16	26
Average inforce premiums ($M)	**582**	526	498	11	17
Statutory funds management income to average FUA (%)	**0. 58**	0. 60	0. 56	(2)bpts	2 bpts
Statutory insurance income to average inforce premiums (%)	**29. 3**	33. 0	38. 2	(370)bpts	large
Statutory operating expenses to total operating income (%)	**45. 7**	47. 0	42. 8	(130)bpts	290 bpts
Bankwest					
Statutory net profit after tax ($M)	**323**	265	225	22	44
Statutory operating expenses to total banking income (%)	**48. 6**	52. 0	52. 9	(340)bpts	(430)bpts
Capital (Basel III)					
Common Equity Tier One Internationally Harmonised (%)	**11. 4**	11. 0	10. 6	40 bpts	80 bpts
Common Equity Tier One APRA (%)	**8. 5**	8. 2	8. 1	30 bpts	40 bpts

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

Shareholder Summary [1]	Half Year Ended 31 Dec 13	30 Jun 13	31 Dec 12	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Dividends per share - fully franked (cents)	**183**	200	164	(9)	12
Dividend cover - statutory (times)	**1. 4**	1. 2	1. 4	-	-
Dividend cover - cash (times)	**1. 4**	1. 2	1. 4	-	-
Earnings per share (cents) [2]					
Statutory basis - basic	**260. 5**	247. 4	226. 8	5	15
Statutory basis - fully diluted	**253. 9**	240. 1	219. 9	6	15
Cash basis - basic	**263. 9**	248. 4	233. 7	6	13
Cash basis - fully diluted	**257. 1**	241. 1	226. 5	7	14
Dividend payout ratio (%) [2]					
Statutory basis	**70. 5**	81. 3	73. 1	large	(260)bpts
Cash basis	**69. 5**	80. 8	70. 8	large	(130)bpts
Weighted average no. of shares ("statutory basis") - basic (M) [2] [3]	**1,606**	1,603	1,593	-	1
Weighted average no. of shares ("cash basis") - basic (M) [2] [3]	**1,609**	1,606	1,596	-	1
Return on equity ("statutory basis") (%) [2]	**18. 5**	18. 6	17. 5	(10)bpts	100 bpts
Return on equity ("cash basis") (%) [2]	**18. 7**	18. 6	17. 9	10 bpts	80 bpts

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.
(2) For definitions refer to Appendix 15 to this Document.
(3) Fully diluted EPS and weighted average number of shares are disclosed in Appendix 12 to this Document.

Market Share [1]	As at 31 Dec 13 %	30 Jun 13 %	31 Dec 12 %	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Home loans	**25. 3**	25. 3	25. 1	-	20 bpts
Credit cards - RBA [2]	**24. 7**	24. 4	23. 9	30 bpts	80 bpts
Other household lending [3]	**18. 2**	16. 9	16. 6	130 bpts	160 bpts
Household deposits [4]	**28. 6**	28. 8	28. 8	(20)bpts	(20)bpts
Retail deposits [5]	**25. 4**	25. 5	25. 3	(10)bpts	10 bpts
Business lending - RBA	**18. 0**	18. 0	17. 8	-	20 bpts
Business lending - APRA	**19. 1**	19. 1	19. 3	-	(20)bpts
Business deposits - APRA	**21. 2**	21. 7	20. 8	(50)bpts	40 bpts
Asset finance	**13. 3**	13. 3	13. 3	-	-
Equities trading	**5. 1**	5. 2	5. 4	(10)bpts	(30)bpts
Australian Retail - administrator view [6]	**15. 7**	15. 7	15. 3	-	40 bpts
FirstChoice Platform [6]	**11. 4**	11. 5	11. 6	(10)bpts	(20)bpts
Australia life insurance (total risk) [6]	**12. 9**	13. 1	13. 4	(20)bpts	(50)bpts
Australia life insurance (individual risk) [6]	**12. 7**	12. 9	13. 2	(20)bpts	(50)bpts
NZ home loans	**22. 1**	22. 3	22. 1	(20)bpts	-
NZ retail deposits	**20. 4**	20. 1	20. 2	30 bpts	20 bpts
NZ business lending	**10. 6**	10. 4	10. 1	20 bpts	50 bpts
NZ retail FUM	**17. 3**	17. 9	17. 7	(60)bpts	(40)bpts
NZ annual inforce premiums	**29. 4**	29. 5	29. 7	(10)bpts	(30)bpts

(1) Prior periods have been restated in line with market updates.
(2) As at 30 November 2013.
(3) Other household lending market share includes personal loans, margin loans and other forms of lending to individuals. In the current period, certain revolving credit products were reclassified from Home loans to Other household lending, resulting in the increase in this category.
(4) Comparatives have not been restated to include the impact of new market entrants in the current period.
(5) In accordance with RBA guidelines, these measures include some products relating to both the retail and corporate segments.
(6) As at 30 September 2013.

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

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency. Ratings should be evaluated independently of any other information.

Contents

Section 3 – Group Performance Analysis

Group Performance Analysis

Financial Performance and Business Review

This Group Performance Analysis contains certain forward-looking statements. See "Special Note Regarding Forward-Looking Statements" on page 4 of this Document.

December 2013 versus December 2012

The Group's Net profit after tax ("statutory basis") increased 16% on the prior comparative period to $4,207 million.

Earnings per share ("statutory basis") increased 15% on the prior comparative period to 260.5 cents per share, and Return on equity ("statutory basis") increased 100 basis points on the prior comparative period to 18.5%.

The key components of the Group result were:

- **Net interest income** increased 9% to $7,454 million, reflecting 6% growth in average interest earning assets and a four basis point increase in net interest margin. Management estimates that 1% of the 9% increase in net interest income can be attributed to the weaker Australian dollar;
- **Other banking income** increased 6% to $2,208 million due to volume-driven growth in commissions and higher Markets trading income;
- **Funds management income** increased 17% to $1,043 million, due to a 22% increase in average FUA from improved markets and positive net cash flows. Management estimates that 4% of the 17% increase in funds management income can be attributed to the weaker Australian dollar;
- **Insurance income** decreased 4% to $455 million due to lower returns on invested shareholder capital and increases in CommInsure's wholesale life claims reserves, partly offset by average inforce premium growth of 12%;
- **Operating expenses** increased 6% to $4,788 million due to higher staff costs from inflation-related salary increases, higher Information Technology (IT) expenses due to the cost of regulatory compliance projects and software write-offs. Additionally, Management estimates that 2% of the 6% increase in operating expenses can be attributed to the weaker Australian dollar. This was partly offset by the continued realisation of incremental benefits from productivity initiatives; and
- **Loan impairment expense** decreased 33% to $457 million, due to favourable loan loss experience and a reduction in individual provisioning requirements.

December 2013 versus June 2013

The Group's net profit after tax ("statutory basis") increased 6% on the prior half.

Earnings per share ("statutory basis") increased 5% on the prior half to 260.5 cents per share, and Return on equity ("statutory basis") reduced 10 basis points to 18.5%.

It should be noted when comparing current half financial performance to the prior half that there are three more calendar days benefiting revenue in the current half. Key points of note in the result included the following:

- **Net interest income** increased 5%, reflecting 5% growth in average interest earning assets, partly offset by a three basis point decline in net interest margin. Management estimates 1% of the 5% increase in net interest income can be attributed to the weaker Australian dollar;
- **Other banking income** increased 6% due to higher commissions and Markets trading income, as well as the impact of debt buybacks in the prior half;
- **Funds management income** increased 9%, driven by a 9% increase in average FUA, due to continued strong investment performance and improved markets. Management estimates that 4% of the 9% increase in funds management income ban be attributed to the weaker Australian dollar;
- **Insurance income** increased 2% due to favourable policyholder tax (for further detail refer to Appendix 11 to this Document) and 5% average inforce premium growth, partly offset by unfavourable claims experience in New Zealand;
- **Operating expenses** increased 5% due to higher staff expenses from inflation-related salary increases and higher IT expenses due to software write-offs. Additionally, Management believes that 1% of the 5% increase in operating expenses can be attributed to the weaker Australian dollar. This was partly offset by the continued realisation of incremental benefits from productivity; and
- **Loan impairment expense** decreased 2%, reflecting stable portfolio quality and lower individual provisions, partly offset by additional overlays.

More comprehensive disclosure of performance highlights by key business segments is contained on pages 37-58 of this Document.

Net Interest Income

	Half Year Ended				
	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Net interest income ("cash basis")	**7,444**	7,082	6,862	5	8
Hedging and IFRS volatility	**16**	17	4	(6)	large
Bankwest non-cash items	**(6)**	(17)	(14)	(65)	(57)
Net interest income ("statutory basis")	**7,454**	7,082	6,852	5	9
Average interest earning assets					
Home loans	**379,583**	365,040	355,674	4	7
Personal loans	**22,138**	21,761	21,036	2	5
Business and corporate loans	**174,024**	167,859	168,726	4	3
Total average lending interest earning assets	**575,745**	554,660	545,436	4	6
Non-lending interest earning assets	**114,361**	103,291	103,958	11	10
Total average interest earning assets	**690,106**	657,951	649,394	5	6
Net interest margin ("statutory basis") (%)	**2.14**	2.17	2.09	(3)bpts	5 bpts

December 2013 versus December 2012

Net interest income increased by 9% on the prior comparative period to $7,454 million. The result was driven by growth in average interest earning assets of 6%, plus a five basis point increase in net interest margin. Management believes 1% of the 9% increase in net interest income can be attributed to the weaker Australian dollar.

Average Interest Earning Assets

Average interest earning assets increased by $41 billion on the prior comparative period to $690 billion, reflecting a $31 billion increase in average lending interest earning assets and a $10 billion increase in average non-lending interest earning assets.

Home loan average balances increased by $24 billion, or 7%, on the prior comparative period to $380 billion. The growth in home loan balances was largely driven by above system growth in the Group's domestic home loan portfolio.

Average balances for business and corporate lending increased by $5 billion on the prior comparative period to $174 billion, driven by a combination of growth in business banking and institutional lending.

Average non-lending interest earning assets increased $10 billion on the prior comparative period due to higher average levels of liquid assets.

Net Interest Margin

The Group's net interest margin increased five basis points on the prior comparative period to 2.14%. The key drivers of the movement were:

Asset pricing: Margin increased five basis points due to repricing of lending portfolios in the prior comparative period in response to higher average funding costs;

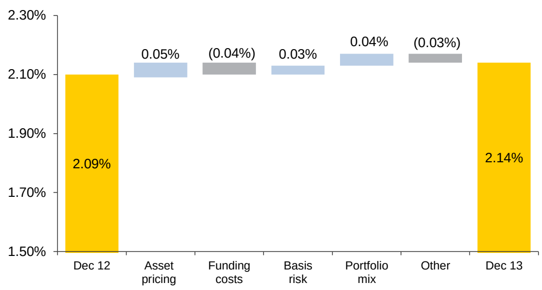
Funding costs: Margin decreased by four basis points due to higher deposit costs from ongoing strong competition and the impact of the falling cash rate;

Basis risk: Basis risk arises from funding assets which are priced relative to the cash rate with liabilities priced relative to the bank bill swap rate. Margin increased by three basis points as a result of a reduction in the spread between the cash rate and the bank bill swap rate during the period;

Portfolio mix: Margin increased by three basis points due to the foreign exchange benefit of the appreciation of the New Zealand dollar on the New Zealand lending portfolios. Additionally, a favourable funding mix increased margin by one basis point; and

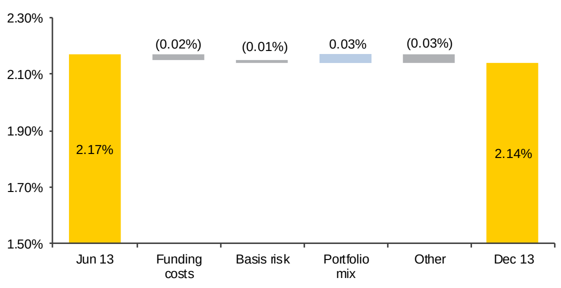
Other: Margin decreased by three basis points due to the impact of the falling cash rate environment on free equity funding and increased holdings of liquid assets.

NIM movement since December 2012



Net Interest Income (continued)

Group NIM (Half Year Ended)



December 2013 versus June 2013

Net interest income increased by 5% on the prior half, driven by growth in average interest earning assets of 5% and partly offset by a three basis point decline in net interest margin to 2.14%. Management estimates that 1% of the 5% increase in net interest income ban be attributed to the weaker Australian dollar.

Average Interest Earning Assets

Average interest earning assets increased by $32 billion on the prior half to $690 billion, reflecting a $21 billion increase in average lending interest earning assets, and an $11 billion increase in average non-lending interest earning assets.

Home loan average balances increased by $15 billion, or 4%, on the prior half to $380 billion, primarily driven by growth in the Group's domestic home loan portfolio.

Average balances for business and corporate lending increased by $6 billion on the prior half to $174 billion, primarily driven by a combination of growth in domestic business banking and institutional lending.

Average non-lending interest earning assets increased $11 billion on the prior half due to growth in liquid assets.

Net Interest Margin

The Group's net interest margin decreased three basis points on the prior half to 2.14%. The key drivers were:

Funding costs: Margin decreased by two basis points due to the higher cost of deposits as a result of strong competition and the impact of the falling cash rate environment;

Basis risk: Margin decreased by one basis point as a result of an increase in the spread between the cash rate and the bank bill swap rate during the current half;

Portfolio mix: Margin increased by two basis points due to the foreign exchange benefit on the New Zealand lending portfolios plus favourable funding mix of one basis point; and

Other: Margin decreased by three basis points due to the impact of the falling cash rate environment on free equity funding and increased holdings of liquid assets.

Other Banking Income

	Half Year Ended				
	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Commissions	**1,081**	997	993	8	9
Lending fees	**537**	544	509	(1)	6
Trading income	**508**	420	443	21	15
Other income (1)	**108**	90	160	20	(33)
Other banking income ("cash basis")	**2,234**	2,051	2,105	9	6
Hedging and IFRS volatility	**(24)**	31	(15)	large	60
Gain on sale of management rights	**(2)**	-	-	large	large
Other banking income ("statutory basis")	**2,208**	2,082	2,090	6	6

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

December 2013 versus December 2012

Other banking income increased 6% on the prior comparative period to $2,208 million, driven by the following revenue items:

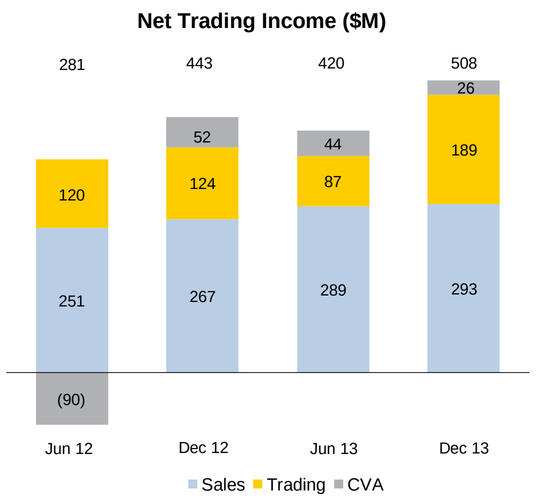
Commissions increased 9% on the prior comparative period to $1,081 million due to volume driven growth in credit card interchange revenue and a strong performance of retail foreign exchange products;

Lending fees increased 6% on the prior comparative period to $537 million reflecting solid volume growth in commercial lending products;

Trading income increased 15% on the prior comparative period to $508 million due to favourable trading in the Markets business, partly offset by lower counterparty fair value adjustments; and

Other income decreased 33% on the prior comparative period to $108 million, mainly driven by the loss on the hedge of New Zealand operations due to the appreciation of the New Zealand dollar against the Australian dollar.

Other Banking Income (continued)



December 2013 versus June 2013

Other banking income increased 6% on the prior half driven by the following revenue items:

Commissions increased 8% on the prior half mainly due to volume-driven growth in credit card and home loan package fees and favourable sales of foreign exchange products;

Lending fees decreased 1% on the prior half driven by lower commitment fees;

Trading income increased 21% on the prior half due to strong trading gains in the Markets business, partly offset by a reduced benefit from counterparty fair value adjustments; and

Other income increased 20% due to the impact of debt buybacks in the prior half.

Funds Management Income

	Half Year Ended				
	31 Dec 13	30 Jun 13 (1)	31 Dec 12 (1)	Dec 13 vs	Dec 13 vs
	$M	$M	$M	Jun 13 %	Dec 12 %
CFS Global Asset Management (CFSGAM)	468	433	406	8	15
Colonial First State (2)	421	400	379	5	11
CommInsure	69	62	55	11	25
New Zealand	30	26	23	15	30
Other	15	23	21	(35)	(29)
Funds management income ("cash basis")	**1,003**	944	884	6	13
Treasury shares valuation adjustment	(32)	(24)	(39)	33	(18)
Policyholder tax	42	30	47	40	(11)
Investment experience	30	6	(1)	large	large
Funds management income ("statutory basis")	**1,043**	956	891	9	17

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

(2) Colonial First State incorporates the results of all financial planning businesses including Commonwealth Financial Planning.

December 2013 versus December 2012

Funds management income increased 17% on the prior comparative period to $1,043 million driven by:

- A 22% increase in average FUA to $263 billion, reflecting strong investment performance and growth in domestic equity markets; and
- Positive net cash flows and the impact of a weaker Australian dollar; partly offset by
- Changes in product and business mix, which resulted in a decline in funds management income to average FUA of five basis points.

December 2013 versus June 2013

Funds management income increased 9% on the prior half due to:

- A 9% increase in average FUA due to improved domestic equity markets, continued investment outperformance and depreciation of the Australian dollar; and
- Strong growth in ASB KiwiSaver Scheme; partly offset by
- Asset mix continuing to trend towards lower margin products, resulting in a FUA margin decline of three basis points.

.

Group Performance Analysis continued

Insurance Income

	Half Year Ended				
	31 Dec 13 $M	30 Jun 13 (1) $M	31 Dec 12 (1) $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
CommInsure	**281**	265	277	6	1
New Zealand	**87**	95	76	(8)	14
IFS Asia	**18**	16	14	13	29
Other	**-**	9	(13)	large	large
Insurance income ("cash basis")	**386**	385	354	-	9
Policyholder tax	**18**	(2)	37	large	(51)
Investment experience	**51**	64	85	(20)	(40)
Insurance income ("statutory basis")	**455**	447	476	2	(4)

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

December 2013 versus December 2012

Insurance income decreased by 4% on the prior comparative period to $455 million driven by:

- Lower returns from investment of shareholder capital;
- Increases to CommInsure's Wholesale Life claims reserves; and
- A slight deterioration in CommInsure life claims and general insurance working claims experience combined with higher losses from significant events during the current half; partly offset by
- An increase in average inforce premiums of 12% to $3,057 million due to strong new business sales and improved lapse rates across CommInsure, New Zealand and IFS Asia.

December 2013 versus June 2013

Insurance income of $455 million was higher compared to the prior half due to:

- Favourable policyholder tax (for further detail refer to Appendix 11 to this Document);
- An increase in average inforce premiums of 5%, driven by new business sales, particularly through domestic Retail Bank channels; and
- An improved Wholesale Life performance notwithstanding further increases in claims reserves; partly offset by
- A deterioration in claims experience in New Zealand.

Operating Expenses

	Half Year Ended				
	31 Dec 13 $M	30 Jun 13 (1) $M	31 Dec 12 (1) $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Staff expenses	**2,785**	2,626	2,606	6	7
Occupancy and equipment expenses	**524**	512	506	2	4
Information technology services expenses	**700**	672	627	4	12
Other expenses	**742**	733	728	1	2
Operating expenses ("cash basis")	**4,751**	4,543	4,467	5	6
Bankwest non-cash items	**37**	38	37	(3)	-
Operating expenses ("statutory basis")	**4,788**	4,581	4,504	5	6
Statutory operating expenses to total operating income (%)	**42. 9**	43. 4	43. 7	(50)bpts	(80)bpts
Statutory banking expense to operating income (%)	**40. 4**	40. 8	41. 2	(40)bpts	(80)bpts

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

December 2013 versus December 2012

Operating expenses increased 6% on the prior comparative period to $4,788 million. The key drivers were:

Staff expenses increased by 7% to $2,785 million, driven by, higher compliance project related costs, inflation-related salary increases and performance-related incentives. Additionally, Management estimated that 2% of the 7% increase in staff expenses can be attributed to the weaker Australian dollar;

Occupancy and equipment expenses increased by 4% to $524 million due to higher occupancy costs in New Zealand relating to the relocation of the Auckland head office;

Information technology services expenses increased by 12% to $700 million, driven by higher expenditure on regulatory compliance projects, as well as software write-offs of $68 million;

Other expenses increased by 2% to $742 million, driven by a rise in credit card loyalty redemption activity and higher professional fees; and

Group expense to income ratio improved 80 basis points on the prior comparative period to 42.9%, reflecting higher revenues and the benefit of productivity initiatives. The banking expense to income ratio decreased 80 basis points on the prior comparative period to 40.4%.

December 2013 versus June 2013

Operating expenses increased 5% on the prior half. The key drivers were:

Staff expenses increased by 6%, driven by higher compliance project related costs, inflation-related salary increases and performance-related incentives. .Additionally, Management estimates that 1% of the 6% increase in staff expenses can be attributed to the weaker Australian dollar;

Occupancy and equipment expenses increased by 2% primarily due to rental reviews, partly offset by a decrease in repair and maintenance costs;

Information technology services expenses increased by 4% primarily due to software write-off costs, partly offset by lower project spend;

Operating Expenses (continued)

Other expenses increased by 1% due to higher credit card loyalty redemption activity; and

Group expense to income ratio improved 50 basis points on the prior half, reflecting higher revenues and the benefit of productivity initiatives. The banking expense to income ratio decreased 40 basis points on the prior half.

Staff Numbers

	Half Year Ended		
Full-Time Equivalent Staff	**31 Dec 13**	**30 Jun 13**	**31 Dec 12**
Australia	**34,582**	35,749	35,496
Total	**44,007**	44,969	44,363

Investment Spend

	Half Year Ended				
	31 Dec 13 \$M	**30 Jun 13 \$M**	**31 Dec 12 \$M**	**Dec 13 vs Jun 13 %**	**Dec 13 vs Dec 12 %**
Expensed investment spend [1]	**288**	324	242	(11)	19
Capitalised investment spend	**301**	331	340	(9)	(11)
Investment spend	**589**	655	582	(10)	1
Comprising:					
Productivity and Growth	**374**	366	285	2	31
Core Banking Modernisation	**-**	63	137	large	large
Risk and Compliance	**139**	126	108	10	29
Branch refurbishment and other	**76**	100	52	(24)	46
Investment spend	**589**	655	582	(10)	1

(1) Included within Operating Expense disclosure on page 20 of this Document.

December 2013 versus December 2012

The Group continued to invest in the business with \$589 million of investment incurred in the half year to 31 December 2013, an increase of 1% on the prior comparative period. Investment has focused on leveraging the newly built Core Banking platform to deliver incremental productivity and growth, as well as building on the Group's digital channel capabilities. In addition, expenditure on risk and compliance projects has increased as systems are implemented to satisfy new regulatory obligations, resulting in an expensed investment spend increase of 19% on the prior comparative period.

December 2013 versus June 2013

Investment spend decreased 10% on the prior period, largely due to the completion of the Core Banking Modernisation initiative and timing of project expenditure.

Loan Impairment Expense

	Half Year Ended				
	31 Dec 13 \$M	**30 Jun 13 \$M**	**31 Dec 12 \$M**	**Dec 13 vs Jun 13 %**	**Dec 13 vs Dec 12 %**
Retail Banking Services	**290**	287	246	1	18
Business and Private Banking	**87**	130	150	(33)	(42)
Institutional Banking and Markets	**21**	57	161	(63)	(87)
New Zealand	**18**	23	22	(22)	(18)
Bankwest	**5**	32	86	(84)	(94)
IFS and Other	**36**	(63)	15	large	large
Loan impairment expense ("statutory basis")	**457**	466	680	(2)	(33)

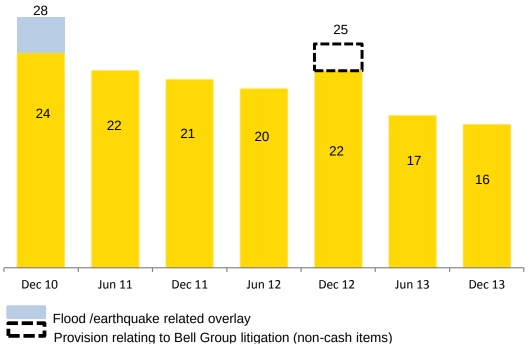
December 2013 versus December 2012

Loan impairment expense decreased 33% on the prior comparative period to \$457 million. The decrease was driven by:

- Lower individual provisioning requirements across commercial and corporate portfolios;
- Increased write-backs and recoveries in Institutional Banking and Markets; and
- A reduction in Business and Private Banking individual provisioning levels and the non-recurrence of softening collateral values in a small number of troublesome assets experienced in the prior comparative period;
- A reduction in expenses in the Retail Banking Services due to further improvements in home loan arrears; partly offset by
- Increased expense in Retail Banking Services following continued elevated arrears in the personal loans portfolio.

Loan Impairment Expense (continued)

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



December 2013 versus June 2013

Loan impairment expense decreased 2% on the prior half to $457 million mainly, driven by:

- Decreased expense in Business and Private Banking, reflecting stable portfolio quality;
- A higher level of write-backs and recoveries in Institutional Banking and Markets; and
- Reduced individual provisioning requirements and the continued run-off of the troublesome loan book in Bankwest resulting in reduced requirements for provisions; partly offset by
- Increased central management overlays during the half, compared to a large one-off write-back in the prior half.

Taxation Expense

	Half Year Ended				
	31 Dec 13	30 Jun 13 (1)	31 Dec 12 (1)	Dec 13 vs	Dec 13 vs
	$M	$M	$M	Jun 13 %	Dec 12 %
Corporate tax expense ($M)	**1,638**	1,497	1,402	9	17
Effective tax rate (%)	**28. 0**	27. 3	27. 8	70 bpts	20 bpts

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

	Half Year Ended				
	31 Dec 13	30 Jun 13	31 Dec 12	Dec 13 vs	Dec 13 vs
Income Tax	$M	$M	$M	Jun 13 %	Dec 12 %
Retail Banking Services	**713**	665	650	7	10
Business and Private Banking	**342**	310	313	10	9
Institutional Banking and Markets	**218**	178	181	22	20
Wealth Management	**126**	126	123	-	2
New Zealand	**117**	103	101	14	16
Bankwest	**148**	132	111	12	33
IFS and Other	**(2)**	(9)	(31)	(78)	(94)
Total income tax expense ("cash basis")	**1,662**	1,505	1,448	10	15
Non-cash tax expense	**36**	20	38	80	(5)
Total income tax expense ("statutory basis")	**1,698**	1,525	1,486	11	14

	Half Year Ended				
	31 Dec 13	30 Jun 13	31 Dec 12	Dec 13 vs	Dec 13 vs
Effective Tax	%	%	%	Jun 13 %	Dec 12 %
Retail Banking Services	**29. 9**	29. 8	29. 9	10 bpts	-
Business and Private Banking	**30. 0**	29. 3	30. 1	70 bpts	(10)bpts
Institutional Banking and Markets	**24. 4**	22. 7	22. 9	170 bpts	150 bpts
Wealth Management	**24. 1**	27. 6	27. 7	(350)bpts	(360)bpts
New Zealand	**24. 3**	24. 6	24. 9	(30)bpts	(60)bpts
Bankwest	**29. 6**	30. 3	29. 2	(70)bpts	40 bpts
Total – corporate	**28. 0**	27. 3	27. 8	70 bpts	20 bpts

December 2013 versus December 2012

Corporate tax expense for the half year ended 31 December 2013 increased 14% on the prior comparative period, representing a 28.0% effective tax rate.

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

December 2013 versus June 2013

Corporate tax expense for the half year ended 31 December 2013 increased 11% on the prior half, representing a 28.0% effective tax rate.

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

Review of Group Assets and Liabilities

Total Group Assets and Liabilities	As at 31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Interest earning assets					
Home loans	**387,021**	372,840	359,058	4	8
Personal loans	**22,636**	22,013	21,470	3	5
Business and corporate loans	**180,582**	172,314	166,957	5	8
Loans, bills discounted and other receivables (1)	**590,239**	567,167	547,485	4	8
Non-lending interest earning assets	**119,388**	106,060	103,747	13	15
Total interest earning assets	**709,627**	673,227	651,232	5	9
Other assets (1) (2)	**72,674**	80,630	70,951	(10)	2
Total assets	**782,301**	753,857	722,183	4	8
Interest bearing liabilities					
Transaction deposits	**96,143**	87,673	82,913	10	16
Savings deposits	**120,686**	106,935	99,585	13	21
Investment deposits	**196,955**	199,397	192,302	(1)	2
Other demand deposits	**59,759**	54,472	63,173	10	(5)
Total interest bearing deposits	**473,543**	448,477	437,973	6	8
Debt issues	**147,482**	138,871	127,439	6	16
Other interest bearing liabilities	**47,299**	44,306	40,502	7	17
Total interest bearing liabilities	**668,324**	631,654	605,914	6	10
Non-interest bearing liabilities (2)	**66,940**	76,666	72,921	(13)	(8)
Total liabilities	**735,264**	708,320	678,835	4	8

(1) Loans, bills discounted and other receivables exclude provisions for impairment which are included in Other assets.
(2) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

December 2013 versus December 2012

Asset growth of $60 billion, or 8%, on the prior comparative period was due to increased home lending, business and corporate lending and higher cash and liquid asset balances.

Customer deposits continued to represent 63% of total funding, consistent with the prior comparative period.

Management estimates that 3% of the 8% increase in each of total assets and total liabilities can be attributed to the weaker Australian dollar.

Home loans

Home loan balances increased $28 billion to $387 billion, reflecting an 8% increase on the prior comparative period. Management estimates that 1% of the 8% increase can be attributed to the weaker Australian dollar. This outcome reflected above system growth in Retail Banking Services and Bankwest, as well as growth in fixed rate loans in New Zealand and a continued strong focus on customer service.

Consumer Finance

Personal loans, credit cards and margin lending increased 5% on the prior comparative period to $23 billion. This was driven by new business campaigns in personal lending products and above system growth in credit cards.

Business and corporate loans

Business and corporate loans increased $14 billion to $181 billion, an 8% increase on the prior comparative period. Management estimates that 3% of the 8% increase can be attributed to the weaker Australian dollar. This was also driven by strong growth in institutional lending and business lending in both Australia and New Zealand.

Non-lending interest earning assets

Non-lending interest earning assets increased $16 billion to $119 billion, reflecting a 15% increase on the prior comparative period. Management estimates that 5% of the 15% increase can be attributed to the weaker Australian dollar. This was driven by higher cash and other liquid asset balances held as a result of balance sheet growth and regulatory requirements.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, increased $2 billion to $73 billion, a 2% increase on the prior comparative period.

Interest bearing deposits

Interest bearing deposits increased $36 billion to $474 billion, an 8% increase on the prior comparative period. Management estimates that 2% of the 8% increase can be attributed to the weaker Australian dollar.

New products and targeted campaigns in a highly competitive market resulted in growth of $21 billion in savings deposits, a $13 billion increase in transaction deposits and a $5 billion increase in investment deposits. This was partly offset by a $3 billion decrease in other demand deposits.

Debt issues

Debt issues increased $20 billion to $147 billion, a 16% increase on the prior comparative period. While deposits satisfied the majority of the Group's funding requirements, access was maintained to both domestic and international wholesale debt markets.

Refer to page 32 of this Document for further information on debt programs and issuances for the half year ended 31 December 2013.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through the income statement and amounts due to other financial institutions, increased $7 billion to $47 billion, a 17% increase on the prior comparative period. Management estimates that 13% of the 17% increase can be attributed to the weaker Australian dollar.

Review of Group Assets and Liabilities (continued)

Non-interest bearing liabilities

Non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, decreased $6 billion to $67 billion, an 8% decrease on the prior comparative period. This was predominantly driven by foreign exchange volatility impacting derivative liabilities hedging term debt.

December 2013 versus June 2013

Asset growth of $28 billion, or 4%, on the prior half was driven by increased home lending, business and corporate lending and liquids, partly offset by lower derivative asset balances.

Strong deposits growth allowed the Group to continue to satisfy a significant portion of its funding requirements through customer deposits. Customer deposits made up 63% of total funding as at 31 December 2013, consistent with the prior half.

Management estimates that 1% of the 6% increase in each of total assets and total liabilities can be attributed to the weaker Australian dollar.

Home loans

Home loans experienced continued strong growth with balances increasing by 4% on the prior half. Management estimates that 1% of the 4% increase can be attributed to the weaker Australian dollar. Growth in home loans also reflected continued momentum in Retail Banking Services, new products in Bankwest and the continued strong focus on customer service.

Consumer Finance

Consumer finance increased 3% on the prior half. Personal loans and credit card portfolios continued to increase while margin lending remained stable.

Business and corporate loans

Business and corporate loans increased $8 billion, a 5% increase on the prior half. Management estimates that 1% of the 5% increase can be attributed to the weaker Australian dollar. This was also largely due to solid business lending growth both domestically and in New Zealand.

Non-lending interest earning assets

Non-lending interest earning assets increased $13 billion, a 13% increase on the prior half. Management estimates that 3% of the 13% increase can be attributed to the weaker Australian dollar. This was also driven by higher cash and other liquid asset balances held as a result of balance sheet growth and regulatory requirements.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, decreased 10% on the prior half. This decrease reflected lower derivative asset balances driven by volatility in foreign exchange and interest rate markets.

Interest bearing deposits

Interest bearing deposits increased $25 billion, reflecting a 6% increase on the prior half. Management estimates that 1% of the 6% increase can be attributed to the weaker Australian dollar.

Targeted campaigns in a highly competitive market and new products resulted in growth of $14 billion in savings deposits, an $8 billion increase in transaction deposits and a $5 billion increase in other demand deposits. This was partly offset by a $2 billion decrease in investment deposits.

Debt issues

Debt issues increased $9 billion, reflecting a 6% increase on the prior half.

Refer to page 32 of this Document for further information on debt programs and issuance for the half year ended 31 December 2013.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through the income statement and amounts due to other financial institutions, increased 7% on the prior half due to the weaker Australian dollar.

Non-interest bearing liabilities

Non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, decreased 13% on the prior half. This was driven predominantly by foreign exchange volatility impacting derivative liabilities hedging term debt.

Contents

Loan Impairment Provisions and Credit Quality

Provisions for Impairment

	As at				
	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Provisions for impairment losses					
Collective provision	**2,870**	2,858	2,858	-	-
Individually assessed provisions	**1,416**	1,628	1,845	(13)	(23)
Total provisions for impairment losses	**4,286**	4,486	4,703	(4)	(9)
Less: Off balance sheet provisions	**(24)**	(31)	(18)	(23)	33
Total provisions for loan impairment	**4,262**	4,455	4,685	(4)	(9)

December 2013 versus December 2012

Total provisions for impairment losses decreased 9% on the prior comparative period to $4,286 million as of 31 December 2013. The movement in the level of provisioning reflects:

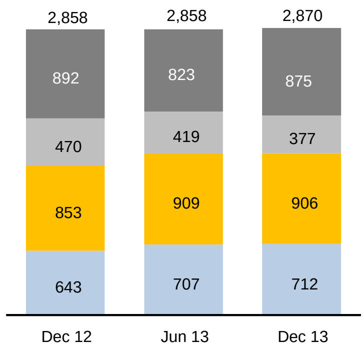
- The reduction in individual provisioning as impaired loans reduced;
- Reduced Bankwest collective provision, as a result of the continued run-off of troublesome loans, offset by increased provisioning in Retail Banking Services as a result of elevated personal loans arrears; and
- Unchanged economic overlays from the prior comparative period.

December 2013 versus June 2013

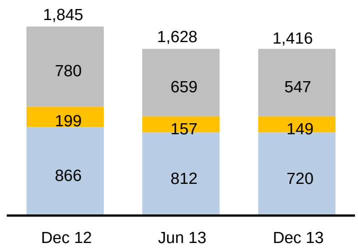
Total provisions for impairment losses decreased 4% on the prior half. The movement in the level of provisioning reflects:

- A reduction in impairments of individually assessed assets;
- Stable collective provisions reflecting growth in gross loans and acceptances, increased management overlays and a reduced Bankwest collective provision as a result of the continued run off of troublesome loans; and
- Unchanged economic overlays from the prior half.

Collective Provisions ($M)



Individually Assessed Provisions ($M)



Overlay Bankwest Consumer Commercial

Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

Credit Quality Metrics	Half Year Ended 31 Dec 13	30 Jun 13	31 Dec 12	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Gross loans and acceptances (GLAA) ($M)	**591,775**	568,821	549,216	4	8
Risk weighted assets (RWA) ($M) - Basel III	**334,197**	329,158	n/a	2	n/a
Risk weighted assets (RWA) ($M) - Basel 2.5	**n/a**	n/a	301,611	n/a	n/a
Credit risk weighted assets ($M) - Basel III	**282,204**	279,674	n/a	1	n/a
Credit risk weighted assets ($M) - Basel 2.5	**n/a**	n/a	258,467	n/a	n/a
Gross impaired assets ($M)	**3,939**	4,330	4,480	(9)	(12)
Net impaired assets ($M)	**2,400**	2,571	2,522	(7)	(5)
Provision ratios					
Collective provision as a % of credit risk weighted assets - Basel III	**1. 02**	1. 02	n/a	-	n/a
Total provision as a % of credit risk weighted assets - Basel III	**1. 52**	1. 60	n/a	(8)bpts	n/a
Collective provision as a % of credit risk weighted assets - Basel 2.5	**n/a**	n/a	1. 11	n/a	n/a
Total provision as a % of credit risk weighted assets - Basel 2.5	**n/a**	n/a	1. 82	n/a	n/a
Total provisions for impaired assets as a % of gross impaired assets	**39. 07**	40. 62	43. 71	(155)bpts	(464)bpts
Total provisions for impairment losses as a % of GLAA's	**0. 72**	0. 79	0. 86	(7)bpts	(14)bpts
Asset quality ratios					
Gross impaired assets as a % of GLAA's	**0. 67**	0. 76	0. 82	(9)bpts	(15)bpts
Loans 90+ days past due but not impaired as a % of GLAA's	**0. 44**	0. 39	0. 48	5 bpts	(4)bpts
Loan Impairment expense ("statutory basis") annualised as a % of average GLAA's	**0. 16**	0. 17	0. 22	(1)bpt	(6)bpts

Provision Ratios

The impaired asset portfolio provision coverage is at 39.07%.

Asset Quality

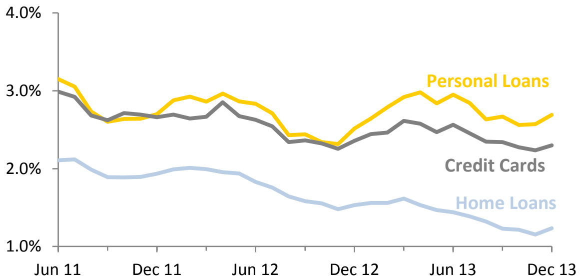
The asset quality ratios exhibited improvement in the quality of the book with a reduction in the level of impaired assets, commercial troublesome assets and retail arrears. Management believes the credit quality of both the retail and corporate portfolios remained sound.

Retail Portfolios – Arrears Rates

Retail arrears across all products reduced during the current half, in part driven by low interest rates.

Home loan arrears reduced over the half, with 30+ day arrears decreasing from 1.44% to 1.23% and 90+ day arrears reducing from 0.62% to 0.52%. Unsecured retail arrears improved over the half with credit card 30+ days arrears falling from 2.56% to 2.30% and 90+ days arrears reducing from 1.02% to 0.91%. Personal loan arrears also improved with 30+ day arrears falling from 2.95% to 2.69% and 90+ days arrears falling from 1.23% to 1.09%.

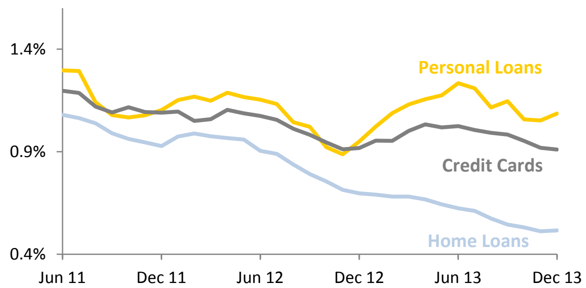
30+ Days Arrears Ratios (%)(1) (2)



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

(2) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

90+ Days Arrears Ratios (%)(1)

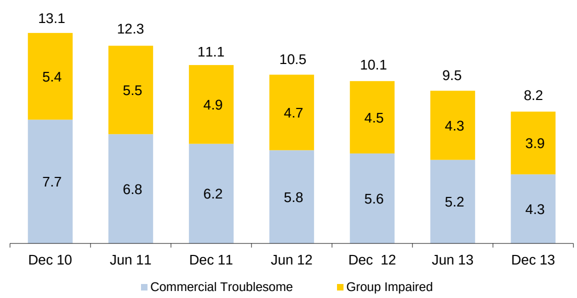


Troublesome and Impaired Assets

Commercial troublesome assets reduced 17% during the half to $4.3 billion.

Gross impaired assets decreased 9% on the prior half to $3,939 million. Gross impaired assets as a proportion of gross loans and acceptances of 0.67% represented a 15 basis point decrease on the prior comparative period, reflecting an improved quality of the corporate portfolios.

Troublesome and Impaired Assets ($B)



Capital

Basel Regulatory Framework

Background

The Group adopted the Basel III measurement and monitoring of regulatory capital effective from 1 January 2013.

In December 2010, the Basel Committee on Banking Supervision (BCBS) published a discussion paper on banking reforms to address issues which led to the Global Financial Crisis and to position banks for future crises. The objectives of the capital reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk. The major reforms are being implemented on a phased approach to 1 January 2019.

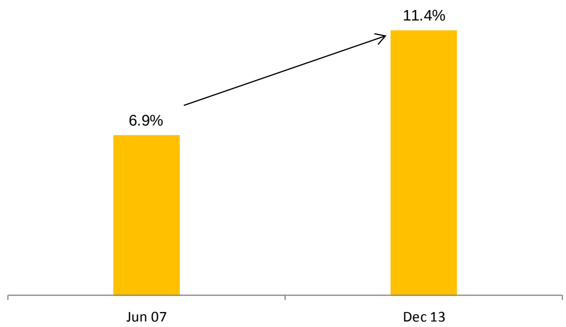
In September 2012, the Australian Prudential Regulation Authority (APRA) published final standards relating to the implementation of the Basel III capital reforms in Australia. APRA has adopted a more conservative approach than the minimum standards published by the BCBS and a more accelerated timetable for implementation.

The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5%, inclusive of a Domestic Systemically Important Bank (DSIB) requirement of 1%, will be implemented on 1 January 2016, bringing the CET1 requirement for the Group to 8%.

Internationally Harmonised Capital Position

The Group's internationally harmonised CET1 ratios are calculated based on full adoption of the Basel III capital reforms, which will not come into effect until 2019 for most banks.

The Group had a CET1 ratio, as measured on an internationally harmonised basis, of 11.4% as at 31 December 2013. This is well in excess of the current prescribed minimum by BCBS and APRA of 4.5%.



The Group has adopted what it believes to be a conservative and proactive approach to capital management and this is reflected in the overall strength of its capital position. The CET1 ratio (on an internationally harmonised basis) has increased by 65% since the global financial crisis began in June 2007.

APRA Capital Requirements

As at 31 December 2013, the Group has a CET1 ratio of 8.5% as measured under APRA's prudential standard version of Basel III. This ratio is well above the current APRA minimum ratio of 4.5%.

The differences in the Basel III APRA and the Basel III internationally harmonised CET1 ratios include:

Deductions

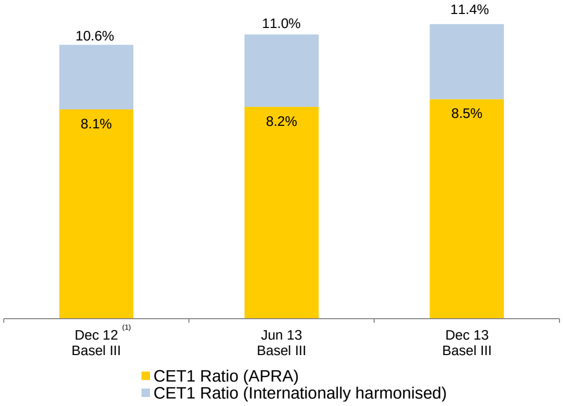
- APRA requires a full deduction to be taken against CET1 for equity investments (including investments in insurance and funds management operations) and deferred tax assets. On an internationally harmonised basis, such items are concessionally risk weighted if they fall below prescribed thresholds.

Risk Weighted Assets

- APRA requires capital to be held for Interest Rate Risk in the Banking Book. There is no similar requirement on an internationally harmonised basis; and
- APRA requires a minimum Loss Given Default floor of 20% to be applied to residential mortgages, which is higher than regulatory requirements elsewhere.

Capital Position

The Group maintained a strong capital position with the capital ratios well in excess of regulatory minimum capital adequacy requirements at all times throughout the half year ended 31 December 2013.



(1) Represents proforma Basel III capital ratios. Basel III was formally implemented on 1 January 2013.

The Group's CET1 (internationally harmonised) and CET1 (APRA) ratios were 11.4% and 8.5% respectively at 31 December 2013. The increase in capital in the December 2013 half year was primarily driven by capital generated from earnings and the benefit from favourable market movements. This was partially offset by the impact of the June 2013 final dividend payment in which the dilutive impact of the Dividend Reinvestment Plan (DRP) was neutralised.

Further details on the Group's regulatory capital position are included in Appendix 7 to this Document.

Capital Initiatives

In order to actively manage the Group's capital, during the half year the DRP for the 2013 final dividend was satisfied in full by the on market purchase of shares. The participation rate for the DRP was 22.4%.

Pillar 3 Disclosures

Full details on the market disclosures required under Pillar 3, per prudential standard APS 330 "Public Disclosure", are provided in the Pillar 3 Reports, which are available on the U.S. Investor Website.

Conglomerate Groups

In May 2013, APRA released a discussion paper and draft prudential standards titled "Supervision of Conglomerate Groups" focusing on the requirements of risk management and capital adequacy. APRA is extending its current prudential supervision framework to Conglomerate Groups that have material operations in more than one APRA regulated industry and/or have one or more material unregulated entities. The aims of the Level 3 proposals are to ensure that a Conglomerate Group holds adequate capital to protect the APRA regulated entities from potential contagion and other risks within the Group. APRA has yet to release final standards, with implementation of these new requirements scheduled from 1 January 2015.

Other Regulatory Changes

In the United States, the Group is subject to certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), including what is commonly called the "Volcker Rule", which prohibits banks and their affiliates from engaging in certain "proprietary trading" (but allows activities such as underwriting, market making and risk-mitigation hedging) and limits the sponsorship of, and investment in, private equity funds and hedge funds, subject to certain important exceptions and exemptions, including those listed above as well as exemptions applicable to transactions and investments occurring solely outside of the United States. In December 2013, U.S. regulators adopted final rules to implement the Volcker Rule. Entities subject to the Volcker Rule are generally required to be in compliance by July 21, 2015. The final rules are highly complex, and many aspects of their application remain uncertain. The final rules also require that certain non-U.S. banking organizations that have U.S. banking operations (such as the Group) design and implement compliance programs to ensure adherence to the Volcker Rule's prohibitions. We are continuing to evaluate the effects of the final rules, but we do not currently anticipate that the Volcker Rule will have a material effect on our operations. Development and monitoring of the required compliance program, however, may require the expenditure of significant resources and management attention.

Leverage Ratio

In January 2014, the BCBS endorsed the leverage ratio framework and disclosure requirements. The ratio is defined as Tier 1 Capital as a percentage of exposures, with a proposed minimum of 3%.

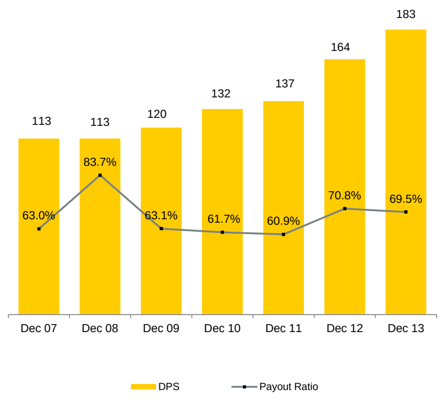
Public disclosure of the leverage ratio will commence from 1 January 2015. The BCBS has advised that any final adjustments to the definition and calibration of the ratio will be made by 2017. Migration to a Pillar 1 (minimum capital requirement) is expected from 1 January 2018.

Dividends

Interim Dividend for the Half Year Ended 31 December 2013

An interim dividend of $1.83 per share was determined, an increase of 12% on the prior comparative period. The dividend payout ratio ("cash basis") for the half year to 31 December 2013 was approximately 70%.

The interim dividend is expected to be fully franked and is scheduled to be paid on 3 April 2014 to owners of ordinary shares at the close of business on 21 February 2014 (record date). Shares will be quoted ex-dividend on 17 February 2014.



Dividend Reinvestment Plan (DRP)

The DRP will continue to be offered to shareholders, but no discount will be applied to shares allocated under the plan for the interim dividend.

Dividend Policy

The Group will seek to:

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

Liquidity

	As at				
	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 12 vs Dec 12 %
Internal RMBS	**53,107**	57,852	57,362	(8)	(7)
Bank, NCD, Bills, RMBS, Supra, Covered Bonds	**29,867**	29,540	31,109	1	(4)
Cash, Government and Semi-Government Bonds	**53,596**	49,324	39,833	9	35
Liquid Assets (1)	**136,570**	136,716	128,304	-	6

(1) Liquids are reported net of applicable regulatory haircuts.

December 2013 versus December 2012

The Group holds what it believes to be a well-diversified, high quality liquid asset portfolio to meet balance sheet liquidity needs and regulatory requirements.

Total liquid assets grew by $8 billion to $137 billion, a 6% increase on the prior comparative period, which was in line with overall balance sheet growth. Excluding internal Residential Mortgage Backed Securities (RMBS), the Group held $83 billion of liquid assets, $12 billion above the regulatory minimum requirement of $71 billion.

Liquid assets in the form of cash, government and semi-government securities grew by $14 billion, offsetting a $5 billion reduction in other forms of liquid assets, namely bank issued debt securities and internal RMBS.

In the second half, the Group utilised internal RMBS to support industry-wide changes in the Australian payment system, designed to enhance after-hours payment capabilities for customers. Internal RMBS assets of $4.3 billion were deposited with the Reserve Bank of Australia, resulting in a corresponding increase in the cash at bank balance.

December 2013 versus June 2013

In the half year to December 2013, the Group maintained $137 billion of total liquid securities, consistent with the prior half.

Liquidity and Capital Resources

Liquidity and Funding Arrangements

Overview

The Group's liquidity and funding policies are designed to ensure it will meet its obligations as and when they fall due, by ensuring it is able to borrow funds on an unsecured basis, or has sufficient quality assets to borrow against on a secured basis, or has sufficient quality liquid assets to sell to raise immediate funds without adversely affecting the Group's net asset value.

The Group's funding policies and risk management framework are designed to complement the Group's liquidity policies by providing for an optimal liability structure to finance the Group's businesses. The long-term stability and security of the Group's funding is also designed to protect its liquidity position in the event of a crisis specific to the Group.

The Group's liquidity policies are designed to ensure it maintains sufficient cash balances and liquid asset holdings to meet its obligations to customers, in both ordinary market conditions and during periods of extreme stress. These policies are intended to protect the value of the Group's operations across its Retail Banking Services, Business and Private Banking, Institutional Banking and Markets, Wealth Management, New Zealand, Bankwest, and Asian businesses, during periods of unfavourable market conditions.

The Group's funding policies are designed to achieve diversified sources of funding by product, term, maturity date, investor type, investor location, jurisdiction, currency and concentration, on a cost effective basis. This objective applies to the Group's wholesale and retail funding activities.

More information regarding the Group's liquidity and debt maturity profile can be found in Appendix 5 to this Document.

The Risk Management Framework for Liquidity and Funding

The Group's liquidity and funding policies are approved by the Board and agreed with APRA. The Group has an Asset and Liability Committee whose charter includes reviewing the management of assets and liabilities, reviewing liquidity and funding policies and strategies, as well as regularly monitoring compliance with those policies across the Group. The Group Treasury division manages the Group's liquidity and funding positions in accordance with the Group's liquidity policy; including monitoring and satisfying the liquidity needs of the Group and its subsidiaries.

Subsidiaries within the Colonial Group apply their own liquidity and funding methods to address their specific needs. The Group's New Zealand banking subsidiary, ASB Bank, manages its own domestic liquidity and funding needs in accordance with its own liquidity policies and the policies of the Group. ASB's liquidity policy is also overseen by the Reserve Bank of New Zealand. The Group also has a relatively small banking subsidiary in Indonesia that manages its own liquidity and funding on a similar basis.

The Group's Risk Management division provide oversight of the Group's liquidity and funding risk and manage the Group's relationship with prudential regulators.

Liquidity and Capital Resources (continued)

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
Debt Issues	$M	$M	$M
Total short term debt issues	59,087	54,718	39,147
Total long term debt issues	83,588	78,090	80,137
Total debt issues	**142,675**	132,808	119,284

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
Debt Issues	$M	$M	$M
Maturity Distribution of Debt Issues (1)			
Less than three months	17,661	16,472	17,968
Between three and twelve months	41,426	38,246	23,521
Between one and five years	61,116	56,970	56,812
Greater than five years	22,472	21,120	20,983
Total debt issues	**142,675**	132,808	119,284

(1) Represents the contractual maturity of the underlying instruments; other than for RMBS which is based on expected life.

Access in a timely and flexible manner to a diverse range of debt markets and investors is provided by the following programmes as at 31 December 2013.

Debt Programmes and Issuing Shelves

Programme/Issue Shelf	Programme/Issuing Shelf Type
Australia	
Unlimited	Domestic Debt Issuance Programme
Unlimited	CFL Domestic Borrowing Programme
Euro Market	
€7 billion	ASB Covered Bond Programme
US$7 billion	ASB Euro Commercial Paper Programme
US$20 billion	CBA Euro Commercial Paper Programme
US$70 billion	Euro Medium Term Note Programme (1)(2)
US$10 billion	ASB Extendible Notes Programme
Asia	
US$ 5 billion	Asian Transferable Certificates of Deposit Programme
¥500 billion	Uridashi Shelf (2)
New Zealand	
Unlimited	ASB Domestic Medium Term Note Programme
Unlimited	ASB Registered Certificate of Deposit Programme
Unlimited	CBA Domestic Medium Term Note Programme
United States	
US$7 billion	ASB Commercial Paper Programme
US$35 billion	CBA Commercial Paper Programme
US$50 billion	U.S. Rule 144A / Regulation S Medium Term Note Programme
US$30 billion	CBA Covered Bond Programme
US$25 billion	CBA 3(a)(2) Medium Term Note Programme

(1) ASB Finance Limited, unconditionally and irrevocable guaranteed by ASB Bank Limited, is also an issuer under this programme.
(2) Amounts are also reflected under the $70 billion Euro Medium Term Note Programme.

Liquidity and Capital Resources (continued)

In addition to the debt instruments listed on the previous page, the Group has made certain contractual and commercial commitments to make expenditures. The contractual obligations profile of the Group is presented under Note 35 of the 2013 Financial Report. Except as noted in Note 12, the Group is not aware of any material changes to this profile since 30 June 2013.

For more information on the Group's funding programs and liquidity and capital resources, see Note 40 of the 2013 Financial Report.

Details of the Group's regulatory capital position and capital management activities are disclosed in Appendix 7 to this Document l and Note 30 of the 2013 Financial Report.

Recent Market Environment

The Group's wholesale funding costs generally improved over the course of calendar year 2013 as relatively high levels of global liquidity and a generally improved economic global outlook combined to lower credit spreads in domestic and international debt capital markets. The Group has managed its debt portfolio to avoid concentrations such as dependence on single sources of funding, by type or by investor, and continues to maintain a diversified funding base and significant funding capacity in the domestic and global unsecured and covered bond debt markets.

Details of the Group's regulatory capital position and capital management activities are disclosed on pages 28 to 29 of this Document.

Off-Balance Sheet Arrangements

For further details regarding the Group's off-balance sheet arrangements, please see "Off-Balance Sheet Arrangements" beginning on page 86 of the 2013 U.S. Annual Disclosure Document.

Corporate Governance

Changes to Executive Team

On 2 September 2013, the Group announced the impending resignation of Ian Saines, Group Executive Institutional Banking and Markets. Mr Saines left the Group at the end of 2013. On 10 December 2013, the Group announced the appointment of Kelly Bayer Rosmarin as Mr Saines's replacement. Ms Bayer Rosmarin joined the Commonwealth Bank in 2004 and has since held a variety of line roles, as well as playing an important part in many strategic initiatives, projects, and product launches across the organisation. Ms Bayer Rosmarin previously held the position of Executive General Manager of Corporate Banking Solutions and was a member of the Institutional Banking and Markets and Business & Private Banking Leadership teams.

Prior to her time at Commonwealth Bank, Ms Bayer Rosmarin was a consultant at The Boston Consulting Group and a director of product management at technology firm Peoplesoft in California.

Ms Bayer Rosmarin holds bachelors and masters degrees in science from Stanford University.

Changes to Board of Directors

There have been no changes to the Board of directors since June 2013.

Funding

Group Funding (1)	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Customer deposits	**426,407**	405,377	385,879	5	11
Short term wholsesale funding	**118,233**	110,595	108,075	7	9
Long term wholesale funding - less than or equal to one year residual maturity	**35,054**	29,129	24,571	20	43
Long term wholesale funding - more than one year residual maturity (2)	**95,739**	96,611	103,031	(1)	(7)
IFRS MTM and derivative FX revaluations	**5,722**	1,837	(4,267)	large	large
Total wholesale funding	**254,748**	238,172	231,410	7	10
Total funding	**681,155**	643,549	617,289	6	10

(1) Shareholders' equity is excluded from this view of funding sources, other than the USD Trust Preferred Securities, which are classified as other equity instruments in the statutory Balance Sheet.

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

December 2013 versus December 2012

Customer deposits

Customer deposits accounted for 63% of total funding at 31 December 2013, in line with the prior comparative period. Strong deposit growth has seen the Group satisfy a significant proportion of its funding requirements from retail, business and institutional customer deposits. The remaining 37% of total funding comprised various wholesale debt issuances.

Short term wholesale funding

Short term wholesale funding includes debt with an original maturity or call date of less than 12 months, and consists of Certificates of Deposit and Bank Acceptances, as well as debt issued under domestic, Euro and US Commercial paper programs by Commonwealth Bank of Australia and ASB. Short term wholesale funding accounted for 46% of total wholesale funding at 31 December 2013, down from 47% in the prior comparative period.

Long term wholesale funding

Long term wholesale funding includes debt with an original maturity or call date of greater than 12 months. Long term wholesale funding conditions improved during the half compared to the prior comparative period, as the US Federal Reserve continued its quantitative easing. During the half, the Group issued $17 billion of long term wholesale debt transactions in multiple currencies, including the US dollar, euro, Australian dollar and yen. Given improved funding conditions, most issuances were in senior unsecured format, although the Group also used its covered bond program to provide cost, tenor and diversification benefits. The Weighted Average Maturity (WAM) of new long term wholesale debt issued in the year to December 2013 was 3.8 years. The WAM of outstanding long term wholesale debt was 3.8 years at 31 December 2013.

Long term wholesale debt (including adjustment for IFRS MTM and derivative FX revaluations) accounted for 54% of total wholesale funding at 31 December 2013, compared to 53% in the prior comparative period.

December 2013 versus June 2013

Customer deposits

Customer deposits accounted for 63% of total funding at 31 December 2013, consistent with the prior half. The remaining 37% of total funding comprised various wholesale debt issuances.

Short term wholesale funding

Short term wholesale funding accounted for 46% of total wholesale funding at 31 December 2013, in line with the prior half.

Long term wholesale funding

Long term wholesale debt (including adjustment for IFRS MTM and derivative FX revaluations) accounted for 54% of total wholesale funding at 31 December 2013, in line with the prior half.

The WAM of new long term wholesale debt issued in the six months to December 2013 was 3.6 years.

For further information on funding risk, please refer to Appendix 5 to this Document.

This page has been intentionally left blank

Contents

Section 5 – Divisional Performance

Retail Banking Services

	Half Year Ended				
	31 Dec 13	30 Jun 13 [(1)]	31 Dec 12 [(1)]	Dec 13 vs	Dec 13 vs
	$M	$M	$M	Jun 13 %	Dec 12 %
Net interest income	**3,432**	3,265	3,160	5	9
Other banking income	**814**	757	747	8	9
Total banking income	**4,246**	4,022	3,907	6	9
Operating expenses	**(1,572)**	(1,504)	(1,488)	5	6
Loan impairment expense	**(290)**	(287)	(246)	1	18
Net profit before tax	**2,384**	2,231	2,173	7	10
Corporate tax expense	**(713)**	(665)	(650)	7	10
Cash net profit after tax	**1,671**	1,566	1,523	7	10
Statutory net profit after tax	**1,671**	1,566	1,523	7	10
Income analysis:					
Net interest income					
Home loans	**1,665**	1,567	1,431	6	16
Consumer finance [(2)]	**858**	804	764	7	12
Retail deposits	**890**	874	937	2	(5)
Other [(3)]	**19**	20	28	(5)	(32)
Total net interest income	**3,432**	3,265	3,160	5	9
Other banking income					
Home loans	**107**	103	104	4	3
Consumer finance [(2)]	**271**	237	246	14	10
Retail deposits	**198**	193	193	3	3
Distribution [(4)]	**203**	191	173	6	17
Other [(3)]	**35**	33	31	6	13
Total other banking income	**814**	757	747	8	9
Total banking income	**4,246**	4,022	3,907	6	9

	As at				
	31 Dec 13	30 Jun 13 [(1)]	31 Dec 12 [(1)]	Dec 13 vs	Dec 13 vs
Balance Sheet	$M	$M	$M	Jun 13 %	Dec 12 %
Home loans	**254,405**	246,147	237,670	3	7
Consumer finance [(2)]	**15,455**	15,014	14,562	3	6
Other interest earning assets	**1,660**	1,863	1,912	(11)	(13)
Total interest earning assets	**271,520**	263,024	254,144	3	7
Other assets	**842**	1,308	931	(36)	(10)
Total assets	**272,362**	264,332	255,075	3	7
Transaction deposits	**21,019**	17,879	18,050	18	16
Savings deposits	**77,506**	69,030	62,826	12	23
Investment deposits and other	**88,341**	89,043	89,280	(1)	(1)
Total interest bearing deposits	**186,866**	175,952	170,156	6	10
Non-interest bearing liabilities	**6,392**	6,334	5,929	1	8
Total liabilities	**193,258**	182,286	176,085	6	10

	Half Year Ended				
				Dec 13 vs	Dec 13 vs
Key Financial Metrics	31 Dec 13	30 Jun 13 [(1)]	31 Dec 12 [(1)]	Jun 13 %	Dec 12 %
Performance indicators					
Return on assets (%)	**1. 2**	1. 2	1. 2	-	-
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 21**	0. 22	0. 19	(1)bpt	2 bpts
Statutory operating expenses to total banking income (%)	**37. 0**	37. 4	38. 1	(40)bpts	(110)bpts
Other asset/liability information					
Average interest earning assets ($M)	**266,879**	257,994	251,320	3	6
Average interest bearing liabilities ($M)	**181,439**	173,447	166,699	5	9

(1) Comparative information has been reclassified to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.
(2) Consumer Finance includes personal loans and credit cards.
(3) Other includes asset finance, merchants and business lending.
(4) Distribution includes income associated with the sale of foreign exchange products, and commissions received from the distribution of wealth management products through the retail network.

Financial Performance and Business Review

This Retail Banking Services analysis contains forward-looking statements. See "Special Note Regarding Forward-Looking Statements" on page 4 of this Document.

December 2013 versus December 2012

Retail Banking Services Net profit after tax ("statutory basis") for the half year ended 31 December 2013 was $1,671 million, an increase of 10% on the prior comparative period. The result was driven by continued strong growth in both net interest income and other banking income, partly offset by staff expense growth from inflation-related salary increases and performance-related costs, the one-off impact of capitalised software write-offs, and higher loan impairment expenses. Customer satisfaction levels remained at record levels during the half year, with the Retail Bank retaining its lead in customer satisfaction among its peers[(1)].

Net Interest Income

Net interest income was $3,432 million, an increase of 9% on the prior comparative period. This was supported by strong volume growth across all key products.

Balance sheet growth included:

- Home loan growth of 7%, which was ahead of system growth. This was achieved in an improving market environment despite intense competition;
- Consumer finance balance growth of 6% following new business campaigns in personal lending. Credit card balances have continued to grow ahead of system; and
- Deposit balance growth of 10%, driven by strong growth in at-call savings products and transaction accounts.

Net interest margin increased, reflecting improving margins across lending products, and was partly offset by a decrease in deposit margins driven by competitive pressures, the declining cash rate environment and strong growth in lower margin online savings products.

Other Banking Income

Other banking income was $814 million, an increase of 9% on the prior comparative period, reflecting:

- Growth in credit card interchange revenue as a result of higher spending and an increase in international purchases;
- An increase in deposit fees driven by higher transaction volumes; and
- Distribution[(2)] income increasing 17% due to strong performance of Travel Money Card and other foreign exchange products, as well as increased insurance commissions.

Operating Expenses

Operating expenses for the half year were $1,572 million, an increase of 6% on the prior comparative period. The increase reflected higher staff costs from inflation-related staff expenses and performance awards resulting from strong business performance, the one-off write-off of capitalised software and higher credit card loyalty redemption activity. The growth in loyalty expenses reflects the ongoing success of the Retail Bank's innovative redemption programmes.

The operating expenses to total banking income ratio was 37.0%, an improvement of 110 basis points on the prior comparative period.

Loan Impairment Expense

Loan impairment expense for the half year to 31 December 2013 was $290 million, an increase of 18% on the prior comparative period. This increase was mainly due to continued elevated arrears for the personal loans portfolio, although improvements were observed throughout the current half. The impact of the increase in personal loan arrears was partly offset by further improvements in home loan arrears.

December 2013 versus June 2013

Net profit after tax ("statutory basis") increased by 7% compared to the prior half. The result was primarily driven by strong revenue growth partially offset by the one-off write-off of capitalised software and higher staff expenses.

Net Interest Income

Net interest income increased by 5% on the prior half, reflecting strong growth across key products and stable net interest margin.

Balance sheet growth included:

- Home loan balance growth of 3%, in line with system growth. New business volumes remained strong in a competitive environment;
- Consumer finance balances increased 3%; and
- Deposit balances increased by 6% on the prior half, primarily driven by savings and transaction accounts.
- Net interest margin increased, reflecting a continuation of risk based pricing in the personal lending portfolio within consumer finance, partly offset by lower deposit margins resulting from the declining cash rate and strong growth in lower margin savings deposit accounts.

Other Banking Income

Other banking income increased by 8% on the prior half. Key factors driving this result included:

- Higher home loan fee income, in line with new business volume growth;
- Consumer finance fees increased by 14%, reflecting higher credit card interchange income, an increase in loyalty points issued and growth in international purchases;
- Deposit fees income increased due to higher transaction volume; and
- Distribution[(2)] income increased 6% primarily due to strong sales in foreign exchange products and growth in insurance commissions.

Operating Expenses

Operating expenses increased by 5% compared to the prior half. This was mainly due to the one-off write-off of capitalised software, an increase in staff expenses and higher credit card loyalty redemption activity.

Loan Impairment Expense

Loan impairment expense increased by 1% compared to the prior half. This was mainly driven by strong portfolio growth, partially offset by improvements in unsecured arrears rates.

(1) Roy Morgan Research. Retail Main Financial Institution (MFI) Customer Satisfaction, Australians 14+, % "Very Satisfied" or "Fairly Satisfied" with relationship with that MFI. Six month rolling average to December 2013.

(2) Distribution includes income associated with the sale of foreign exchange products, and commissions received from the distribution of wealth management products through the retail network.

Business and Private Banking

	Half Year Ended				
	31 Dec 13	30 Jun 13 [1]	31 Dec 12 [1]	Dec 13 vs	Dec 13 vs
	$M	$M	$M	Jun 13 %	Dec 12 %
Net interest income	**1,501**	1,480	1,472	1	2
Other banking income	**434**	404	413	7	5
Total banking income	**1,935**	1,884	1,885	3	3
Operating expenses	**(709)**	(696)	(696)	2	2
Loan impairment expense	**(87)**	(130)	(150)	(33)	(42)
Net profit before tax	**1,139**	1,058	1,039	8	10
Corporate tax expense	**(342)**	(310)	(313)	10	9
Cash net profit after tax	**797**	748	726	7	10
Statutory net profit after tax	**797**	748	726	7	10
Income analysis:					
Net interest income					
Corporate Financial Services	**489**	481	489	2	-
Regional & Agribusiness	**283**	283	278	-	2
Local Business Banking	**536**	526	512	2	5
Private Bank	**123**	122	120	1	3
Equities and Margin Lending	**70**	68	73	3	(4)
Total net interest income	**1,501**	1,480	1,472	1	2
Other banking income					-
Corporate Financial Services	**168**	141	157	19	7
Regional & Agribusiness	**48**	48	46	-	4
Local Business Banking	**108**	103	107	5	1
Private Bank	**26**	25	22	4	18
Equities and Margin Lending	**84**	87	81	(3)	4
Total other banking income	**434**	404	413	7	5
Total banking income	**1,935**	1,884	1,885	3	3
Income by product:					
Business Products	**1,104**	1,075	1,067	3	3
Retail Products	**596**	584	574	2	4
Equities and Margin Lending	**143**	144	139	(1)	3
Markets	**67**	54	77	24	(13)
Other	**25**	27	28	(7)	(11)
Total banking income	**1,935**	1,884	1,885	3	3

	As at				
	31 Dec 13	30 Jun 13 [1]	31 Dec 12 [1]	Dec 13 vs	Dec 13 vs
Balance Sheet	$M	$M	$M	Jun 13 %	Dec 12 %
Home loans	**39,168**	39,594	38,794	(1)	1
Consumer finance	**1,131**	1,070	1,062	6	6
Business loans	**59,507**	58,500	57,171	2	4
Margin loans	**2,724**	2,813	2,850	(3)	(4)
Total interest earning assets	**102,530**	101,977	99,877	1	3
Non-lending interest earning assets	**350**	247	232	42	51
Other assets [2]	**3**	208	15	(99)	(80)
Total assets	**102,883**	102,432	100,124	-	3
Transaction deposits	**22,323**	21,394	20,956	4	7
Savings deposits	**12,558**	11,303	11,432	11	10
Investment deposits and other	**27,359**	26,861	27,384	2	-
Total interest bearing deposits	**62,240**	59,558	59,772	5	4
Non-interest bearing liabilities [2]	**5,136**	5,282	5,130	(3)	-
Total liabilities	**67,376**	64,840	64,902	4	4

(1) Comparative information has been reclassified to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

(2) Other assets include intangible assets and Non-interest bearing liabilities include non-interest bearing deposits.

Key Financial Metrics	Half Year Ended				
	31 Dec 13	30 Jun 13 (1)	31 Dec 12 (1)	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Performance indicators					
Return on assets (%)	**1. 5**	1. 5	1. 4	-	10 bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 17**	0. 26	0. 30	(9)bpts	(13)bpts
Statutory operating expenses to total banking income (%)	**36. 6**	36. 9	36. 9	(30)bpts	(30)bpts
Other asset/liability information					
Average interest earning assets ($M)	**102,421**	100,519	99,277	2	3
Average interest bearing liabilities ($M)	**61,366**	60,239	57,484	2	7

(1) Comparative information has been reclassified to conform to presentation in the current year. Refer to Note 1 and Appendix 16 to this Document for more details.

Financial Performance and Business Review

This Business and Private Banking analysis contains forward-looking statements. See "Special Note Regarding Forward-Looking Statements" on page 4 of this Document.

December 2013 versus December 2012

Business and Private Banking achieved a Net profit after tax ("statutory basis") of $797 million for the half year ended 31 December 2013, an increase of 10% on the prior comparative period. The result was driven by growth in business and home lending income, partly offset by lower income from deposits and risk management related products. Growth in expenses of 2% reflected a continued focus on productivity and disciplined cost management. Loan impairment expense decreased 42% on the prior comparative period, reflecting a stable portfolio quality and lower individual impairments.

Net Interest Income

Net interest income of $1,501 million increased 2% on the prior comparative period. This reflected average lending growth, partly offset by a decrease in net interest margin.

Balance sheet growth included:

- Business lending growth of 4% which reflected continued customer demand for market rate linked products such as commercial bills;
- Growth in customer deposits of 4% with the majority of growth in transaction and savings products; and
- Home loan growth of 1%, reflecting solid new business volumes, partly offset by customer preference to repay balances faster in a lower rate environment.

Net interest margin decreased, reflecting lower deposit margins resulting from continued customer demand for higher yield deposit products and the impact of lower average cash rates.

Other Banking Income

Other banking income of $434 million increased 5% on the prior comparative period due to:

- Higher commercial lending fee revenue arising from volume growth in cash advance facilities;
- An increase of 8% in equities trading volumes; and
- Higher foreign exchange revenue driven by rate volatility; partly offset by
- Lower income from the sale of risk management related products due to lower interest rate volatility.

Operating Expenses

Operating expenses of $709 million increased 2% on the prior comparative period. Higher staff expenses and amortisation costs associated with the implementation of the new core banking system were partly offset by the benefit of productivity initiatives and disciplined expense management.

Loan Impairment Expense

Loan impairment expense of $87 million decreased 42% on the prior comparative period, reflecting stable portfolio quality. The softening in collateral values that occurred during the prior comparative period was not repeated in the current half.

Loan impairment expense as a percentage of average gross loans and acceptances decreased by 13 basis points to 17 basis points.

December 2013 versus June 2013

Net profit after tax ("statutory basis") for the half year ended 31 December 2013 increased by 7% on the prior half. The result was driven by growth in other banking income, partly offset by lower deposit revenue. Expense growth of 2% reflected the benefit of a focus on productivity and disciplined cost management. Loan impairment expense decreased 33% on the prior half.

Net Interest Income

Net interest income increased 1% on the prior half. This reflected average lending growth partly offset by a reduction in net interest margin.

Balance sheet growth included:

- Growth in customer deposits of 5%, particularly in savings accounts; and
- Business lending growth of 2%.

Net interest margin decreased, reflecting the impact of the falling cash rate environment on deposit margins, partly offset by the effective management of asset margins.

Other Banking Income

Other banking income increased 7% on the prior half due to:

- Higher commercial lending fee revenue arising from solid growth in cash advance facilities;
- Higher income from the sale of risk management related products; partly offset by
- A decrease of 11% in equities trading volumes.

Operating Expenses

Operating expenses increased 2% on the prior half. Higher staff expenses and amortisation costs were partly offset by the benefit of productivity initiatives and efficiency savings in technology related costs.

Loan Impairment Expense

Loan impairment expense decreased 33% on the prior half reflecting stabilisation in the quality of the portfolio.

Institutional Banking and Markets

	Half Year Ended				
	31 Dec 13 $M	30 Jun 13 [1] $M	31 Dec 12 [1] $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Net interest income	704	644	697	9	1
Other banking income	664	629	609	6	9
Total banking income	1,368	1,273	1,306	7	5
Operating expenses	(455)	(439)	(432)	4	5
Loan impairment expense	(21)	(57)	(97)	(63)	(78)
Net profit before tax	892	777	777	15	15
Corporate tax expense	(218)	(178)	(181)	22	20
Cash net profit after tax	674	599	596	13	13
Bell Group litigation (after tax)	-	-	(45)	-	large
Statutory net profit after tax	674	599	551	13	22
Income analysis:					
Net interest income					
Institutional Banking	615	551	587	12	5
Markets	89	93	110	(4)	(19)
Total net interest income	704	644	697	9	1
Other banking income					
Institutional Banking	391	412	379	(5)	3
Markets	273	217	230	26	19
Total other banking income	664	629	609	6	9
Total banking income	1,368	1,273	1,306	7	5
Income by product:					
Institutional products	868	832	852	4	2
Asset leasing	111	98	85	13	31
Markets	362	310	340	17	6
Other	27	33	29	(18)	(7)
Total banking income	1,368	1,273	1,306	7	5

	As at				
Balance Sheet	31 Dec 13 $M	30 Jun 13 [1] $M	31 Dec 12 [1] $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Interest earning lending assets	85,010	78,009	73,752	9	15
Non-lending interest earning assets	47,600	34,872	33,528	36	42
Other assets [2]	19,362	33,526	32,363	(42)	(40)
Total assets	151,972	146,407	139,643	4	9
Transaction deposits	41,975	38,494	34,406	9	22
Investment deposits	36,512	39,335	32,778	(7)	11
Certificates of deposit and other	15,214	11,379	13,951	34	9
Total interest bearing deposits	93,701	89,208	81,135	5	15
Due to other financial institutions	19,877	17,272	17,300	15	15
Debt issues and other [3]	11,888	10,495	12,169	13	(2)
Non-interest bearing liabilities [2]	25,250	32,564	27,307	(22)	(8)
Total liabilities	150,716	149,539	137,911	1	9

	Half Year Ended				
Key Financial Metrics	31 Dec 13	30 Jun 13 [1]	31 Dec 12 [1]	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Performance indicators					
Return on assets (%)	0. 9	0. 8	0. 9	10 bpts	-
Impairment expense annualised as a % of average GLAA's (%)	0. 05	0. 15	0. 26	(10)bpts	(21)bpts
Statutory operating expenses to total banking income (%)	33. 3	34. 5	33. 1	(120)bpts	20 bpts
Other asset/liability information					
Average interest earning assets ($M)	120,871	107,165	110,559	13	9
Average interest bearing liabilities ($M)	121,860	115,592	116,395	5	5

(1) Comparative information has been reclassified to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.
(2) Other assets include intangible assets and derivative assets. Non-interest bearing liabilities include derivative liabilities.
(3) Debt issues and other includes bank acceptances, liabilities at fair value and loan capital.

Financial Performance and Business Review

This Institutional Banking and Markets analysis contains forward-looking statements. See “Special Note Regarding Forward-Looking Statements” on page 4 of this Document.

December 2013 versus December 2012

Institutional Banking and Markets achieved a Net profit after tax (“statutory basis”) of $674 million for the half year ended 31 December 2013, which represented a 13% increase on the prior comparative period. The result was driven by lower loan impairment expense, positive trading performance in Markets and growth in average lending balances. This was partly offset by lower deposits income, less favourable counterparty fair value adjustments and higher amortisation of IT platforms.

Net Interest Income

Net interest income increased 1% on the prior comparative period to $704 million, driven by growth in average balances. This was partly offset by lower deposit margins and lower interest income in the Markets business.

Average balance growth included:

- Average deposit volumes increased 17%, largely in transaction deposits;
- Average asset leasing balances increased 20%, largely in the United Kingdom and Asia; and
- Average lending balances increased 4%.

Net interest margin decreased, impacted by competition for deposits, a continuing shift in customer preference to lower margin deposits and lower amortisation of deferred fees. This was partly offset by higher lending margins.

Other Banking Income

Other banking income was $664 million, an increase of 9% on the prior comparative period due to:

- A favourable trading performance in Markets; partly offset by
- A decrease in favourable counterparty fair value adjustments to $23 million for the half year ended 31 December 2013, compared to $47 million favourable in the prior comparative period.

Operating Expenses

Operating expenses increased 5% on the prior comparative period to $455 million. Excluding the impact of the weaker Australian dollar, operating expenses increased by 4%. The increase reflects higher amortisation of IT platforms and inflation-related salary increases.

Loan Impairment Expense

Loan impairment expense was $21 million, a decrease of 78% on the prior comparative period, driven by a higher level of write-backs and recoveries. The overall credit rating of the institutional portfolio remained stable.

Corporate Tax Expense

The corporate tax expense for the half year ended 31 December 2013 was $218 million. The effective tax rate of 24.4% was higher than the prior comparative period due to lower dividend distributions in offshore jurisdictions.

December 2013 versus June 2013

Net profit after tax (“statutory basis”) of $674 million for the half year ended 31 December 2013, represented a 13% increase on the prior half. The result was driven by a positive trading performance in Markets, lower loan impairment expense and volume growth. This was partly offset by decreased deposit and lending fee income and less favourable counterparty fair value adjustments.

Net Interest Income

Net interest income increased 9% on the prior half due to volume growth, partly offset by lower deposit margins.

Average balance growth included:

- Growth in average asset leasing balances of 28%, largely in the United Kingdom and Asia;
- Growth in average lending balances of 6%, particularly in the natural resources sector.

Net interest margin decreased reflecting competition for deposits leading to decreased deposit margins, partly offset by higher lending margins.

Other Banking Income

Other banking income increased 6% on the prior half, driven by a strong Markets trading performance. This was partly offset by lower lending fee income and counterparty fair value adjustments decreasing by $24 million compared to the prior half.

Operating Expenses

Operating expenses increased 4% on the prior half. Excluding the impact of the weaker Australian dollar, operating expenses increased by 2%, representing a continued focus on productivity and disciplined cost management across the business.

Loan Impairment Expense

Loan impairment expense was 63% lower than the prior half, driven by a higher level of write-backs. The overall credit rating of the institutional portfolio remained stable.

Corporate Tax Expense

The effective tax rate was 24.4%.

Wealth Management

	Half Year Ended				
	31 Dec 13	30 Jun 13 [1]	31 Dec 12 [1]	Dec 13 vs	Dec 13 vs
	$M	$M	$M	Jun 13 %	Dec 12 %
Funds management income	**958**	895	840	7	14
Insurance income	**281**	265	277	6	1
Total operating income	**1,239**	1,160	1,117	7	11
Operating expenses	**(790)**	(751)	(743)	5	6
Net profit before tax	**449**	409	374	10	20
Corporate tax expense	**(108)**	(105)	(101)	3	7
Underlying profit after tax	**341**	304	273	12	25
Investment experience after tax	**54**	44	58	23	(7)
Cash net profit after tax	**395**	348	331	14	19
Treasury shares valuation adjustment (after tax)	**(26)**	(22)	(31)	18	(16)
Statutory net profit after tax	**369**	326	300	13	23
Represented by:					
CFS Global Asset Management	**176**	159	152	11	16
Colonial First State [2]	**105**	76	77	38	36
CommInsure	**175**	151	169	16	4
Other	**(87)**	(60)	(98)	45	(11)
Statutory net profit after tax	**369**	326	300	13	23

	Half Year Ended				
Key Financial Metrics	31 Dec 13	30 Jun 13 [1]	31 Dec 12 [1]	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Performance indicators					
Statutory funds management income to average FUA (%) [3]	**0. 78**	0. 79	0. 81	(1)bpt	(3)bpts
Statutory insurance income to average inforce premiums (%)	**30. 6**	31. 9	37. 1	(130)bpts	large
Statutory operating expenses to total operating income (%)	**59. 0**	60. 5	60. 7	(150)bpts	(170)bpts
FUA - average ($M)	**252,315**	231,138	207,437	9	22
FUA - spot ($M)	**260,420**	240,352	219,175	8	19
Assets under management - average ($M) [3]	**187,352**	173,566	156,914	8	19
Assets under management - spot ($M)	**191,238**	179,563	165,553	7	16
Retail net funds flows (Australian Retail) ($M)	**1,551**	3,540	704	(56)	large
Annual inforce premiums - average ($M)	**2,219**	2,118	2,021	5	10
Annual inforce premiums - spot ($M)	**2,273**	2,165	2,071	5	10

	Half Year Ended [1]											
	CFS Global Asset Management			Colonial First State [2]			CommInsure			Other		
	Dec 13	Jun 13	Dec 12	Dec 13	Jun 13	Dec 12	Dec 13	Jun 13	Dec 12	Dec 13	Jun 13	Dec 12
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Gross funds management incom	**562**	529	481	**498**	468	445	**84**	80	72	**-**	-	-
Volume expenses	**(94)**	(96)	(75)	**(77)**	(68)	(66)	**(15)**	(18)	(17)	**-**	-	-
Funds management income	**468**	433	406	**421**	400	379	**69**	62	55	**-**	-	-
Gross insurance income	**-**	-	-	**-**	-	-	**358**	348	368	**-**	-	-
Volume expenses	**-**	-	-	**-**	-	-	**(77)**	(83)	(91)	**-**	-	-
Insurance income	**-**	-	-	**-**	-	-	**281**	265	277	**-**	-	-
Total operating income	**468**	433	406	**421**	400	379	**350**	327	332	**-**	-	-
Operating expenses	**(276)**	(241)	(235)	**(272)**	(298)	(278)	**(158)**	(162)	(156)	**(84)**	(50)	(74)
Net profit before tax	**192**	192	171	**149**	102	101	**192**	165	176	**(84)**	(50)	(74)
Corporate tax expense	**(36)**	(49)	(32)	**(45)**	(30)	(30)	**(50)**	(48)	(53)	**23**	22	14
Underlying profit after tax	**156**	143	139	**104**	72	71	**142**	117	123	**(61)**	(28)	(60)
Investment experience after tax	**20**	16	13	**1**	(1)	2	**33**	34	46	**-**	(5)	(3)
Cash net profit after tax	**176**	159	152	**105**	71	73	**175**	151	169	**(61)**	(33)	(63)
Treasury shares valuation adjustment (after tax)	**-**	-	-	**-**	-	-	**-**	-	-	**(28)**	(22)	(31)
Statutory net profit after tax	**176**	159	152	**105**	71	73	**175**	151	169	**(89)**	(55)	(94)

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.
(2) Colonial First State incorporates the results of all financial planning businesses including Commonwealth Financial Planning.
(3) AUM and FUA include Realindex Investments and do not include the Group's interest in the China Cinda JV.

Financial Performance and Business Review

This Wealth Management analysis contains forward-looking statements. See "Special Note Regarding Forward-Looking Statements" on page 4 of this Document.

December 2013 versus December 2012

Net profit after tax ("statutory basis") for the half year ended 31 December 2013 was $369 million, a 23% increase on the prior comparative period, reflecting rising global investment markets and strong investment performance.

Total operating income increased 11% on the prior comparative period with FUA increasing 19% to $260 billion. Insurance inforce premiums increased 10% to $2.3 billion.

In December, the internalisation of the management of Kiwi Income Property Trust (Trust) was completed and the Group sold its 9% unit holding in the Trust.

Funds Management Income

Funds management income was $958 million, an increase of 14% on the prior comparative period.

Average AUM increased 19% to $187 billion, driven by strong investment performance in rising equity markets with 89% of assets outperforming benchmark over a three year period. The European Diversified Infrastructure Fund closed a fourth round of fundraising, attracting over €600 million from a number of European, Asian and North American institutional investors. The fund has now secured commitments of €1.3 billion.

Australian Retail net cash flows doubled on the prior comparative period to $1.6 billion, with the Colonial First State FirstChoice platform maintaining the number one market share position[(1)].

Investment mix continued to shift to wholesale and wrap products, resulting in a decline in platform margins.

Funds management income to average FUA declined by five basis points due to changes in product and business mix and the contraction of the legacy investment business.

Insurance Income

Insurance income was $281 million, an increase of 1% on the prior comparative period.

The result benefited from an increase in Retail Life Insurance inforce premiums of 4% to $887 million and lower lapse rates following the implementation of retention initiatives. The improvement of Wholesale Life insurance income was moderated by further strengthening of reserves by $48 million during the half.

General Insurance income benefited from strong sales through Retail Bank channels, although this was offset by increased working and event claims.

Operating Expenses

Operating expense growth of 6% was attributable to inflation-related salary increases, a weaker Australian dollar combined with growth in offshore businesses, and continued regulatory and compliance spend.

Productivity programs progressed well with operational improvements implemented across claims, call centre administration and unit pricing operations.

Investment Experience

Investment Experience includes the return on invested shareholder capital, which was impacted by lower interest rates.

December 2013 versus June 2013

Net profit after tax ("statutory basis") for the half year ended 31 December 2013 increased 13% on the prior half, driven by strong funds management income and insurance performance.

Total operating income increased 7% on the prior half and FUA increased 8%. Insurance inforce premiums increased 5%.

Funds Management Income

Funds management income increased by 7% on the prior half.

Average AUM increased 8% on the prior half, mainly driven by improved equity markets, continued investment outperformance and a weaker Australian dollar.

Colonial First State FirstChoice and Custom Solutions platforms FUA grew 11% during the half, benefiting from investment market growth of $6 billion and positive net cash flows of $2 billion. Margins were resilient notwithstanding continuing investor trends to favour wholesale and wrap products. Commonwealth Essential Super, a MySuper compliant product, was launched during the half and is sold directly through Retail Bank channels and can be accessed via NetBank.

Funds management income to average FUA declined by three basis points due to product and business mix changes.

Insurance Income

Insurance income increased 6% on the prior half.

Retail Life Insurance inforce premiums increased 1% due to new business sales through advised channels and via the Retail Bank network. Lapse experience remained largely stable from the prior half following a period of industry-wide increases. Claims experience was consistent and benefited from claims management initiatives including faster claims processing and enhanced customer support. Wholesale Life insurance income benefited from improved pricing but was partially offset by an additional strengthening of reserves of $22 million compared to the prior half.

General Insurance inforce premiums increased 9%, benefiting from higher home and contents insurance sales through Retail Bank channels.

Operating Expenses

Operating expenses increased 5% on the prior half due to inflation-related salary increases and a weaker Australian dollar. The business continued to deliver regulatory and compliance programs with Stronger Super and Future of Financial Advice (FOFA) reforms successfully implemented from 1 July 2013. During the half, Commonwealth Financial Planning (CFP) successfully completed all requirements of an enforceable undertaking entered into with ASIC in 2011.

Investment Experience

Investment experience benefited from mix changes and increased returns on the portfolio.

(1) **Source: Plan for Life**, quarterly release September 2013.

Wealth Management continued

Assets Under Management (AUM) [1]	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
	Half Year Ended				
Australian equities	**27,448**	24,213	21,985	13	25
Global equities	**76,952**	68,834	61,174	12	26
Cash and fixed interest	**64,708**	62,489	58,139	4	11
Property and Infrastructure [2]	**22,130**	24,027	24,255	(8)	(9)
Total	**191,238**	179,563	165,553	7	16

Sources of Profit from CommInsure	31 Dec 13 $M	30 Jun 13 [3] $M	31 Dec 12 [3] $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
	Half Year Ended				
Life insurance operating margins					
Planned profit margins	**77**	85	82	(9)	(6)
Experience variations	**(15)**	(43)	(28)	(65)	(46)
Funds management operating margins	**44**	42	38	5	16
General insurance operating margins	**36**	33	31	9	16
Operating margins	**142**	117	123	21	15
Investment experience after tax	**33**	34	46	(3)	(28)
Cash net profit after tax	**175**	151	169	16	4
Statutory net profit after tax	**175**	151	169	16	4

Annual Inforce Premiums - Risk Business	Opening Balance 30 Jun 13 $M	Sales/New Business $M	Lapses $M	Closing Balance 31 Dec 13 $M
	Half Year Ended 31 December 2013			
Retail life	875	103	(91)	887
Wholesale life	692	84	(40)	736
General insurance	598	88	(36)	650
Total	2,165	275	(167)	2,273

Annual Inforce Premiums - Risk Business	Opening Balance 31 Dec 12 $M	Sales/New Business $M	Lapses $M	Closing Balance 30 Jun 13 $M
	Half Year Ended 30 June 2013			
Retail life	856	107	(88)	875
Wholesale life	659	91	(58)	692
General insurance	556	82	(40)	598
Total	2,071	280	(186)	2,165

Annual Inforce Premiums - Risk Business	Opening Balance 30 Jun 11 $M	Sales/New Business $M	Lapses $M	Closing Balance 31 Dec 12 $M
	Half Year Ended 31 December 2012			
Retail life	815	133	(92)	856
Wholesale life	651	71	(63)	659
General insurance	505	77	(26)	556
Total	1,971	281	(181)	2,071

(1) AUM and FUA include Realindex Investments and do not include the Group's interest in the China Cinda JV.
(2) This asset class includes listed and wholesale property trusts, and Australian and global property securities funds.
(3) Comparatives have been restated to conform to presentation in the current period. Refer to "Financial Information Definitions – Reclassification of Customer Reporting Segments" for more details.

Funds Under Administration	Half Year Ended 31 December 2013					
	Opening Balance 30 Jun 13 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [1] $M	Closing Balance 31 Dec 13 $M
FirstChoice	58,787	7,444	(6,584)	860	4,801	64,448
Custom Solutions [2]	14,464	2,749	(1,618)	1,131	1,194	16,789
Standalone (including Legacy) [3]	19,684	3,637	(4,026)	(389)	1,396	20,691
Retail products [4]	92,935	13,830	(12,228)	1,602	7,391	101,928
Other retail [5]	1,007	13	(64)	(51)	76	1,032
Australian retail	93,942	13,843	(12,292)	1,551	7,467	102,960
Wholesale	60,675	15,277	(12,318)	2,959	3,621	67,255
Property	17,750	65	(29)	36	601	18,387
Other [6]	3,529	12	(70)	(58)	132	3,603
Domestically sourced	175,896	29,197	(24,709)	4,488	11,821	192,205
Internationally sourced	64,456	14,638	(18,060)	(3,422)	7,181	68,215
Total Wealth Management	240,352	43,835	(42,769)	1,066	19,002	260,420

Funds Under Administration	Half Year Ended 30 June 2013					
	Opening Balance 31 Dec 12 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [1] $M	Closing Balance 30 Jun 13 $M
FirstChoice	54,744	7,222	(6,093)	1,129	2,914	58,787
Custom Solutions [2]	10,902	4,550	(1,444)	3,106	456	14,464
Standalone (including Legacy) [3]	19,690	4,077	(4,714)	(637)	631	19,684
Retail products [4]	85,336	15,849	(12,251)	3,598	4,001	92,935
Other retail [5]	1,021	16	(74)	(58)	44	1,007
Australian retail	86,357	15,865	(12,325)	3,540	4,045	93,942
Wholesale	53,156	18,009	(12,269)	5,740	1,779	60,675
Property	17,987	87	(33)	54	(291)	17,750
Other [6]	3,493	14	(69)	(55)	91	3,529
Domestically sourced	160,993	33,975	(24,696)	9,279	5,624	175,896
Internationally sourced	58,182	15,044	(14,460)	584	5,690	64,456
Total Wealth Management	219,175	49,019	(39,156)	9,863	11,314	240,352

Funds Under Administration	Half Year Ended 31 December 2012 [7]					
	Opening Balance 30 Jun 11 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [1] $M	Closing Balance 31 Dec 12 $M
FirstChoice	50,014	7,069	(6,348)	721	4,009	54,744
Custom Solutions [2]	9,081	2,253	(1,219)	1,034	787	10,902
Standalone (including Legacy) [3]	18,137	3,186	(4,184)	(998)	2,551	19,690
Retail products [4]	77,232	12,508	(11,751)	757	7,347	85,336
Other retail [5]	1,001	14	(67)	(53)	73	1,021
Australian retail	78,233	12,522	(11,818)	704	7,420	86,357
Wholesale	47,167	14,679	(11,446)	3,233	2,756	53,156
Property	17,519	357	(14)	343	125	17,987
Other [6]	3,432	14	(74)	(60)	121	3,493
Domestically sourced	146,351	27,572	(23,352)	4,220	10,422	160,993
Internationally sourced	49,848	10,669	(8,772)	1,897	6,437	58,182
Total Wealth Management	196,199	38,241	(32,124)	6,117	16,859	219,175

(1) Includes foreign exchange gains and losses from translation of internationally sourced business.
(2) Custom Solutions includes the FirstWrap product.
(3) Includes cash management trusts.
(4) Retail funds that align to Plan for Life market share releases.
(5) Includes regular premium plans. These retail products are not reported in market share data.
(6) Includes life company assets sourced from retail investors but not attributable to a funds management product.
(7) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

New Zealand

	Half Year Ended				
	31 Dec 13 A$M	30 Jun 13 (1) A$M	31 Dec 12 (1) A$M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Net interest income	**664**	567	526	17	26
Other banking income (2)	**102**	111	126	(8)	(19)
Total banking income	**766**	678	652	13	17
Funds management income	**30**	26	23	15	30
Insurance income	**87**	95	76	(8)	14
Total operating income	**883**	799	751	11	18
Operating expenses	**(393)**	(360)	(326)	9	21
Loan impairment expense	**(18)**	(23)	(22)	(22)	(18)
Net profit before tax	**472**	416	403	13	17
Corporate tax expense	**(117)**	(103)	(100)	14	17
Underlying profit after tax	**355**	313	303	13	17
Investment experience after tax	**-**	3	2	large	large
Cash net profit after tax	**355**	316	305	12	16
Hedging and IFRS volatility (after tax)	**(15)**	(18)	(6)	(17)	large
Statutory net profit after tax	**340**	298	299	14	14

	Half Year Ended				
	31 Dec 13 NZ$M	30 Jun 13 (1) NZ$M	31 Dec 12 (1) NZ$M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Net interest income	**748**	691	669	8	12
Other banking income	**162**	151	160	7	1
Total banking income	**910**	842	829	8	10
Funds management income	**34**	32	29	6	17
Insurance income	**97**	115	97	(16)	-
Total operating income	**1,041**	989	955	5	9
Operating expenses	**(443)**	(439)	(415)	1	7
Loan impairment expense	**(21)**	(28)	(28)	(25)	(25)
Net profit before tax	**577**	522	512	11	13
Corporate tax expense	**(144)**	(130)	(125)	11	15
Underlying profit after tax	**433**	392	387	10	12
Investment experience after tax	**-**	4	2	large	large
Cash net profit after tax	**433**	396	389	9	11
Hedging and IFRS volatility (after tax)	**1**	(2)	(1)	large	large
Statutory net profit after tax	**434**	394	388	10	12
Represented by :					
ASB	**394**	344	351	15	12
Sovereign	**40**	56	44	(29)	(9)
Other (3)	**-**	(6)	(7)	large	large
Statutory net profit after tax	**434**	394	388	10	12

	Half Year Ended				
Key Financial Metrics	31 Dec 13	30 Jun 13 (1)	31 Dec 12 (1)	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Performance indicators					
Statutory funds management income to average FUA (%)	**0. 58**	0. 60	0. 56	(2)bpts	2 bpts
Statutory insurance income to average inforce premiums (%)	**29. 3**	33. 0	38. 2	(370)bpts	large
Statutory operating expenses to total operating income (%)	**45. 7**	47. 0	42. 8	(130)bpts	290 bpts

(1) Comparative information has been reclassified to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.
(2) Other banking income disclosed in AUD includes realised gains or losses associated with the hedge of the New Zealand operations.
(3) Other includes ASB and Sovereign funding entities and elimination entries between Sovereign and ASB.

Financial Performance and Business Review

This New Zealand analysis contains forward-looking statements. See “Special Note Regarding Forward-Looking Statements” on page 4 of this Document.

December 2013 versus December 2012

New Zealand[(1)] Net profit after tax (“statutory basis”) [(2)] for the half year ended 31 December 2013 increased 12% on the prior comparative period to NZ$434 million. The result was driven by a strong performance from ASB Bank with improved deposit margins, volume growth and an increase in funds management income, partly offset by higher operating expenses. Sovereign profit reduced on the prior comparative period, with deterioration in claims experience more than offsetting the solid inforce growth.

The Australian dollar equivalent line item growth rates are impacted by the appreciation of the New Zealand dollar and the mark-to-market movements in foreign exchange hedges relating to New Zealand earnings.

December 2013 versus June 2013

New Zealand Net profit after tax (“statutory basis”) increased 11% on the prior half. The result was driven by a strong performance from ASB Bank, reflecting improved deposit margins, other banking income and funds management income. Sovereign profit decreased compared to the prior half, driven by adverse claims experience.

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

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

ASB Bank	31 Dec 13 NZ$M	30 Jun 13 [1] NZ$M	31 Dec 12 [1] NZ$M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
	Half Year Ended				
Net interest income	**743**	693	672	7	11
Other banking income	**177**	167	179	6	(1)
Total banking income	**920**	860	851	7	8
Funds management income	**31**	29	26	7	19
Total operating income	**951**	889	877	7	8
Operating expenses	**(386)**	(381)	(360)	1	7
Loan impairment expense	**(21)**	(28)	(28)	(25)	(25)
Net profit before tax	**544**	480	489	13	11
Corporate tax expense	**(151)**	(134)	(137)	13	10
Underlying profit after tax	**393**	346	352	14	12
Cash net profit after tax	**393**	346	352	14	12
Hedging and IFRS volatility (after tax)	**1**	(2)	(1)	large	large
Statutory net profit after tax	**394**	344	351	15	12

Balance Sheet	31 Dec 13 NZ$M	30 Jun 13 [1] NZ$M	31 Dec 12 [1] NZ$M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
	As at				
Home loans	**40,981**	40,310	38,679	2	6
Assets at fair value through Income statement	**1,288**	1,433	1,897	(10)	(32)
Other interest earning assets	**18,470**	17,763	17,154	4	8
Total interest earning assets	**60,739**	59,506	57,730	2	5
Non-lending interest earning assets	**4,752**	5,090	5,258	(7)	(10)
Other assets	**1,994**	2,125	2,465	(6)	(19)
Total assets	**67,485**	66,721	65,453	1	3
Customer deposits	**39,226**	37,721	36,983	4	6
Debt issues	**8,750**	7,459	7,627	17	15
Other interest bearing liabilities [2]	**8,039**	10,835	10,303	(26)	(22)
Total interest bearing liabilities	**56,015**	56,015	54,913	-	2
Non-interest bearing liabilities	**4,183**	4,045	4,544	3	(8)
Total liabilities	**60,198**	60,060	59,457	-	1

Key Financial Metrics	31 Dec 13	30 Jun 13 [1]	31 Dec 12 [1]	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
	Half Year Ended				
Performance indicators					
Return on assets (%)	**1. 2**	1. 0	1. 0	20 bpts	20 bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 07**	0. 09	0. 10	(2)bpts	(3)bpts
Statutory funds management income to average FUA (%)	**0. 57**	0. 58	0. 55	(1)bpt	2 bpts
Statutory operating expenses to total operating income (%)	**40. 5**	43. 0	41. 1	(250)bpts	(60)bpts
Other asset/liability information					
Average interest earning assets (NZ$M)	**65,241**	63,958	61,734	2	6
Average interest bearing liabilities (NZ$M)	**55,972**	55,138	54,483	2	3

New Zealand - Funds Under Administration	31 Dec 13 NZ$M	30 Jun 13 NZ$M	31 Dec 12 NZ$M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
	Half Year Ended				
Opening balance	**11,080**	10,337	10,084	7	10
Inflows	**1,891**	1,126	1,261	68	50
Outflows	**(1,577)**	(782)	(1,631)	large	(3)
Net flows	**314**	344	(370)	(9)	large
Investment income and other	**543**	399	623	36	(13)
Closing balance	**11,937**	11,080	10,337	8	15

(1) Comparative information has been reclassified to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

(2) Includes NZ$4.1 billion due to Group companies (30 June 2013: NZ$4.1 billion; 31 December 2012: NZ$4.4 billion).

December 2013 versus December 2012

ASB Bank Net profit after tax ("statutory basis") for the half year ended 31 December 2013 increased 12% on the prior comparative period to NZ$394 million. The result was driven by 8% growth in operating income, driven by lending growth, retail deposit margin improvement and reduced loan impairment expense, partly offset by an increase in operating expenses.

Net Interest Income

Net interest income was NZ$743 million, an increase of 11% with strong volume growth in key portfolios.

Balance sheet growth included:

- Home loan growth of 6% in a competitive market, with strong growth in the fixed rate portfolio;
- Business loan growth of 7%, significantly above system, due to the continued focus on customer service and broadening specialist capability; and
- Growth in customer deposits of 6% driven by strong retail deposit growth.

Net interest margin increased reflecting customer demand across the deposit portfolio, partly offset by a reduction in home lending margins as a result of the continued customer preference for fixed rate mortgages and a highly competitive market for new lending.

Other Banking and Funds Management Income

Other banking income decreased 1% to NZ$177 million. This decrease was driven by lower fixed rate loan prepayment fees as customers' preference to break fixed rate mortgages diminished, partly offset by higher card fee income as a result of volume growth. Funds management income increased 19% as a result of balance growth in the ASB KiwiSaver scheme and strong market performance.

Operating Expenses

Operating expenses increased 7% to NZ$386 million. This increase was driven by higher staff expenses, due to annual salary related increases and an uplift in staff levels to grow frontline capacity. Occupancy costs were higher due to an increase in rental, depreciation and amortisation expenses following the relocation to a new head-office.

The expense to income ratio for ASB Bank was 40.5%, an improvement of 60 basis points.

Loan Impairment Expense

Loan impairment expense decreased 25% to NZ$21 million. The strengthening of the New Zealand economy and housing market resulted in an improved home loan portfolio performance, driven by reduced arrears levels. The unsecured retail and business lending loan impairment expense levels were stable.

December 2013 versus June 2013

ASB Bank Net profit after tax ("statutory basis") increased 15% on the prior half. This result was driven by 7% growth in operating income due to continued improvements in customer demand across deposit products and lending growth. Loan impairment expense reduced while operating expenses remained broadly flat.

Net Interest Income

Net interest income increased 7%, driven by solid volume growth in lending and deposit portfolios.

Balance sheet growth included:

- Home loan growth of 2% driven by the fixed loan portfolio;
- Business loans growth of 4% with the commercial and rural loan portfolios continuing to deliver solid growth; and
- Customer deposit growth of 4%, with retail deposits continuing to perform strongly.

Net interest margin increased, reflecting improvement in the retail deposit portfolio, partly offset by a reduction in home lending margins as a result of price competition and the increasing preference for lower margin fixed rate lending.

Other Banking and Funds Management Income

Other banking income increased 6%, driven by higher card fees due to higher transaction volumes, partly offset by lower fixed rate prepayment fees as a result of a reduction in fixed mortgage breaks. Funds management income continued to grow strongly at 7%, principally due to the performance of the ASB KiwiSaver scheme.

Operating Expenses

Operating expenses were broadly flat, with higher staff and occupancy costs offset by productivity initiatives and disciplined expense management.

The expense to income ratio for ASB Bank was 40.5%, an improvement of 250 basis points.

Loan Impairment Expense

Loan impairment expense decreased 25%. The retail portfolio continues to benefit from improvements in home loan arrears rates. The unsecured retail and business lending loan impairment expense levels were stable.

Sovereign	31 Dec 13 NZ$M	30 Jun 13 (1) NZ$M	31 Dec 12 (1) NZ$M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
	Half Year Ended				
Insurance income	**88**	105	85	(16)	4
Operating expenses	**(57)**	(58)	(54)	(2)	6
Net profit before tax	**31**	47	31	(34)	-
Corporate tax benefit	**5**	2	7	large	(29)
Underlying profit after tax	**36**	49	38	(27)	(5)
Investment experience after tax	**4**	7	6	(43)	(33)
Cash net profit after tax	**40**	56	44	(29)	(9)
Statutory net profit after tax	**40**	56	44	(29)	(9)
Sources of profit represented by:					
The margin on services profit from ordinary activities after income tax is represented by:					
Planned profit margins	**41**	39	41	5	-
Experience variations	**(5)**	10	(3)	large	67
Operating margins	**36**	49	38	(27)	(5)
Investment experience after tax	**4**	7	6	(43)	(33)
Statutory net profit after tax	**40**	56	44	(29)	(9)

Key Financial Metrics	31 Dec 13	30 Jun 13 (1)	31 Dec 12 (1)	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
	Half Year Ended				
Performance indicators					
Statutory insurance income to average inforce premiums (%)	**27.2**	30. 5	35. 8	(330)bpts	large
Average inforce premiums (NZ$M)	**664**	647	632	3	5

New Zealand - Annual Inforce Premiums	31 Dec 13 NZ$M	30 Jun 13 NZ$M	31 Dec 12 NZ$M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
	Half Year Ended				
Opening balance	**654**	640	623	2	5
Sales/new business	**57**	48	52	19	10
Lapses	**(37)**	(34)	(35)	9	6
Closing balance	**674**	654	640	3	5

(1) Comparative information has been reclassified to conform to presentation in the current year. Refer to Note 1 and Appendix 16 to this Document for more details.

December 2013 versus December 2012

Sovereign Net profit after tax ("statutory basis") for the half year ended 31 December 2013 decreased 9% on the prior comparative period to NZ$40 million. Strong inforce growth and persistency were offset by an increase in claims cost and lower investment returns. The reduction in investment income was primarily due to revaluation losses on shareholder fixed interest investments caused by rising New Zealand Government bond rates.

Insurance Income

Insurance income of NZ$88 million increased 4% with growth in annual inforce premium income of 5% and strong persistency experience, partly offset by an increase in claims expense. Sovereign risk and health lapse rate improved 60 basis points and continues to be amongst the best in the industry.

Operating Expenses

Operating expenses of NZ$57 million are up 6% driven by restructuring costs.

December 2013 versus June 2013

Sovereign Net profit after tax ("statutory basis") decreased 29% on the prior half, reflecting a higher relative claims cost and the impact of increased New Zealand Government bond yields on shareholder investment returns and policy liabilities.

Insurance Income

Insurance income decreased 16%, with higher claims costs more than offsetting the impact of a 6% annualised growth in annual inforce premium income. Persistency experience was strong for both periods.

Operating Expenses

Operating expenses decreased 2% due to higher one-off costs in the prior half relating to regulatory compliance.

This page has been intentionally left blank

Bankwest

	Half Year Ended				
	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Net interest income	**804**	776	761	4	6
Other banking income	**103**	100	110	3	(6)
Total banking income	**907**	876	871	4	4
Operating expenses	**(401)**	(409)	(416)	(2)	(4)
Loan impairment expense	**(5)**	(32)	(86)	(84)	(94)
Net profit before tax	**501**	435	369	15	36
Corporate tax expense	**(148)**	(132)	(111)	12	33
Cash net profit after tax	**353**	303	258	17	37
Other non-cash items	**(30)**	(38)	(33)	(21)	(9)
Statutory net profit after tax	**323**	265	225	22	44

	As at				
Balance Sheet	31 Dec 13 $M	30 Jun 13 (1) $M	31 Dec 12 (1) $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Home loans	**55,401**	52,738	51,567	5	7
Other interest earning assets	**19,245**	20,308	21,510	(5)	(11)
Non-lending interest earning assets	**7**	25	22	(72)	(68)
Total interest earning assets	**74,653**	73,071	73,099	2	2
Other assets	**403**	710	483	(43)	(17)
Total assets	**75,056**	73,781	73,582	2	2
Transaction deposits	**8,578**	7,627	7,177	12	20
Savings deposits	**9,696**	9,300	9,901	4	(2)
Investment deposits	**23,358**	23,568	24,019	(1)	(3)
Certificates of deposit and other	**33**	36	236	(8)	(86)
Total interest bearing deposits	**41,665**	40,531	41,333	3	1
Other interest bearing liabilities	**109**	155	98	(30)	11
Non-interest bearing liabilities	**931**	1,239	1,064	(25)	(13)
Total liabilities	**42,705**	41,925	42,495	2	-

	Half Year Ended				
Key Financial Metrics	31 Dec 13	30 Jun 13	31 Dec 12	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Performance indicators					
Return on assets (%)	**0. 9**	0. 8	0. 7	10 bpts	20 bpts
Statutory impairment expense annualised as a % of average GLAA's (%)	**0. 01**	0. 09	0. 23	(8)bpts	(22)bpts
Statutory operating expenses to total banking income (%)	**48. 6**	52. 0	52. 9	(340)bpts	(430)bpts
Other asset/liability information					
Average interest earning assets ($M)	**73,741**	72,931	73,408	1	-
Average interest earning liabilities ($M)	**41,552**	41,813	43,813	(1)	(5)

(1) Comparative information has been reclassified to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

Financial Performance and Business Review

This Bankwest analysis contains forward-looking statements. See "Special Note Regarding Forward-Looking Statements" on page 4 of this Document.

December 2013 versus December 2012

Bankwest Net profit after tax ("statutory basis") for the half year ended 31 December 2013 was $323 million, an increase of 44% on the prior comparative period. The result was driven by solid growth in total banking income, a focus on productivity, disciplined expense management, and substantially lower loan impairment expense.

Net Interest Income

Net interest income of $804 million increased 6% on the prior comparative period due to modest growth in average interest earning assets and an improved net interest margin.

Balance sheet growth included:

- Home loan growth of 7%;
- Strong growth in transaction deposits, primarily driven by growth in retail accounts;
- A decrease in savings and investment deposits, reflecting a focus on margin management in a competitive market environment; and
- A significant decrease in business lending, driven by the continued run off of pre-acquisition higher risk exposures.

Net interest margin increased, reflecting higher home loan margins as a result of the prior year repricing activity and higher deposit margins. There was also a positive mix impact resulting from growth in customer demand for transaction accounts and run off of investment products, partly offset by the impact of the falling cash rate.

Other Banking Income

Other banking income of $103 million decreased 6% on the prior comparative period. Improved income from a focus on deepening customer relationships was offset by lower retail lending fees.

Operating Expenses

Operating expenses of $401 million decreased 4% on the prior comparative period, reflecting a strong focus on productivity and disciplined expense management. The decrease was mainly attributable to efficiency savings on technology-related expenses and lower salary related expenses.

The expense to income ratio of 48.6% improved 430 basis points on the prior comparative period.

Loan Impairment Expense

Loan impairment expense of $5 million decreased $81 million on the prior comparative period. This was due to reduced individual provision charges compared to the prior comparative period and a significant run-off of the troublesome and impaired portfolio.

December 2013 versus June 2013

Net profit after tax ("statutory basis") for the half year increased by 22% on the prior half. The result was driven by solid growth in total banking income, focus on productivity, disciplined expense management, and lower loan impairment expense.

Net Interest Income

Net interest income increased 4% on the prior half reflecting modest growth in average interest earning assets and a modest improvement in net interest margin.

Balance sheet growth included:

- Home loan growth of 5%;
- Strong growth in transaction deposits, reflecting targeted marketing campaigns;
- An increase in savings deposits, driven by growth in online products;
- A modest decrease in investment deposits, reflecting lower term deposit balances from retail customers; and
- A decrease in business lending balances, driven by a reduction in pre-acquisition higher risk exposures.

Net interest margin increased slightly on the prior period due to improved investment deposit account margins, partly offset by lower lending margins.

Other Banking Income

Other banking income increased 3% on the prior half due primarily to higher business-related line fees and card fees, reflecting higher customer spend in the period.

Operating Expenses

Operating expenses decreased 2% on the prior half due to a continued focus on productivity and disciplined expense management. The decrease was mainly attributable to efficiency savings on technology related expenses and lower salary related expenses.

The expense to income ratio of 48.6% decreased 340 basis points on the prior half.

Loan Impairment Expense

Loan impairment expense decreased $27 million on the prior half. This was due to a substantial reduction in the balance of the troublesome and impaired portfolio and a reduction in individual provision charges.

IFS and Other

	Half Year Ended				
	31 Dec 13 $M	30 Jun 13 (1) $M	31 Dec 12 (1) $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
IFS Asia	61	57	47	7	30
Corporate Centre	30	14	(15)	large	large
Eliminations/Unallocated	(68)	59	(21)	large	large
Cash net profit after tax	23	130	11	(82)	large
Hedging and IFRS volatility (after tax)	10	55	(4)	(82)	large
Statutory net profit after tax	33	185	7	(82)	large

	Half Year Ended				
IFS Asia (2)	31 Dec 13 $M	30 Jun 13 (1) $M	31 Dec 12 (1) $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Net interest income	58	53	49	9	18
Other banking income	105	107	83	(2)	27
Total banking income	163	160	132	2	23
Insurance income	18	16	14	13	29
Total operating income	181	176	146	3	24
Operating expenses	(107)	(106)	(88)	1	22
Loan impairment expense	(3)	(2)	(6)	50	(50)
Net profit before tax	71	68	52	4	37
Corporate tax expense	(9)	(10)	(5)	(10)	80
Non-controlling interests	(3)	(2)	(2)	50	50
Underlying profit after tax	59	56	45	5	31
Investment experience after tax	2	1	2	large	-
Cash net profit after tax	61	57	47	7	30
Statutory net profit after tax	61	57	47	7	30

(1) Comparative information has been reclassified to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

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

Financial Performance and Business Review

This analysis contains forward-looking statements. See "Special Note Regarding Forward-Looking Statements" on page 4 of this Document.

December 2013 versus December 2012

IFS Asia Net profit after tax ("statutory basis") for the half year ended 31 December 2013 was $61 million, which represented an increase of 30% on the prior comparative period. Excluding one-off investment in proprietary business development, Net profit after tax ("cash basis") grew 38%. The result was driven by strong contributions from the Indonesian proprietary banking and insurance businesses and from the investments in Bank of Hangzhou and Qilu Bank in China.

Commonwealth Bank of Australia continued its expansion in Asia with the opening of Beijing branch and six County Bank outlets in China, bringing the total number of proprietary points of presence in China to 13. PT Commonwealth Life added three new sales offices bringing the total number of proprietary life insurance sales offices in Indonesia to 31. The total number of Commonwealth Bank of Australia branches and sales offices in Asia were 147 as at 31 December 2013. Implementation of a new core banking system to support the Chinese and Indonesian businesses is progressing to plan.

Total direct customer numbers in Asia have grown 17% since December 2012 to 385,660. Total IFS Asia proprietary customers, including multifinance and group insurance participants, are now 1.2 million.

Net Interest Income

Net interest income of $58 million was 18% higher than the prior comparative period, driven by strong lending balance growth in Indonesia and China County Banks.

IFS Asia total lending and deposit balances grew 43% and 17%, respectively, on the prior comparative period. The consumer, business and Small Medium Enterprises (SME) lending balances in Indonesia grew by 34%, 79% and 39%, respectively, while multifinance lending balances contracted 17%, reflecting the impact of regulatory changes in the multifinance industry.

While still a number of years away from achieving critical mass, County Banks are growing strongly. Lending balances continue to grow significantly faster than system.

The proprietary banking businesses in China, India and Vietnam continue to grow in line with expectations, with a combined lending balance growth of 135% on the prior comparative period.

Other Banking Income

Other banking income increased 27% to $105 million. The result was mainly due to strong contributions from the Bank of Hangzhou and Qilu Bank, reflecting solid lending balance growth and growth in sales of foreign exchange products from PT Bank Commonwealth in Indonesia.

Insurance Income

Insurance income, net of commission and acquisition costs, increased 29% to $18 million, reflecting strong business growth at PT Commonwealth Life in Indonesia. Inforcepremium grew 11% and persistency improved to 88%.

BoCommLife in China also grew steadily, with total premium income up 220% due to growth in new business.

Operating Expenses

Operating expenses increased 22% to $107 million. Excluding one-off investment in proprietary business development, operating expenses grew 16%, reflecting costs associated with growth in the proprietary businesses in China and Indonesia.

December 2013 versus June 2013

IFS Asia Net profit after tax ("statutory basis") for the half year ended 31 December 2013 was 7% higher than the prior half. Excluding one-off investment in proprietary business development, Net profit after tax ("cash basis") grew 14% on the prior half. The results were driven by solid performance from the Indonesian proprietary businesses and from Qilu Bank in China. Bank of Hangzhou income was slightly down on prior half as a result of the slowdown of the Chinese economy.

Direct customer numbers also grew steadily, with a 6% increase since June 2013.

Net Interest Income

Net interest income increased 9% on the prior half, driven by higher lending balances in Indonesia and China.

Consumer, business and SME lending balances in Indonesia have grown by 14%, 19% and 13%, respectively. Multifinance balances also increased 33% over the prior half as some growth returned to this market.

The proprietary businesses in China, India and Vietnam continued to grow, with a combined lending balance growth of 50% on the prior half.

Other Banking Income

Other banking income declined 2% over the prior half, driven by a smaller contribution from Vietnam International Bank and Bank of Hangzhou and lower sales of wealth management products in PT Bank Commonwealth in Indonesia as a result of recent economic conditions in Vietnam, China and Indonesia.

Insurance Income

Despite recent economic conditions in Indonesia, insurance income, net of commission and acquisition costs, grew 13% from higher renewals.

BoCommLife grew steadily and continued to expand its footprint.

Operating Expenses

Operating expenses increased 1%. Excluding one-off investment in proprietary business development, operating expenses reduced 4%, due to larger technology project spend in the prior half.

	Half Year Ended				
Corporate Centre (2)	**31 Dec 13 $M**	**30 Jun 13 (1) $M**	**31 Dec 12 (1) $M**	**Dec 13 vs Jun 13 %**	**Dec 13 vs Dec 12 %**
Net interest income	**271**	273	177	(1)	53
Other banking income	**85**	12	69	large	23
Total operating income	**356**	285	246	25	45
Operating expenses	**(324)**	(278)	(278)	17	17
Net profit before tax	**32**	7	(32)	large	large
Corporate tax expense	**(2)**	7	17	large	large
Cash net profit after tax	**30**	14	(15)	large	large
Hedging and IFRS volatility	**8**	35	(2)	(77)	large
Statutory net profit after tax	**38**	49	(17)	(22)	large

(1) Comparative information has been reclassified to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

(2) Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Strategy, Marketing, Digital Channels, Secretariat and Treasury.
Treasury is primarily focused on the management of the Group's interest rate risk, funding and liquidity requirements, and management of the Group's capital.
The Treasury function includes:

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

December 2013 versus December 2012

Corporate Centre Net profit after tax ("statutory basis") for the half year ended 31 December 2013 increased $55 million on the prior comparative period to $38 million.

Total operating income increased 45% to $356 million, driven by favourable Treasury earnings from management of interest rate risk.

Operating expenses increased 17% to $324 million, primarily driven by software write-offs.

December 2013 versus June 2013

Corporate Centre Net profit after tax ("statutory basis") for the half year ended 31 December 2013 decreased $11 million on the prior half.

Total operating income increased 25%, driven by:

- Favourable Treasury earnings from management of interest rate risk; and
- The impact on other banking income of debt buybacks in the prior half.

Operating expenses increased 17%, primarily driven by software write-offs.

IFS and Other continued

Eliminations/Unallocated [2]	Half Year Ended 31 Dec 13 $M	30 Jun 13 [1] $M	31 Dec 12 [1] $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Net interest income	**10**	24	20	(58)	(50)
Other banking income	**(73)**	(69)	(52)	6	40
Total banking income	**(63)**	(45)	(32)	40	97
Funds management income	**15**	23	21	(35)	(29)
Insurance income	**-**	9	(13)	large	large
Total operating income	**(48)**	(13)	(24)	large	large
Loan impairment expense	**(33)**	65	(9)	large	large
Net profit before tax	**(81)**	52	(33)	large	large
Corporate tax expense	**14**	12	19	17	(26)
Non-controlling interests	**(7)**	(6)	(6)	17	17
Underlying profit after tax	**(74)**	58	(20)	large	large
Investment experience after tax	**6**	1	(1)	large	large
Cash net profit after tax	**(68)**	59	(21)	large	large
Hedging and IFRS volatility	**2**	20	(2)	(90)	large
Statutory net profit after tax	**(66)**	79	(23)	large	large

(1) Comparative information has been reclassified to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

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

December 2013 versus December 2012

Eliminations/Unallocated Net loss after tax ("statutory basis") for the half year ended 31 December 2013 decreased $43 million on the prior comparative period to $66 million. This was primarily driven by timing of recognition of unallocated revenue items and centrally held loan impairment provisions.

December 2013 versus June 2013

Eliminations/Unallocated Net loss after tax ("statutory basis") for the half year ended 31 December 2013 was $66 million. This was primarily driven by centrally held provisions and timing of recognition of unallocated reserve items.

Contents

Directors' Report

The Directors of the Commonwealth Bank of Australia submit their report together with the financial statements of the Commonwealth Bank of Australia and its controlled entities (collectively referred to as "the Group") for the half year ended 31 December 2013.

Directors

The names of the Directors holding office during and since the end of the half year were:

D J Turner	Chairman
I M Narev	Managing Director and Chief Executive Officer
J A Anderson KBE	Director
J S Hemstritch	Director
L K Inman	Director
S C H Kay	Director
B J Long	Director
A M Mohl	Director
H H Young	Director

Review and Results of Operations

Commonwealth Bank of Australia earned a consolidated statutory net profit after tax of $4,207 million for the half year ended 31 December 2013, compared with $3,631 million for the prior comparative period, an increase of 16%. The result was driven by strong revenue growth in the retail banking and wealth management businesses and lower impairment expense.

The statutory net profit after tax from Retail Banking Services was $1,671 million (December 2012: $1,523 million) reflecting strong volume growth, partly offset by higher operating expenses and loan impairment expense.

The statutory net profit after tax from Business and Private Banking was $797 million (December 2012: $726 million), driven by growth in business and home lending income and substantially lower loan impairment expense, partly offset by lower revenue from deposits and risk management related products.

The statutory net profit after tax from Institutional Banking and Markets was $674 million (December 2012: $551 million), driven by positive Markets income and significantly lower loan impairment expense, partly offset by lower deposit income and less favourable counterparty fair value adjustments.

The statutory net profit after tax from Wealth Management was $369 million (December 2012: $300 million), reflecting continued growth in global investment markets and strong investment performance.

The statutory net profit after tax from New Zealand was $340 million (December 2012: $299 million), driven by strong performance from ASB Bank with improved deposit margins, volume growth and an increase in funds management income, partly offset by higher operating expenses and hedging and IFRS volatility.

The statutory net profit after tax from Bankwest was $323 million (December 2012: $225 million). The result was driven by solid growth in total banking income, a focus on productivity, disciplined expense management and substantially lower loan impairment expense.

Additional analysis of operations for the financial year is set out in the Highlights and Group Performance and Analysis sections.

The Chief Executive Officer and the Chief Financial Officer have provided the Board with a written statement that the accompanying financial statements and notes are in accordance with the Corporations Act 2001, they represent a true and fair view, in all material respects, of the Group's financial position as at 31 December 2013 and of its performance for the half year ended on that date and also that they are prepared in accordance with relevant accounting standards and any further requirements in the Corporations Act 2001.

We have obtained the following independence declaration from the Group's auditors, PricewaterhouseCoopers.

pwc

Auditor's Independence Declaration

As lead auditor for the review of Commonwealth Bank of Australia for the half year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Commonwealth Bank of Australia and the entities it controlled during the period.

Marcus Laithwaite
Partner
PricewaterhouseCoopers

Sydney
11 February 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Signed in accordance with a resolution of the Directors.

D J Turner
Chairman
11 February 2014

I M Narev
Managing Director and Chief Executive Officer
11 February 2014

Consolidated Income Statement

For the half year ended 31 December 2013

		Half Year Ended		
		31 Dec 13	30 Jun 13 (1)	31 Dec 12 (1)
	Notes	$M	$M	$M
Interest income	2	**16,839**	16,959	17,780
Interest expense		**(9,385)**	(9,877)	(10,928)
Net interest income		**7,454**	7,082	6,852
Other banking income		**2,208**	2,082	2,090
Net banking operating income		**9,662**	9,164	8,942
Funds management income		**1,192**	1,117	1,030
Investment revenue		**585**	392	550
Claims and policyholder liability expense		**(734)**	(553)	(689)
Net funds management operating income		**1,043**	956	891
Premiums from insurance contracts		**1,290**	1,196	1,157
Investment revenue		**173**	168	281
Claims and policyholder liability expense from insurance contracts		**(1,008)**	(917)	(962)
Net insurance operating income		**455**	447	476
Total net operating income before impairment and operating expenses		**11,160**	10,567	10,309
Impairment expense	6	**(457)**	(466)	(680)
Operating expenses	3	**(4,788)**	(4,581)	(4,504)
Net profit before income tax		**5,915**	5,520	5,125
Corporate tax expense	4	**(1,638)**	(1,497)	(1,402)
Policyholder tax expense	4	**(60)**	(28)	(84)
Net profit after income tax		**4,217**	3,995	3,639
Non-controlling interests		**(10)**	(8)	(8)
Net profit attributable to Equity holders of the Bank		**4,207**	3,987	3,631

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	Cents per Share		
Earnings per share:			
Basic	**260. 5**	247. 4	226. 8
Diluted	**253. 9**	240. 1	219. 9

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

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

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2013

	Half Year Ended		
	31 Dec 13 $M	30 Jun 13 (1) $M	31 Dec 12 (1) $M
Net profit after income tax for the period	**4,217**	3,995	3,639
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Gains and losses on cash flow hedging instruments:			
Recognised in equity	**(254)**	(128)	(447)
Transferred to Income Statement	**(79)**	6	220
Gains and losses on available-for-sale investments:			
Recognised in equity	**325**	230	323
Transferred to Income Statement on disposal	**(4)**	5	(36)
Foreign currency translation reserve	**447**	455	21
Income tax on items transferred directly to/from equity:			
Cash flow hedge reserve	**134**	5	68
Available-for-sale investments revaluation reserve	**(96)**	(72)	(86)
Foreign currency translation reserve	**(13)**	(9)	(1)
Total of items that may be reclassified	**460**	492	62
Items that will not be reclassified to profit or loss:			
Actuarial gains and losses from defined benefit superannuation plans net of tax	**107**	101	266
Revaluation of properties	**-**	4	-
Income tax on revaluation of properties	**-**	(1)	-
Total of items that will not be reclassified	**107**	104	266
Other comprehensive income/(expense) net of income tax	**567**	596	328
Total comprehensive income for the period	**4,784**	4,591	3,967
Total comprehensive income for the period is attributable to:			
Equity holders of the Bank	**4,774**	4,583	3,959
Non-controlling interests	**10**	8	8
Total comprehensive income for the period	**4,784**	4,591	3,967

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

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

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	Cents per Share		
Dividends per share attributable to shareholders of the Bank:			
Ordinary shares	**183**	200	164
Trust preferred securities	**3,235**	2,890	2,877

Consolidated Balance Sheet

As at 31 December 2013

		As at		
		31 Dec 13	30 Jun 13	31 Dec 12
Assets	Notes	$M	$M	$M
Cash and liquid assets		**31,051**	20,634	18,837
Receivables due from other financial institutions		**7,599**	7,744	9,650
Assets at fair value through Income Statement:				
Trading		**18,855**	19,617	17,736
Insurance		**14,559**	14,359	14,136
Other		**645**	907	1,211
Derivative assets		**37,181**	45,340	37,703
Available-for-sale investments		**64,042**	59,601	58,792
Loans, bills discounted and other receivables	4	**581,170**	556,648	534,645
Bank acceptances of customers		**4,807**	6,063	8,155
Property, plant and equipment		**2,801**	2,718	2,598
Investment in associates and joint ventures		**2,220**	2,281	2,029
Intangible assets		**9,942**	10,423	10,366
Deferred tax assets (1)		**824**	916	819
Other assets		**6,015**	6,598	5,488
		781,711	753,849	722,165
Assets held for sale		**590**	8	18
Total assets		**782,301**	753,857	722,183

Liabilities	Notes	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M
Deposits and other public borrowings	6	**485,436**	459,429	448,410
Payables due to other financial institutions		**29,585**	25,922	23,479
Liabilities at fair value through Income Statement		**8,330**	8,701	7,195
Derivative liabilities		**29,393**	38,580	38,068
Bank acceptances		**4,807**	6,063	8,155
Current tax liabilities		**1,492**	1,529	1,287
Deferred tax liabilities		**518**	471	395
Other provisions		**1,252**	1,249	1,223
Insurance policy liabilities		**13,140**	13,004	13,032
Debt issues		**142,675**	132,808	119,284
Managed funds units on issue		**932**	891	710
Bills payable and other liabilities (1)		**8,321**	9,986	7,770
		725,881	698,633	669,008
Loan capital		**9,383**	9,687	9,827
Total liabilities		**735,264**	708,320	678,835
Net assets		**47,037**	45,537	43,348

Shareholders' Equity	Notes	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M
Share capital:				
Ordinary share capital	8	**26,327**	26,323	26,126
Other equity instruments	8	**939**	939	939
Reserves	8	**1,780**	1,333	1,262
Retained profits (1)	8	**17,455**	16,405	14,489
Shareholders' equity attributable to Equity holders of the Bank		**46,501**	45,000	42,816
Non-controlling interests	8	**536**	537	532
Total Shareholders' equity		**47,037**	45,537	43,348

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

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

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2013

	Ordinary share capital $M	Other equity instruments $M	Reserves $M	Retained profits $M	Shareholders' equity attributable to Equity holders of the Bank $M	Non-controlling interests $M	Total Shareholders' equity $M
As at 30 June 2012 (1)	25,175	939	1,571	13,356	**41,041**	531	**41,572**
Restatement	-	-	-	48	**48**	-	**48**
As at 30 June 2012 (restated)	25,175	939	1,571	13,404	**41,089**	531	**41,620**
Net profit after income tax (1)	-	-	-	3,631	**3,631**	8	**3,639**
Net other comprehensive income (1)	-	-	62	266	**328**	-	**328**
Total comprehensive income for the period	-	-	62	3,897	**3,959**	8	**3,967**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(3,137)	**(3,137)**	-	**(3,137)**
Dividends paid on other equity instruments	-	-	-	(14)	**(14)**	-	**(14)**
Dividend reinvestment plan (net of issue costs)	929	-	-	-	**929**	-	**929**
Other equity movements:							
Share based payments	-	-	(46)	-	**(46)**	-	**(46)**
Purchase of treasury shares	(55)	-	-	-	**(55)**	-	**(55)**
Sale and vesting of treasury shares	77	-	-	-	**77**	-	**77**
Other changes	-	-	(325)	339	**14**	(7)	**7**
As at 31 Decemeber 2012 (1)	26,126	939	1,262	14,489	**42,816**	532	**43,348**
Net profit after income tax (1)	-	-	-	3,987	**3,987**	8	**3,995**
Net other comprehensive income (1)	-	-	495	101	**596**	-	**596**
Total comprehensive income for the period	-	-	495	4,088	**4,583**	8	**4,591**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(2,639)	**(2,639)**	-	**(2,639)**
Dividends paid on other equity instruments	-	-	-	(14)	**(14)**	-	**(14)**
Dividend reinvestment plan (net of issue costs)	-	-	-	-	**-**	-	**-**
Other equity movements:							
Share based payments	-	-	42	-	**42**	-	**42**
Issue of shares	193	-	-	-	**193**	-	**193**
Purchase of treasury shares	(609)	-	-	-	**(609)**	-	**(609)**
Sale and vesting of treasury shares	613	-	-	-	**613**	-	**613**
Other changes	-	-	(466)	481	**15**	(3)	**12**
As at 30 June 2013	26,323	939	1,333	16,405	**45,000**	537	**45,537**
Net profit after income tax	-	-	-	4,207	**4,207**	10	**4,217**
Net other comprehensive income	-	-	460	107	**567**	-	**567**
Total comprehensive income for the period	-	-	460	4,314	**4,774**	10	**4,784**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(3,224)	**(3,224)**	-	**(3,224)**
Dividends paid on other equity instruments	-	-	-	(16)	**(16)**	-	**(16)**
Dividend reinvestment plan (net of issue costs)	-	-	-	-	**-**	-	**-**
Other equity movements:							
Share based payments	-	-	(53)	-	**(53)**	-	**(53)**
Purchase of treasury shares	(804)	-	-	-	**(804)**	-	**(804)**
Sale and vesting of treasury shares	808	-	-	-	**808**	-	**808**
Other changes	-	-	40	(24)	**16**	(11)	**5**
As at 31 Decemeber 2013	26,327	939	1,780	17,455	**46,501**	536	**47,037**

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

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

Consolidated Statement of Cash Flows [1]

For the half year ended 31 December 2013

	Notes	Half Year Ended 31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M
Cash flows from operating activities				
Interest received		**16,800**	17,051	17,817
Interest paid		**(9,643)**	(9,817)	(11,239)
Other operating income received		**2,892**	2,446	2,601
Expenses paid		**(4,422)**	(4,013)	(4,419)
Income taxes paid		**(1,566)**	(1,200)	(1,740)
Net cash inflows/(outflows) from assets at fair value through Income Statement (excluding life insurance)		**6,430**	1,576	(2,332)
Net cash inflows/(outflows) from liabilities at fair value through Income Statement:				
Life insurance:				
Investment income		**791**	2,324	227
Premiums received [2]		**1,128**	1,046	1,060
Policy payments [2]		**(1,576)**	(1,835)	(2,068)
Other liabilities at fair value through Income Statement		**(1,243)**	797	706
Cash flows from operating activities before changes in operating assets and liabilities		**9,591**	8,375	613
Changes in operating assets and liabilities arising from cash flow movements				
Movement in available-for-sale investments:				
Purchases		**(21,696)**	(21,733)	(23,696)
Proceeds		**17,789**	21,068	26,022
Net change in deposits with regulatory authorities		**(41)**	(18)	16
Net increase in loans, bills discounted and other receivables		**(19,744)**	(18,618)	(9,417)
Net decrease in receivables due from other financial institutions [3]		**396**	2,327	1,213
Net decrease/(increase) in securities purchased under agreements to resell		**402**	(165)	(534)
Life insurance business:				
Purchase of insurance assets at fair value through Income Statement		**(1,569)**	(1,836)	(755)
Proceeds from sale/maturity of insurance assets at fair value through Income Statement		**2,001**	1,923	1,909
Net (increase)/decrease in other assets		**(62)**	64	(329)
Net increase in deposits and other public borrowings		**16,505**	6,257	10,986
Net decrease in payables due to other financial institutions [3]		**1,979**	831	1,292
Net increase/(decrease) in securities sold under agreements to repurchase		**5,061**	943	(616)
Net (decrease)/increase in other liabilities		**(827)**	821	(366)
Changes in operating assets and liabilities arising from cash flow movements		**194**	(8,136)	5,725
Net cash provided by operating activities	10(a)	**9,785**	239	6,338
Cash flows from investing activities				
Net proceeds from disposal of controlled entities		**63**	-	-
Net proceeds from disposal of entities and businesses (net of cash disposals)		**6**	-	-
Dividends received		**20**	54	28
Proceeds from sale of property, plant and equipment		**23**	13	17
Purchases of property, plant and equipment		**(276)**	(335)	(307)
Payments for acquisitions of investments in associates/joint ventures		**(14)**	(193)	(71)
Purchase of intangible assets		**(223)**	(222)	(242)
Sale of assets held for sale		**-**	-	2
Net cash used in investing activities		**(401)**	(683)	(573)

(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.
(3) Cash and cash equivalents has been redefined to no longer include at call deposits with other financial institutions and settlement account balances with other banks. Comparatives have been restated to conform to presentation in the current period.

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

Consolidated Statement of Cash Flows [1] (continued)

For the half year ended 31 December 2013

		Half Year Ended		
		31 Dec 13	30 Jun 13	31 Dec 12
	Notes	$M	$M	$M
Cash flows from financing activities				
Proceeds from the issue of shares (net of issue costs)		**-**	193	-
Dividends paid (excluding Dividend Reinvestment Plan)		**(3,235)**	(2,646)	(2,214)
Proceeds from issuance of debt securities		**41,379**	48,580	43,670
Redemption of issued debt securities		**(37,544)**	(45,364)	(48,327)
Purchase of treasury shares		**751**	(609)	(55)
Sale of treasury shares		**(804)**	610	24
Issue of loan capital		**-**	-	1,977
Redemption of loan capital		**(500)**	(83)	(2,132)
Other [2]		**(33)**	256	(38)
Net cash used in financing activities		**14**	937	(7,095)
Net increase/(decrease) in cash and cash equivalents		**9,398**	493	(1,330)
Effect of exchange rates on cash and cash equivalents [2]		**1,004**	937	(85)
Cash and cash equivalents at beginning of period		**12,618**	11,188	12,603
Cash and cash equivalents at end of period	10(b)	**23,020**	12,618	11,188

(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) Cash and cash equivalents has been redefined to no longer include at call deposits with other financial institutions and settlement account balances with other banks. Comparatives have been restated to conform to presentation in the current period.

Note 1 Accounting Policies

General Information

The Financial Statements of the Commonwealth Bank of Australia (the Bank) and its subsidiaries (collectively referred to as the "Group") for the half year ended 31 December 2013, were approved and authorised for issue by the Board of Directors on 11 February 2014.

The Bank is incorporated and domiciled in Australia. It is a company limited by shares that are publicly traded on the Australian Securities Exchange (ASX). The address of its registered office is Ground Floor, Tower 1, 201 Sussex Street, Sydney NSW 2000, Australia.

There have been no significant changes in the nature of the principal activities of the Group during the half year.

Basis of accounting

This Interim Financial Report for the half year ended 31 December 2013 has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 'Interim Financial Reporting' which ensures compliance with IAS 34 'Interim Financial Reporting'. The Group is a for-profit entity for the purpose of preparing this report.

This half year financial report does not include all notes of the type normally included within an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial position and financial performance of the Group as that given by the Annual Financial Report.

As a result, this report should be read in conjunction with the 30 June 2013 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.

The amounts contained in this Financial Report and the Financial Statements are presented in Australian dollars and rounded to the nearest million dollars unless otherwise stated, under the option available under ASIC Class Order 98/100 (as amended by ASIC Class Order 04/667).

For the purpose of this half year financial report, the half year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Annual Financial Report for the year ended 30 June 2013 except for the following comparative changes arising from both new accounting standards and alignment with industry practice. The affected comparatives are footnoted. The key restatements are:

- Certain derivatives are now presented gross in accordance with accounting requirements; these were presented net in the prior comparative period. The impact is an increase of $865 million to both derivative assets and liabilities as at 31 December 2012.
- The impact of the amended AASB 119 'Employee Benefits', which is explained further in Note 1.
- The Group has reviewed the presentation of broker commissions paid within the funds management and insurance businesses together with other volume-related expenses. These expenses vary directly with the amount of associated revenue generated, and have been reclassified from operating expenses and netted against operating income. This is in line with recent industry practice and the relevant accounting requirements. This reclassification results in changes to the presentation of the Income Statement of the Group and affected business segments (Institutional Banking and Markets, Wealth Management, New Zealand and International Financial Services) as shown in Note 7. The total impact is an equivalent decrease on both operating expenses and operating income of $348 million and $330 million for the half year ended 30 June 2013 and 31 December 2012 respectively.
- The Group has reclassified depreciation expense against rental income in line with industry practice on the basis it better represents net income earned from operating lease arrangements.

AASB 10 Consolidated Financial Statements and Associated Standards

AASB 10 'Consolidated Financial Statements' was applied by the Consolidated Entity from 1 July 2013. AASB 10 introduces control as the single basis for consolidation for all entities, regardless of the nature of the investee. AASB 10 replaces those parts of AASB 127 'Consolidated and Separate Financial Statements' that address when and how an investor should prepare consolidated financial statements and replaces SIC-12 'Consolidation – Special Purpose Entities' in its entirety.

The implementation of AASB 10 did not materially impact the entities consolidated or deconsolidated by the Group, and the amounts recognised in the financial statements. Annual disclosures will be impacted.

Concurrent with the adoption of AASB 10, the following standards were also adopted:

- AASB 11 'Joint Arrangements';
- AASB 12 'Disclosure of Interests in Other Entities';
- AASB 127 'Separate Financial Statements', amended for the issuance of AASB 10; and
- AASB 128 'Investments in Associates', amended for conforming changes based on the issuance of AASB 10 and AASB 11.

AASB 13 Fair Value

AASB 13 'Fair Value' was applied by the Group from 1 July 2013. AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. Initial application has not resulted in any material impact to the Group, however additional fair value disclosure is now required and has been provided in Note 9.

AASB 119 Employee Benefits

The amended AASB 119 'Employee Benefits' was applied by the Group from 1 July 2013. This resulted in the following significant changes:

- Annual defined benefit superannuation expense now includes net interest expense or income, calculated by applying the relevant discount rate to the net defined benefit asset or liability. This replaced the former finance charge and expected return on plan assets. Applying this change to the half year ended 30 June 2013 and 31 December 2012 increased the total defined benefit plan expense by $42 million for each half year; and
- The discount rate used in calculating the defined benefit liability relating to active members can no longer include a 15% investment tax adjustment. This resulted in a one-off decrease of $70 million in defined benefit liability as at 31 December 2012 which was recognised retrospectively through retained earnings.

Note 2 Profit

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
	$M	$M	$M
Interest Income			
Loans and bills discounted	**15,627**	15,682	16,338
Other financial institutions	**30**	30	34
Cash and liquid assets	**102**	88	99
Assets at fair value through Income Statement	**220**	230	220
Available-for-sale investments	**860**	929	1,089
Total interest income	**16,839**	16,959	17,780
Interest Expense			
Deposits	**6,796**	7,183	7,887
Other financial institutions	**120**	122	111
Liabilities at fair value through Income Statement	**104**	100	98
Debt issues	**2,158**	2,258	2,611
Loan capital	**207**	214	221
Total interest expense	**9,385**	9,877	10,928
Net interest income	**7,454**	7,082	6,852
Other Operating Income			
Lending fees	**537**	544	509
Commissions	**1,081**	997	993
Trading income	**508**	420	443
Net gain on disposal of available-for-sale investments	**4**	(5)	36
Net gain/(loss) on other non-fair valued financial instruments	**18**	(41)	-
Net hedging ineffectiveness	**(14)**	(20)	(5)
Net gain/(loss) on sale of property, plant and equipment	**(3)**	(5)	(9)
Net gain/(loss) on other fair valued financial instruments:			
Fair value through Income Statement [(1)]	**(4)**	-	(1)
Non-trading derivatives [(1)]	**(49)**	38	(10)
Dividends - Other	**5**	5	4
Funds management and investment contract income:			
Fees receivable on trust and other fiduciary activities	**742**	854	788
Other [(2)]	**301**	102	103
Insurance contracts income [(2)]	**455**	447	476
Share of profit of associates and joint ventures	**88**	98	67
Other [(2) (3)]	**37**	51	63
Total other operating income	**3,706**	3,485	3,457
Total net operating income before impairment and operating expense	**11,160**	10,567	10,309
Impairment Expense			
Loan impairment expense	**457**	466	680
Total impairment expense (Note 5)	**457**	466	680

(1) Non-trading derivatives are held for risk management purposes.
(2) Comparative information has been restated to conform to presentation in the current period (refer to Note 1).
(3) Includes depreciation of $37 million (30 June 2013: $35 million; 31 December 2012: $30 million) and rental income of $68 million (30 June 2013: $62 million; 31 December 2012: $54 million) in relation to operating leases where the Group is the lessor.

Note 2 Profit (continued)

	Half Year Ended		
	2013	2012	2011
	$M	$M	$M
Staff Expenses			
Salaries and wages	**2,230**	2,142	2,108
Share-based compensation	**121**	98	94
Superannuation - defined contribution plans	**31**	38	20
Superannuation - defined benefit plan (1)	**153**	136	152
Provisions for employee entitlements	**69**	42	54
Payroll tax	**120**	111	112
Fringe benefits tax	**20**	15	20
Other staff expenses	**41**	44	46
Total staff expenses	**2,785**	2,626	2,606
Occupancy and Equipment Expenses			
Operating lease rentals	**304**	292	288
Depreciation of property, plant and equipment (1)	**120**	117	117
Repairs and maintenance	**44**	48	44
Other	**56**	55	57
Total occupancy and equipment expenses	**524**	512	506
Information Technology Services			
Application, maintenance and development	**208**	228	211
Data processing	**113**	125	111
Desktop	**47**	50	50
Communications	**103**	99	103
Amortisation of software assets	**130**	133	112
Software write offs	**68**	-	-
IT equipment depreciation	**31**	37	40
Total information technology services	**700**	672	627
Other Expenses			
Postage	**59**	57	57
Stationery	**36**	39	46
Fees and commissions:			
Professional fees	**119**	132	98
Other (1)	**57**	57	63
Advertising, marketing and loyalty	**244**	238	225
Amortisation of intangible assets (excluding software and merger related amortisation)	**9**	9	11
Non-lending losses	**39**	32	35
Other (1)	**179**	169	193
Total other expenses	**742**	733	728
Total expenses	**4,751**	4,543	4,467
Investment and Restructuring			
Merger related amortisation (2)	**37**	38	37
Total investment and restructuring	**37**	38	37
Total operating expenses	**4,788**	4,581	4,504
Profit before income tax	**5,915**	5,520	5,125
Gain/(loss) on fair value hedges:			
Hedging instruments	**141**	(723)	109
Hedged items	**(148)**	718	(102)
Cash flow hedge ineffectiveness	**(7)**	(15)	(12)
Net hedging ineffectiveness	**(14)**	(20)	(5)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Merger related amortisation relates to Bankwest core deposits and customer lists.

Note 3 Income Tax Expense

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
Profit before Income Tax (1)	**5,915**	5,520	5,125
Prima facie income tax at 30% (1)	**1,775**	1,656	1,537
Effect of amounts which are non-deductible/(assessable) in calculating taxable income:			
Taxation offsets and other dividend adjustments	**(2)**	(3)	-
Tax adjustment referable to policyholder income	**42**	20	59
Tax losses not previously brought to account	**(9)**	(7)	(11)
Offshore tax rate differential	**(52)**	(50)	(39)
Offshore banking unit	**(13)**	(17)	(16)
Income tax (over)/under provided in previous years	**(6)**	(50)	-
Other	**(37)**	(24)	(44)
Total income tax expense	**1,698**	1,525	1,486
Corporate tax expense	**1,638**	1,497	1,402
Policyholder tax expense	**60**	28	84
Total income tax expense	**1,698**	1,525	1,486

Effective Tax Rate (1)	**%**	%	%
Total – corporate	**28. 0**	27. 3	27. 8
Retail Banking Services – corporate	**29. 9**	29. 8	29. 9
Business and Private Banking – corporate	**30. 0**	29. 3	30. 1
Institutional Banking and Markets – corporate	**24. 4**	22. 7	22. 9
Wealth Management – corporate	**24. 1**	27. 6	27. 7
New Zealand – corporate	**24. 3**	24. 6	24. 9
Bankwest – corporate	**29. 6**	30. 3	29. 2

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

Note 4 Loans, Bills Discounted and Other Receivables

	As at		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
Australia			
Overdrafts	**21,627**	20,039	21,555
Home loans	**348,486**	338,023	327,626
Credit card outstandings	**11,736**	11,457	11,331
Lease financing	**4,251**	4,328	4,087
Bills discounted	**22,348**	22,017	19,703
Term loans	**103,201**	101,141	98,013
Other lending	**183**	271	648
Other securities	**-**	7	7
Total Australia	**511,832**	497,283	482,970
New Zealand			
Overdrafts	**847**	797	694
Home loans	**37,712**	33,989	30,674
Credit card outstandings	**801**	676	646
Lease financing	**307**	332	340
Term loans	**18,443**	16,240	15,030
Total New Zealand	**58,110**	52,034	47,384
Other Overseas			
Overdrafts	**300**	301	212
Home loans	**823**	828	758
Lease financing	**66**	60	114
Term loans	**15,837**	12,252	9,623
Total Other Overseas	**17,026**	13,441	10,707
Gross loans, bills discounted and other receivables	**586,968**	562,758	541,061
Less:			
Provisions for Loan Impairment:			
Collective provision	**(2,846)**	(2,827)	(2,840)
Individually assessed provisions	**(1,416)**	(1,628)	(1,845)
Unearned income:			
Term loans	**(841)**	(900)	(969)
Lease financing	**(695)**	(755)	(762)
	(5,798)	(6,110)	(6,416)
Net loans, bills discounted and other receivables	**581,170**	556,648	534,645

Note 5 Provisions for Impairment and Asset Quality

	As at 31 Decemeber 2013				
	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	246,134	4,265	676	110,256	361,331
Pass Grade	119,401	13,517	7,539	52,039	192,496
Weak	9,387	3,455	170	1,369	14,381
Total loans which were neither past due nor impaired	374,922	21,237	8,385	163,664	568,208
Loans which were past due but not impaired (1)					
Past due 1 - 29 days	6,810	831	87	1,149	8,877
Past due 30 - 59 days	1,874	199	31	368	2,472
Past due 60 - 89 days	758	114	9	185	1,066
Past due 90 - 179 days	844	13	2	431	1,290
Past due 180 days or more	764	18	1	539	1,322
Total loans past due but not impaired	11,050	1,175	130	2,672	15,027

	As at 30 June 2013				
	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired (2)					
Investment Grade	232,660	3,582	722	101,299	338,263
Pass Grade	118,036	14,134	7,687	50,040	189,897
Weak	9,165	3,547	98	2,615	15,425
Total loans which were neither past due nor impaired	359,861	21,263	8,507	153,954	543,585
Loans which were past due but not impaired (1) (2)					
Past due 1 - 29 days	7,194	769	77	1,141	9,181
Past due 30 - 59 days	1,966	216	29	235	2,446
Past due 60 - 89 days	961	120	11	253	1,345
Past due 90 - 179 days	949	5	3	154	1,111
Past due 180 days or more	811	20	-	273	1,104
Total loans past due but not impaired	11,881	1,130	120	2,056	15,187

	As at 31 Decemeber 2012				
	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	207,424	4,072	597	95,819	307,912
Pass Grade	129,009	13,487	7,752	47,022	197,270
Weak	12,879	2,628	90	4,253	19,850
Total loans which were neither past due nor impaired	349,312	20,187	8,439	147,094	525,032
Loans which were past due but not impaired (1) (2)					
Past due 1 - 29 days	3,988	736	95	959	5,778
Past due 30 - 59 days	1,976	188	36	121	2,321
Past due 60 - 89 days	917	105	18	85	1,125
Past due 90 - 179 days	958	-	3	354	1,315
Past due 180 days or more	951	20	-	353	1,324
Total loans past due but not impaired	8,790	1,049	152	1,872	11,863

(1) Included in these balances are credit card facilities and other unsecured portfolio managed facilities up to 90 days past due. At 90 days past due the loans are classified as impaired.
(2) Comparative information has been restated to conform to presentation in the current period.

Note 5 Provisions for Impairment and Asset Quality (continued)

	Half Year Ended		
	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 (1) $M
Movement in impaired asset quality			
Gross impaired assets - opening balance	**4,330**	4,480	4,687
New and increased	**1,316**	1,469	1,547
Balances written off	**(795)**	(823)	(951)
Returned to performing or repaid	**(1,208)**	(1,088)	(1,077)
Portfolio managed - new/increased/return to performing/repaid	**296**	292	274
Gross impaired assets - closing balance (2)	**3,939**	4,330	4,480

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

(2) Includes $3,732 million of loans and advances and $207 million of other financial assets (30 June 2013: $3,986 million of loans and advances and $344 million of other financial assets; 31 December 2012: $4,166 million of loans and advances and $314 million of other financial assets).

	As at		
	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 (1) $M
Impaired assets by size of asset			
Less than $1 million (1)	**1,450**	1,544	1,296
$1 million to $10 million	**1,156**	1,305	1,280
Greater than $10 million	**1,333**	1,481	1,904
Gross impaired assets	**3,939**	4,330	4,480
Less total provisions for impairmed assets	**(1,539)**	(1,759)	(1,958)
Net impaired assets	**2,400**	2,571	2,522

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

	As at		
	31 Dec 13 %	30 Jun 13 %	31 Dec 12 %
Asset quality ratios			
Gross impaired assets as a % of gross loans and acceptances	**0. 67**	0. 76	0. 79
Loans 90 or more days past due but not impaired as a % of gross loans and acceptances (1)	**0. 44**	0. 41	0. 51

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

Note 5 Provisions for Impairment and Asset Quality (continued)

Provisioning Policy

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

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

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
Provision for impairment losses			
Collective provision			
Opening balance	**2,858**	2,858	2,837
Net collective provision funding	**278**	260	299
Impairment losses written off	**(369)**	(346)	(349)
Impairment losses recovered	**91**	80	74
Other	**12**	6	(3)
Closing balance	**2,870**	2,858	2,858
Individually assessed provisions			
Opening balance	**1,628**	1,845	2,008
Net new and increased individual provisioning	**336**	416	521
Write-back of provisions no longer required	**(157)**	(210)	(140)
Discount unwind to interest income	**(30)**	(39)	(51)
Other	**118**	149	168
Impairment losses written off	**(479)**	(533)	(661)
Closing balance	**1,416**	1,628	1,845
Total provisions for impairment losses	**4,286**	4,486	4,703
Less: Off balance sheet provisions	**(24)**	(31)	(18)
Total provisions for loan impairment	**4,262**	4,455	4,685

	As at		
	31 Dec 13	30 Jun 13	31 Dec 12
	%	%	%
Provision ratios			
Collective provision as a % of credit risk weighted assets - Basel III	**1. 02**	1. 02	n/a
Total provisions as a % of credit risk weighted assets - Basel III	**1. 52**	1. 60	n/a
Collective provision as a % of credit risk weighted assets - Basel 2.5	**n/a**	n/a	1. 11
Total provisions as a % of credit risk weighted assets - Basel 2.5	**n/a**	n/a	1. 82
Total provisions for impaired assets as a % of gross impaired assets	**39. 07**	40. 62	43. 71
Total provisions for impairment losses as a % of gross loans and acceptances	**0. 72**	0. 79	0. 86

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
Loan impairment expense			
Net collective provisioning funding	**278**	260	299
Net new and increased individual provisioning	**336**	416	521
Write-back of individually assessed provisions	**(157)**	(210)	(140)
Total impairment expense	**457**	466	680

Note 6 Deposits and Other Public Borrowings

	As at		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
Australia			
Certificates of deposit	**39,878**	42,346	48,123
Term deposits	**155,450**	157,959	154,698
On demand and short term deposits	**213,872**	195,017	184,199
Deposits not bearing interest	**9,197**	8,891	8,415
Securities sold under agreements to repurchase	**10,547**	5,502	4,592
Total Australia	**428,944**	409,715	400,027
New Zealand			
Certificates of deposit	**77**	81	352
Term deposits	**19,805**	18,959	17,670
On demand and short term deposits	**17,271**	13,379	11,576
Deposits not bearing interest	**2,465**	1,977	1,921
Securities sold under agreements to repurchase	**87**	70	19
Total New Zealand	**39,705**	34,466	31,538
Other Overseas			
Certificates of deposit	**8,480**	6,157	9,408
Term deposits	**7,129**	7,922	6,361
On demand and short term deposits	**947**	1,085	957
Deposits not bearing interest	**231**	84	102
Securities sold under agreements to repurchase	**-**	-	17
Total Other Overseas	**16,787**	15,248	16,845
Total deposits and other public borrowings	**485,436**	459,429	448,410

Note 7 Financial Reporting by Segments

The principal activities of the Group are carried out in the below business segments. These segments are based on where the customer relationship is being managed. A detailed description of each segment is disclosed in Note 31 of the Group's annual financial statements for the year ended 30 June 2013.

	Half Year Ended 31 Decemeber 2013							
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	IFS and Other	Total
	$M	$M	$M	$M	$M	$M	$M	$M
Net interest income	3,432	1,501	704	-	664	804	339	**7,444**
Other banking income	814	434	664	-	102	103	117	**2,234**
Total banking income	4,246	1,935	1,368	-	766	907	456	**9,678**
Funds management income	-	-	-	958	30	-	15	**1,003**
Insurance income	-	-	-	281	87	-	18	**386**
Total operating income	4,246	1,935	1,368	1,239	883	907	489	**11,067**
Investment experience (1)	-	-	-	72	-	-	9	**81**
Total income	4,246	1,935	1,368	1,311	883	907	498	**11,148**
Operating expenses	(1,572)	(709)	(455)	(790)	(393)	(401)	(431)	**(4,751)**
Loan impairment expense	(290)	(87)	(21)	-	(18)	(5)	(36)	**(457)**
Net profit before tax	2,384	1,139	892	521	472	501	31	**5,940**
Corporate tax expense	(713)	(342)	(218)	(126)	(117)	(148)	2	**(1,662)**
Non-controlling interests	-	-	-	-	-	-	(10)	**(10)**
Net profit after tax ("cash basis") (2)	1,671	797	674	395	355	353	23	**4,268**
Hedging and IFRS volatility	-	-	-	-	(15)	-	10	**(5)**
Other non-cash items	-	-	-	(26)	-	(30)	-	**(56)**
Net profit after tax ("statutory basis")	1,671	797	674	369	340	323	33	**4,207**
Additional information								
Intangible asset amortisation	(15)	(13)	(18)	(10)	(18)	(38)	(64)	**(176)**
Depreciation	(3)	-	(8)	(1)	(19)	(15)	(105)	**(151)**
Balance Sheet								
Total assets	272,362	102,883	151,972	20,796	64,212	75,056	95,020	**782,301**
Total liabilities	193,258	67,376	150,716	23,358	56,414	42,705	201,437	**735,264**

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

(2) Non-cash items are excluded from net profit after tax ("cash basis"), which is Management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or not considered representative of the Group's ongoing financial performance. The items for the period are treasury shares valuation adjustment ($28 million expense), unrealised gains and losses relating to hedging and IFRS volatility ($5 million expense), Bankwest non-cash items ($30 million expense) and gain on sale of management rights ($2 million gain).

Note 7 Financial Reporting by Segments (continued)

	Half Year Ended 31 Decemeber 2012 [1]							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Total $M
Net interest income	3,160	1,472	697	-	526	761	246	**6,862**
Other banking income	747	413	609	-	126	110	100	**2,105**
Total banking income	3,907	1,885	1,306	-	652	871	346	**8,967**
Funds management income	-	-	-	840	23	-	21	**884**
Insurance income	-	-	-	277	76	-	1	**354**
Total operating income	3,907	1,885	1,306	1,117	751	871	368	**10,205**
Investment experience [2]	-	-	-	80	3	-	1	**84**
Total income	3,907	1,885	1,306	1,197	754	871	369	**10,289**
Operating expenses	(1,488)	(696)	(432)	(743)	(326)	(416)	(366)	**(4,467)**
Loan impairment expense	(246)	(150)	(97)	-	(22)	(86)	(15)	**(616)**
Net profit before tax	2,173	1,039	777	454	406	369	(12)	**5,206**
Corporate tax expense	(650)	(313)	(181)	(123)	(101)	(111)	31	**(1,448)**
Non-controlling interests	-	-	-	-	-	-	(8)	**(8)**
Net profit after tax ("cash basis") [3]	1,523	726	596	331	305	258	11	**3,750**
Hedging and IFRS volatility	-	-	-	-	(6)	-	(4)	**(10)**
Other non-cash items	-	-	(45)	(31)	-	(33)	-	**(109)**
Net profit after tax ("statutory basis")	1,523	726	551	300	299	225	7	**3,631**
Additional information								
Intangible asset amortisation	(13)	(16)	(15)	(7)	(13)	(38)	(58)	**(160)**
Depreciation	(3)	(1)	(7)	(2)	(14)	(19)	(111)	**(157)**
Balance Sheet								
Total assets	255,075	100,124	139,643	20,594	53,762	73,582	79,403	**722,183**
Total liabilities	176,085	64,902	137,911	22,594	47,924	42,495	186,924	**678,835**

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Investment experience is presented on a pre-tax basis.
(3) Non-cash items are excluded from net profit after tax (“cash basis”), which is Management’s preferred measure of the Group’s financial performance, as they tend to be non-recurring in nature or not considered representative of the Group’s ongoing financial performance. The items for the period are Bell Group litigation ($45 million expense), treasury shares valuation adjustment ($31 million expense), unrealised gains and losses relating to hedging and IFRS volatility ($10 million expense) and Bankwest non-cash items ($33 million expense).

Note 7 Financial Reporting by Segments (continued)

Geographical Information Financial Performance and Position	Half Year Ended 31 Dec 13 $M	31 Dec 13 %	31 Dec 12 (1) $M	31 Dec 12 (1) %
Income				
Australia	**19,012**	**85. 3**	20,084	87. 7
New Zealand	**2,274**	**10. 2**	1,898	8. 3
Other locations (2)	**1,001**	**4. 5**	906	4. 0
Total Income	**22,287**	**100.0**	22,888	100. 0
Non-Current Assets				
Australia	**13,721**	**91. 7**	13,895	92. 7
New Zealand	**1,045**	**7. 0**	923	6. 1
Other locations (2)	**197**	**1. 3**	175	1. 2
Total non-current assets (3)	**14,963**	**100.0**	14,993	100. 0

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Other locations include: United Kingdom, United States, Japan, Singapore, Malta, Hong Kong, Indonesia, China, India and Vietnam.
(3) Non-current assets includes property, plant and equipment, investments in associates and joint ventures and intangibles.

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

Note 8 Shareholders' Equity

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
Ordinary share capital			
Opening balance	**26,323**	26,126	25,175
Issue of shares	**-**	193	-
Dividend reinvestment plan (net of issue costs) (1) (2)	**-**	-	929
Purchase of treasury shares	**(804)**	(609)	(55)
Sale/(purchase) and vesting of treasury shares (3)	**808**	613	77
Closing balance	**26,327**	26,323	26,126
Other equity instruments			
Opening balance	**939**	939	939
Closing balance	**939**	939	939
Retained profits			
Opening balance	**16,405**	14,489	13,404
Actuarial gains/(losses) from defined benefit superannuation plans (4)	**107**	101	266
Realised gains and dividend income on treasury shares	**16**	15	14
Operating profit attributable to Equity holders of the Bank	**4,207**	3,987	3,631
Total available for appropriation	**20,735**	18,592	17,315
Transfers from/(to) general reserve	**(52)**	111	325
Transfers from capital reserve	**-**	355	-
Transfers from asset reserve	**12**	-	-
Interim dividend - cash component	**-**	(2,639)	-
Final dividend - cash component	**(3,224)**	-	(2,207)
Final dividend - Dividend Reinvestment Plan (DRP) (1) (2)	**-**	-	(930)
Other dividends (5)	**(16)**	(14)	(14)
Closing balance	**17,455**	16,405	14,489

(1) The DRP in respect of the 2012/2013 final dividend was satisfied in full through the on market purchase and transfer of 9,829,242 shares to participating shareholders.

(2) The determined dividend includes an amount attributable to DRP of $930 million (final 2011/2012) with $929 million ordinary shares being issued under plan rules, which include the carry forward of DRP balance from previous dividends.

(3) Relates to movements in treasury shares held within Life Insurance Statutory Funds and the employee share scheme trust.

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

(5) Dividends relating to equity instruments on issue other than ordinary shares.

Note 8 Shareholders' Equity (continued)

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
Reserves			
General reserve			
Opening balance	**765**	876	1,201
Appropriation (to)/from retained profits	**52**	(111)	(325)
Closing balance	**817**	765	876
Capital reserve			
Opening balance	**-**	353	351
Revaluation surplus on sale of property	**-**	2	2
Transfer to retained profits	**-**	(355)	-
Closing balance	**-**	-	353
Asset revaluation reserve			
Opening balance	**194**	193	195
Revaluation of properties	**-**	4	-
Transfers on sale of properties	**-**	(2)	(2)
Tax on revaluation of properties	**(12)**	(1)	-
Closing balance	**182**	194	193
Foreign currency translation reserve			
Opening balance	**(427)**	(873)	(893)
Currency translation adjustments of foreign operations	**458**	466	23
Currency translation on net investment hedge	**(11)**	(11)	(2)
Tax on translation adjustments	**(13)**	(9)	(1)
Closing balance	**7**	(427)	(873)
Cash flow hedge reserve			
Opening balance	**368**	485	644
Gains and losses on cash flow hedging instruments:			
Recognised in equity	**(254)**	(128)	(447)
Transferred to Income Statement:			
Interest income	**(682)**	(638)	(408)
Interest expense	**603**	644	628
Tax on cash flow hedging instruments	**134**	5	68
Closing balance	**169**	368	485
Employee compensation reserve			
Opening balance	**132**	90	136
Current period movement	**(53)**	42	(46)
Closing balance	**79**	132	90
Available-for-sale investments reserve			
Opening balance	**301**	138	(63)
Net gains and losses on revaluation of available-for-sale investments	**325**	230	323
Net gains and losses on available-for-sale investments transferred to Income Statement on disposal	**(4)**	5	(36)
Tax on available-for-sale investments	**(96)**	(72)	(86)
Closing balance	**526**	301	138
Total reserves	**1,780**	1,333	1,262
Shareholders' equity attributable to equity holders of the Bank	**46,501**	45,000	42,816
Shareholders' equity attributable to non-controlling interests	**536**	537	532
Total Shareholders' equity	**47,037**	45,537	43,348

The balances disclosed above include a share of associates and joint ventures' other comprehensive income of: $1 million for December 2013, $1 million for June 2013, and $nil for December 2012.

Note 9 Fair Value of Financial Instruments Disclosures

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or amortised cost. AASB 134 'Interim Financial Reporting' requires the disclosure of the fair value of those financial instruments not already carried at fair value in the Balance Sheet.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

(a) Comparison of Fair Values and Carrying Values

The following tables summarise the carrying and fair values of financial assets and liabilities presented on the Group's Balance Sheet. The disclosure does not cover assets or liabilities that are not considered to be financial instruments from an accounting perspective.

	2013	
	Carrying Value $M	Fair Value $M
Assets		
Cash and liquid assets	31,051	31,051
Receivables due from other financial institutions	7,599	7,599
Assets at fair value through Income Statement:		
Trading	18,855	18,855
Insurance	14,559	14,559
Other	645	645
Derivative assets (1)	37,181	37,181
Available-for-sale investments	64,042	64,042
Loans, bills discounted and other receivables	581,170	581,760
Bank acceptances of customers	4,807	4,807
Other assets	6,704	6,704
Liabilities		
Deposits and other public borrowings	485,436	486,069
Payables due to other financial institutions	29,585	29,585
Liabilities at fair value through Income Statement	8,330	8,330
Derivative liabilities (1)	29,393	29,393
Bank acceptances	4,807	4,807
Insurance policy liabilities	13,140	13,140
Debt issues	142,675	145,407
Managed funds units on issue	932	932
Bills payable and other liabilities	6,334	6,334
Loan capital	9,383	9,530

The fair values disclosed above represent estimates at which these instruments could be exchanged in a current transaction between willing parties. However, many of the instruments lack an available trading market and it is the intention to hold to maturity. Thus it is possible that realised amounts may differ to amounts disclosed above.

Due to the wide range of valuation techniques and the numerous estimates that must be made, it may be difficult to make a reasonable comparison of the fair value information disclosed here, against that disclosed by other financial institutions.

Note 9 Fair Value of Financial Instruments Disclosures (continued)

For financial instruments not carried at fair value, an estimate of fair value has been derived as follows:

Loans, Bills Discounted and Other Receivables

The carrying value of loans, bills discounted and other receivables is net of accumulated collective and individually assessed provisions for impairment. Customer creditworthiness is regularly reviewed in line with the Group's credit policies and, where necessary, pricing is adjusted in accordance with individual credit contracts.

For the majority of variable rate loans, excluding impaired loans, the carrying amount is considered a reasonable estimate of fair value. For Institutional variable rate loans the fair value is calculated using discounted cash flow models with a discount rate reflecting market rates offered on similar loans to customers with similar creditworthiness. The fair value of impaired loans is calculated by discounting estimated future cash flows using the loan's original effective interest rate.

The fair value of fixed rate loans is calculated using discounted cash flow models using a discount rate reflecting market rates offered for loans of similar remaining maturities and creditworthiness of the customer.

Deposits and Other Public Borrowings

Fair value of non-interest bearing, call and variable rate deposits, and fixed rate deposits repricing within six months, approximate their carrying value as they are short term in nature or payable on demand.

Fair value of term deposits are estimated using discounted cash flows, applying market rates offered for deposits of similar remaining maturities.

Debt Issues and Loan Capital

The fair values are calculated using quoted market prices, where available. Where quoted market prices are not available, discounted cash flow and option pricing models are used. The discount rate applied reflects the terms of the instrument, the timing of the cash flows and is adjusted for any change in the Group's applicable credit rating.

Other Financial Assets and Liabilities

For all other financial assets and liabilities fair value approximates carrying value due to their short term nature, frequent repricing and/or high credit rating.

(b) Valuation Methodology

A significant number of financial instruments are carried on balance sheet at fair value.

The best evidence of fair value is a quoted market price in an active market. Therefore, where possible, fair value is based on quoted market prices. Where no quoted market price for an instrument is available, the fair value is based on present value estimates or other valuation techniques based on current market conditions. These valuation techniques rely on market observable inputs wherever possible, or in a limited number of instances, rely on inputs which are reasonable assumptions based on market conditions.

The tables below categorise financial assets and liabilities that are recognised and measured at fair value, and the valuation methodology according to the following hierarchy.

Valuation Inputs

Quoted Prices in Active Markets – Level 1

Financial instruments, the valuation of which are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Financial instruments included in this category are liquid government bonds, financial institution and corporate bonds, certificates of deposit, bank bills, listed equities and exchange traded derivatives.

Valuation Technique Using Observable Inputs – Level 2

Financial instruments that have been valued using inputs other than quoted prices as described for Level 1, but which are observable for the asset or liability, either directly or indirectly. The valuation techniques include the use of discounted cash flow analysis, option pricing models and other market accepted valuation models.

Financial instruments included in this category are commercial papers, mortgaged backed securities and Over-the-Counter (OTC) derivatives including interest rate swaps, cross currency swaps and FX options.

Valuation Technique Using Significant Unobservable Inputs – Level 3

Financial instruments, the valuation of which incorporates a significant input for the asset or liability that is not based on observable market data (unobservable input). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally derived and extrapolated from observable inputs to match the risk profile of the financial instrument, and are calibrated against current market assumptions, historic transactions and economic models, where available. These inputs may include the timing and amount of future cash flows, rates of estimated credit losses, discount rates and volatility.

Financial instruments included in this category for the Group are certain exotic OTC derivatives and certain asset-backed securities valued using unobservable inputs.

Note 9 Fair Value of Financial Instruments Disclosures (continued)

	Fair Value as at 30 June 2013			
	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Assets				
Assets at fair value through Income Statement:				
Trading [1]	14,841	4,014	-	**18,855**
Insurance	5,009	9,550	-	**14,559**
Other	229	416	-	**645**
Derivative assets	27	37,075	79	**37,181**
Available-for-sale investments [1] [2]	56,902	6,320	820	**64,042**
Total assets carried at fair value	77,008	57,375	899	**135,282**
Liabilities				
Liabilities at fair value through Income Statement [1]	4,560	3,770	-	**8,330**
Derivative liabilities	3	29,383	7	**29,393**
Life investment contracts	-	9,639	-	**9,639**
Total liabilities carried at fair value	4,563	42,792	7	**47,362**

(1) In the current period the Group revised the fair value hierarchy classification of certain financial instruments valued using quoted yields to align with market practice and guidance referred in AASB 13 ‘Fair Value Measurement’. The policy has been applied retrospectively and at 30 June 2013 resulted in a $4,965 million reduction of Level 2 and a corresponding increase of Level 1 Available-for-sale securities; a $1,745 million reduction in Level 2 and a corresponding increase in Level 1 Trading Assets; and a $196 million reduction in Level 2 and a corresponding increase in Level 1 Trading liabilities.

(2) As of 31 December 2013 Available-for-sale investments include $729 million of senior asset-backed security notes with an investment grade credit rating. These securities were acquired in a principal-to-principal transaction and currently have no active secondary market. Their fair value was determined as an average of indicative broker quotes for similar instruments. These similar instruments are normally traded in a principal-to-principal market and information on those transactions is not made available publicly. The significant unobservable inputs used in the fair value measurements of the notes are broker quotes for similar instruments. Significant increases/(decreases) in these inputs would result in a significantly higher/(lower) fair value measurement.

Level 3 Movement Analysis for the half year ended 31 December 2013

	Assets at Fair Value through Income Statement Trading $M	Derivative Assets $M	Available for Sale Investments $M	Derivative Liabilities $M	Total $M
As at 1 July 2013	-	69	4	(14)	59
Purchases	2	9	751	-	762
Sales/Settlements	(2)	(1)	(20)	1	(22)
Gains/(losses) in the period:					
Recognised in the Income Statement	-	1	2	5	8
Recognised in the Statement of Comprehensive Income	-	-	(2)	-	(2)
Transfers in	-	2	85	(3)	84
Transfers out	-	(1)	-	4	3
As at 31 December 2013	-	79	820	(7)	892
Gains/(losses) recognised in the Income Statement for financial instruments held as at 31 December 2013	-	-	(2)	1	(1)

Transfers in and out of Level 3 are due to changes in the observability of the inputs.

The Group’s exposure to financial instruments measured at fair value based in full or in part on non-market observable inputs is restricted to a small number of financial instruments, which comprise an insignificant component of the portfolios to which they belong. As such, the purchases, sales, as well as any change in the assumptions used to value the instruments to a reasonably possible alternative do not have a material effect on the portfolio balance of the Group’s results.

Note 10 Notes to the Statement of Cash Flows

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

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
Net profit after income tax	**4,217**	4,024	3,669
(Increase)/decrease in interest receivable	**(39)**	93	37
(Decrease)/increase in interest payable	**(258)**	59	(310)
Net decrease/(increase) in assets at fair value through Income Statement (excluding life insurance)	**1,679**	(931)	(2,541)
Net gain on sale of controlled entities and associates	**(6)**	(7)	-
Net movement in derivative assets/(liabilities)	**3,685**	2,598	(226)
Net loss/(gain) on sale of property, plant and equipment	**3**	5	9
Equity accounting profit	**(106)**	(118)	(92)
Loan impairment expense	**457**	466	680
Depreciation and amortisation (including asset write downs)	**395**	369	347
(Decrease)/increase in liabilities at fair value through Income Statement (excluding life insurance)	**(773)**	969	600
(Decrease)/increase in other provisions	**(2)**	23	(4)
Increase/(decrease) in income taxes payable	**42**	387	(342)
Increase in deferred tax liabilities	**47**	75	58
Decrease/(increase) in deferred tax assets	**90**	(99)	73
Decrease/(Increase) in accrued fees/reimbursements receivable	**79**	(267)	(5)
(Decrease)/Increase in accrued fees and other items payable	**(195)**	390	(75)
Increase/(decrease) in life insurance contract policy liabilities	**121**	(706)	(695)
Increase in cash flow hedge reserve	**7**	15	12
Increase/(decrease) in fair value on hedged items	**149**	(719)	102
Changes in operating assets and liabilities arising from cash flow movements (1)	**194**	(8,136)	5,725
Other	**(1)**	1,749	(684)
Net cash provided by/(used in) operating activities	**9,785**	239	6,338

(1) Cash and cash equivalents has been redefined to no longer include at call deposits with other financial institutions and settlement account balances with other banks. Comparatives have been restated to conform to presentation in the current period.

(b) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and money at short call.

	As at		
	31 Dec 13	30 Jun 13	31 Dec 12 (1)
	$M	$M	$M
Notes, coins and cash at banks	**14,383**	7,653	8,502
Other short term liquid assets	**8,637**	4,965	2,686
Cash and cash equivalents at end of period (1)	**23,020**	12,618	11,188

(1) Cash and cash equivalents has been redefined to no longer include at call deposits with other financial institutions and settlement account balances with other banks. Comparatives have been restated to conform to presentation in the current period.

(c) Non-cash Financing and Investing Activities

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
Shares issued under the Dividend Reinvestment Plan (DRP)	**-**	-	929

Note 11 Events Subsequent to Balance Date

The Group is not aware of any further matters or circumstances that have occurred since the end of the period that have significantly affected or will significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Note 12 Contingent Liabilities and Commitment

Details of contingent liabilities and off balance sheet business are presented below. The face (contract) value represents the maximum potential amount that could be lost if the counterparty fails to meet its financial obligations.

				Group
	Face Value		Credit Equivalent	
	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13
Credit risk related instruments	$M	$M	$M	$M
Guarantees [1]	**5,919**	5,696	**5,919**	5,696
Standby letters of credit [2]	**162**	134	**162**	134
Bill endorsements [3]	**19**	19	**19**	19
Documentary letters of credit [4]	**4,662**	3,653	**4,643**	3,621
Performance related contingents [5]	**1,489**	1,542	**1,361**	1,510
Commitments to provide credit [6]	**145,340**	139,964	**134,856**	132,451
Other commitments [7]	**2,508**	1,868	**1,757**	1,510
Total credit risk related instruments	**160,099**	152,876	**148,717**	144,941

(1) Guarantees are unconditional undertakings given to support the obligations of a customer to third parties.
(2) Standby letters of credit are undertakings to pay, against presentation of documents, an obligation in the event of a default by a customer.
(3) Bills of exchange endorsed by the Group which represent liabilities in the event of default by the acceptor and the drawer of the bill.
(4) Documentary letters of credit are undertakings by the Group to pay or accept drafts drawn by a supplier of goods against presentation of documents in the event of payment default by a customer.
(5) Performance-related contingents are undertakings that oblige the Group to pay third parties should a customer fail to fulfil a contractual non-monetary obligation.
(6) Commitments to provide credit include all obligations on the part of the Group to provide credit facilities. As facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.
(7) Other commitments include underwriting facilities and commitments with certain drawdowns.

Contingent Liabilities

Other than outlined below, there has been no material change in contingent liabilities since those disclosed in the Financial Statements for the year ended 30 June 2013. Refer to Note 35 of the Group's annual Financial Statements for the year ended 30 June 2013.

Storm Financial

The Australian Securities and Investments Commission (ASIC) commenced legal proceedings against the Bank in relation to Storm Financial, a Queensland-based financial planning firm that collapsed and went into receivership in March 2009. These proceedings were settled in September 2012 with Commonwealth Bank of Australia agreeing, without admission of liability, to pay affected investors up to approximately $136 million (in addition to payments under the Bank's resolution scheme). In addition, class action proceedings have been commenced against the Group in relation to Storm Financial. At this stage only the damages sought on behalf of the four lead applicants have been quantified on a number of alternate bases, thus quantification of the claims of all group members is not possible. The hearing of the proceedings concluded in November 2013 and judgment is reserved. The Group believes that appropriate provisions are held to cover any exposures arising from the class action referred to above.

Exception Fee Class Action

In May 2011, Maurice Blackburn announced that it intended to sue 12 Australian banks, including Commonwealth Bank of Australia and Bankwest, with respect to exception fees. On 16 December 2011 proceedings were issued against Commonwealth Bank of Australia, and on 18 April 2012 proceedings were issued against Bankwest. Both proceedings are stayed until March 2014 pending the hearing of similar proceedings against another bank. The financial impact cannot be reliably measured at this stage; however, it is not anticipated to have a material impact on the Group.

Commitments – Assets Held for Sale

CFS Retail Property Trust Group (CFX) and Commonwealth Property Office Fund (CPA)

On 18 December 2013, CBA entered into an Implementation Deed with Commonwealth Managed Investments Limited (CMIL) as the responsible entity of CFS Retail Property Trust Group (CFX) to internalise the management of CFX, and for CFX to acquire the integrated retail property asset management business and wholesale property funds management rights currently owned by CBA Group. Completion of the transaction is subject to a number of conditions, including CFX securityholder approval.

On 11 December 2013, DEXUS and Canada Pension Plan Investment Board (CPPIB) announced a takeover offer for 100% of the Commonwealth Property Office Fund (CPA) and on 17 January 2014 CMIL published a Target's Statement recommending unitholders accept DEXUS and CPPIB's takeover offer, in the absence of a superior proposal. Completion of the transaction is subject to a number of conditions, including CPA unitholders accepting the takeover offer.

As a result of the proposed CFX internalisation and the takeover offer for CPA, CBA Group's management rights in relation to CFX, related goodwill balances and CBA Group's proprietary unitholding in CPA have been reclassified to assets held for sale on the Balance Sheet as at 31 December 2013.

Directors' Declaration

In accordance with a resolution of the Directors of the Commonwealth Bank of Australia we declare that in the opinion of the Directors:

(a) The half year consolidated financial statements and notes as set out on pages 61 to 85 are in accordance with the Corporations Act 2001 and:

- (i) give a true and fair view of the financial position of the consolidated entity as at 31 December 2013 and of its performance for the half year ended on that date; and
- (ii) comply with the Accounting Standards and any further requirements in the Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the Commonwealth Bank of Australia will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

D J Turner
Chairman
11 February 2014

I M Narev
Managing Director and Chief Executive Officer
11 February 2014

Independent auditor's review report to the members of Commonwealth Bank of Australia

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Commonwealth Bank of Australia, which comprises the consolidated balance sheet as at 31 December 2013, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, selected explanatory notes and the directors' declaration for Commonwealth Bank of Australia Group (the consolidated entity). The consolidated entity comprises Commonwealth Bank of Australia and the entities it controlled during that half year.

Directors' responsibility for the half year financial report

The directors of Commonwealth Bank of Australia are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Commonwealth Bank of Australia, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Commonwealth Bank of Australia is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

PricewaterhouseCoopers

M. Laithwaite

Marcus Laithwaite — Sydney

Partner — 11 February 2014

Liability limited by a scheme approved under Professional Standards Legislation.

This page has been intentionally left blank

Contents

Section 7 - Appendices

1. Net Interest Margin

	Half Year Ended		
	31 Dec 13	30 Jun 13	31 Dec 12
	%	%	%
Australia			
Interest spread (1)	**2. 03**	1. 98	1. 84
Benefit of interest-free liabilities, provisions and equity (2)	**0. 15**	0. 22	0. 27
Net interest margin (3)	**2. 18**	2. 20	2. 11
New Zealand			
Interest spread (1)	**1. 89**	1. 81	1. 78
Benefit of interest-free liabilities, provisions and equity (2)	**0. 40**	0. 41	0. 37
Net interest margin (3)	**2. 29**	2. 22	2. 15
Other Overseas			
Interest spread (1)	**1. 12**	1. 24	1. 28
Benefit of interest-free liabilities, provisions and equity (2)	**0. 05**	0. 04	0. 04
Net interest margin (3)	**1. 17**	1. 28	1. 32
Total Group			
Interest spread (1)	**1. 97**	1. 95	1. 86
Benefit of interest-free liabilities, provisions and equity (2)	**0. 17**	0. 22	0. 24
Net interest margin (3)	**2. 14**	2. 17	2. 10

(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 is funded by net interest free liabilities and Shareholders' equity. The benefit to the Group of these interest free funds is the amount it would cost to replace them at the average cost of funds.

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

2. 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 half years ending 31 December 2013, 30 June 2013 and 31 December 2012. Averages used were predominantly daily averages. Interest is accounted for based on product yield, while all trading gains and losses are disclosed as trading income within other banking income. Where assets or liabilities are hedged, the interest amounts are shown net of the hedge, however individual items not separately hedged may be affected by movements in exchange rates.

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

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

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

	Half Year Ended 31 Dec 13			Half Year Ended 30 Jun 13			Half Year Ended 31 Dec 12		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Earning Assets	$M	$M	%	$M	$M	%	$M	$M	%
Home loans	**379,583**	**9,684**	**5. 06**	365,040	9,860	5. 45	355,674	10,404	5. 80
Personal loans [1]	**22,138**	**1,404**	**12. 58**	21,761	1,373	12. 72	21,036	1,363	12. 85
Business and corporate loans	**174,024**	**4,529**	**5. 16**	167,859	4,450	5. 35	168,726	4,585	5. 39
Loans, bills discounted and other receivables	**575,745**	**15,617**	**5. 38**	554,660	15,683	5. 70	545,436	16,352	5. 95
Cash and other liquid assets	**32,750**	**132**	**0. 80**	26,460	118	0. 90	28,600	133	0. 92
Assets at fair value through Income Statement (excluding life insurance)	**21,858**	**220**	**2. 00**	17,842	230	2. 60	15,351	220	2. 84
Available-for-sale investments	**59,753**	**860**	**2. 86**	58,989	929	3. 18	60,007	1,089	3. 60
Non-lending interest earning assets	**114,361**	**1,212**	**2. 10**	103,291	1,277	2. 49	103,958	1,442	2. 75
Total interest earning assets [2]	**690,106**	**16,829**	**4. 84**	657,951	16,960	5. 20	649,394	17,794	5. 44
Non-interest earning assets	**74,516**			77,077			71,972		
Total average assets	**764,622**			735,028			721,366		

	Half Year Ended 31 Dec 13			Half Year Ended 30 Jun 13			Half Year Ended 31 Dec 12		
Interest Bearing	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Liabilities	$M	$M	%	$M	$M	%	$M	$M	%
Transaction deposits	**89,374**	**596**	**1. 32**	84,309	616	1. 47	82,040	615	1. 49
Savings deposits	**114,314**	**1,425**	**2. 47**	103,625	1,409	2. 74	95,793	1,468	3. 04
Investment deposits	**200,917**	**3,548**	**3. 50**	201,792	3,915	3. 91	198,143	4,319	4. 32
Certificates of deposit and other	**57,957**	**1,223**	**4. 19**	56,766	1,241	4. 41	63,490	1,485	4. 64
Total interest bearing deposits	**462,562**	**6,792**	**2. 91**	446,492	7,181	3. 24	439,466	7,887	3. 56
Payables due to other financial institutions	**25,459**	**120**	**0. 94**	20,719	122	1. 19	21,844	111	1. 01
Liabilities at fair value through Income Statement	**8,683**	**104**	**2. 38**	7,422	100	2. 72	6,253	98	3. 11
Debt issues	**141,755**	**2,158**	**3. 02**	129,467	2,258	3. 52	127,652	2,611	4. 06
Loan capital	**9,485**	**211**	**4. 41**	9,679	217	4. 52	10,193	225	4. 38
Total interest bearing liabilities	**647,944**	**9,385**	**2. 87**	613,779	9,878	3. 25	605,408	10,932	3. 58
Non-interest bearing liabilities	**70,390**			76,760			73,522		
Total average liabilities	**718,334**			690,539			678,930		

(1) Personal loans include consumer finance, credit cards and margin loans.
(2) Used for calculating Net interest margin.

2. Average Balances and Related Interest (continued)

	Half Year Ended 31 Dec 13			Half Year Ended 30 Jun 13			Half Year Ended 31 Dec 12		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Net Interest Margin	$M	$M	%	$M	$M	%	$M	$M	%
Total interest earning assets	690,106	16,829	4. 84	657,951	16,960	5. 20	649,394	17,794	5. 44
Total interest bearing liabilities	647,944	9,385	2. 87	613,779	9,878	3. 25	605,408	10,932	3. 58
Net interest income and interest spread		7,444	1. 97		7,082	1. 95		6,862	1. 86
Benefit of free funds			0. 17			0. 22			0. 24
Net interest margin			2. 14			2. 17			2. 10

Geographical Analysis of Key Categories

	Half Year Ended 31 Dec 13			Half Year Ended 30 Jun 13			Half Year Ended 31 Dec 12		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	$M	$M	%	$M	$M	%	$M	$M	%
Loans, Bills Discounted and Other Receivables									
Australia	506,021	13,792	5. 41	493,164	14,046	5. 74	489,189	14,809	6. 01
New Zealand (1)	55,034	1,580	5. 70	49,492	1,432	5. 83	45,840	1,346	5. 82
Other Overseas (1)	14,690	245	3. 31	12,004	205	3. 44	10,407	197	3. 76
Total	575,745	15,617	5. 38	554,660	15,683	5. 70	545,436	16,352	5. 95
Non-Lending Interest Earning Assets									
Australia	79,724	1,075	2. 67	72,574	1,144	3. 18	71,625	1,302	3. 61
New Zealand (1)	6,121	85	2. 75	5,960	81	2. 74	6,270	85	2. 69
Other Overseas (1)	28,516	52	0. 36	24,757	52	0. 42	26,063	55	0. 42
Total	114,361	1,212	2. 10	103,291	1,277	2. 49	103,958	1,442	2. 75
Total Interest Bearing Deposits									
Australia	410,194	6,109	2. 95	398,279	6,518	3. 30	391,021	7,250	3. 68
New Zealand (1)	35,394	639	3. 58	31,573	607	3. 88	29,363	572	3. 86
Other Overseas (1)	16,974	44	0. 51	16,640	56	0. 68	19,082	65	0. 68
Total	462,562	6,792	2. 91	446,492	7,181	3. 24	439,466	7,887	3. 56
Other Interest Bearing Liabilities									
Australia	147,221	2,260	3. 05	135,499	2,401	3. 57	132,711	2,769	4. 14
New Zealand (1)	13,948	262	3. 73	12,977	237	3. 68	11,547	206	3. 54
Other Overseas (1)	24,213	71	0. 58	18,811	59	0. 63	21,684	70	0. 64
Total	185,382	2,593	2. 77	167,287	2,697	3. 25	165,942	3,045	3. 64

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

3. Interest Rate and Volume Analysis

	Half Year Ended Dec 13 vs Jun 13			Half Year Ended Dec 13 vs Dec 12		
	Volume	Rate	Total	Volume	Rate	Total
Interest Earning Assets (1)	$M	$M	$M	$M	$M	$M
Home loans	382	(558)	(176)	655	(1,375)	(720)
Personal loans	24	7	31	71	(30)	41
Business and corporate loans	162	(83)	79	141	(197)	(56)
Loans, bills discounted and other receivables	584	(650)	(66)	865	(1,600)	(735)
Cash and liquid assets	27	(13)	14	18	(19)	(1)
Assets at fair value through Income Statement (excluding life insurance)	46	(56)	(10)	79	(79)	-
Available-for-sale investments	12	(81)	(69)	(4)	(225)	(229)
Non-lending interest earning assets	127	(192)	(65)	127	(357)	(230)
Total interest earning assets	806	(937)	(131)	1,054	(2,019)	(965)

	Half Year Ended Dec 13 vs Jun 13			Half Year Ended Dec 13 vs Dec 12		
	Volume	Rate	Total	Volume	Rate	Total
Interest Bearing Liabilities (1)	$M	$M	$M	$M	$M	$M
Transaction deposits	35	(55)	(20)	52	(71)	(19)
Savings deposits	139	(123)	16	257	(300)	(43)
Investment deposits	(16)	(351)	(367)	55	(826)	(771)
Certificates of deposit and other	26	(44)	(18)	(123)	(139)	(262)
Total interest bearing deposits	247	(636)	(389)	377	(1,472)	(1,095)
Payables due to other financial institutions	25	(27)	(2)	18	(9)	9
Liabilities at fair value through Income Statement	16	(12)	4	34	(28)	6
Debt issues	201	(301)	(100)	252	(705)	(453)
Loan capital	(4)	(2)	(6)	(16)	2	(14)
Total interest bearing liabilities	522	(1,015)	(493)	692	(2,239)	(1,547)

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

	Half Year Ended	
	Dec 13 vs Jun 13 Increase/(Decrease)	Dec 13 vs Dec 12 Increase/(Decrease)
Change in Net Interest Income (1)	$M	$M
Due to changes in average volume of interest earning assets	349	435
Due to changes in interest margin	(105)	147
Due to variation in time period	118	-
Change in net interest income	362	582

(1) "Volume" reflects the change in net interest income over the period due to balance growth (assuming rates were 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).

3. Interest Rate and Volume Analysis (continued)

Geographical Analysis of Key Categories [1]	Half Year Ended Dec 13 vs Jun 13 Volume $M	Rate $M	Total $M	Half Year Ended Dec 13 vs Dec 12 Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	358	(612)	(254)	484	(1,501)	(1,017)
New Zealand	160	(12)	148	267	(33)	234
Other Overseas	45	(5)	40	76	(28)	48
Total	584	(650)	(66)	865	(1,600)	(735)
Non-Lending Interest Earning Assets						
Australia	105	(174)	(69)	128	(355)	(227)
New Zealand	2	2	4	(2)	2	-
Other Overseas	7	(7)	-	5	(8)	(3)
Total	127	(192)	(65)	127	(357)	(230)
Total Interest Bearing Deposits						
Australia	186	(595)	(409)	321	(1,462)	(1,141)
New Zealand	71	(39)	32	113	(46)	67
Other Overseas	1	(13)	(12)	(6)	(15)	(21)
Total	247	(636)	(389)	377	(1,472)	(1,095)
Other Interest Bearing Liabilities						
Australia	194	(335)	(141)	263	(772)	(509)
New Zealand	18	7	25	44	12	56
Other Overseas	16	(4)	12	8	(7)	1
Total	272	(376)	(104)	314	(766)	(452)

(1) The volume and rate variances for loans, bills discounted and other receivables, non-lending interest earning assets, total interest bearing deposits and other interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

4. Other Banking Income

	Half Year Ended 31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Lending fees	**537**	544	509	(1)	6
Commissions	**1,081**	997	993	8	9
Trading income	**508**	420	443	21	15
Net gain on disposal of available-for-sale investments	**4**	(5)	36	large	(89)
Net gain/(loss) on disposal of other non-fair valued financial instruments	**18**	(41)	-	large	large
Net gain/(loss) on sale of property, plant and equipment	**(3)**	(5)	(9)	(40)	(67)
Net hedging ineffectiveness	**(14)**	(20)	(5)	(30)	large
Net gain/(loss) on other fair valued financial instruments:					
Fair value through Income Statement	**(4)**	-	(1)	large	large
Non-trading derivatives	**(49)**	38	(10)	large	large
Dividends	**5**	5	4	-	25
Share of profit of associates and joint ventures	**88**	98	67	(10)	31
Other [1]	**37**	51	63	(27)	(41)
Total other banking income	**2,208**	2,082	2,090	6	6

Other banking income – reconciliation of cash and statutory basis

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

	Half Year Ended 31 Dec 13 $M	30 Jun 13 [1] $M	31 Dec 12 [1] $M
Other banking income ("cash basis")	**2,234**	2,051	2,105
Revenue hedge of New Zealand operations - unrealised	**(24)**	(22)	(8)
Hedging and IFRS volatility	**-**	53	(7)
Gain on sale of management rights	**(2)**	-	-
Other banking income ("statutory basis")	**2,208**	2,082	2,090

(1) Comparatives have been restated to conform to presentation in the current period.

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

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

The Group's approach to risk management including governance, management, material business risks, and policies and procedures are described in the Notes to the Financial Statements in the 30 June 2013 Annual Report of the Group. Further disclosures in respect of capital adequacy and risk are provided in the Group's annual Pillar 3 document.

Credit Risk

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

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

By Industry [1]	31 Dec 13 %	30 Jun 13 %	31 Dec 12 %
Agriculture, forestry and fishing	**2. 0**	2. 0	2. 1
Banks	**9. 4**	9. 9	10. 0
Business services	**1. 2**	0. 9	0. 9
Construction	**0. 7**	0. 8	0. 8
Consumer	**54. 9**	54. 9	55. 2
Culture and recreational services	**0. 8**	0. 9	0. 9
Energy	**0. 8**	0. 9	1. 0
Finance - Other	**3. 4**	3. 5	3. 3
Health and community service	**0. 7**	0. 6	0. 7
Manufacturing	**1. 8**	1. 8	1. 9
Mining	**1. 6**	1. 5	1. 2
Property	**6. 2**	6. 4	6. 4
Retail trade and wholesale trade	**2. 2**	2. 2	2. 4
Sovereign	**8. 6**	7. 7	7. 1
Transport and storage	**1. 6**	1. 7	1. 6
Other	**4. 1**	4. 3	4. 5
	100. 0	100. 0	100. 0

By Region [1]	31 Dec 13 %	30 Jun 13 %	31 Dec 12 %
Australia	**77. 6**	78. 9	80. 8
New Zealand	**8. 9**	8. 4	8. 1
Europe	**5. 5**	5. 1	4. 5
Americas	**4. 5**	4. 7	4. 1
Asia	**3. 3**	2. 8	2. 4
Other	**0. 2**	0. 1	0. 1
	100. 0	100. 0	100. 0

Commercial Portfolio Quality [1]	31 Dec 13 %	30 Jun 13 %	31 Dec 12 %
AAA/AA	**31. 7**	31. 0	29. 9
A	**20. 0**	20. 4	19. 1
BBB	**17. 1**	16. 1	17. 5
Other	**31. 2**	32. 5	33. 5
	100. 0	100. 0	100. 0

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

As a measure of individually risk-rated commercial portfolio exposure (including finance and insurance), the Group has 68.8% (June 2013: 67.5%; December 2012: 66.5%) of commercial exposures at investment grade quality.

Included in the Group's European exposures is $1,546 million of exposure to Spain, Ireland and Italy. The exposure comprises $303 million Italian sovereign (Government), $231 million Italian and Spanish banks (primarily short term deposits) and $1,012 million of predominantly Irish and Spanish corporate counterparties (primarily secured by residential and other security).

5. Integrated Risk Management (continued)

Market Risk

Market risk in the Balance Sheet is discussed within Note 39 of the 2013 Financial 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 the Life Insurance business, Non-Traded Equity and Interest Rate Risk in the Banking Book.

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

	Average VaR		
	31 Dec 13	30 Jun 13	31 Dec 12
Traded Market Risk [1]	$M	$M	$M
Risk Type			
Interest rate risk	**5. 9**	5. 4	6. 6
Foreign exchange risk	**1. 2**	0. 9	1. 0
Equities risk	**1. 1**	1. 9	2. 2
Commodities risk	**2. 4**	1. 0	0. 9
Credit spread risk	**1. 7**	2. 7	2. 2
Diversification benefit	**(6. 4)**	(7. 2)	(7. 6)
Total general market risk	**5. 9**	4. 7	5. 3
Undiversified risk	**5. 5**	4. 9	3. 0
ASB Bank	**0. 1**	0. 2	0. 2
Total	**11. 5**	9. 8	8. 5

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

	Average VaR [3]		
Non-Traded VaR in Australian Life Insurance Business	31 Dec 13	30 Jun 13	31 Dec 12
(20 day 97.5% Confidence)	$M	$M	$M
Shareholder funds [1]	**22. 2**	21. 9	20. 7
Guarantees (to Policyholders) [2]	**16. 2**	18. 7	21. 2

(1) VaR in relation to the investment of Shareholder Funds.
(2) VaR in relation to product portfolios where the Group has a guaranteed liability to policyholders (e.g. annuities where we receive a lump sum payment and guarantee to pay a series of future payments).
(3) For the half year ended.

Non-Traded Equity

Non-traded equity includes all equity instruments outside the trading portfolio with the exception of structural and strategic holdings integral to the Group's operations.

	As at		
	VaR	VaR	VaR
	31 Dec 13	30 Jun 13	31 Dec 12
Non-Traded Equity Risk VaR (20 day 97.5% Confidence)	$M	$M	$M
VaR	**102. 0**	112. 0	94. 0

5. Integrated Risk Management (continued)

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book is discussed within Note 39 of the 2013 Financial Report.

(a) Next 12 months' Earnings

The potential unfavourable change to the Group's net interest earnings based on 100 basis point parallel rate shock (decrease) is as follows:

Net Interest Earnings at Risk (1)		31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M
Average monthly exposure	AUD	**78. 1**	109. 9	100. 4
	NZD	**17. 1**	7. 6	11. 3
High month exposure	AUD	**119. 0**	128. 6	114. 2
	NZD	**24. 2**	12. 1	16. 2
Low month exposure	AUD	**43. 6**	59. 3	89. 2
	NZD	**12. 3**	4. 3	5. 3

(1) Half year ended.

(b) Economic Value

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

	Average VaR (3)		
Non-Traded Interest Rate Risk (1)	**31 Dec 13 $M**	**30 Jun 13 $M**	**31 Dec 12 $M**
AUD Interest rate risk	**49. 2**	56. 7	79. 8
NZD Interest rate risk (2)	**1. 6**	4. 1	1. 9

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

5. Integrated Risk Management (continued)

Funding Sources

The following table provides the funding sources for the Group including customer deposits, short term and long term wholesale funding. Shareholders' equity is excluded from this view of funding sources other than the USD Trust Preferred Securities which are classified as other equity instruments in the statutory Balance Sheet.

	As at				
	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Transaction deposits	**96,143**	87,673	82,913	10	16
Savings deposits	**120,686**	106,935	99,585	13	21
Investment deposits	**196,955**	199,397	192,302	(1)	2
Other customer deposits (1)	**12,623**	11,372	11,079	11	14
Total customer deposits	**426,407**	405,377	385,879	5	11
Wholesale funding					
Short term					
Certificates of deposit	**32,871**	30,674	36,055	7	(9)
Bank acceptances	**4,807**	6,063	8,155	(21)	(41)
ECP commercial paper program	**2,390**	1,743	1,506	37	59
US commercial paper program	**32,277**	36,760	30,700	(12)	5
Securities sold under agreements to repurchase	**10,634**	5,572	4,629	91	large
Other (2)	**35,254**	29,783	27,030	18	30
Total short term funding	**118,233**	110,595	108,075	7	9
Total Long term funding - less than or equal to one year residual maturity (3)	**35,054**	29,129	24,571	20	43
Long term - greater than one year residual maturity (3)					
Transferable certificates of deposit (4)	**12,636**	13,643	13,743	(7)	(8)
Euro medium term note program	**25,518**	24,993	26,731	2	(5)
US medium term note program	**11,403**	15,932	22,583	(28)	(50)
Covered bond programs	**19,213**	16,654	14,396	15	33
Other debt issues (5)	**10,918**	8,433	8,836	29	24
Securitisation	**7,982**	6,621	6,125	21	30
Loan capital	**7,018**	9,254	9,158	(24)	(23)
Other	**1,051**	1,081	1,459	(3)	(28)
Total long term funding - greater than one year residual maturity	**95,739**	96,611	103,031	(1)	(7)
IFRS MTM and derivative FX revaluations	**5,722**	1,837	(4,267)	large	large
Total wholesale funding	**254,748**	238,172	231,410	7	10
Total funding	**681,155**	643,549	617,289	6	10
Reported as					
Deposits and other public borrowings	**485,436**	459,429	448,410	6	8
Payables due to other financial institutions	**29,585**	25,922	23,479	14	26
Liabilities at fair value through income statement	**8,330**	8,701	7,195	(4)	16
Bank acceptances	**4,807**	6,063	8,155	(21)	(41)
Debt issues	**142,675**	132,808	119,284	7	20
Loan capital	**9,383**	9,687	9,827	(3)	(5)
Share capital - other equity interests	**939**	939	939	-	-
Total funding	**681,155**	643,549	617,289	6	10

(1) Other customer deposits primarily consist of non-interest bearing deposits and deposits held at fair value through the Income Statement.
(2) Includes short sales, due to other financial institutions, debt issues with original maturity/call date less than one year.
(3) Residual maturity of long term wholesale funding included in Debt issues, Loan capital and Share capital – other equity instruments, is the earlier of the next call date or final maturity.
(4) Includes long term domestic debt program (included within certificates of deposit, refer to Note 6).
(5) Includes debt included in liabilities at fair value through Income Statement.

5. Integrated Risk Management (continued)

Liquidity and Funding Policies and Management

The Group's liquidity and funding policies provide that:

- Balance Sheet assets that cannot be liquidated quickly are funded with deposits or term borrowings that meet minimum maturity requirements with appropriate liquidity buffers;
- Short and long term wholesale funding limits are established, reviewed regularly and monitored to ensure that they are met. The Group's market capacity is assessed and used as a factor in funding strategies;
- At least a prescribed minimum level of assets are retained in highly liquid form;
- This level of liquid assets complies with crisis scenario assumptions related to "worst case" wholesale and retail market conditions; is adequate to meet known funding obligations over certain timeframes and allocated across Australian dollar and foreign currency denominated securities in accordance with specific calculations;
- Certain levels of liquid assets are held to provide for the risk of the Group's committed but undrawn lending obligations being drawn by customers, as calculated based on draw down estimates and forecasts;
- The Group maintains certain levels of liquid asset categories within its domestic liquid assets portfolio. The first includes cash, government and Australian semi-government bonds. The second includes negotiable certificates of deposit, bank bills, bank term securities, supranational bonds and Australian RMBS securities that meet certain RBA requirements;
- Internal RMBS securities, being mortgages that have been securitised but retained by the Bank, are held for their repo-eligibility with the RBA under a stress scenario and included within Group liquids; and
- Offshore branches and subsidiaries adhere to liquidity policies and hold appropriate foreign currency liquid assets as required. All securities are central bank repo-eligible under normal market conditions.

The Group's key funding tools include:

- Its consumer retail funding base, which includes a wide range of retail transaction accounts, investment accounts and retirement style accounts for individual consumers;
- Its small business and institutional deposit base; and
- Its wholesale international and domestic funding programs which include its: Australian dollar Negotiable Certificates of Deposit; Australian dollar bank bills; Asian Transferable Certificates of Deposit program; Australian, U.S. and Euro Commercial Paper programs; U.S. Extendible Notes program; Australian dollar Domestic Debt program; U.S. Medium Term Note Program; Euro Medium Term Note program, multi jurisdiction Covered Bonds program and its Medallion securitisation program.

The Group's key liquidity tools include:

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

6. Counterparty and Other Credit Risk Exposures

Securitisation vehicles

Reason for establishment – Securitisation is a financing technique whereby assets are transferred to a Special Purpose Entity (SPE), which funds the purchase of assets by issuing securities to investors. The Group securitises modest amounts of its assets to create greater diversification of the Group's funding sources.

Control factors – The Group may manage these securitisation vehicles, service assets in the vehicle, provide hedging, or provide other facilities such as liquidity facilities. The Group retains the risks associated with the provision of these services. The Group is also entitled to any residual income from the SPEs after all payments due to investors and costs of the program have been met.

Asset-backed securities

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

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

Other exposures

Special purpose and off-balance sheet entities

The Group invests in or establishes SPEs in the ordinary course of business, primarily to provide funding and financial services for its customers. These SPEs are consolidated in the Financial Statements if they meet the criteria of control as outlined in Note 1 of the 2013 Financial Report. The definition of control depends upon substance rather than form and, accordingly, determination of the existence of control involves management judgement. The Group assesses whether an SPE should be consolidated based on whether the majority of risks and rewards in the entity pass to the Group.

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

Structured Finance Entities

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

Control factors – The Group may manage these vehicles, hold minor amounts of capital, provide financing or transact derivatives with these entities. These entities are generally consolidated by the Group.

Leveraged finance

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

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

Hedge funds

There were no material movements in exposures to hedge funds since 30 June 2013 and these exposures are not considered to be material.

Collateralised debt obligations (CDOs) and credit linked notes

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

Lenders mortgage insurance

Lenders mortgage insurance is provided by Genworth Financial Mortgage Insurance Pty Ltd and QBE Lenders Mortgage Insurance Ltd. The annualised expected loss claim, representing the total value of claims that would be due from these providers to the Group, on the basis of current market conditions, is approximately $59 million from Genworth and $9 million from QBE.

Monoline insurers

The underlying debt instruments that have been wrapped by monoline insurers are predominantly Australian domiciled and have stand-alone ratings ranging from BBB to A+. As at 31 December 2013 the Group had $47 million in exposures to these instruments (June 2013: $80 million).

6. Counterparty and Other Credit Risk Exposures (continued)

Securitisation Vehicles

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

	Covered bonds		Securitisation	
	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13
	$M	$M	$M	$M
Carrying amount of transferred assets	31,401	33,634	11,889	10,169
Carrying amount of associated liabilities	21,698	18,238	10,542	8,929
Net position	9,703	15,396	1,347	1,240

Asset-backed Securities

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

	Carrying Amount	
	31 Dec 13	30 Jun 13
Summary of Asset-backed Securities	$M	$M
Commercial mortgage backed securities	62	34
Residential mortgage backed securities	4,857	4,586
Other asset-backed securities	757	6
Total	5,676	4,626

Asset-backed Securities by Underlying Asset

	Trading Portfolio		AFS Portfolio (1)		Other		Total	
	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13
	$M	$M	$M	$M	$M	$M	$M	$M
Sub-prime	-	-	-	-	-	-	-	-
Non-conforming (Alt-A)	-	-	107	38	-	-	107	38
Prime mortgages	48	43	4,379	4,203	323	302	4,750	4,548
Other assets	-	-	819	40	-	-	819	40
Total	48	43	5,305	4,281	323	302	5,676	4,626

(1) Available-For-Sale investments (AFS).

Asset-backed Securities by Credit Rating and Geography

	AAA & AA		A		BBB		BB and below including not rated		Total	
	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia	5,274	4,247	10	17	5	-	27	26	5,316	4,290
Europe	-	-	-	-	-	-	323	302	323	302
UK	-	-	37	34	-	-	-	-	37	34
Total	5,274	4,247	47	51	5	-	350	328	5,676	4,626

	Funded Commitments		Unfunded Commitments		Total	
	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13	31 Dec 13	30 Jun 13
Warehousing Financing Facilities	$M	$M	$M	$M	$M	$M
Australia	1,969	2,703	1,359	1,212	3,328	3,915
New Zealand	518	637	33	36	551	673
Europe	373	352	-	-	373	352
Total	2,860	3,692	1,392	1,248	4,252	4,940

7. Capital

The APRA Basel III capital standards came into effect on 1 January 2013. The tables below show the APRA Basel III capital adequacy calculation at 31 December 2013 together with prior period comparatives.

	As at		
	APRA	APRA	APRA
	31 Dec 13	30 Jun 13	1 Jan 13
	Basel III	Basel III	Basel III
Risk Weighted Capital Ratios	%	%	%
Common Equity Tier 1	**8. 5**	8. 2	8. 1
Tier 1 (1)	**10. 6**	10. 3	10. 2
Tier 2 (1)	**0. 8**	0. 9	1. 0
Total Capital	**11. 4**	11. 2	11. 2

	APRA	APRA	APRA
	31 Dec 13	30 Jun 13	1 Jan 13
	$M	$M	$M
Ordinary Share Capital and Treasury Shares			
Ordinary Share Capital	**26,327**	26,323	26,126
Treasury Shares (2)	**293**	297	301
Ordinary Share Capital and Treasury Shares	**26,620**	26,620	26,427
Reserves			
Reserves	**1,780**	1,333	1,262
Reserves related to non consolidated subsidiaries (3)	**(59)**	56	164
Total Reserves	**1,721**	1,389	1,426
Retained Earnings and Current Period Profits			
Retained earnings and current period profits (1)	**17,455**	16,405	14,489
Retained earnings adjustment from non consolidated subsidiaries (4)	**(472)**	(345)	(239)
Net Retained Earnings	**16,983**	16,060	14,250
Non controlling interest			
Non controlling interest (5)	**536**	537	532
ASB perpetual preference shares	**(505)**	(505)	(505)
Less other non controlling interests not eligible under Basel III	**(31)**	(32)	(27)
Minority Interest	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**45,324**	44,069	42,103

(1) Revisions to AASB 119 Employee Benefits resulted in the restatement of the 30 June 2013 capital ratios and Retained Earnings in both comparative periods.
(2) Represents shares held by the Group's life insurance operations ($132 million) and employee share scheme trusts ($161 million).
(3) Reserve balances associated with the Insurance and Funds Management entities and those entities through which securitisation of the Group's assets are conducted. These entities are classified as non-consolidated subsidiaries by APRA and are excluded from the Level 2 Regulatory Consolidated Banking Group.
(4) Cumulative current year profit and retained earnings adjustments for subsidiaries not consolidated for regulatory purposes.
(5) Non-controlling interests predominantly comprise ASB Perpetual Preference Shares of NZ$550 million issued by a New Zealand subsidiary entity. These are non-redeemable and carry limited voting rights. These are classified as Additional Tier 1 Capital.

7. Capital (continued)

	APRA Basel III 31 Dec 13 $M	APRA Basel III 30 Jun 13 $M	APRA Basel III 1 Jan 13 $M
Common Equity Tier 1 regulatory adjustments			
Goodwill [1]	**(7,694)**	(7,723)	(7,707)
Other intangibles (excluding software) [1] [2]	**(644)**	(682)	(705)
Capitalised costs	**(275)**	(272)	(275)
Capitalised software	**(1,950)**	(1,923)	(1,831)
General reserve for credit losses [3]	**(198)**	(208)	(197)
Deferred tax asset [4]	**(1,248)**	(1,400)	(1,234)
Cash flow hedge reserve [5]	**(169)**	(368)	(485)
Employee compensation reserve [5]	**(79)**	(132)	(90)
Equity investments [6]	**(2,924)**	(2,738)	(2,363)
Equity investments in non consolidated subsidiaries [7]	**(1,218)**	(1,196)	(1,264)
Shortfall of provisions to expected losses [8]	**(236)**	(271)	(176)
Deferred fee income	**7**	59	122
Gain due to changes in own credit risk on fair valued liabilities	**(6)**	(11)	(11)
Other	**(152)**	(174)	(293)
Common Equity Tier 1 regulatory adjustments	**(16,786)**	(17,039)	(16,509)
Common Equity Tier 1	**28,538**	27,030	25,594
Additional Tier 1 Capital			
Basel III Complying Instruments [9]	**2,000**	2,000	2,000
Basel III non complying instruments net of transitional amortisation [10]	**4,720**	4,720	4,720
Additional Tier 1 Capital	**6,720**	6,720	6,720
Tier 1 Capital	**35,258**	33,750	32,314
Tier 2 Capital			
Basel III non complying instruments net of transitional amortisation [11]	**2,728**	2,901	2,901
Holding of own Tier 2 Capital	**-**	(15)	-
Prudential general reserve for credit losses [12]	**194**	202	177
Total Tier 2 Capital	**2,922**	3,088	3,078
Total Capital	**38,180**	36,838	35,392

(1) The regulatory adjustments for goodwill and intangibles include amounts reclassified to Assets Held for Sale and reflected in the Group's Balance Sheet as at 31 December 2013.
(2) Other intangibles (excluding capitalised software costs). Under APRA Basel III methodology the adjustment is net of any associated deferred tax liability.
(3) Adjustment to ensure the Group has sufficient provisions and capital to cover credit losses estimated to arise over the full life of individual facilities, as required by APRA Prudential Standard APS 220.
(4) Deferred tax assets net of deferred tax liabilities. Under Basel III this is inclusive of deferred tax asset on collective provisions.
(5) Cash flow Hedge Reserve and Employee Compensation Reserve balances are ineligible for inclusion in CET1.
(6) Represents the Group's non-controlling interest in other entities treated as 100% CET1 deduction under Basel III.
(7) Represents the net tangible assets within the non-consolidated subsidiaries (primarily the insurance and funds management businesses operating within the Colonial Group). The adjustment is net of $1,037 million in non-recourse debt (30 June 2013: $1,117 million, 31 December 2012: $1,158 million) and $1,000 million in Colonial Group Subordinated Notes (30 June 2013: $1,000 million, 31 December 2012: $1,000 million). The Group's insurance and funds management companies held $1,286 million of capital in excess of minimum regulatory capital requirements at 31 December 2013.
(8) Regulatory Expected Loss (pre-tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions (pre-tax).
(9) Comprises PERLS VI $2 billion issued in October 2012.
(10) Represents APRA Basel III non-compliant Additional Tier 1 Capital Instruments (PERLS III, PERLS V, Trust Preferred Securities (TPS) 03, TPS 06, ASB Perpetual Preference Shares, and Perpetual Exchangeable Floating Rate Note). These instruments are eligible for Basel III transitional relief.
(11) Includes both perpetual and term instruments subordinated to depositors and general creditors, having an original maturity of at least five years. APRA require these to be included as if they were unhedged. Term instruments are amortised 20% of the original amount during each of the last five years to maturity. These instruments are eligible for Basel III transitional relief. The December 2013 half year included the redemption of $500 million in subordinated Tier 2 debt.
(12) Represents the collective provision and general reserve for credit losses for exposures in the Group which are measured for capital purposes under the Standardised approach to credit risk.

7. Capital (continued)

Risk Weighted Assets	As at APRA Basel III 31 Dec 13 $M	APRA Basel III 30 Jun 13 $M	APRA Basel III 1 Jan 13 $M
Credit Risk			
Subject to Advanced IRB approach			
Corporate	**48,331**	53,468	52,847
SME Corporate	**22,548**	30,835	31,127
SME Retail	**4,711**	4,203	4,222
Sovereign	**3,985**	3,684	3,692
Bank	**10,073**	10,328	11,142
Residential mortgage	**67,797**	66,741	63,637
Qualifying revolving retail	**6,553**	6,683	6,460
Other retail	**11,827**	11,093	8,983
Impact of the regulatory scaling factor (2)	**10,550**	11,222	10,927
Total Risk Weighted Assets subject to Advanced IRB approach	**186,375**	198,257	193,037
Specialised lending exposures subject to slotting criteria	**48,514**	50,392	48,373
Subject to Standardised approach			
Corporate	**11,087**	3,684	3,894
SME Corporate	**5,382**	525	317
SME Retail	**4,615**	4,572	4,728
Sovereign	**106**	249	203
Bank	**247**	176	138
Residential mortgage	**6,182**	2,432	2,257
Other retail	**2,571**	2,224	2,212
Other assets	**4,586**	4,395	4,124
Total Risk Weighted Assets subject to Standardised approach	**34,776**	18,257	17,873
Securitisation	**5,722**	5,373	5,290
Credit valuation adjustment	**6,381**	7,395	7,225
Central counterparties (3)	**436**	-	-
Total Risk Weighted Assets for credit risk exposures	**282,204**	279,674	271,798
Traded market risk	**5,970**	5,151	4,517
Interest rate risk in the banking book	**17,543**	16,289	10,996
Operational risk	**28,480**	28,044	27,631
Total Risk Weighted Assets	**334,197**	329,158	314,942

(1) Effective 31 December 2013 APRA revoked the extension of the Group's AIRB accreditation to the Bankwest non-retail portfolio. This resulted in a reclassification of exposures and RWA from Advanced to Standardised. The impact on the Group's RWA and overall capital levels was not material.
(2) APRA requires RWA amounts that are derived from IRB risk weight functions to be multiplied by a factor of 1.06.
(3) Under Basel III capital reforms, trade exposures cleared through central counterparties are subject to revised interim capital requirements.

8. Share Capital

Shares on Issue	31 Dec 13 Number	30 Jun 13 Number	31 Dec 12 Number
	Half Year Ended		
Opening balance (excluding Treasury Shares deduction)	**1,611,928,836**	1,609,180,841	1,592,154,780
Issue of shares [1]	**-**	2,747,995	-
Dividend reinvestment plan issue: [2]			
2011/2012 Final dividend fully paid ordinary shares $54.54	**-**	-	17,026,061
Exercise of executive option plan	**-**	-	-
Closing balance (excluding Treasury Shares deduction)	**1,611,928,836**	1,611,928,836	1,609,180,841
Less: Treasury Shares [3]	**(5,629,235)**	(6,076,006)	(6,316,670)
Closing balance	**1,606,299,601**	1,605,852,830	1,602,864,171

(1) During the prior half the number of shares issued included the acquisition of an additional 47% interest in Aussie Home Loans Pty Limited.
(2) The DRPs in respect of 2012/2013 interim and final dividends were satisfied in full through the on market purchase and transfer of 8,662,389 and 9,829,242 shares to participating shareholders.
(3) Relates to Treasury shares held within the Life Insurance statutory funds and the employees share scheme trust.

Dividend Franking Account

After fully franking the interim dividend to be paid for the half year, the amount of credits available at the 30% tax rate as at 31 December 2013 to frank dividends for subsequent financial years is $849 million (June 2013: $742 million; December 2012: $435 million). This figure is based on the franking accounts of the Bank at 31 December 2013, adjusted for franking credits that we expect to arise from the payment of income tax payable on profits for the half year, franking debits that will likely arise from the payment of dividends proposed and franking credits that the Bank may be prevented from distributing in subsequent financial periods. The Bank expects that future tax payments will generate sufficient franking credits for the Bank to be able to continue to fully frank future dividend payments. These calculations have been based on the taxation law as at 31 December 2013.

Dividends

The Directors have determined a fully franked interim dividend of 183 cents per share amounting to $2,950 million. There is no foreign conduit income attributed to the final dividend. We intend to pay the dividend on 3 April 2014 to shareholders on the register at 5:00pm EST on 21 February 2014.

The Board determines the dividends per share based on net profit after tax ("cash basis") per share, having regard to a range of factors including:

- Current and expected rates of business growth and the mix of business;
- Capital needs to support economic, regulatory and credit ratings requirements;
- Investments and/or divestments to support business development;
- Competitors comparison and market expectations; and
- Earnings per share growth.

Dividend Reinvestment Plan

Participation in the DRP is optional and offers ordinary shareholders in certain jurisdictions the opportunity to acquire fully paid ordinary shares instead of receiving the dividend in cash. Shares allocated under the DRP will rank equally with other ordinary shares already on issue.

Record Date

The register closed for determination of dividend entitlement and for participation in the DRP at 5:00pm EST on 21 February 2014.

Ex-Dividend Date

The ex-dividend date was 17 February 2014.

9. Intangible Assets

	As at		
	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M
Goodwill			
Purchased goodwill at cost	**7,567**	7,723	7,707
Closing balance	**7,567**	7,723	7,707
Computer Software Costs			
Cost	**2,987**	2,770	2,549
Accumulated amortisation	**(1,037)**	(847)	(718)
Closing balance	**1,950**	1,923	1,831
Core Deposits (1)			
Cost	**495**	495	495
Accumulated amortisation	**(355)**	(318)	(284)
Closing balance	**140**	177	211
Management Fee Rights (2)			
Cost	**6**	316	316
Closing balance	**6**	316	316
Brand Names (3)			
Cost	**190**	190	190
Closing balance	**190**	190	190
Other Intangibles (4)			
Cost	**261**	255	255
Accumulated amortisation	**(172)**	(161)	(144)
Closing balance	**89**	94	111
Total intangible assets	**9,942**	10,423	10,366

(1) Core deposits represent the value of the Bankwest deposit base compared to the avoided cost of alternative funding sources such as securitisation and wholesale funding. This asset was acquired on 19 December 2008 with a useful life of seven years based on the weighted average attrition rates of the Bankwest deposit portfolio.

(2) Management fee rights have an indefinite useful life under the contractual terms of the management agreements and are subject to an annual valuation for impairment testing purposes. No impairment was required as a result of this valuation. Following the agreement to internalise the management of CFS Retail Property Trust Group (CFX) described in Note 12, the related management rights have been reclassified as Assets Held for Sale.

(3) Brand names predominantly represent the value of royalty costs foregone by the Group through acquiring the Bankwest brand name. The royalty costs that would have been incurred by an entity using the Bankwest brand name are based on an annual percentage of income generated by Bankwest. This asset has an indefinite useful life, as there is no foreseeable limit to the period over which the brand name is expected to generate cash flows. The asset is not subject to amortisation, but is subject to annual impairment testing. No impairment was required as a result of this test. The Count Financial Limited brand name ($4 million) is amortised over the estimated useful life of 20 years.

(4) Other intangibles include the value of credit card relationships acquired from Bankwest. This value represents future net income generated from the relationships that existed at Balance Sheet date. The asset has a useful life of 10 years based on the attrition rates of the Bankwest credit cardholders.

10. ASX Appendix 4D

Compliance Statement

This interim report for the half year ended 31 December 2013 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 period.

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

The Financial Statements of the Group have not been audited.

M. K. Taylor

Margaret Taylor
Company Secretary
11 February 2014

10. ASX Appendix 4D (continued)

Details of entities over which control was gained and lost during the period (Rule 4.2A.3 Item No. 4)

The Group has not gained or lost control over any material entities during the half.

Details of associates and joint ventures (Rule 4.2A.3 Item No. 7)

As at 31 December 2013	Ownership Interest Held (%)
Aussie Home Loans Pty Limited [1]	80%
Acadian Asset Management (Australia) Limited	50%
Aegis Correctional Partnership Pty Limited	50%
Aegis Correctional Partnership Trust	50%
Aegis Securitisation Nominees Pty Limited	50%
Aegis Securitisation Trust	50%
Equigroup Pty Limited	50%
Sentinel Finance Holding Trust	50%
Sentinel Financing Holdings Pty Limited	50%
Sentinel Financing Pty Limited	50%
Sentinel Partnership Pty Limited	50%
First State Cinda Fund Management Company Limited	46%
BoCommLife Insurance Company Limited	38%
Countplus Limited	37%
International Private Equity Real Estate Fund	33%
Vipro Pty Limited	33%
Cardlink Services Limited	25%
Cash Services Australia Pty Limited	25%
Paymark Limited [2]	25%
Bank of Hangzhou Co., Ltd.	20%
First State European Diversified Investment Fund	20%
Qilu Bank Co., Ltd.	20%
Vietnam International Commercial Joint Stock Bank	20%
Payments NZ Limited	19%
CFS Retail Property Trust [3]	7%
Commonwealth Property Office Fund [3]	6%

(1) The Group's 80% interest in Aussie Home Loans Pty Limited is jointly controlled as the key financial and operating decisions require unanimous consent of all directors.
(2) Formerly known as Electronic Transaction Services Limited.
(3) The consolidated entity has significant influence due to its relationship as a Responsible Entity. These holdings exclude assets held in statutory funds backing policyholder liabilities, which are disclosed as Assets at fair value through Income Statement.

Other Significant Information

There are no other significant events since 31 December 2013 that have materially affected the financial position or performance of the Group.

Post Balance Date Events

There have been no significant events occurring since the balance sheet date other than as disclosed in Note 11.

Foreign Entities (Rule 4.2A.3 Item No. 8)

Not applicable.

11. Profit Reconciliation

	Half Year Ended 31 December 2013								
	Net profit after tax "cash basis"	Hedging and IFRS volatility	Bankwest non-cash items (1)	Treasury shares valuation adjustment	Bell Group litigation	Gain on sale of management rights	Policyholder tax (2)	Investment experience	Net profit after tax "statutory basis"
Profit Reconciliation	$M	$M	$M	$M	$M	$M	$M	$M	$M
Group									
Interest income	16,829	16	(6)	-	-	-	-	-	16,839
Interest expense	(9,385)	-	-	-	-	-	-	-	(9,385)
Net interest income	7,444	16	(6)	-	-	-	-	-	7,454
Other banking income	2,234	(24)	-	-	-	(2)	-	-	2,208
Total banking income	9,678	(8)	(6)	-	-	(2)	-	-	9,662
Funds management income	1,003	-	-	(32)	-	-	42	30	1,043
Insurance income	386	-	-	-	-	-	18	51	455
Total operating income	11,067	(8)	(6)	(32)	-	(2)	60	81	11,160
Investment experience	81	-	-	-	-	-	-	(81)	-
Total income	11,148	(8)	(6)	(32)	-	(2)	60	-	11,160
Operating expenses	(4,751)	-	(37)	-	-	-	-	-	(4,788)
Loan impairment expense	(457)	-	-	-	-	-	-	-	(457)
Net profit before tax	5,940	(8)	(43)	(32)	-	(2)	60	-	5,915
Corporate tax expense	(1,662)	3	13	4	-	4	(60)	-	(1,698)
Non-controlling interests	(10)	-	-	-	-	-	-	-	(10)
Net profit after tax	4,268	(5)	(30)	(28)	-	2	-	-	4,207

(1) Includes merger related amortisation through net interest income of $6 million; merger related amortisation through operating expense of $37 million; and an income tax benefit of $13 million.
(2) AASB 1038 requires that all tax paid on behalf of policy holders is disclosed separately as a tax expense with the contra entry in the relevant insurance or funds management profit and loss account.

11. Profit Reconciliation (continued)

	Half Year Ended 30 June 2013								
	Net profit after tax "cash basis"	Hedging and IFRS volatility	Bankwest non-cash items [1]	Treasury shares valuation adjustment	Bell Group litigation	Gain on sale of management rights	Policyholder tax [2]	Investment experience	Net profit after tax "statutory basis"
Profit Reconciliation	$M	$M	$M	$M	$M	$M	$M	$M	$M
Group									
Interest income	**16,960**	16	(17)	-	-	-	-	-	**16,959**
Interest expense	**(9,878)**	1	-	-	-	-	-	-	**(9,877)**
Net interest income	**7,082**	17	(17)	-	-	-	-	-	**7,082**
Other banking income	**2,051**	31	-	-	-	-	-	-	**2,082**
Total banking income	**9,133**	48	(17)	-	-	-	-	-	**9,164**
Funds management income	**944**	-	-	(24)	-	-	30	6	**956**
Insurance income	**385**	-	-	-	-	-	(2)	64	**447**
Total operating income	**10,462**	48	(17)	(24)	-	-	28	70	**10,567**
Investment experience	**70**	-	-	-	-	-	-	(70)	**-**
Total income	**10,532**	48	(17)	(24)	-	-	28	-	**10,567**
Operating expenses	**(4,543)**	-	(38)	-	-	-	-	-	**(4,581)**
Loan impairment expense	**(466)**	-	-	-	-	-	-	-	**(466)**
Net profit before tax	**5,523**	48	(55)	(24)	-	-	28	-	**5,520**
Corporate tax expense	**(1,505)**	(11)	17	2	-	-	(28)	-	**(1,525)**
Non-controlling interests	**(8)**	-	-	-	-	-	-	-	**(8)**
Net profit after tax	**4,010**	37	(38)	(22)	-	-	-	-	**3,987**

(1) Includes merger related amortisation through net interest income of $17 million; merger related amortisation through operating expense of $38 million; and an income tax benefit of $17 million.
(2) AASB 1038 requires that all tax paid on behalf of policy holders is disclosed separately as a tax expense with the contra entry in the relevant insurance or funds management profit and loss account

11. Profit Reconciliation (continued)

	Half Year Ended 31 December 2012								
Profit Reconciliation	Net profit after tax "cash basis" $M	Hedging and IFRS volatility $M	Bankwest non-cash items (1) $M	Treasury shares valuation adjustment $M	Bell Group litigation $M	Gain on sale of management rights $M	Policyholder tax (2) $M	Investment experience $M	Net profit after tax "statutory basis" $M
Group									
Interest income	**17,794**	-	(14)	-	-	-	-	-	**17,780**
Interest expense	**(10,932)**	4	-	-	-	-	-	-	**(10,928)**
Net interest income	**6,862**	4	(14)	-	-	-	-	-	**6,852**
Other banking income	**2,105**	(15)	-	-	-	-	-	-	**2,090**
Total banking income	**8,967**	(11)	(14)	-	-	-	-	-	**8,942**
Funds management income	**884**	-	-	(39)	-	-	47	(1)	**891**
Insurance income	**354**	-	-	-	-	-	37	85	**476**
Total operating income	**10,205**	(11)	(14)	(39)	-	-	84	84	**10,309**
Investment experience	**84**	-	-	-	-	-	-	(84)	**-**
Total income	**10,289**	(11)	(14)	(39)	-	-	84	-	**10,309**
Operating expenses	**(4,467)**	-	(37)	-	-	-	-	-	**(4,504)**
Loan impairment expense	**(616)**	-	-	-	(64)	-	-	-	**(680)**
Net profit before tax	**5,206**	(11)	(51)	(39)	(64)	-	84	-	**5,125**
Corporate tax expense	**(1,448)**	1	18	8	19	-	(84)	-	**(1,486)**
Non-controlling interests	**(8)**	-	-	-	-	-	-	-	**(8)**
Net profit after tax	**3,750**	(10)	(33)	(31)	(45)	-	-	-	**3,631**

(1) Includes merger related amortisation through net interest income of $14 million; merger related amortisation through operating expense of $37 million; and an income tax benefit of $18 million.
(2) AASB 1038 requires that all tax paid on behalf of policy holders is disclosed separately as a tax expense with the contra entry in the relevant insurance or funds management profit and loss account

12. Analysis Template

Profit Summary - Input Schedule	Half Year Ended 31 Dec 13 $M	30 Jun 13 [1] $M	31 Dec 12 [1] $M
Net interest income	**7,444**	7,082	6,862
Other banking income	**2,234**	2,051	2,105
Total banking income	**9,678**	9,133	8,967
Funds management income	**1,003**	944	884
Insurance income	**386**	385	354
Total operating income	**11,067**	10,462	10,205
Investment experience	**81**	70	84
Total income	**11,148**	10,532	10,289
Operating Expenses			
Retail Banking Services	**(1,572)**	(1,504)	(1,488)
Business and Private Banking	**(709)**	(696)	(696)
Institutional Banking and Markets	**(455)**	(439)	(432)
Wealth Management	**(790)**	(751)	(743)
New Zealand	**(393)**	(360)	(326)
Bankwest	**(401)**	(409)	(416)
IFS and Other	**(431)**	(384)	(366)
Total operating expenses	**(4,751)**	(4,543)	(4,467)
Profit before loan impairment expense	**6,397**	5,989	5,822
Loan impairment expense	**(457)**	(466)	(616)
Net profit before income tax	**5,940**	5,523	5,206
Corporate tax expense	**(1,662)**	(1,505)	(1,448)
Operating profit after tax	**4,278**	4,018	3,758
Non-controlling interests	**(10)**	(8)	(8)
Net profit after tax ("cash basis")	**4,268**	4,010	3,750
Treasury shares valuation adjustment (after tax)	**(28)**	(22)	(31)
Hedging and IFRS volatility (after tax)	**(5)**	37	(10)
Bankwest non-cash items (after tax)	**(30)**	(38)	(33)
Bell Group litigation (after tax)	**-**	-	(45)
Gain on sale of management rights (after tax)	**2**	-	-
Net profit after tax ("statutory basis")	**4,207**	3,987	3,631
Total Operating Income			
Retail Banking Services	**4,246**	4,022	3,907
Business and Private Banking	**1,935**	1,884	1,885
Institutional Banking and Markets	**1,368**	1,273	1,306
Wealth Management (net of volume expenses)	**1,239**	1,160	1,117
New Zealand	**883**	799	751
Bankwest	**907**	876	871
IFS and Other	**489**	448	368

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

12. Analysis Template (continued)

Profit Summary - Input Schedule	Half Year Ended 31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M
Other Data			
Net interest income	**7,444**	7,082	6,862
Average interest earning assets	**690,106**	657,951	649,394
Average net assets (1) (2)	**46,287**	44,443	42,460
Average non-controlling interests (1)	**537**	535	532
Average other equity instruments (1)	**939**	939	939
Average treasury shares (1)	**(295)**	(299)	(312)
Distributions - other equity instruments	**23**	20	20
Interest expense (after tax) - PERLS III	**17**	18	19
Interest expense (after tax) - PERLS IV	**-**	-	13
Interest expense (after tax) - PERLS V	**33**	35	37
Interest expense (after tax) - PERLS VI	**33**	34	15
Interest expense (after tax) - TPS	**13**	11	11
Weighted average number of shares - statutory basis (M)	**1,606**	1,603	1,593
Weighted average number of shares - statutory diluted (M)	**1,685**	1,692	1,686
Weighted average number of shares - cash basis (M)	**1,609**	1,606	1,596
Weighted average number of shares - cash diluted (M)	**1,688**	1,695	1,689
Weighted average number of shares - PERLS III (M)	**16**	18	20
Weighted average number of shares - PERLS IV (M)	**-**	-	16
Weighted average number of shares - PERLS V (M)	**27**	31	33
Weighted average number of shares - PERLS VI (M)	**27**	30	14
Weighted average number of shares - TPS (M)	**8**	9	9
Weighted average number of shares - Executive options (M)	**1**	1	1
Dividends per share (cents) - fully franked	**183**	200	164
No. of shares at end of period excluding Treasury Shares deduction (M)	**1,612**	1,612	1,609
Funds Under Administration (FUA) - average	**262,578**	239,948	215,554
Average inforce premiums	**3,057**	2,898	2,736
Net assets (2)	**47,037**	45,537	43,348
Total intangible assets	**9,942**	10,423	10,366
Non-controlling interests	**536**	537	532
Other equity instruments	**939**	939	939

(1) Average of reporting period balances.

(2) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

12. Analysis Template (continued)

Ratios - Output Summary	Half Year Ended 31 Dec 13 $M	30 Jun 13 [1] $M	31 Dec 12 [1] $M
Earnings Per Share (EPS)			
Net profit after tax ("cash basis")	**4,268**	4,010	3,750
Less distribution - other equity instruments	**(23)**	(20)	(20)
Adjusted profit for EPS calculation	**4,245**	3,990	3,730
Average number of shares (M) ("cash basis")	**1,609**	1,606	1,596
Earnings per share basic ("cash basis") (cents) [2]	**263. 9**	248. 4	233. 7
Interest expense (after tax) - PERLS III	**17**	18	19
Interest expense (after tax) - PERLS IV	**-**	-	13
Interest expense (after tax) - PERLS V	**33**	35	37
Interest expense (after tax) - PERLS VI	**33**	34	15
Interest expense (after tax) - TPS	**13**	11	11
Profit impact of assumed conversions (after tax)	**96**	98	95
Weighted average number of shares - PERLS III (M)	**16**	18	20
Weighted average number of shares - PERLS IV (M)	**-**	-	16
Weighted average number of shares - PERLS V (M)	**27**	31	33
Weighted average number of shares - PERLS VI (M)	**27**	30	14
Weighted average number of shares - TPS (M)	**8**	9	9
Weighted average number of shares - Executive options (M)	**1**	1	1
Weighted average number of shares - dilutive securities (M)	**79**	89	93
Adjusted cash profit for EPS calculation	**4,245**	3,990	3,730
Add back profit impact of assumed conversions (after tax)	**96**	98	95
Adjusted diluted profit for EPS calculation	**4,341**	4,088	3,825
Average number of shares (M) ("cash basis")	**1,609**	1,606	1,596
Add back weighted average number of shares (M)	**79**	89	93
Diluted average number of shares (M)	**1,688**	1,695	1,689
Earnings per share diluted ("cash basis") (cents) [2]	**257. 1**	241. 1	226. 5
Net profit after tax ("statutory basis")	**4,207**	3,987	3,631
Less distribution - other equity instruments	**(23)**	(20)	(20)
Adjusted profit for EPS calculation	**4,184**	3,967	3,611
Average number of shares (M) ("statutory basis")	**1,606**	1,603	1,593
Earnings per share basic ("statutory basis") (cents) [2]	**260. 5**	247. 4	226. 8
Dividends Per Share (DPS)			
Dividends			
Dividends per share (cents)	**183**	200	164
No of shares at end of period (M)	**1,612**	1,612	1,609
Total dividends	**2,950**	3,224	2,639
Dividend payout ratio ("cash basis")			
Net Profit After Tax (NPAT) ("cash basis")	**4,268**	4,010	3,750
NPAT - available for distribution to ordinary shareholders	**4,245**	3,990	3,730
Total dividends	**2,950**	3,224	2,639
Payout ratio ("cash basis") (%)	**69. 5**	80. 8	70. 8
Dividend cover			
NPAT - available for distribution to ordinary shareholders	**4,245**	3,990	3,730
Total dividends	**2,950**	3,224	2,639
Dividend cover ("cash basis") (times)	**1. 4**	1. 2	1. 4

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.
(2) EPS calculations based on actual NPAT, interest expense, distributions and number of shares prior to rounding to the nearest million.

12. Analysis Template (continued)

Ratios - Output Summary	31 Dec 13 $M	30 Jun 13 [1] $M	31 Dec 12 [1] $M
	Half Year Ended		
ROE			
Return on equity ("cash basis")			
Average net assets	**46,287**	44,443	42,460
Less:			
Average non-controlling interests	**(537)**	(535)	(532)
Average other equity instruments	**(939)**	(939)	(939)
Average equity	**44,811**	42,969	40,989
Add average treasury shares	**295**	299	312
Net average equity	**45,106**	43,268	41,301
Net profit after tax ("cash basis")	**4,268**	4,010	3,750
Less distribution - other equity instruments	**(23)**	(20)	(20)
Adjusted profit for ROE calculation	**4,245**	3,990	3,730
Return on equity ("cash basis") (%)	**18. 7**	18. 6	17. 9
Return on equity ("statutory basis")			
Average net assets	**46,287**	44,443	42,460
Average non-controlling interests	**(537)**	(535)	(532)
Average other equity interests	**(939)**	(939)	(939)
Average equity	**44,811**	42,969	40,989
Net profit after tax ("statutory basis")	**4,207**	3,987	3,631
Less distribution other equity instruments	**(23)**	(20)	(20)
Adjusted profit for ROE calculation	**4,184**	3,967	3,611
Return on equity ("statutory basis") (%)	**18. 5**	18. 6	17. 5
Net Tangible Assets (NTA) per share			
Net assets	**47,037**	45,537	43,348
Less:			
Intangible assets	**(9,942)**	(10,423)	(10,366)
Non-controlling interests	**(536)**	(537)	(532)
Other equity instruments	**(939)**	(939)	(939)
Total net tangible assets	**35,620**	33,638	31,511
No. of shares at end of period (M)	**1,612**	1,612	1,609
Net Tangible Assets (NTA) per share ($)	**22. 10**	20. 87	19. 58

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

13. Summary

Group		Half Year Ended 31 Dec 13	30 Jun 13 [1]	31 Dec 12 [1]	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Net profit after tax ("cash basis")	$M	**4,268**	4,010	3,750	6	14
Treasury shares valuation adjustment (after tax)	$M	**(28)**	(22)	(31)	27	(10)
Hedging and IFRS volatility (after tax)	$M	**(5)**	37	(10)	large	(50)
Bankwest non-cash items	$M	**(30)**	(38)	(33)	(21)	(9)
Bell Group litigation (after tax)	$M	**-**	-	(45)	large	large
Gain on sale of management rights (after tax)	$M	**2**	-	-	large	large
Net profit after tax ("statutory basis")	$M	**4,207**	3,987	3,631	6	16
Earnings per share ("cash basis") - basic	cents	**263. 9**	248. 4	233. 7	6	13
Dividends per share (fully franked)	cents	**183**	200	164	(9)	12
Dividend payout ratio ("cash basis")	%	**69. 5**	80. 8	70. 8	large	(130)bpts
Common Equity Tier 1 (Internationally Harmonised) - Basel III	%	**11. 4**	11. 0	10. 6	40 bpts	80 bpts
Common Equity Tier 1 (APRA) - Basel III	%	**8. 5**	8. 2	8. 1	30 bpts	40 bpts
Number of full time equivalent staff	No.	**44,007**	44,969	44,363	(2)	(1)
Return on equity ("cash basis")	%	**18. 7**	18. 6	17. 9	10 bpts	80 bpts
Return on equity ("statutory basis")	%	**18. 5**	18. 6	17. 5	(10)bpts	100 bpts
Weighted average no. of shares ("statutory basis") - basic	M	**1,606**	1,603	1,593	-	1
Net tangible assets per share	$	**22. 10**	20. 87	19. 58	6	13
Net interest income	$M	**7,444**	7,082	6,862	5	8
Net interest margin	%	**2. 14**	2. 17	2. 10	(3)bpts	4 bpts
Other banking income	$M	**2,234**	2,051	2,105	9	6
Other banking income to total banking income	%	**23. 1**	22. 5	23. 5	60 bpts	(40)bpts
Operating expenses to total operating income	%	**42. 9**	43. 4	43. 8	(50)bpts	(90)bpts
Average interest earning assets	$M	**690,106**	657,951	649,394	5	6
Average interest bearing liabilities	$M	**647,944**	613,779	605,408	6	7
Loan impairment expense ("cash basis")	$M	**457**	466	616	(2)	(26)
Loan impairment expense ("cash basis") annualised as a % of average gross loans and acceptances	%	**0. 16**	0. 17	0. 22	(1)bpt	(6)bpts
Total provisions for impaired assets as a % of gross impaired assets [1]	%	**39. 07**	40. 62	43. 71	(155)bpts	(464)bpts
Risk weighted assets - Basel III APRA	$M	**334,197**	329,158	314,942	2	6
Retail Banking Services						
Cash net profit after tax	$M	**1,671**	1,566	1,523	7	10
Operating expenses to total banking income	%	**37. 0**	37. 4	38. 1	(40)bpts	(110)bpts
Business and Private Banking						
Cash net profit after tax	$M	**797**	748	726	7	10
Operating expenses to total banking income	%	**36. 6**	36. 9	36. 9	(30)bpts	(30)bpts
Institutional Banking and Markets						
Cash net profit after tax	$M	**674**	599	596	13	13
Operating expenses to total banking income	%	**33. 3**	34. 5	33. 1	(120)bpts	20 bpts

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

13. Summary (continued)

		Half Year Ended				
		31 Dec 13	30 Jun 13 [1]	31 Dec 12 [1]	Dec 13 vs Jun 13 %	Dec 13 vs Dec 12 %
Wealth Management						
Cash net profit after tax	$M	**395**	348	331	14	19
Underlying profit after tax	$M	**341**	304	273	12	25
Investment experience after tax	$M	**54**	44	58	23	(7)
Funds Under Administration - (average)	$M	**252,315**	231,138	207,437	9	22
Funds Under Administration - (spot)	$M	**260,420**	240,352	219,175	8	19
Net funds flows	$M	**1,066**	9,863	6,117	(89)	(83)
Average inforce premiums	$M	**2,219**	2,118	2,021	5	10
Annual Inforce premiums - (spot)	$M	**2,273**	2,165	2,071	5	10
Funds management income to average FUA	%	**0. 75**	0. 78	0. 80	(3)bpts	(5)bpts
Insurance income to average inforce premiums	%	**25. 1**	25. 2	27. 2	(10)bpts	(210)bpts
Operating expenses to net operating income	%	**63. 8**	64. 7	66. 5	(90)bpts	(270)bpts
New Zealand						
Cash net profit after tax	$M	**355**	316	305	12	16
Underlying profit after tax	$M	**355**	313	303	13	17
Funds Under Administration - (average)	$M	**10,263**	8,810	8,117	16	26
Funds Under Administration - (spot)	$M	**10,984**	9,343	8,197	18	34
Average inforce premiums	$M	**582**	526	498	11	17
Annual Inforce premiums - (spot)	$M	**620**	544	507	14	22
Funds management income to average FUA	%	**0. 58**	0. 60	0. 56	(2)bpts	2 bpts
Insurance income to average inforce premiums	%	**29. 7**	36. 4	30. 3	large	(60)bpts
Operating expenses to total operating income	%	**44. 5**	45. 1	43. 4	(60)bpts	110 bpts
Bankwest						
Cash net profit after tax	$M	**353**	303	258	17	37
Operating expenses to total banking income	%	**44. 2**	46. 7	47. 8	(250)bpts	(360)bpts

(1) Comparative information has been restated to conform to presentation in the current period. Refer to Note 1 and Appendix 16 to this Document for more details.

14. Foreign Exchange Rates

Exchange Rates Utilised [1]	Currency	As at 31 Dec 13	30 Jun 13	31 Dec 12
AUD 1.00 =	USD	**0. 8939**	0. 9268	1. 0386
	EUR	**0. 6480**	0. 7098	0. 7868
	GBP	**0. 5424**	0. 6076	0. 6430
	NZD	**1. 0867**	1. 1860	1. 2610
	JPY	**93. 9090**	91. 5647	89. 4895

(1) End of day, Sydney time

15. Definitions

The definitions of terms used throughout and not otherwise defined in this Report, including market share definitions, can be found on: https://www.commbank.com.au/about-us/shareholders/financial-information/results.html under the heading "Results Glossary" and are incorporated into this Document by reference. No other information on that website is incorporated into this Document by reference.

16. Disclosure Changes

During the current half, the Group reclassified a number of items in its Income Statement and Balance Sheet. The following comparative changes arise from both new accounting standards and alignment with industry practice. The affected comparatives are footnoted. The key reclassifications are:

- Certain derivatives are now presented on a gross basis in accordance with accounting requirements. These were previously presented on a net basis. The impact is an increase of $865 million to both derivative assets and liabilities as at 31 December 2012.
- The impact of the amended AASB 119 'Employee Benefits', which is explained further in Note 1.
- The Group has reviewed the presentation of broker commissions paid within the funds management and insurance businesses together with other volume-related expenses. These expenses vary directly with the amount of associated revenue generated, and have been reclassified from operating expenses and netted against operating income. This is in line with recent industry practice and the relevant accounting requirements. This reclassification results in changes to the presentation of the Income Statement of the Group and affected business segments (Institutional Banking and Markets, Wealth Management, New Zealand and International Financial Services) as shown in Note 7. The total impact is an equivalent decrease on both operating expenses and operating income of $348 million and $330 million for the half year ended 30 June 2013 and 31 December 2012, respectively.
- The Group has reclassified depreciation expense against rental income in line with industry practice because it believes such presentation better represents net income earned from operating lease arrangements.

The impact of these changes on each segment's Cash NPAT, Balance Sheet and cost to income ratios for the comparative periods is set out below:

Segment Statutory NPAT (impact by adjustment type)

	Half Year Ended 30 June 2013							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Group $M
Statutory NPAT - as published	1,548	753	607	331	308	265	204	**4,016**
Restatements:								
Defined benefit superannuation expense	-	-	-	-	-	-	(29)	**(29)**
Other	18	(5)	(8)	(5)	(10)	-	10	**-**
Statutory NPAT - as restated	**1,566**	**748**	**599**	**326**	**298**	**265**	**185**	**3,987**

	Half Year Ended 31 December 2012							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Group $M
Statutory NPAT - as published	1,506	735	558	303	303	225	31	**3,661**
Restatements:								
Defined benefit superannuation expense	-	-	-	-	-	-	(30)	**(30)**
Other	17	(9)	(7)	(3)	(4)	-	6	**-**
Statutory NPAT - as restated	**1,523**	**726**	**551**	**300**	**299**	**225**	**7**	**3,631**

Segment Statutory NPAT (impact by P&L line item)

	Half Year Ended 30 June 2013							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Group $M
Statutory NPAT - as published	1,548	753	607	331	308	265	204	**4,016**
Restatements:								
Increase/(decrease) in Total operating income	(7)	12	(32)	(265)	(56)	-	-	**(348)**
(Increase)/decrease in Operating expenses	35	(19)	20	265	42	-	(36)	**307**
(Increase)/decrease in Loan impairment expense	-	-	-	-	-	-	-	**-**
Increase/(decrease) in Investment experience	-	-	-	(6)	-	-	6	**-**
(Increase)/decrease in Corporate tax expense	(10)	2	4	1	4	-	11	**12**
Statutory NPAT - as restated	**1,566**	**748**	**599**	**326**	**298**	**265**	**185**	**3,987**

	Half Year Ended 31 December 2012							
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	IFS and Other	Group
	$M	$M	$M	$M	$M	$M	$M	$M
Statutory NPAT - as published	1,506	735	558	303	303	225	31	**3,661**
Restatements:								
Increase/(decrease) in Total operating income	(11)	5	(22)	(249)	(44)	-	(9)	**(330)**
(Increase)/decrease in Operating expenses	36	(18)	10	249	39	-	(28)	**288**
(Increase)/decrease in Loan impairment expense	-	-	-	-	-	-	-	**-**
Increase/(decrease) in Investment experience	-	-	-	(6)	-	-	6	**-**
(Increase)/decrease in Corporate tax expense	(8)	4	5	3	1	-	7	**12**
Statutory NPAT - as restated	**1,523**	**726**	**551**	**300**	**299**	**225**	**7**	**3,631**

16. Disclosure Changes (continued)

Segment Balance Sheet

	As at 30 June 2013							
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	IFS and Other	Group
	$M	$M	$M	$M	$M	$M	$M	$M
Total Assets - as published	264,713	103,605	144,813	20,508	58,060	73,882	88,295	**753,876**
Increase/(decrease)	(381)	(1,173)	1,594	-	127	(101)	(85)	**(19)**
Total Assets - as restated	**264,332**	**102,432**	**146,407**	**20,508**	**58,187**	**73,781**	**88,210**	**753,857**
Total Liabilities - as published	181,122	71,667	143,139	22,882	52,793	42,007	194,774	**708,384**
Increase/(decrease)	1,164	(6,827)	6,400	-	(1,252)	(82)	533	**(64)**
Total Liabilities - as restated	**182,286**	**64,840**	**149,539**	**22,882**	**51,541**	**41,925**	**195,307**	**708,320**

	As at 31 December 2012							
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	IFS and Other	Group
	$M	$M	$M	$M	$M	$M	$M	$M
Total Assets - as published	255,408	100,531	138,900	20,594	53,640	73,734	79,397	**722,204**
Increase/(decrease)	(333)	(407)	743	-	122	(152)	6	**(21)**
Total Assets - as restated	**255,075**	**100,124**	**139,643**	**20,594**	**53,762**	**73,582**	**79,403**	**722,183**
Total Liabilities - as published	175,459	70,805	132,798	22,594	48,888	42,646	185,715	**678,905**
Increase/(decrease)	626	(5,903)	5,113	-	(964)	(151)	1,209	**(70)**
Total Liabilities - as restated	**176,085**	**64,902**	**137,911**	**22,594**	**47,924**	**42,495**	**186,924**	**678,835**

Segment Cost to Income Ratios

	Half Year Ended 30 June 2013							
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management (1)	New Zealand	Bankwest	IFS and Other	Group
	%	%	%	%	%	%	%	%
Operating expenses to total operating income - as published	37. 4	36. 9	34. 5	64. 7	47. 0	46. 7	n/a	**44. 9**
Operating expenses to total operating income - as restated	37. 4	36. 9	34. 5	60. 5	47. 0	52. 0	n/a	**43. 4**

	Half Year Ended 31 December 2012							
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management (1)	New Zealand	Bankwest	IFS and Other	Group
	%	%	%	%	%	%	%	%
Operating expenses to total operating income - as published	38. 9	36. 1	33. 3	60. 3	45. 2	52. 9	n/a	**45. 0**
Operating expenses to total operating income - as restated	38. 1	36. 9	33. 1	60. 7	42. 8	52. 9	n/a	**43. 7**

(1) Wealth Management cost to income ratio had previously been calculated net of volume related expenses, therefore ratio is unchanged by the reclassification of this item.

17. Euro-zone Exposures

This table includes exposures to Euro-zone countries that are currently experiencing significant economic, fiscal and/or political strains such that likelihood of default would be higher than would be anticipated when such factors do not exist.

The exposures below are represented gross unless cash collateral has been pledged which is the case for derivative exposures.

The total exposures to these countries are 100% funded. No further unfunded committed exposures exist.

The Group continues to monitor these exposures and notes, that due to their size and associated security, they are not considered significant to the Group as a whole.

It should be noted that the interest rate risk exposures on these positions is insignificant to the Group as a whole.

	As at 31 December 2013			
	Sovereign	Non Sovereign Exposure		Total
	Exposure	Bank	Corporate	Exposure
Financial Instrument	$M	$M	$M	$M
Italy				
Loans and Leases	-	188	-	**188**
Available for Sale Assets	303	-	-	**303**
Derivative Assets	-	-	-	**-**
	303	188	-	**491**
Spain				
Loans and Leases	-	43	350	**393**
Derivative Assets	-	-	-	**-**
	-	43	350	**393**
Ireland				
Loans and Leases	-	-	657	**657**
Trading at Fair Value	-	-	-	**-**
Available for Sale Assets	-	-	5	**5**
	-	-	662	**662**
Total Exposure	**303**	**231**	**1,012**	**1,546**

18. Independent Auditors

With respect to the unaudited financial information contained in the half-year financial report of Commonwealth Bank of Australia which comprises the balance sheet, the income statement, the statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes for the six-month periods ended 31 December 2013, 30 June 2013, and 31 December 2012, included in this Document, PricewaterhouseCoopers, an Australian partnership ("PwC Australia") reported that they have applied review procedures in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report by the Independent Auditor of the Entity. Their separate report dated 11 February 2014 appearing herein states that they did not perform an audit and they do not express an audit opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.