Determined to offer strength in uncertain times.

Determined to be better than we have ever been.

Determined to focus on service and on service and on service.

Profit Announcement

For the half year ended 31 December 2007

Determined to be different.

13th February 2008

Commonwealth Bank of Australia ACN 123 123 124

ASX Appendix 4D

Results for announcement to the market [1]

Report for the half year ended 31 December 2007	$M
Revenues from ordinary activities	**$17,655 Up 8%**
Profit/(loss) from ordinary activities after tax attributable to Equity holders	**$2,371 Up 8%**
Net profit/(loss) for the period attributable to Equity holders	**$2,371 Up 8%**
Dividends (distributions)	
Interim Dividend – fully franked (cents per share)	**113**
Record date for determining entitlements to the dividend	**22 February 2008**

(1) Rule 4.2C.3

Refer to Appendix 13 ASX Appendix 4D on page 65, for disclosures required under ASX Listing Rules.

This report should be read in conjunction with the 30 June 2007 Annual Financial Report of the Group and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Important Dates for Shareholders

Interim Result and Interim Dividend Announcement	13 February 2008
Ex-dividend Date	18 February 2008
Record Date	22 February 2008
Interim Dividend Payment Date	2 April 2008
Full Year Results Announcement	13 August 2008
Ex-dividend Date	18 August 2008
Record Date	22 August 2008
Final Dividend Payment Date	1 October 2008
Annual General Meeting	13 November 2008

For further information contact:

Investor Relations

Warwick Bryan
Phone: 02 9378 5130
Facsimile: 02 9378 2344
Email: ir@cba. com. au

Except where otherwise stated, all figures relate to the half year ended 31 December 2007. The term “prior comparative period” refers to the half year ended 31 December 2006, while the term “prior half” refers to the half year ended 30 June 2007.

Highlights

Group Performance Highlights

Net Profit after Income Tax	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M
Statutory basis	**2,371**	2,279	2,191
Cash basis	**2,385**	2,231	2,296

The Group's net profit after tax ("statutory basis") for the half year was $2,371 million which represents an increase of 8% on the prior comparative period. The Group's net profit after tax ("cash basis") for the half year ended 31 December 2007 was $2,385 million, which represents an increase of 7% on the prior half, and 4% on the prior comparative period. Excluding the impact of recent market volatility (represented by Shareholder investment returns and $100 million pre-tax of extra funding costs), the Group's underlying profit increased by 11% on the prior half and 9% on the prior comparative period.

The volatility in global credit markets has had a significant impact on the Group during the current period. This caused a widening of the spread between the official cash rate and the 90-day bank bill rate, together with a higher cost of debt in the wholesale markets. As a result the Group has incurred approximately $100 million of extra funding costs ($70 million after tax) during the half year. In addition, loan impairment expenses increased $138 million on the prior comparative period, reflecting risk downgrades in the corporate segment and some large specific provisions.

The Group has delivered a solid business result in a difficult environment, supported by strong growth across both lending and deposit balances and the outstanding performance of the Wealth Management operations. The financial performance of the Group was underpinned by:

- Growth in Banking income of 5% on the prior comparative period, following strong growth in average interest earning assets of 15% to $352 billion;
- Growth in Average Funds Under Administration of 21% on the prior comparative period to $191 billion, underpinned by strong retail and wholesale inflows;
- Growth in average inforce insurance premiums of 16% on the prior comparative period reflecting strong sales volumes and progress on cross-sell initiatives;
- Continued improvement in credit quality across consumer portfolios offset by an increase in Corporate provisioning levels; and
- Operating expense growth of 7% on the prior comparative period. Continued productivity gains and realisation of other cost savings have enabled increased investment in the business to support productivity and growth initiatives.

Cash earnings per share increased 6% on the prior half and 2% on the prior comparative period to 180.7 cents per share. The Group's Return on Equity ("cash basis") has decreased 20 basis points on the prior half and has decreased 180 basis points on the prior comparative period, reflecting, in part, higher capital levels in the period leading up to Basel II.

The Group's cash net profit after tax definition now excludes unrealised accounting gains and losses on derivatives used for hedging purposes. This change was made to more closely reflect emerging market practice.

Other performance highlights during the period relating to the strategic priorities of the Group included:

- The launch of the Group's new "Determined to be different" brand marketing campaign;
- Retail customer satisfaction levels at a 10 year high (source: Roy Morgan Research)(1) and recorded retail customer complaints down 20% on the prior comparative period;
- Institutional Banking recognised as the industry leader, receiving the highest satisfaction rating in the most recent East & Partners bi-annual survey;
- Continued expansion in Business Banking operations, with the opening of four new Business Banking centres during the half year, adding to the existing eight centres opened during the previous financial year; and
- Colonial First State named the 2007 "Super Star" platform for the fourth year in a row (source: FundData).

Basel II Transition

On 10 December 2007, APRA granted advanced accreditation status to the Group for the measurement of regulatory capital under the Basel II framework.

This approval was effective from 1 January 2008 and will result in an increase in the Group's Tier One and Total Capital ratios as disclosed on page 5.

Dividends

The interim dividend for the year is $1.13 per share, an increase of 6 cents or 6% on the prior comparative period, representing a dividend payout ratio ("cash basis") for the half year of 63.0%.

The interim dividend payment will be fully franked and will be paid on 2 April 2008 to owners of ordinary shares at the close of business on 22 February 2008 ("record date"). Shares will be quoted ex–dividend on 18 February 2008.

The Group issued $709 million of shares to satisfy shareholder participation in the Dividend Reinvestment Plan ("DRP") in respect of the final dividend for 2006/07. In respect of the current interim dividend, shares to be allocated to participants under the DRP will be provided by an on-market purchase, to a maximum value of $550 million. Any DRP allocation in excess of this limit will be satisfied by the issuance of new shares.

Outlook

The increased volatility in global financial markets which characterised the first half of the Group's financial year is expected to continue until at least the end of the current calendar year as the full impacts of the sub-prime crisis flow through the market.

For the Australian economy this is likely to mean that wholesale funding costs will remain above levels experienced in the 2007 financial year and inflation will continue to be a concern. This is expected to lead to further upward pressure on interest rates.

The underlying economy maintained a good level of growth during the first half of the 2008 financial year. Despite continuing volatility in global markets, the outlook for the Australian economy remains positive, with credit growth likely to continue close to present rates during the 2008 calendar year with the fundamentals favouring business credit growth over that of households.

With a strong capital position, a diversified funding and asset profile, banking and wealth businesses which are generating solid profit growth and an ongoing commitment to reinvest for the future, the Group is well positioned. While it is difficult to forecast peer performance because of market volatility and its varying impacts, the Group believes that it should continue to deliver EPS growth which meets or exceeds the average of its peers.

(1) Refer to appendix 17 Definitions: Customer satisfaction - external survey

Group Performance Summary	31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
	Half Year Ended				
Net interest income	**3,899**	3,551	3,485	10	12
Other banking income	**1,541**	1,609	1,712	(4)	(10)
Total banking income	**5,440**	5,160	5,197	5	5
Funds management income	**1,141**	981	893	16	28
Insurance income	**393**	435	382	(10)	3
Total operating income	**6,974**	6,576	6,472	6	8
Shareholder investment returns	**42**	64	85	(34)	(51)
Total income	**7,016**	6,640	6,557	6	7
Operating expenses	**3,378**	3,283	3,144	3	7
Loan impairment expense	**333**	239	195	39	71
Net profit before income tax	**3,305**	3,118	3,218	6	3
Corporate tax expense (1)	**905**	873	909	4	-
Minority interests (2)	**15**	14	13	7	15
Net profit after income tax ("cash basis")	**2,385**	2,231	2,296	7	4
Defined benefit superannuation plan (expense)/income	**(4)**	1	4	large	large
Treasury shares valuation adjustment	**(13)**	(37)	(38)	(65)	(66)
Hedging and AIFRS volatility	**3**	84	(71)	(96)	large
Net profit after income tax ("statutory basis")	**2,371**	2,279	2,191	4	8
Represented by: (3)					
Retail Banking Services	**949**	885	881	7	8
Premium Business Services	**724**	721	724	-	-
Wealth Management	**380**	328	299	16	27
International Financial Services	**296**	245	233	21	27
Other	**36**	52	159	(31)	(77)
Net profit after income tax ("cash basis")	**2,385**	2,231	2,296	7	4
Shareholder investment returns after tax	**(28)**	(35)	(61)	(20)	(54)
Net profit after income tax ("underlying basis")	**2,357**	2,196	2,235	7	5

(1) For purposes of presentation, Policyholder tax benefit and Policyholder tax expense components of Corporate tax expense are shown on a net basis (31 December 2007: $36 million, 30 June 2007: $128 million, and 31 December 2006: $138 million).

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

(3) During the current period the presentation of the segments of the Group has been changed. Prior periods have been restated on a consistent basis.

Shareholder Summary	31/12/07	30/06/07	31/12/06	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
	Half Year Ended				
Dividend per share – fully franked (cents)	**113**	149	107	(24)	6
Dividend cover – cash (times)	**1. 6**	1. 1	1. 6	n/a	n/a
Earnings per share (cents) (1)					
Statutory – basic	**180. 4**	175. 1	169. 6	3	6
Cash basis – basic	**180. 7**	170. 4	176. 6	6	2
Dividend payout ratio (%)					
Statutory basis	**63. 4**	86. 1	63. 8	large	(40)bpts
Cash basis	**63. 0**	88. 0	60. 8	large	220bpts
Weighted avg no. of shares – statutory basic (M) (1)	**1,300**	1,286	1,276	1	2
Weighted avg no. of shares – cash basic (M) (1) (2)	**1,306**	1,293	1,284	1	2
Return on equity – cash (%)	**20. 8**	21. 0	22. 6	(20)bpts	(180)bpts

(1) For definitions refer to appendix 17, page 74.

(2) Fully diluted EPS and weighted average number of shares (fully diluted) are disclosed in appendix 14, page 69.

Highlights continued

Balance Sheet Summary	As at 31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Lending assets (1)	**332,577**	304,100	286,814	9	16
Total assets	**454,549**	425,139	397,261	7	14
Total liabilities	**428,911**	400,695	374,774	7	14
Shareholders' Equity	**25,638**	24,444	22,487	5	14
Assets held and Funds Under Administration (FUA)					
On Balance Sheet:					
Banking assets	**427,580**	397,093	367,250	8	16
Insurance Funds Under Administration	**18,940**	19,814	21,040	(4)	(10)
Other insurance and internal funds management assets	**8,029**	8,232	8,971	(2)	(11)
	454,549	425,139	397,261	7	14
Off Balance Sheet:					
Funds Under Administration	**188,762**	157,257	146,622	20	29
Total assets held and FUA	**643,311**	582,396	543,883	10	18

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

Key Performance Indicators	Half Year Ended 31/12/07	30/06/07	31/12/06	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Group					
Underlying profit after tax ($M)	**2,357**	2,196	2,235	7	5
Net interest margin (%)	**2. 17**	2. 16	2. 22	1bpts	(5)bpts
Average interest earning assets ($M) (1)	**352,107**	325,380	306,868	8	15
Average interest bearing liabilities ($M) (1)	**330,004**	303,171	286,548	9	15
Funds management income to average FUA (%)	**1. 19**	1. 16	1. 12	3bpts	7bpts
FUA – average ($M)	**191,447**	171,264	158,010	12	21
Insurance operating income to average inforce premiums (%)	**54. 1**	64. 0	60. 7	(15)	(11)
Average inforce premiums ($M)	**1,444**	1,370	1,248	5	16
Expense to operating income (%)	**48. 4**	49. 9	48. 6	(3)	-
Effective corporate tax rate (%)	**27. 4**	28. 0	28. 2	(2)	(3)
Retail Banking Services					
Cash net profit after tax ($M)	**949**	885	881	7	8
Expense to income (%)	**45. 8**	46. 6	46 .6	(2)	(2)
Premium Business Services					
Cash net profit after tax ($M)	**724**	721	724	-	-
Expense to income (%)	**43. 4**	46. 8	44. 5	(7)	(2)
Wealth Management					
Underlying profit after tax ($M)	**372**	303	245	23	52
FUA – average ($M)	**183,548**	163,543	151,621	12	21
Average inforce premiums ($M)	**1,058**	1,005	921	5	15
Funds management income to average FUA (%)	**1. 21**	1. 18	1. 14	3	6
Insurance operating income to average inforce premiums (%)	**51. 3**	61. 4	57. 5	(16)	(11)
Operating expense to net operating income (%)	**54. 3**	58. 4	61. 3	(7)	(11)
International Financial Services					
Underlying profit after tax ($M)	**276**	235	226	17	22
FUA – average ($M)	**7,899**	7,721	6,389	2	24
Average inforce premiums ($M)	**386**	365	327	6	18
Funds management income to average FUA (%)	**0. 55**	0. 65	0. 65	(15)	(15)
Insurance operating income to average inforce premiums (%)	**61. 8**	71. 3	69. 8	(13)	(11)
Expense to income (%)	**53. 6**	55. 1	54. 8	(3)	(2)
Capital Adequacy – 31 December 2007					
Tier One (%)	**7. 27**	7. 14	7. 06	13bpts	21bpts
Total (%)	**9. 67**	9. 76	9. 78	(9)bpts	(11)bpts
Adjusted Common Equity (%)	**4. 62**	4. 79	4. 70	(17)bpts	(8)bpts
Capital Adequacy – 1 January 2008 (Basel II pro forma) (2)					
Tier One (%)	**7. 35**				
Total (%)	**11. 06**				
Adjusted Common Equity (%)	**4. 62**				

(1) Average interest earning assets and average interest bearing liabilities have been adjusted to remove the impact of securitisation. Refer to Average Balances and Related Interest Page 51.

(2) The 1 January 2008 ratios are calculated using the Basel II capital adequacy regulations. The existing Basel I ACE ratio is shown above pending Standard & Poor's guidance on the Basel II impact on the Bank's ACE capital.

Credit Ratings	Long–term	Short–term	Affirmed
Fitch Ratings	AA	F1+	Dec 07
Moody's Investor Services	Aa1	P-1	Dec 07
Standard & Poor's	AA	A-1+	Dec 07

The Group continues to maintain a strong capital position which is reflected in its credit ratings. Additional information regarding the Group's capital is disclosed in appendix 8, pages 57 to 59.

Group Performance Analysis

Financial Performance and Business Review

The half year cash net profit after tax of $2,385 million for the Group increased 7% on the prior half and 4% on the prior comparative period.

The performance during the half year was driven by:

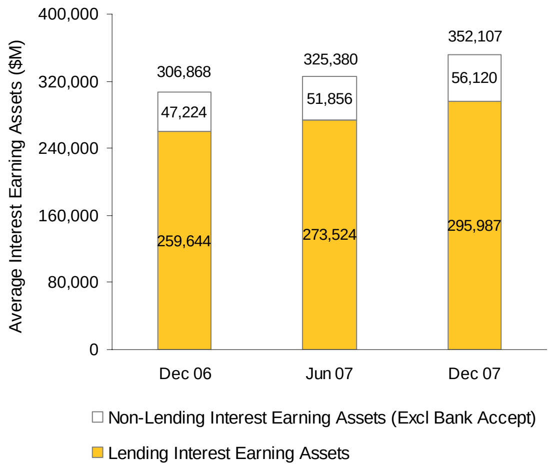
- Strong improvement in business lending volumes, up 23% since December 2006 to $104 billion;
- Significant domestic deposit volume growth of 25% since December 2006 to $202 billion;
- Continued gains in home loan market share translating into balance growth of 13% on the prior comparative period to $188 billion;
- Underlying net interest margin contraction of four basis points over the half year;
- Productivity improvements and other cost savings financing additional investment in front line staff;
- Increased Funds under administration of 24% on the prior comparative period to $208 billion. FirstChoice flows remained solid over the period capturing further market share gains;
- Growth in CommInsure inforce premiums to $1,094 million representing an increase of 11% on the prior comparative period, reflecting strong sales volumes and progress of the Wealth Management cross-sell initiative; partly offset by
- Impact of recent volatility in global credit markets which has caused funding costs to increase and some deterioration in credit quality in the corporate sector.

More comprehensive disclosure of performance highlights by key business segments is contained on pages 10-23.

Net Interest Income

Net interest income increased by 12% on the prior comparative period to $3,899 million. The growth was driven by a strong increase in average interest earning assets of 15% offset by a 10 basis point reduction in underlying net interest margin over the 12 month period.

Average Interest Earning Assets



Average interest earning assets increased by $27 billion on the prior half to $352 billion, reflecting a $23 billion increase in average lending interest earning assets and a $4 billion increase in average non-lending interest earning assets.

Home lending growth continued to be the largest contributor to the increase in average interest earning assets, resulting from consistent market share gains during the period. Average home loan balances excluding the impact of securitisation increased by 9% since 30 June 2007 and 12% since 31 December 2006.

Personal Lending average balances have increased by 7% since 30 June 2007 and 15% since 31 December 2006, driven by strong growth in margin lending.

Average balances for Business and Corporate lending have increased 8% since 30 June 2007 and 18% since 31 December 2006 reflecting robust growth, particularly in Institutional Banking.

Net Interest Margin

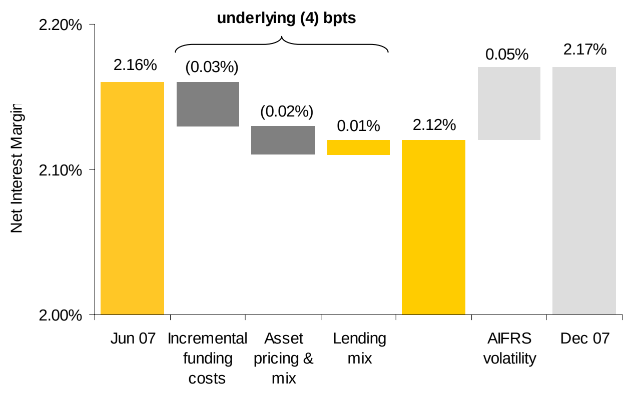
Underlying net interest margin decreased four basis points on the prior half. Headline net interest margin includes the favourable impact of reclassification of net swap costs under AIFRS (offset within Other banking income). Underlying margins decreased due to:

<u>Incremental Funding Costs</u>: The lack of liquidity in global credit markets resulted in an increase in the cash to bill rate spread and higher wholesale funding costs. This led to three basis points of margin compression in the period (net of the retail deposit benefit), as well as additional costs on derivatives used to hedge short-dated interest rate exposures, which are recognised within Other banking income.

<u>Asset Pricing & Mix</u>: Changes within the home loan and credit card portfolios resulted in two basis points margin decline (excluding the impact of market liquidity issues). This was due to adverse portfolio mix changes within both of these portfolios. Portfolio mix changes include both compression due to growth in both packaged and fixed rate home lending as well as “Yellow” credit card growth. Business lending margins remained stable overall, with improving product margins on some products being offset by the corresponding adverse mix impact of growth in the institutional lending portfolio.

<u>Lending mix:</u> Higher margin business lending has grown faster than lower margin home lending, resulting in a one basis point increase in margin.

NIM movement since June 2007



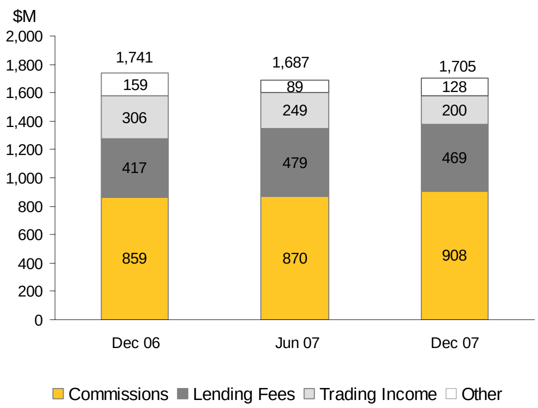
The above net interest margin has been protected from a further three basis point deterioration by hedging of short-dated interest rate exposures which led to incremental costs of $50 million in Other banking income.

Additional information, including the average balances, is set out on pages 51 to 52.

Other Banking Income

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Commissions	**908**	870	859
Lending fees	**469**	479	417
Trading income	**200**	249	306
Other income	**128**	89	159
	1,705	1,687	1,741
AIFRS reclassification of net swap costs (1)	**(164)**	(78)	(29)
Other banking income	**1,541**	1,609	1,712

(1) Refer to appendix 5, Other banking income, page 54 for further details



Factors impacting Other banking income were:

- Commissions: increased by 6% on the prior comparative period to $908 million, principally driven by volume-led increases in home lending package fees and continued strong brokerage commissions within CommSec;
- Lending fees: increased by 12% on the prior comparative period to $469 million. The growth is principally due to higher business and corporate fees due to increased lending volumes;
- Trading income: decreased 35% on the prior comparative period to $200 million due to additional costs of $50 million related to derivatives used to hedge short-dated interest rate exposures; and
- Other income: decreased $31 million on the prior comparative period. The prior comparative period included $79 million due to the sale of the Group's share in Greater Energy Alliance Corporation Pty Limited ("Loy Yang"). Excluding Loy Yang, Other income increased by $48 million on the prior comparative period due to realised gains on the economic hedge of revenue from the New Zealand operations; accrued income on a prior period tax refund and other volume-driven increases in other income items.

Funds Management Income

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
CFS GAM	**501**	408	351
Colonial First State	**488**	444	400
CommInsure & Other	**130**	104	121
Sovereign & Other	**22**	25	21
Funds management income	**1,141**	981	893

Funds management income increased by 28% on the prior comparative period to $1,141 million. The growth was driven by average funds under administration (FUA) increasing by 21% on the prior comparative period to $191 billion. Funds management income to average FUA grew from 1.12% to 1.19%, an increase of 7 basis points since 31 December 2006.

Insurance Income

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
CommInsure & Other	**273**	306	267
Sovereign & Other	**120**	129	115
Insurance income	**393**	435	382

Insurance income increased by 3% on the prior comparative period to $393 million. The current half result is a combination of growth in average inforce premiums of 16% offset by adverse claims experience arising from the recent NSW and Victoria storms.

Group Performance Analysis continued

Operating Expenses

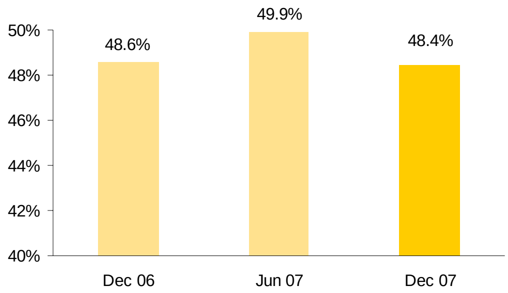
Group operating expenses increased by 7% on the prior comparative period to $3,378 million. Operating expenses were impacted by:

- Increased salary costs reflecting a competitive domestic labour market together with additional front line staff in key businesses;
- The introduction in the prior half of competitive remuneration schemes in the Global Asset Management business to attract and retain high quality talent;
- A one-off GST refund received in the current period ($64 million) which has been used to fund $62 million of additional projects to support the Group's strategic initiatives;
- Continued productivity gains achieved through process re-engineering and realisation of cost savings; and
- Increased volume related expenses attributable to strong growth across both lending assets and funds under administration.

Group Expense to Income Ratio

The expense to income ratio improved from 48.6% in the prior comparative period to 48.4% in the current half. The current half includes the benefit of the GST refund which was reinvested in projects supporting the Group's strategic priorities.

Productivity



Loan Impairment Expense

The total charge for loan impairment for the half year was $333 million, which represents 20 basis points of average loans and acceptances on an annualised basis. This expense is $138 million higher than the prior comparative period, reflecting increased levels of collective and specific provisioning for the corporate segment.

Gross impaired assets were $562 million as at 31 December 2007, compared with $421 million at 30 June 2007.

Total provisions for impairment as a percentage of gross impaired assets was 246%.

Taxation Expense

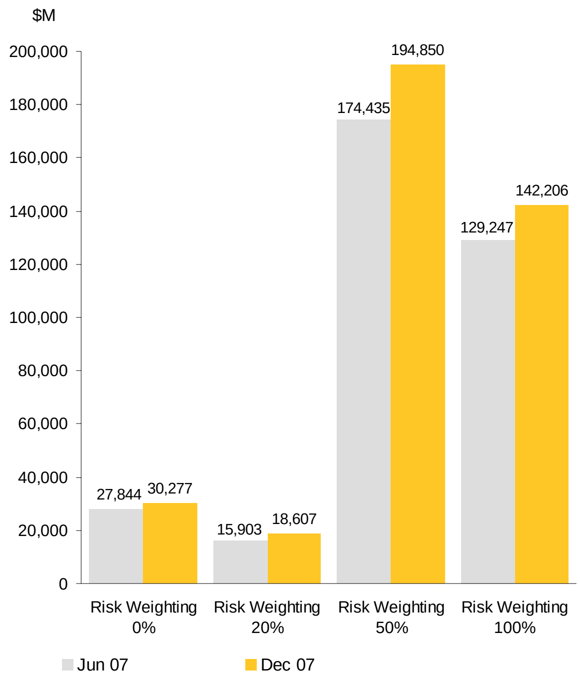
The corporate tax charge for the half year was $905 million, an effective tax rate of 27.4%. The effective tax rate is lower compared to the prior half rate of 28.0%, primarily due to higher levels of concessionally taxed dividends received.

Provisions for Impairment Losses

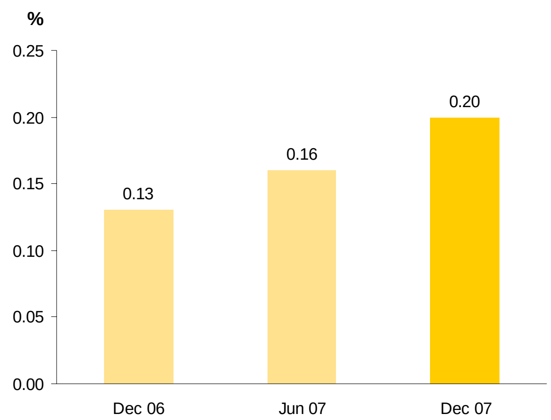
Total provisions for impairment losses at 31 December 2007 were $1,380 million. The current level reflects:

- The continued high quality of the home lending portfolio;
- Continued improvement in the unsecured retail lending portfolio; and
- Some softening in the corporate portfolios.

Risk Weighted Assets on Balance Sheet ($M)



Loan Impairment Expense to Average Gross Loans and Acceptances



Total Group Assets & Liabilities	As at 31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Interest earning assets					
Home loans including securitisation	**201,454**	190,337	176,721	6	14
Less: securitisation	**(13,177)**	(15,633)	(10,754)	(16)	23
Home loans excluding securitisation	**188,277**	174,704	165,967	8	13
Personal	**20,838**	20,074	18,237	4	14
Business and corporate	**103,657**	90,601	84,215	14	23
Loans, advances and other receivables (1)	**312,772**	285,379	268,419	10	17
Provisions for loan impairment	**(1,352)**	(1,233)	(1,211)	10	12
Net loans, advances and other receivables	**311,420**	284,146	267,208	10	17
Non-lending interest earning assets	**51,065**	49,553	45,792	3	12
Total interest earning assets	**362,485**	333,699	313,000	9	16
Other assets (1)	**92,064**	91,440	84,261	1	9
Total assets	**454,549**	425,139	397,261	7	14
Interest bearing liabilities					
Transaction deposits	**44,010**	41,915	36,070	5	22
Savings deposits	**52,228**	49,975	47,380	5	10
Investment deposits	**84,328**	76,856	72,188	10	17
Other demand deposits	**45,889**	26,156	24,892	75	84
Total interest bearing deposits	**226,455**	194,903	180,530	16	25
Deposits not bearing interest	**8,021**	8,480	8,289	(5)	(3)
Deposits and other public borrowings	**234,476**	203,382	188,819	15	24
Debt issues	**65,699**	69,753	71,431	(6)	(8)
Other interest bearing liabilities	**49,597**	43,719	40,320	13	23
Total interest bearing liabilities	**341,751**	308,374	292,281	11	17
Securitisation debt issues	**13,673**	15,737	11,130	(13)	23
Non-interest bearing liabilities (2)	**73,487**	76,584	71,363	(4)	3
Total liabilities	**428,911**	400,695	374,774	7	14
Provisions for loan impairment					
Collective provision	**1,084**	1,034	1,040	5	4
Individually assessed provisions	**268**	199	171	35	57
Total provisions for loan impairment	**1,352**	1,233	1,211	10	12
Other credit provisions (3)	**28**	23	19	22	47
Total provisions for impairment losses	**1,380**	1,256	1,230	10	12

Asset Quality	Half Year Ended 31/12/07	30/06/07	31/12/06	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Gross loans and acceptances ($M)	**347,682**	321,653	299,085	8	16
Risk weighted assets ($M)	**272,609**	245,347	234,569	11	16
Gross impaired assets ($M)	**562**	421	338	33	66
Net impaired assets ($M)	**294**	222	167	32	76
Collective provision as a % of risk weighted assets	**0. 40**	0. 42	0. 44	(2)bpts	(4)bpts
Collective provision as a % of gross loans and acceptances	**0. 31**	0. 32	0. 35	(1)bpt	(4)bpts
Individually assessed provisions for impairment as a % of gross impaired assets (4)	**33. 6**	23. 8	23. 4	41	44
Loan impairment expense as a % of average risk weighted assets annualised (5)	**0. 26**	0. 20	0. 17	6bpts	9bpts
Loan impairment expense as a % of average gross loans and acceptances annualised	**0. 20**	0. 16	0. 13	4bpts	7bpts

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

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

(3) Included in Other provisions.

(4) Bulk portfolio provisions of $79 million at 31 December 2007 ($99 million at 30 June 2007 and $92 million at 31 December 2006) to cover unsecured personal loans and credit card lending have been deducted from individually assessed provisions to calculate this ratio. These provisions are deducted due to the exclusion of the related assets from gross impaired assets. The related asset amounts are instead included in the 90 days or more past due disclosure.

(5) Average of opening and closing balances.

Retail Banking Services

Financial Performance and Business Review

Retail Banking Services continued its good performance over the half year ended 31 December 2007 with cash net profit after tax increasing by 8% on the prior comparative period. The result was underpinned by solid revenue growth in a competitive business environment, good expense management and continuing sound credit quality.

Business Review

Over the period, the business has maintained its solid momentum. There has been a continuation of improvements in a range of customer service and people engagement measures, including:

- Customer satisfaction levels at a ten year high, improving from 66.5% to 70.5% since December 2006 (Source: Roy Morgan Research)(1). Additionally, above average customer satisfaction scores were achieved through an internal customer satisfaction survey(2) at newly designed branches; and
- Retail customer complaints reduced by 20%, while Group wide customer compliments have increased by 35% since December 2006.

In addition volume growth has been strong with market share increasing for home loans, deposits and personal loans.

A number of key initiatives have contributed to the achievement of these outcomes. Highlights included:

- The introduction of a new network operating model which has had a positive influence on sales volumes through ensuring that there are greater lending capabilities in every branch;
- The commencement of Sunday trading at sixteen of the busiest branches and extended Saturday trading hours;
- Implementation of improved branch performance measurement which facilitates greater sales focus, including cross sell, by front line staff;
- The introduction of a new branch design in eight locations, with further expansion planned. The new design incorporates a modern, open plan layout with a number of features more conducive to effective customer service and sales;
- Improvements and continued investment in IT platform stability and key platform upgrades, including NetBank and a new Credit Card platform;
- Continued focus on processing efficiencies, including improvements in loan processing times, and the national rollout of a new efficiency program;
- Needs analysis sales and service training programs continue to be rolled out to the front line, with over 7,100 'Masters' being accredited so far;
- Ongoing improvements and recognition of the product range, highlighted by the awarding of five star ratings to a number of these products (Source: Cannex); and
- Improved online banking functionality which provides customers with faster access to account details, and aligns with the Group's approach to sustainability by reducing paper waste.

Home Loans

Home loan revenue increased by 4% on the prior comparative period to $714 million. This result was supported by balance growth of 14%, which was above market, and included nine consecutive months of market share gains leading up to December 2007. This was partially offset by lower margins due to mix changes including a higher proportion of package and fixed rate lending and increased funding costs. Fee revenue growth was strong, up 23% on the prior comparative period, underpinned by package fee income and volume related growth.

Consumer Finance

Consumer Finance income growth was down 2% on the prior comparative period. The focus on profitable growth has seen steady growth in credit card balances and continued improvement in credit quality with declining arrears rates over the period. Key leading indicators including the number of new accounts opened have been encouraging.

Personal loans have performed well with steady volume growth, and sound credit quality including a decline in arrears rates.

Retail Deposits

Deposit revenue increased 6% on the prior comparative period, driven by strong balance growth of 12%, stable margins in a competitive environment, partly offset by the flow-on impact of the pensioner savings deeming rate increase in April 2007.

During the year over 30% of market balance growth was captured, which translated into increased market share (Source: APRA). Good inflows have been recorded in a range of products, including Transaction Accounts, NetBank Saver and Term Deposits. Margins have been stable reflecting effective management of portfolio mix changes.

Operating expenses

Expenses increased by 2% on the prior comparative period, reflecting salary increases from 1 July 2007, increased investment spend and higher occupancy costs. Offsetting this has been the continuing realisation of IT savings and productivity gains, resulting in an improved expense to income ratio.

Loan Impairment

Total Loan Impairment Expenses decreased by 14% on the prior comparative period to $141 million. This has been achieved whilst average interest earning assets increased by 12%. Credit card arrears and loss rates trended downwards. Personal loans credit quality continues to improve as the new scorecard delivers better quality and higher business volumes. Home loan arrears rates have improved, and losses remain at historically low levels.

(1) Refer to appendix 17 Definitions: External customer satisfaction for more details.

(2) Refer to appendix 17 Definitions: Internal customer satisfaction for more details.

Market Share Percentage (1)	31/12/07	30/06/07	31/12/06
Home loans	**18.8**	18.5	18.4
Credit cards (2) (3)	**18.6**	18.8	19.3
Personal lending (other household lending) (4)	**16.7**	16.4	16.4
Household deposits (5)	**28.9**	29.0	28.8
Retail deposits (5)	**22.0**	21.6	21.9

(1) For market share definitions refer to appendix 18, page 75.

(2) As at 30 November 2007.

(3) The prior half comparatives have been restated.

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

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

	Half Year Ended 31 December 2007				
	Home Loans $M	Consumer Finance $M	Retail Deposits $M	Distribution $M	Total $M
Net interest income	645	374	1,124	-	2,143
Other banking income	69	157	338	53	617
Total banking income	714	531	1,462	53	2,760
Operating expenses					1,263
Loan impairment expense					141
Net profit before tax					1,356
Corporate tax expense					407
Cash net profit after tax					949

	Half Year Ended 30 June 2007				
	Home Loans $M	Consumer Finance $M	Retail Deposits $M	Distribution $M	Total $M
Net interest income	637	374	1,028	-	2,039
Other banking income	56	223	340	53	672
Total banking income	693	597	1,368	53	2,711
Operating expenses					1,262
Loan impairment expense					185
Net profit before tax					1,264
Corporate tax expense					379
Cash net profit after tax					885

	Half Year Ended 31 December 2006				
	Home Loans $M	Consumer Finance $M	Retail Deposits $M	Distribution $M	Total $M
Net interest income	631	368	1,043	-	2,042
Other banking income	56	174	338	51	619
Total banking income	687	542	1,381	51	2,661
Operating expenses					1,239
Loan impairment expense					164
Net profit before tax					1,258
Corporate tax expense					377
Cash net profit after tax					881

	As at				
Major Balance Sheet Items (gross of impairment)	31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Home loans (including securitisation)	**171,353**	160,318	149,919	7	14
Consumer finance [(1)]	**11,027**	10,810	10,602	2	4
Total assets – Retail Banking Services products	**182,380**	171,128	160,521	7	14
Home loans (net of securitisation)	**158,176**	144,685	139,165	9	14
Transaction deposits	**19,470**	18,980	18,323	3	6
Savings deposits	**42,475**	39,349	37,898	8	12
Investment and other deposits	**44,230**	38,779	37,741	14	17
Deposits not bearing interest	**2,543**	2,599	2,930	(2)	(13)
Total liabilities - Retail Banking Services products	**108,718**	99,707	96,892	9	12

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

Premium Business Services

Financial Performance and Business Review

During the half year to 31 December 2007, Premium Business Services showed signs of significant improvement in underlying business performance. Double digit revenue growth was underpinned by stable margins and a significant lift in business volumes, which led to gains in both business lending and business deposit market share. Efficiency gains were also made during the period resulting in a reduction in the overall cost to income ratio.

Despite this strong underlying business performance, cash net profit after tax was impacted by higher loan impairment expense, driven by a change in the Group's assessment of portfolio risk as well as some rating downgrades in the segment. The growth in the loan impairment expense led to cash net profit after tax of $724 million representing a flat result on both prior half and the prior comparative period. The prior comparative period contained a $55 million after tax profit on the sale of the Group's share in Greater Energy Alliance Corporation Pty Limited ("Loy Yang").

Revenue growth during the period was strong across all business segments, with growth of 10% on the prior half and 12% on the prior comparative period. Excluding Loy Yang revenue increased 17% on the prior comparative period. Revenue growth across the segments was the result of the investment made as part of the Group's strategic focus on Business Banking as well as significant volume growth and stable margins through both the Institutional Banking and Private Client Services segments.

Institutional Banking

Institutional Banking services large institutional clients through a relationship management model supported by teams of industry and product specialists. The Group was recognised as the leader in Institutional Banking, receiving the highest satisfaction rating in East & Partners most recent bi-annual survey of Australia's top 500 listed companies. Income has increased by 22% on the prior comparative period (excluding the impact of Loy Yang) reflecting the strong balance growth and stable margins achieved during the period.

Private Client Services

Private Client Services provides both private banking services to high net worth individuals and direct trading and margin lending through CommSec. Private Client Services has maintained its strong growth during the period with revenue growth of 38% on the prior comparative period due to strong volume growth and increasing margins. Marginally slower growth of 15% on the prior half was the result of seasonal factors leading up to 30 June 2007. On 27 November 2007 CommSec acquired IWL providing enhanced wholesale broking capabilities and a larger retail client base. CommSec continues to benefit from high trading volumes within the Australian Equities market. In addition, the Private Bank opened three new offices on the East Coast during the period.

Corporate Financial Services

Corporate Financial Services provides relationship management and specialised banking services to larger business banking customers. Income has increased by 8% on the prior half and 7% on the prior comparative period. This strong level of growth is due to additional investment in front line staff and distribution capability. During the current period four new business banking centres were opened across NSW, SA and VIC adding to the eight new centres opened during the 2007 financial year. The Group's new transaction banking platform for business, CommBiz, continued to grow with over 20,000 customers now using the platform.

Agribusiness

Agribusiness provides services to regional customers whose primary income is generated from agricultural production. Agribusiness income has increased 15% on the prior half and 13% on the prior comparative period. Income growth was underpinned by a strong focus on providing a service to top tier clients with specific structured solutions and providing customer service via the 24 hour hotline 'Agriline' based in Wagga Wagga.

Local Business Banking

Local Business Banking provides small to medium businesses with a relationship manager and 24 hour access to a business banking specialist. Investment in Local Business Banking has resulted in a turnaround in performance during the half. The progressive re-introduction of Business Bankers covering more than 700 branches and the 24 hour, 7 day remote customer service centre have led to an uplift in lending activity and income growth of 6% on the prior comparative period.

Operating Expenses

Operating expenses of $883 million represented an increase of 2% on the prior half and 10% over the prior comparative period. This increase was driven by continued investment in business banking, including an increase in the number of front line employees, and the opening of new business banking centres.

Loan Impairment Expense

The loan impairment expense for the half year was $175 million, which is significantly higher than prior periods. This was the result of increases in both the collective and the specific provisions. Increases to the collective provision related to portfolio growth and an increase in the Group's assessment of portfolio risk as well as some rating downgrades in the segment.

Market Share

Business lending market share to non-financial corporations, as measured by APRA, increased 6 basis points since 30 June 2007 to 12.5% while business lending market share as measured by the RBA has increased 12 basis points since 30 June 2007 to 12.9%. Despite gaining market share, lending balances were impacted by a decline in asset finance balances reflecting the significant tightening of credit standards for sales through third party originators.

Business deposit market share of non-financial corporations, as measured by APRA, has increased by 73 basis points since 30 June 2007 to 13.7%.

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

(1) For market share definitions refer to appendix 18, page 75.

(2) Prior comparative period has been restated.

	Half Year Ended 31 December 2007						
	Institutional Banking $M	Private Client Services $M	Corporate Financial Services $M	Agri business $M	Local Business Banking $M	Eliminations $M	Total $M
Net interest income	469	121	354	53	99	-	1,096
Other banking income	422	193	232	40	72	(22)	937
Total banking income	891	314	586	93	171	(22)	2,033
Operating expenses							883
Loan impairment expense							175
Net profit before tax							975
Corporate tax expense							251
Cash net profit after tax							724

	Half Year Ended 30 June 2007						
	Institutional Banking $M	Private Client Services $M	Corporate Financial Services $M	Agri business $M	Local Business Banking $M	Eliminations $M	Total $M
Net interest income	417	100	324	49	87	-	977
Other banking income	400	173	217	32	66	(21)	867
Total banking income	817	273	541	81	153	(21)	1,844
Operating expenses							863
Loan impairment expense							55
Net profit before tax							926
Corporate tax expense							205
Cash net profit after tax							721

	Half Year Ended 31 December 2006						
	Institutional Banking $M	Private Client Services $M	Corporate Financial Services $M	Agri business $M	Local Business Banking $M	Eliminations $M	Total $M
Net interest income	374	88	331	51	89	-	933
Other banking income	435	139	218	31	73	(19)	877
Total banking income	809	227	549	82	162	(19)	1,810
Operating expenses							806
Loan impairment expense							20
Net profit before tax							984
Corporate tax expense							260
Cash net profit after tax							724

	As at				
Major Balance Sheet Items (gross of impairment)	31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Interest earning lending assets	**94,186**	82,266	75,526	14	25
Bank acceptances of customers	**19,805**	18,721	18,395	6	8
Non-lending interest earning assets	**21,917**	25,245	25,035	(13)	(12)
Margin loans	**8,721**	8,070	6,542	8	33
Other assets (1)	**17,306**	11,869	10,653	46	62
Total assets	**161,935**	146,171	136,151	11	19
Transaction deposits	**22,643**	21,578	16,648	5	36
Other demand deposits	**7,634**	4,658	4,449	64	72
Deposits not bearing interest	**3,785**	4,244	3,686	(11)	3
Certificates of deposits and other	**29,741**	28,522	25,748	4	16
Due to other financial institutions	**16,971**	13,837	11,975	23	42
Liabilities at fair value through Income Statement	**2,555**	3,965	3,783	(36)	(32)
Debt issues	**25,011**	37,861	22,046	(34)	13
Loan Capital	**714**	254	310	large	large
Other non-interest bearing liabilities (1)	**45,349**	44,582	37,299	2	22
Total liabilities	**154,403**	159,501	125,944	(3)	23

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

Wealth Management

Financial Performance and Business Review

Underlying profit after tax for the Wealth Management business increased by 52% on the prior comparative period to $372 million reflecting continued strong revenue growth across the business.

Half year cash net profit after tax ("cash basis") increased 27% on the prior comparative period.

Wealth Management Funds Under Administration increased by 24% on the prior comparative period to $200 billion. The growth in funds under administration was driven by net flows and investment performance.

Net funds flows for the half year ended 31 December 2007 were $25.2 billion.

The drivers of these strong net funds flows for the half were:

- Continued strong flows into the FirstChoice platform; and
- Solid institutional flows generated by the CFS Global Asset Management business with Wholesale inflows and Cash balances increasing as a result of short-term cash mandates from Institutional investors.

Investment markets have been positive despite volatility in the period. Investment performance has been solid with 71% of funds outperforming benchmark on a three year basis.

CommInsure Inforce premiums increased by 11% on the prior comparative period to $1,094 million reflecting strong sales volumes and progress of the Wealth Management cross-sell initiative.

Net Operating Income

Net operating income increased by 22% on the prior comparative period to $1,126 million. Underpinning this half year result was growth in funds management revenue driven by an increase in average funds under administration and higher margins.

Margins increased due to growth in higher margin asset classes more than offsetting the general trend toward lower margin platform offerings.

Inforce premiums and planned margins contributed strongly to Insurance income. The result was adversely impacted by the recent storms in New South Wales and Victoria and a return to normalised Life claims experience.

CFS Global Asset Management (CFS GAM)

CFS Global Asset Management provides asset management services to wholesale and institutional investors. Underlying profit after tax increased by 47% on the prior comparative period reflecting the global expansion and diversification of the business. Included in operating income is a gain from the partial sell down of an interest in AWG. The gain represents a small increment over holding costs. To date, 32% of AWG has been sold down.

Funds under management increased 28% on the prior comparative period to $164 billion. The growth in funds under management was driven by strong wholesale flows and short-term cash mandates from institutional investors.

Key developments include:

- Led a consortium which acquired United Utilities Electricity Limited ("UUE"), an infrastructure company which comprises an electricity distribution network in the north of England. The sale of these assets into funds continues;
- A new Asia Pacific Equity Leaders Fund was launched to market and we commenced incubation of a new World ex-US Equity Fund during the half. These form part of the US Commingled Fund range;
- CFS Retail Property Trust was a member of a consortium that acquired the Myer Melbourne site on Bourke and Lonsdale streets for $605 million. The consortium intends to undertake an approximate $500 million redevelopment of the site over a five year period;
- Global Listed Infrastructure capability launched in the UK;
- Incubation commenced for a new Asian Bond capability, which is available to Australian institutional investors; and
- First State Media Group acquired the music publishing assets of Wind-up Entertainment Inc, one of the largest independently owned and operated record labels in the US.

Colonial First State

Colonial First State provides product packaging, administration, distribution and advice to retail customers. Underlying profit after tax increased by 58% on the prior comparative period.

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

FirstChoice flows remained strong in the market with $3.5 billion in net flows for the half year ended 31 December 2007. With over $42 billion in funds under administration, FirstChoice has experienced a growth rate of 36% in the last 12 months.

Key developments include:

- FirstChoice rated Australia's most widely used platform by Independent Financial Advisers (Source: ASSIRT/Wealth Insights);
- Australian retail investors gained exclusive access to Generation Global Sustainability Fund through the FirstChoice platform;
- CFS was named the 2007 "Super Star" platform in FundData's annual awards for the fourth year in a row;
- FirstChoice Employer Super now has over $4 billion in funds under management and was rated the highest for overall satisfaction by Australian medium-sized businesses in the recent Cameron Research Group Survey (June 2007); and
- Commonwealth financial planner numbers increased by 38 on the prior comparative period.

CommInsure

CommInsure is a domestic provider of life and general insurance. Underlying profit after tax for the business decreased 10% on the prior comparative period.

The increase on the prior half reflects growth in planned margins offset by less favourable claims experience, while the fall compared to the prior comparative period reflects general insurance claims associated with the recent NSW and Victoria storms.

Key developments include:

- Strong Personal Life sales up 24% on the prior comparative period;
- CommInsure was awarded the Life Insurance Company of the Year for 2007 by the Australia and New Zealand Institute of Insurance and Finance Awards;
- General Insurance new business sales increased by 30% on the prior comparative period through a significant improvement in cross-sell rates and the deployment of Branch Insurance representatives into the remaining regions of the retail bank branch network; and
- The improvement in General Insurance sales can also be attributed to the launch of a new motor insurance product and an upgrade of the home insurance product providing greater coverage and flexibility.

	Half Year Ended 31 December 2007 [1]				
	CFS GAM $M	Colonial First State $M	CommInsure $M	Other $M	Total $M
Funds management income	501	488	132	(2)	1,119
Insurance income	-	-	275	(2)	273
Total operating income	501	488	407	(4)	1,392
Volume expense	70	110	86	-	266
Net operating income	431	378	321	(4)	1,126
Operating expense	191	211	156	53	611
Net profit before tax	240	167	165	(57)	515
Corporate tax expense	68	50	49	(24)	143
Underlying profit after tax	172	117	116	(33)	372
Shareholder investment returns after tax	(4)	6	32	(26)	8
Cash net profit after tax	168	123	148	(59)	380

	Half Year Ended 30 June 2007				
	CFS GAM $M	Colonial First State $M	CommInsure $M	Other $M	Total $M
Funds management income	408	444	100	4	956
Insurance income	-	-	308	(2)	306
Total operating income	408	444	408	2	1,262
Volume expense	52	90	81	(3)	220
Net operating income	356	354	327	5	1,042
Operating expense	170	211	172	56	609
Net profit before tax	186	143	155	(51)	433
Corporate tax expense	60	42	49	(21)	130
Underlying profit after tax	126	101	106	(30)	303
Shareholder investment returns after tax	10	(14)	38	(9)	25
Cash net profit after tax	136	87	144	(39)	328

	Half Year Ended 31 December 2006				
	CFS GAM $M	Colonial First State $M	CommInsure $M	Other $M	Total $M
Funds management income	351	400	129	(8)	872
Insurance income	-	-	265	2	267
Total operating income	351	400	394	(6)	1,139
Volume expense	46	94	74	3	217
Net operating income	305	306	320	(9)	922
Operating expense	140	196	144	85	565
Net profit before tax	165	110	176	(94)	357
Corporate tax expense	48	36	47	(19)	112
Underlying profit after tax	117	74	129	(75)	245
Shareholder investment returns after tax	5	(19)	65	3	54
Cash net profit after tax	122	55	194	(72)	299

Sources of Profit from Insurance Activities	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
The Margin on Services profit from ordinary activates after income tax is represented by:					
Planned profit margins	62	59	51	5	22
Experience variations	(10)	30	7	large	large
General insurance operating margins	(11)	3	10	large	large
Operating margins	41	92	68	(55)	(40)
Shareholder investment returns after tax	17	27	47	(37)	(64)
Cash net profit after tax	58	119	115	(51)	(50)

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

Wealth Management continued

Operating Expenses

Total operating expenses of $611 million increased by 8% on the prior comparative period.

The key drivers of expense growth on the prior comparative period include:

- Product development across the three businesses;
- Investment in the international expansion of the Global Asset Management business;
- Competitive remuneration schemes in the asset management business to attract and retain high quality talent; and
- Increased spend on strategic projects including Wealth Management cross-selling initiatives, investment on system migration and simplification to further reduce the number of insurance systems used and reduce ongoing costs.

Taxation

The effective corporate tax rate on underlying profit for the half year was 27.8% compared with 31.4% for the prior comparative period. The prior year was impacted by one-off permanent tax differences.

Funds Under Management (FUM) (1)	As at 31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Australian equities	**29,618**	31,199	29,312	(5)	1
Global equities	**40,945**	33,709	30,994	21	32
Cash and fixed interest	**66,694**	48,927	45,056	36	48
Property and alternative investments	**27,102**	25,850	22,950	5	18
Total	**164,359**	139,685	128,312	18	28

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

Funds Under Administration (FUA)	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Funds under administration – average	**183,548**	163,543	151,621	12	21
Funds under administration – spot	**199,834**	168,810	160,744	18	24
Funds under management – average	**152,022**	133,998	123,497	13	23
Funds under management – spot	**164,359**	139,685	128,312	18	28
Retail Net funds flows (Australian Retail)	**1,107**	3,253	744	(66)	49

Market Share

In the latest Plan for Life market share statistics, the Group ranked 1st in total Australian retail market share at 14.2%. FirstChoice increased its share of the Platform market to 9.4%.

Market Share Percentage (1)	As at 31/12/07 %	30/06/07 %	31/12/06 %
Australian Retail – administrator view (2) (3)	**14. 2**	14. 1	15. 3
FirstChoice Platform (2) (3)	**9. 4**	9. 0	8. 1

(1) For market share definitions refer to appendix 18, page 76.

(2) Prior period comparatives have been restated.

(3) As at 30 September 2007

Funds Under Administration	Half Year Ended 31 December 2007					
	Opening Balance 30/06/07 $M	Inflows $M	Outflows $M	Net flows $M	Investment Income & Other (5) $M	Closing Balance 31/12/07 $M
FirstChoice	39,545	10,924	(7,402)	3,522	(253)	42,814
Cash management	3,130	1,016	(1,211)	(195)	12	2,947
Legacy products (1)	34,061	1,301	(3,539)	(2,238)	146	31,969
Retail Products (2)	76,736	13,241	(12,152)	1,089	(95)	77,730
Other retail (3)	1,577	155	(137)	18	(91)	1,504
Australian retail	78,313	13,396	(12,289)	1,107	(186)	79,234
Wholesale	34,469	27,270	(7,694)	19,576	701	54,746
Property	14,843	1,906	(1,023)	883	2,825	18,551
Avanteos	5,875	1,084	(582)	502	(99)	6,278
Other (4)	3,635	64	(170)	(106)	(1)	3,528
Domestically sourced	137,135	43,720	(21,758)	21,962	3,240	162,337
Internationally sourced	31,675	9,871	(6,662)	3,209	2,613	37,497
Total Wealth Management	168,810	53,591	(28,420)	25,171	5,853	199,834

Funds Under Administration	Half Year Ended 30 June 2007					
	Opening Balance 31/12/06 $M	Inflows $M	Outflows $M	Net flows $M	Investment Income & Other (5) $M	Closing Balance 30/06/07 $M
FirstChoice	31,588	10,913	(4,693)	6,220	1,737	39,545
Cash management	3,453	1,038	(1,442)	(404)	81	3,130
Legacy products (1)	34,976	1,634	(4,388)	(2,754)	1,839	34,061
Retail Products (2)	70,017	13,585	(10,523)	3,062	3,657	76,736
Other retail (3)	1,242	330	(139)	191	144	1,577
Australian retail	71,259	13,915	(10,662)	3,253	3,801	78,313
Wholesale	32,892	7,288	(5,507)	1,781	(204)	34,469
Property	13,538	450	(551)	(101)	1,406	14,843
Avanteos	11,189	1,459	(7,516)	(6,057)	743	5,875
Other (4)	3,697	81	(336)	(255)	193	3,635
Domestically sourced	132,575	23,193	(24,572)	(1,379)	5,939	137,135
Internationally sourced	28,169	6,561	(6,236)	325	3,181	31,675
Total Wealth Management	160,744	29,754	(30,808)	(1,054)	9,120	168,810

Funds Under Administration	Half Year Ended 31 December 2006					
	Opening Balance 30/06/06 $M	Inflows $M	Outflows $M	Net flows $M	Investment Income & Other (5) $M	Closing Balance 31/12/06 $M
FirstChoice	26,177	6,278	(3,302)	2,976	2,435	31,588
Cash management	3,690	1,028	(1,309)	(281)	44	3,453
Legacy products (1)	34,669	1,123	(3,038)	(1,915)	2,222	34,976
Retail Products (2)	64,536	8,429	(7,649)	780	4,701	70,017
Other retail (3)	886	82	(118)	(36)	392	1,242
Australian retail	65,422	8,511	(7,767)	744	5,093	71,259
Wholesale	29,815	5,614	(4,530)	1,084	1,993	32,892
Property	13,909	564	(1,860)	(1,296)	925	13,538
Avanteos	9,198	1,144	(450)	694	1,297	11,189
Other (4)	3,708	55	(272)	(217)	206	3,697
Domestically sourced	122,052	15,888	(14,879)	1,009	9,514	132,575
Internationally sourced	23,596	6,143	(5,638)	505	4,068	28,169
Total Wealth Management	145,648	22,031	(20,517)	1,514	13,582	160,744

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

(2) Retail products (excluding Avanteos) align to Plan for Life market release.

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

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

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

Wealth Management continued

Annual Inforce Premiums [1]	Half Year Ended 31 December 2007 Opening Balance 30/06/07 $M	Sales/New Balances $M	Lapses $M	Other [2] Movements $M	Closing Balance 31/12/07 $M
General insurance	184	39	(20)	-	203
Personal life	530	73	(35)	-	568
Wholesale life	308	31	(16)	-	323
Total	**1,022**	**143**	**(71)**	**-**	**1,094**

Annual Inforce Premiums [1]	Half Year Ended 30 June 2007 Opening Balance 31/12/06 $M	Sales/New Balances $M	Lapses $M	Other [2] Movements $M	Closing Balance 30/06/07 $M
General insurance	179	26	(21)	-	184
Personal life	504	69	(43)	-	530
Wholesale life	305	53	(49)	(1)	308
Total	988	148	(113)	(1)	1,022

Annual Inforce Premiums [1]	Half Year Ended 31 December 2006 Opening Balance 30/06/06 $M	Sales/New Balances $M	Lapses $M	Other [2] Movements $M	Closing Balance 31/12/06 $M
General insurance	169	30	(20)	-	179
Personal life	486	59	(41)	-	504
Wholesale life	199	123	(15)	(2)	305
Total	854	212	(76)	(2)	988

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

(2) Includes foreign exchange movements.

Market Share Percentage – Annual Inforce Premiums [1]	31/12/07	30/06/07	31/12/06
Australia (total risk) [2] [3]	**14. 1**	14. 2	14. 3
Australia (individual risk) [2] [3]	**12. 7**	12. 7	12. 7

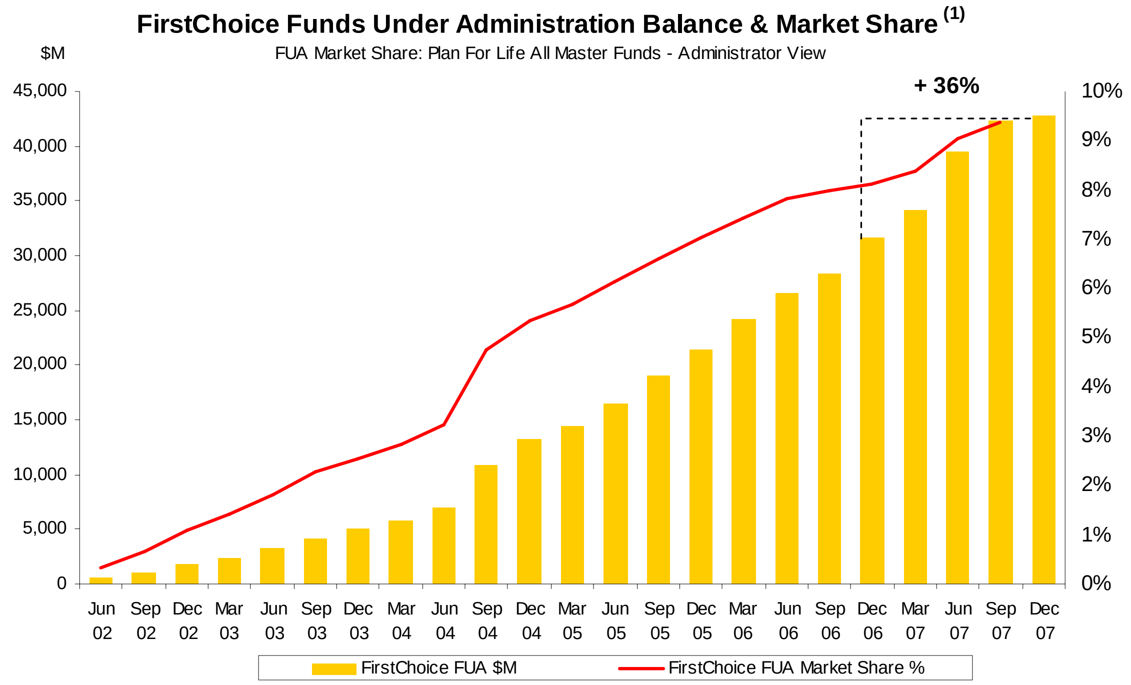
(1) For market share definitions refer to appendix 18, page 76.

(2) As at 30 September 2007.

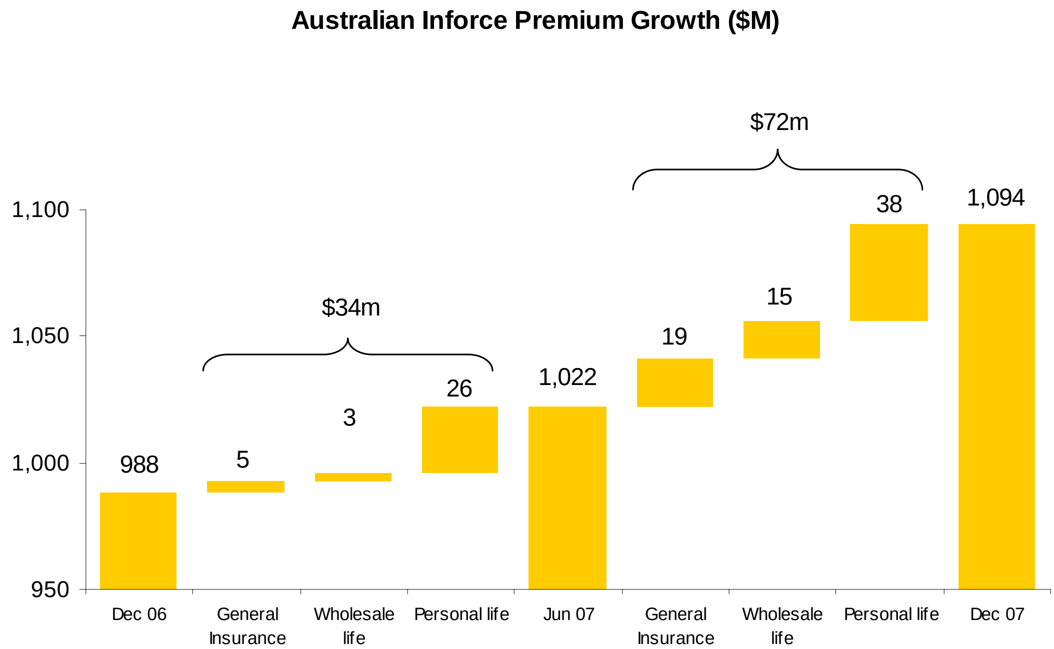
(3) Prior period comparative has been restated.

Market Share

Market share for Individual Life Insurance remained steady in a growing market. CommInsure continues to maintain the No.1 ranking for Total Life Insurance.



(1) As at 30 September 2007.



International Financial Services

Financial Performance and Business Review

International Financial Services incorporates the Group's retail, business/commercial and rural banking operations in New Zealand, Indonesia, China and Fiji. It also includes life insurance operations in each of these countries.

Cash net profit after tax for the half year was $296[1] million, an increase of 27% over the prior comparative period. The half year result included $12 million of pre-tax realised gains from the currency hedge of the New Zealand operations (December 2006: nil). Excluding this gain, profit growth was 23% on the prior comparative period.

ASB Bank

ASB Bank cash net profit after tax for the half year was $216 million. Excluding the impact of realised gains and losses on the hedge of New Zealand operations, profit increased 15% on the prior comparative period. The major drivers of this growth were:

- Home loan balances increased by 12% on the prior comparative period resulting in stable market share of 23.1%. Retail deposits have increased to NZD $26.2 billion or 7% since 30 June 2007 and market share has increased 60 basis points on prior comparative period;
- Net interest margin was stable over the half year representing an improving trend compared with prior periods;
- Expansion of the ASB service capability across New Zealand with seven new branches opened since 31 December 2006; and
- Continued sound credit quality.

Sovereign Insurance

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

Sovereign's cash net profit after tax was $43 million for the half year ended 31 December 2007, a decrease of 17% on the prior half and an increase of 5% on the prior comparative period. The main drivers of this result were:

- A deterioration in death, medical and disability claims experience;
- Market leading growth in new business sales with Sovereign capturing 33.9% of New Business sales market share for September 2007; and
- A continuation of positive investment returns.

Other Asia Pacific Business

The highlights in this region during the half year included:

- Indonesia: Completion of the acquisition of Bank Arta Niaga Kencana (ANK) on 26 July 2007. The legal merger of Bank ANK with PT Bank Commonwealth was completed in December 2007. Bank ANK added 25 branches to the existing retail branch network in the Surabaya region. The business also opened six new branches and rebranded in the market to Commonwealth Bank (previously PT Bank Commonwealth);
- Indonesia: Acquisition of an additional 30% interest held by the Group's joint venture partner in PT Astra Life Insurance business bringing the Group's shareholding to 80%. The combined business was re-branded PT Commonwealth Life. PT Commonwealth Life has 51 branches operating in 16 Indonesian cities. The business provides personal accident, hospitalisation, and critical illness cover as well as education and savings products. Commonwealth Life ensured it stayed firmly placed as a leading insurance company in Indonesia after being awarded the highest rating available by "Info Bank" industry magazine. Ratings are given based on a company's financial performance;
- Vietnam: A licence to operate a branch in Ho Chi Minh City was granted in January 2008;
- China: Continued strong growth in profits of the investments in Jinan (11% holding) and Hangzhou (19.9% holding) City Commercial Banks. The Group also continued to implement its Capability Transfer Program at both Jinan and Hangzhou City Commercial Banks; and
- Fiji lending balances were stable at $373 million. Margins improved during the half year following an easing of liquidity restrictions which arose during the political crisis last year. Deposits have grown by 18% since 30 June 2007 to $501 million.

Market Share

Housing market share in New Zealand was in line with December 2006 at 23.1% despite intense competition in this market.

Retail deposit market share in New Zealand was 21.3%, up from 20.7% at 31 December 2006.

Market Share Percentage [2]	31/12/07	30/06/07	31/12/06
NZ lending for housing [3]	**23. 1**	23. 1	23. 1
NZ retail deposits [3]	**21. 3**	21. 2	20. 7
NZ retail FUM [3]	**16. 1**	15. 8	16. 1

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

(2) For market share definitions refer to appendix 18, page 76.

(3) The prior period comparative has been restated.

Market Share Percentage Annual Inforce Premiums [1]	31/12/07	30/06/07	31/12/06
New Zealand	**31. 8**	31. 8	31. 5

(1) For market share definitions refer to appendix 18, Page 76.

The market share of inforce premiums at 30 September 2007 was 31.8%, unchanged from 30 June 2007.

	Half Year Ended 31 December 2007 (1)			
	ASB	Sovereign	Other	Total
	$M	$M	$M	$M
Net interest income	400	-	42	442
Other banking income	156	-	27	183
Total banking income	556	-	69	625
Funds management income	-	24	(2)	22
Insurance income	-	106	14	120
Total operating income	556	130	81	767
Operating expenses	252	97	62	411
Loan impairment expense	6	-	6	12
Net profit before tax	298	33	13	344
Corporate tax expense	82	(2)	(13)	67
Minority interests	-	-	1	1
Underlying profit after tax	216	35	25	276
Shareholder investment returns after tax	-	8	12	20
Cash net profit after tax	216	43	37	296

	Half Year Ended 30 June 2007			
	ASB	Sovereign	Other	Total
	$M	$M	$M	$M
Net interest income	372	-	18	390
Other banking income	118	-	20	138
Total banking income	490	-	38	528
Funds management income	-	25	-	25
Insurance income	-	116	13	129
Total operating income	490	141	51	682
Operating expenses	230	92	54	376
Loan impairment expense	12	-	2	14
Net profit before tax	248	49	(5)	292
Corporate tax expense	71	5	(19)	57
Underlying profit after tax	177	44	14	235
Shareholder investment returns after tax	-	8	2	10
Cash net profit after tax	177	52	16	245

	Half Year Ended 31 December 2006			
	ASB	Sovereign	Other	Total
	$M	$M	$M	$M
Net interest income	336	-	23	359
Other banking income	148	-	21	169
Total banking income	484	-	44	528
Funds management income	-	21	-	21
Insurance income	-	104	11	115
Total operating income	484	125	55	664
Operating expenses	226	88	50	364
Loan impairment expense	4	-	2	6
Net profit before tax	254	37	3	294
Corporate tax expense	74	5	(11)	68
Underlying profit after tax	180	32	14	226
Shareholder investment returns after tax	-	9	(2)	7
Cash net profit after tax	180	41	12	233

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

International Financial Services continued

Major Balance Sheet Items (gross of impairment)	As at 31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Home lending	**29,723**	28,581	25,530	4	16
Assets at fair value through Income Statement	**7,333**	4,921	6,518	49	13
Other lending assets	**11,088**	11,333	11,279	(2)	(2)
Non-lending interest earning assets	**1,803**	3,102	420	(42)	large
Other assets	**4,428**	4,654	4,075	(5)	9
Total assets	**54,375**	52,591	47,822	3	14
Debt issues	**377**	935	180	(60)	large
Deposits [1]	**23,971**	23,094	21,038	4	14
Liabilities at fair value through Income Statement	**20,820**	15,203	14,204	37	47
Other liabilities	**4,340**	4,569	3,981	(5)	9
Total liabilities	**49,508**	43,801	39,403	13	26

Balance Sheet					
Assets					
ASB Bank	**49,434**	47,688	43,255	4	14
Other	**4,941**	4,903	4,567	1	8
Total assets	**54,375**	52,591	47,822	3	14
Liabilities					
ASB Bank	**45,542**	39,112	35,473	16	28
Other	**3,966**	4,689	3,930	(15)	1
Total liabilities	**49,508**	43,801	39,403	13	26

(1) International Financial Services exclude deposits held in other overseas countries (31 December 2007: $8 billion, 30 June 2007: $5 billion, and 31 December 2006: $6 billion)

Sources of Profit from Insurance Activities	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M
The Margin on Service profit from ordinary activities after income tax is represented by:			
Planned profit margin	**38**	38	37
Experience variations	**1**	12	6
Operating margins	**39**	50	43
Shareholder investment returns after tax	**32**	13	11
Cash net profit after tax	**71**	63	54

New Zealand – Funds Under Administration	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M
Opening balance	**8,261**	6,918	5,865
Inflows	**1,050**	1,742	1,179
Outflows	**(1,068)**	(1,001)	(617)
Net Flows	**(18)**	741	562
Investment income and Other	**(375)**	602	491
Closing balance	**7,868**	8,261	6,918

New Zealand – Annual Inforce Premiums	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M
Opening balance	**379**	352	302
Sales/New Business	**29**	27	28
Lapses	**(5)**	(7)	(7)
Other movements	**(11)**	7	29
Closing balance	**392**	379	352

	Half Year Ended 31 December 2007		
	Corporate Centre $M	Eliminations/ Unallocated $M	Total $M
Net interest income [(1)]	142	(88)	54
Other banking income [(1)]	(48)	16	(32)
Total operating income	94	(72)	22
Operating expenses	(56)	-	(56)
Loan impairment expense	-	5	5
Underlying profit before tax	150	(77)	73
Corporate tax expense	46	(23)	23
Minority interests	-	14	14
Cash net profit after tax	104	(68)	36

	Half Year Ended 30 June 2007		
	Corporate Centre $M	Eliminations/ Unallocated $M	Total $M
Net interest income [(1)]	145	(78)	67
Other banking income [(1)]	25	(15)	10
Total operating income	170	(93)	77
Operating expenses	(47)	-	(47)
Loan impairment expense	-	(15)	(15)
Underlying profit before tax	217	(78)	139
Corporate tax expense	96	(23)	73
Minority interests	-	14	14
Cash net profit after tax	121	(69)	52

	Half Year Ended 31 December 2006		
	Corporate Centre $M	Eliminations/ Unallocated $M	Total $M
Net interest income [(1)]	132	(10)	122
Other banking income [(1)]	74	2	76
Total operating income	206	(8)	198
Operating expenses	(47)	-	(47)
Loan impairment expense	-	5	5
Underlying profit before tax	253	(13)	240
Corporate tax expense	72	(4)	68
Minority interests	-	13	13
Cash net profit after tax	181	(22)	159

(1) Excludes the impact of reclassification of net swap costs from Net interest income to Other banking income related to certain economic hedges which do not qualify for AIFRS hedge accounting (December 2007: $164 million; June 2007: $78 million; December 2006: $29 million)

Financial Performance

Corporate Centre includes the results of unallocated group support functions such as Investor Relations, Group Strategy, Secretariat and Treasury, together with centralised project spend. Cash net profit after tax has decreased $77 million on the prior comparative period due largely to the impact of additional funding costs which were absorbed in Treasury during the current half year.

Eliminations/Unallocated includes intra-group elimination entries arising on consolidation, centrally raised provisions and other unallocated intra-group revenue and expenses. Cash net profit after tax has decreased $46 million on the prior comparative period due to a reduction in the interest accrued on intra-group lending balances and a change in the methodology relating to the apportionment of deferred tax assets across the Group. As these changes occurred during 2007, the result is flat on the prior half.

Shareholder Investment Returns

Shareholder Investment Returns	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Wealth Management	**18**	53	76	(66)	(76)
International Financial Services	**24**	11	9	large	large
Shareholder investment returns before tax	**42**	64	85	(34)	(51)
Corporate tax expense	**14**	29	24	(52)	(42)
Shareholder investment returns after tax	**28**	35	61	(20)	(54)

Shareholder investment returns of $42 million before tax was impacted by market volatility, primarily in the property sector.

Shareholder Investment Asset Mix (%)	As at 31 December 2007 Australia %	New Zealand %	Asia %	Total %
Local equities	1	-	-	1
International equities	-	1	11	1
Property	28	-	32	22
Sub-total	**29**	**1**	**43**	**24**
Fixed interest	25	50	55	32
Cash	46	49	2	44
Sub-total	**71**	**99**	**57**	**76**
Total	**100**	**100**	**100**	**100**

Shareholder Investment Asset Mix ($M)	As at 31 December 2007 Australia $M	New Zealand $M	Asia $M	Total $M
Local equities	11	1	-	12
International equities	1	5	10	16
Property	369	1	28	398
Sub-total	**381**	**7**	**38**	**426**
Fixed interest	332	223	48	603
Cash	592	216	2	810
Sub-total	**924**	**439**	**50**	**1,413**
Total	**1,305**	**446**	**88**	**1,839**

The Directors submit their report for the half year ended 31 December 2007.

Directors

The names of the Directors holding office during the half year ended 31 December 2007 and until the date of this report were:

J M Schubert	Chairman
R J Norris	Managing Director and Chief Executive Officer
Sir J A Anderson KBE	Director
R J Clairs AO	Director
C R Galbraith AM	Director
J S Hemstritch	Director
S C H Kay	Director
W G Kent AO	Director (Retired 7 November 2007)
F D Ryan	Director
F J Swan	Director (Retired 7 November 2007)
D J Turner	Director
H H Young	Director

Review and Results of Operations

Commonwealth Bank recorded a statutory net profit after tax of $2,371 million for the half year ended 31 December 2007, compared with $2,191 million for the prior comparative period, an increase of 8%. The increase was principally due to strong growth in banking income resulting from lending asset growth, as well as continued strong performance within the Wealth Management businesses.

The cash net profit after tax from Retail Banking Services of $949 million (December 2006: $881 million) reflects continued growth in home loans and retail deposits together with improving credit quality across the personal lending portfolio.

The cash net profit after tax from Premium Business Services of $724 million (December 2006: $724 million) reflects strong improvements in business lending volumes, offset by increased investment in business banking and an increase in loan impairment expense.

The cash net profit after tax from Wealth Management of $380 million (December 2006: $299 million) reflects the outstanding performance of both the CFS Global Asset Management and Colonial First State businesses.

The cash net profit after tax from International Financial Services of $296 million (December 2006: $233 million) reflects solid growth in ASB, increasing market share in retail deposits whilst maintaining its market share position in home lending.

In accordance with the ASX Principles of Good Corporate Governance and Best Practice Recommendations, the Chief Executive Officer and the Chief Financial Officer have provided the Board with a written statement that the accompanying Financial Report represents a true and fair view, in all material respects, of the Group's financial position as at 31 December 2007 and performance for the half year ended 31 December 2007, in accordance with relevant accounting standards.

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

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the review of the Commonwealth Bank of Australia for the half year ended 31 December 2007, 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.

Rahoul Chowdry
Partner

PricewaterhouseCoopers
13 February 2008

Signed in accordance with a resolution of the Directors.

J M Schubert
Chairman
13 February 2008

R J Norris
Managing Director and Chief Executive Officer

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Financial Statements

Financial Statements continued

Consolidated Income Statement

For the half year ended 31 December 2007

		Half Year Ended		
		31/12/07	30/06/07	31/12/06
	Note	$M	$M	$M
Interest income	2	**13,781**	12,297	11,565
Interest expense		**9,882**	8,746	8,080
Net interest income		**3,899**	3,551	3,485
Other operating income		**1,545**	1,729	1,612
Net banking operating income		**5,444**	5,280	5,097
Funds management income	2	**1,138**	966	905
Investment revenue		**320**	928	1,192
Claims and policyholder liability expense		**(305)**	(858)	(1,162)
Net funds management operating income		**1,153**	1,036	935
Premiums from insurance contracts	2	**661**	540	577
Investment revenue		**210**	385	473
Claims and policyholder liability expense from insurance contracts		**(424)**	(391)	(541)
Insurance margin on services operating income		**447**	534	509
Total net operating income		**7,044**	6,850	6,541
Loan impairment expense		**333**	239	195
Operating expenses	3	**3,378**	3,283	3,144
Defined benefit superannuation plan (expense)/income		**(6)**	3	5
Net profit before income tax		**3,327**	3,331	3,207
Corporate tax expense	4	**905**	910	865
Policyholder tax expense	4	**36**	128	138
Net profit after income tax		**2,386**	2,293	2,204
Minority interests		**(15)**	(14)	(13)
Net profit attributable to Equity holders of the Bank		**2,371**	2,279	2,191

	31/12/07	30/06/07	31/12/06
	Cents per share		
Earnings per share:			
Statutory basic	**180. 4**	175. 1	169. 6
Statutory diluted	**177. 7**	172. 5	166. 0
Dividends per share attributable to shareholders of the Bank:			
Ordinary shares	**113**	149	107
Trust preferred securities (TPS) – issued 8 March 2006	**3,566**	3,835	3,986

	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Net profit after income tax comprises:			
Net profit after income tax ("underlying basis")	**2,357**	2,196	2,235
Shareholder investment returns (after tax)	**28**	35	61
Net profit after income tax ("cash basis")	**2,385**	2,231	2,296
Defined benefit superannuation plan (expense)/income	**(4)**	1	4
Treasury shares valuation adjustment	**(13)**	(37)	(38)
Hedging and AIFRS volatility	**3**	84	(71)
Net profit after income tax ("statutory basis")	**2,371**	2,279	2,191

Consolidated Balance Sheet

As at 31 December 2007

Assets	Note	As at 31/12/07 $M	30/06/07 $M	31/12/06 $M
Cash and liquid assets		**6,951**	10,108	9,139
Receivables due from other financial institutions		**7,779**	5,495	5,686
Assets at fair value through Income Statement:				
Trading		**22,321**	21,469	18,887
Insurance		**21,926**	23,519	24,520
Other		**5,540**	4,073	3,305
Derivative assets		**15,583**	12,743	10,519
Available-for-sale investments		**10,518**	9,672	11,434
Assets held for sale	11	**1,258**	1,374	1,270
Loans, advances and other receivables	5	**324,597**	299,779	277,962
Bank acceptances of customers		**19,805**	18,721	18,395
Investment property		**-**	-	273
Property, plant and equipment		**1,490**	1,436	1,325
Investment in associates		**872**	836	216
Intangible assets		**8,213**	7,835	7,846
Deferred tax assets		**736**	922	638
Other assets		**6,960**	7,157	5,846
Total assets		**454,549**	425,139	397,261

Liabilities	Note	As at 31/12/07 $M	30/06/07 $M	31/12/06 $M
Deposits and other public borrowings	7	**234,476**	203,382	188,819
Payables due to other financial institutions		**17,972**	14,386	12,432
Liabilities at fair value through Income Statement		**19,535**	19,431	17,986
Derivative liabilities		**15,507**	16,680	13,238
Bank acceptances		**19,805**	18,721	18,395
Current tax liabilities		**584**	882	685
Deferred tax liabilities		**1,364**	1,576	1,384
Other provisions		**875**	878	826
Insurance policy liabilities		**20,671**	21,613	22,729
Debt issues		**79,372**	85,490	82,561
Managed funds units on issue		**185**	310	438
Bills payable and other liabilities		**6,453**	7,346	5,379
		416,799	390,695	364,872
Loan capital		**12,112**	10,000	9,902
Total liabilities		**428,911**	400,695	374,774
Net assets		**25,638**	24,444	22,487

Shareholders' Equity	Note	As at 31/12/07 $M	30/06/07 $M	31/12/06 $M
Share capital:				
Ordinary share capital	9	**15,356**	14,483	13,920
Other equity instruments	9	**939**	939	939
Reserves	9	**1,673**	2,143	1,979
Retained profits	9	**7,159**	6,367	5,141
Shareholders' equity attributable to Equity holders of the Bank		**25,127**	23,932	21,979
Minority interests:				
Controlled entities		**511**	512	508
Total Shareholders' equity		**25,638**	24,444	22,487

Consolidated Statement of Recognised Income and Expense

For the half year ended 31 December 2007

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Actuarial gains and losses from defined benefit superannuation plans	**40**	265	149
Gains and losses on cash flow hedging instruments:			
Recognised in equity	**413**	223	206
Transferred to the Income Statement	**(362)**	146	(26)
Gains and losses on available-for-sale investments:			
Recognised in equity	**(68)**	65	(37)
Transferred to the Income Statement on disposal	**-**	(132)	(6)
Revaluation of properties	**-**	79	-
Exchange differences on translation of foreign operations	**(105)**	(43)	97
Income tax on items transferred directly to/from equity:			
FCTR	**4**	(3)	(10)
Available-for-sale investments revaluation reserve	**31**	(6)	16
Revaluation of properties	**1**	(23)	-
Cash flow hedge reserve	**(14)**	(111)	(57)
Net income recognised directly in equity	**(60)**	460	332
Profit for the period	**2,386**	2,293	2,204
Total net income recognised for the period	**2,326**	2,753	2,536
Attributable to:			
Equity holders of the Bank	**2,311**	2,739	2,523
Minority interests	**15**	14	13
Total net income recognised for the period	**2,326**	2,753	2,536

Consolidated Statement of Cash Flows (1)

For the half year ended 31 December 2007

		Half Year Ended		
		31/12/07	30/06/07	31/12/06
	Note	$M	$M	$M
Cash flows from operating activities				
Interest received		**13,456**	11,960	11,163
Interest paid		**(9,125)**	(8,621)	(7,784)
Other operating income received		**2,460**	2,482	2,145
Expenses paid		**(3,366)**	(2,782)	(2,917)
Income taxes paid		**(1,218)**	(1,259)	(683)
Net (increase) in assets at fair value through Income Statement (excluding life insurance)		**(5,136)**	(214)	(1,501)
Life insurance:				
Investment income		**403**	1,331	965
Premiums received (2)		**1,174**	1,288	1,143
Policy payments (2)		**(2,144)**	(3,258)	(2,088)
Net increase in liabilities at fair value through Income Statement (excluding life insurance)		**626**	1,612	4,110
Cash flows from operating activities before changes in operating assets and liabilities		**(2,870)**	2,539	4,553
Changes in operating assets and liabilities arising from cash flow movements				
Movement in available-for-sale investments:				
Purchases		**(18,756)**	(9,661)	(12,553)
Proceeds from sale		**168**	674	806
Proceeds at or close to maturity		**17,511**	9,904	11,235
Lodgement of deposits with regulatory authorities		**(27)**	-	(8)
Net (increase) in loans, advances and other receivables		**(25,819)**	(21,470)	(16,415)
Net (increase)/decrease in receivables due from other financial institutions not at call		**(3,666)**	2,543	(1,710)
Net decrease/(increase) in securities purchased under agreements to resell		**1,310**	(402)	(1,245)
Life insurance business:				
Purchase of insurance assets at fair value through Income Statement		**(5,608)**	(2,833)	(5,643)
Proceeds from sale/maturity of insurance assets at fair value through Income Statement		**6,707**	3,062	5,780
Net increase in deposits and other public borrowings		**32,090**	13,361	13,000
Net proceeds from issuance of debt securities		**(7,899)**	3,469	2,847
Net increase/(decrease) in payables due to other financial institutions not at call		**3,227**	(1,048)	2,913
Net (decrease)/increase in securities sold under agreements to repurchase		**(8)**	862	1,081
Changes in operating assets and liabilities arising from cash flow movements		**(770)**	(1,539)	88
Net cash (used in)/provided by operating activities	10 (a)	**(3,640)**	1,000	4,641
Cash flows from investing activities				
Payment for acquisition of entities and management rights	10 (e)	**(241)**	(4)	(3)
Net proceeds from disposal of other entities		**-**	16	-
Dividends received		**1**	2	1
Proceeds from sale of property, plant and equipment		**5**	48	5
Purchases of property, plant and equipment		**(187)**	(196)	(118)
Payment for acquisition of investments in associates/joint ventures		**-**	-	(6)
Sales and (purchases) of assets held for sale		**115**	167	(1,258)
Purchases of intangible assets		**(71)**	(62)	(68)
Net (increase) in other assets		**(162)**	(486)	(314)
Net cash (used in) investing activities		**(540)**	(515)	(1,761)

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

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

Consolidated Statement of Cash Flows (1) (continued)

For the half year ended 31 December 2007

	Note	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M
Cash flows from financing activities				
Proceeds from issue of shares (net of costs)		**3**	6	13
Dividends paid (excluding Dividend Reinvestment Plan)		**(1,252)**	(888)	(1,396)
Net movement in other liabilities		**(94)**	620	(401)
Net sale of treasury shares		**21**	21	34
Issue of loan capital		**2,113**	354	1,615
Redemption of loan capital		**-**	-	(1,069)
Other		**(320)**	(295)	67
Net cash provided by/(used in) financing activities		**471**	(182)	(1,137)
Net (decrease)/increase in cash and cash equivalents		**(3,709)**	303	1,743
Cash and cash equivalents at beginning of period		**4,084**	3,781	2,038
Cash and cash equivalents at end of period	10 (b)	**375**	4,084	3,781

(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.

Note 1 Accounting Policies

General Information

The Financial Statements of the Commonwealth Bank of Australia (the 'Bank') and the Bank and its subsidiaries (the 'Group') for the half year ended 31 December 2007, were approved and authorised for issue by the Board of Directors on 13 February 2008.

The Group is incorporated and domiciled in Australia. It is a company limited by shares that are publicly traded on the Australian Stock Exchange. The address of its registered office is Level 7, 48 Martin Place, Sydney NSW 1155, Australia.

The Group is one of Australia's leading providers of integrated financial services including retail, business and institutional banking, superannuation, life insurance, general insurance, funds management, broking services and finance company activities. The principal activities of the Commonwealth Bank Group during the financial period were:

(i) Retail Banking Services

The Group provides retail banking services within Australia including housing loans, credit cards, personal loans, savings and cheque accounts, and demand and term deposits.

(ii) Premium Business Services

The Group offers commercial products within Australia including business loans, equipment and trade finance, and rural and agribusiness products and provides private banking services to high net worth individuals and direct trading and margin lending through CommSec. This segment also has wholesale banking operations in London, New York, Singapore, Hong Kong and Malta.

(iii) Wealth Management

The Wealth Management segment conducts Australian funds management business comprising wholesale and retail investment, superannuation and retirement funds. Investments are across all major asset classes including Australian and international shares, property, fixed interest and cash. This segment also has funds management businesses in the United Kingdom and Asia.

The Wealth Management segment also provides Australian term insurance, disability insurance, annuities, master trusts, investment products and general insurance.

(iv) International Financial Services

The Group has full service banking operations in New Zealand, Fiji and Indonesia. The Group also has wholesale banking operations in Indonesia, regions of China and Tokyo. The Group's International Financial Services segment also conducts Life Insurance operations in New Zealand, where it has the leading market share, as well as Asia and the Pacific, and conducts Funds Management business in New Zealand.

(a) Bases of accounting

This general purpose financial report for the half year reporting period ended 31 December 2007 has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 Interim Financial Reporting and in compliance with IAS 34 Interim Financial Reporting.

This half year financial report complies with current Australian Accounting Standards which consist of Australian equivalents to International Financial Reporting Standards (AIFRS) and also with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

This half year Financial Report does not include all notes of the type normally included within the 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 2007 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 have been rounded to the nearest million dollars unless otherwise stated, under the option available to the company 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 followed in this half year Financial Report are the same as those applied in the 30 June 2007 Annual Financial Report, with the following exceptions:

- The Group decided to early adopt AASB Interpretation 13 Customer Loyalty Programmes on 1 July 2007. Upon transition this resulted in a reduction to retained earnings of $5 million and replacement of the Group's provision for future expenses in relation to its credit card loyalty programmes with an equivalent amount of deferred income. Income in relation to the credit and loyalty program will be recognised in subsequent periods when the cost of loyalty points is expensed; and
- The Group elected to early adopt AASB 8 Operating Segments on 1 July 2007. This has resulted in changes to the presentation of the Group's segment reporting.

On 1 July 2007 the Group adopted the disclosure requirements of AASB 7 Financial Instruments: Disclosures. This new standard has no impact on the recognition, measurement or presentation of financial instruments, so does not impact the Group's financial position or results. It requires disclosures about the significance of financial instruments to the Group's financial position and results, and the nature and extent of credit, market and liquidity risks arising from financial instruments, including how they are managed. This standard resulted in limited additional disclosures for the half year ended 31 December 2007.

Note 2 Income from Ordinary Activities

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Banking			
Interest income	**13,781**	12,297	11,565
Fees and commissions	**1,377**	1,349	1,276
Trading income	**200**	249	306
Net (losses) and gains on disposal of available-for-sale investments	**(1)**	58	82
Net gains on other non-trading instruments	**-**	7	-
Net hedging ineffectiveness	**(14)**	44	(14)
Net (losses) and gains on other financial instruments:			
Fair value through Income Statement	**12**	36	1
Non-trading derivatives	**(146)**	(61)	(116)
Dividends	**1**	2	1
Net (losses) on sale of property, plant and equipment	**(7)**	(11)	(4)
Other income	**123**	56	80
	15,326	14,026	13,177
Funds Management, Investment contract and Insurance contract revenue			
Funds management and investment contract income including premiums	**1,138**	966	905
Insurance contract premiums and related income	**661**	540	577
Investment income	**530**	1,313	1,665
	2,329	2,819	3,147
Total income from ordinary activities	**17,655**	16,845	16,324

Note 3 Operating Expenses

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Staff expenses			
Salaries and wages	**1,505**	1,406	1,340
Share-based compensation	**49**	33	56
Superannuation contributions	**4**	4	4
Provisions for employee entitlements	**46**	29	32
Payroll tax	**85**	65	74
Fringe benefits tax	**16**	18	16
Other staff expenses	**75**	87	65
Total staff expenses	**1,780**	1,642	1,587
Occupancy and equipment expenses			
Operating lease rentals	**200**	188	179
Depreciation:			
Buildings	**13**	11	11
Leasehold improvements	**30**	29	30
Equipment	**41**	39	34
Operating lease assets	**9**	9	13
Repairs and maintenance	**36**	39	32
Other	**44**	38	36
Total occupancy and equipment expenses	**373**	353	335
Information technology services			
Application maintenance and development	**121**	174	130
Data processing	**100**	96	110
Desktop	**56**	60	59
Communications	**82**	83	85
Amortisation of software assets	**42**	32	30
IT equipment depreciation	**15**	11	13
Total information technology services	**416**	456	427
Other expenses			
Postage	**59**	53	56
Stationery	**49**	51	53
Fees and commissions:			
Fees payable on trust and other fiduciary activities	**274**	214	188
Other	**116**	161	128
Advertising, marketing and loyalty	**160**	178	148
Amortisation of other intangible assets (excluding software)	**4**	4	4
Non-lending losses	**32**	40	57
Other	**115**	131	161
Total other expenses	**809**	832	795
Total operating expenses	**3,378**	3,283	3,144

Note 4 Income Tax Expense

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Profit from ordinary activities before income tax			
Retail Banking Services	**1,356**	1,264	1,258
Premium Business Services	**973**	924	981
Wealth Management	**540**	573	517
International Financial Services	**404**	389	289
Other	**54**	181	162
Operating profit before tax	**3,327**	3,331	3,207
Prima facie income tax at 30%			
Retail Banking Services	**407**	379	378
Premium Business Services	**292**	277	294
Wealth Management Services	**162**	172	155
International Financial Services	**121**	117	87
Other	**16**	54	49
	998	999	963
Tax effect of non-deductible expenses/non-assessable income in determining taxable profit:			
Current period			
Taxation offsets and other dividend adjustments	**(42)**	(28)	(27)
Tax adjustment referable to policyholder income	**26**	90	96
Tax losses recognised	**-**	(20)	(4)
Difference in overseas and offshore banking unit tax rates	**(27)**	(21)	(22)
Other	**3**	48	(13)
	(40)	69	30
Prior periods			
Other	**(17)**	(30)	10
Total income tax expense	**941**	1,038	1,003
Income tax attributable to profit from ordinary activities			
Retail Banking Services	**407**	379	377
Premium Business Services	**250**	204	259
Wealth Management	**153**	156	119
International Financial Services	**77**	84	66
Other	**18**	87	44
Corporate tax expense	**905**	910	865
Policyholder tax expense	**36**	128	138
Total income tax expense	**941**	1,038	1,003
Effective tax rate	**%**	**%**	**%**
Total – corporate	**27. 5**	28. 4	28. 2
Retail Banking Services – corporate	**30. 0**	30. 0	30. 0
Premium Business Services – corporate	**25. 7**	22. 1	26. 4
Wealth Management – corporate	**29. 4**	34. 9	31. 3
International Financial Services – corporate	**19. 8**	21. 7	22. 9

Note 5 Loans, Advances and Other Receivables

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Australia			
Overdrafts	**2,773**	2,902	2,272
Housing loans (including securitisation)	**170,838**	161,406	150,834
Credit card outstandings	**7,370**	7,185	7,071
Lease financing	**3,839**	4,532	4,617
Bills discounted	**3,713**	3,640	3,303
Term loans	**82,579**	68,577	62,613
Other lending	**675**	1,339	386
Other securities	**5**	11	4
Total Australia	**271,792**	249,592	231,100
Overseas			
Overdrafts	**775**	1,605	2,064
Housing loans	**30,616**	28,931	25,887
Credit card outstandings	**594**	533	518
Lease financing	**508**	531	329
Bills discounted	**-**	33	24
Term loans	**21,905**	20,027	19,020
Redeemable preference share financing	**1,194**	1,194	1,194
Other lending	**51**	183	74
Other securities	**442**	303	480
Total Overseas	**56,085**	53,340	49,590
Gross loans, advances and other receivables	**327,877**	302,932	280,690
Less:			
Provisions for impairment:			
Collective provision	**(1,084)**	(1,034)	(1,040)
Individually assessed provisions	**(268)**	(199)	(171)
Unearned income:			
Term loans	**(978)**	(941)	(931)
Lease financing	**(950)**	(979)	(586)
	(3,280)	(3,153)	(2,728)
Net loans, advances and other receivables	**324,597**	299,779	277,962

Notes to the Financial Statements continued

Note 6 Provisions for Impairment and Asset Quality

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Provisions for Impairment Losses			
Collective provision			
Opening balance	**1,034**	1,040	1,046
Total loan impairment expense	**333**	239	195
Net transfer (to)/from individually assessed provisions	**(291)**	(268)	(239)
Transfer (to)/from other credit provisions	**(5)**	(5)	5
Impairment losses recovered	**40**	48	55
Adjustments for foreign exchange movements and other items	**(3)**	4	5
	1,108	1,058	1,067
Impairment losses written off	**(24)**	(24)	(27)
Closing balance	**1,084**	1,034	1,040
Individually assessed provisions			
Opening balance	**199**	171	171
Charge against profit and loss for:			
New and increased provisioning	**301**	274	249
Less write–back of provisions no longer required	**(10)**	(6)	(10)
Net transfer	**291**	268	239
Discount unwind to interest income	**(4)**	(3)	(3)
Adjustments for foreign exchange movements and other items	**(1)**	(1)	(4)
Impairment losses	**(217)**	(236)	(232)
Closing balance	**268**	199	171
Total provisions for loan impairment	**1,352**	1,233	1,211
Other credit provisions (1)	**28**	23	19
Total provisions for impairment losses	**1,380**	1,256	1,230

(1) Included in Other Provisions.

Provisioning Policy

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

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and 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.

	As at		
	31/12/07	30/06/07	31/12/06
	%	%	%
Provision Ratios			
Collective provisions as a % of gross loans and acceptances	**0. 31**	0. 32	0. 35
Collective provisions as a % of risk weighted assets	**0. 40**	0. 42	0. 44
Individually assessed provisions for impairment as a % of gross impaired assets (1)	**33. 6**	23. 8	23. 4
Total provisions for impairment losses as a % of gross impaired assets	**245. 6**	298. 3	363. 9

(1) Bulk portfolio provisions of $79 million at 31 December 2007 ($99 million at 30 June 2007 and $92 million at 31 December 2006) to cover unsecured personal loans and credit card lending have been deducted from individually assessed provisions to calculate this ratio. These provisions are deducted due to the exclusion of the related assets from gross impaired assets. The related asset amounts are instead included in the 90 days or more past due disclosure.

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Total Impaired Assets			
Gross non–accruals	**562**	421	338
Less individually assessed provisions for impairment	**(268)**	(199)	(171)
Total net impaired assets	**294**	222	167
Net Impaired Assets by Geographical Segment			
Australia	**266**	213	159
Overseas	**28**	9	8
Total net impaired assets	**294**	222	167

Note 6 Provisions for Impairment and Asset Quality (continued)

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Movement in Impaired Asset Balances			
Gross impaired assets – opening balance	**421**	338	326
New and increased	**566**	527	401
Balances written off	**(224)**	(241)	(241)
Returned to performing or repaid	**(201)**	(203)	(148)
Gross impaired assets – closing balance	**562**	421	338

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Impaired Assets			
Total income received	**4**	3	4
Interest income forgone	**2**	2	3

The following amounts comprising loans less than $250,000 are reported in accordance with regulatory returns to APRA. They are not classified as impaired assets and therefore not included within the above impaired asset summary.

	As at		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Loans Accruing but Past Due 90 Days or More (consumer portfolio)			
Housing loans	**176**	198	161
Other loans	**132**	144	133
Total	**308**	342	294

Note 7 Deposits and Other Public Borrowings

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Australia			
Certificates of deposit	**37,292**	20,165	20,590
Term deposits	**58,023**	50,888	46,004
On demand and short term deposits	**98,414**	93,994	85,691
Deposits not bearing interest	**6,328**	6,662	6,617
Securities sold under agreements to repurchase	**2,433**	3,323	2,478
Total Australia	**202,490**	175,032	161,380
Overseas			
Certificates of deposit	**3,250**	903	2,414
Term deposits	**16,895**	16,416	14,987
On demand and short term deposits	**9,235**	9,183	8,351
Deposits not bearing interest	**1,693**	1,818	1,672
Securities sold under agreements to repurchase	**913**	30	15
Total Overseas	**31,986**	28,350	27,439
Total deposits and other public borrowings	**234,476**	203,382	188,819

Notes to the Financial Statements continued

Note 8 Financial Reporting by Segments

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

	Half Year Ended 31 December 2007					
Business Segment Information	Retail Banking Services	Premium Business Services	Wealth Management	International Financial Services	Other	Total
Income Statement	$M	$M	$M	$M	$M	$M
Interest income	6,834	4,462	-	1,969	516	**13,781**
Insurance premium and related revenue	-	-	470	191	-	**661**
Other income	617	937	1,563	308	(212)	**3,213**
Total revenue	7,451	5,399	2,033	2,468	304	**17,655**
Equity accounted earnings	-	-	32	10	1	**43**
Revenue from external customers	7,434	5,000	1,999	2,457	722	**17,612**
Revenue from other operating segments	17	399	2	1	(419)	**-**
Interest expense	2,369	3,294	44	1,489	2,686	**9,882**
Segment result before income tax	1,356	973	540	404	54	**3,327**
Income tax expense	(407)	(250)	(173)	(93)	(18)	**(941)**
Segment result after income tax	949	723	367	311	36	**2,386**
Minority interests	-	-	-	(1)	(14)	**(15)**
Segment result after income tax and minority interests	949	723	367	310	22	**2,371**
Net profit attributable to Equity holders of the Bank	949	723	367	310	22	**2,371**
Non–Cash Expenses						
Intangible asset amortisation	9	23	-	6	8	**46**
Loan impairment expense	141	175	-	12	5	**333**
Depreciation	9	18	2	20	59	**108**
Defined benefit superannuation plan expense	-	2	-	-	4	**6**
Other	14	8	6	4	14	**46**
Balance Sheet						
Total assets	184,056	161,935	25,994	54,375	28,189	**454,549**
Acquisition of property, plant & equipment, intangibles and other non–current assets	8	370	5	38	129	**550**
Investments in associates	-	1	717	153	1	**872**
Total liabilities	110,319	154,403	21,723	49,508	92,958	**428,911**

Note 8 Financial Reporting by Segments (continued)

Business Segment Information	Half Year Ended 31 December 2006					
Income Statement	Retail Banking Services $M	Premium Business Services $M	Wealth Management $M	International Financial Services $M	Other $M	Total $M
Interest income	5,847	3,456	-	1,619	643	11,565
Insurance premium and related revenue	-	-	409	160	8	577
Other income	619	877	2,413	311	(38)	4,182
Total revenue	6,466	4,333	2,822	2,090	613	16,324
Equity accounted earnings	-	1	1	21	2	25
Revenue from external customers	6,463	4,207	2,817	2,035	777	16,299
Revenue from other operating segments	3	125	4	34	(166)	-
Interest expense	1,818	2,456	12	1,232	2,562	8,080
Segment result before income tax	1,258	981	517	289	162	3,207
Income tax expense	(377)	(259)	(256)	(67)	(44)	(1,003)
Segment result after income tax	881	722	261	222	118	2,204
Minority interests	-	-	-	-	(13)	(13)
Segment result after income tax and minority interests	881	722	261	222	105	2,191
Net profit attributable to Equity holders of the Bank	881	722	261	222	105	2,191
Non–Cash Expenses						
Intangible asset amortisation	7	17	-	4	6	34
Loan impairment expense	164	20	-	6	5	195
Depreciation	10	17	2	20	52	101
Defined benefit superannuation plan (income)/expense	-	3	-	-	(8)	(5)
Other	13	7	4	2	6	32
Balance Sheet						
Total assets	162,521	136,151	27,433	47,822	23,334	397,261
Acquisition of property, plant & equipment, intangibles and other non–current assets	9	57	6	45	75	192
Investments in associates	-	3	69	130	14	216
Total liabilities	98,236	125,944	23,467	39,403	87,724	374,774

Note 8 Financial Reporting by Segments (continued)

Geographical Information Financial Performance	Half Year Ended 31/12/07 $M	%	31/12/06 $M	%
Revenue				
Australia	**13,884**	**78. 6**	13,117	80. 3
New Zealand	**2,432**	**13. 8**	2,151	13. 2
Other locations [1]	**1,339**	**7. 6**	1,056	6. 5
	17,655	**100. 0**	16,324	100. 0
Non-Current Assets				
Australia	**9,865**	**88. 6**	8,931	88. 0
New Zealand	**984**	**8. 8**	949	9. 4
Other locations [1]	**291**	**2. 6**	262	2. 6
	11,140	**100. 0**	10,142	100. 0

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

The geographical information represents the locations in which the transaction was booked.

Note 9 Detailed Consolidated Statement of Changes in Equity

	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M
Ordinary Share Capital			
Opening balance	**14,483**	13,920	13,505
Issue of shares	**141**	-	-
Dividend reinvestment plan	**709**	518	300
Exercise of executive options under employee share ownership schemes	**3**	6	13
(Purchase)/sale and vesting of treasury shares [1]	**20**	39	102
Closing balance	**15,356**	14,483	13,920
Other Equity Instruments			
Closing balance	**939**	939	939
Retained Profits			
Opening balance	**6,367**	5,141	4,487
IFRIC 13 loyalty programme adjustment	**(5)**	-	-
Restated opening balance	**6,362**	5,141	4,487
Actuarial gains and losses from defined benefit superannuation plans	**40**	265	149
Realised gains and dividend income on treasury shares held within the Group's life insurance statutory funds [1]	**9**	36	9
Transfers from general reserve for credit losses	**350**	-	-
Operating profit attributable to Equity holders of the Bank	**2,371**	2,279	2,191
Total available for appropriation	**9,132**	7,721	6,836
Transfers (to)/from general reserve	**(10)**	53	1
Interim dividend – cash component	**-**	(862)	-
Interim dividend – dividend reinvestment plan	**-**	(518)	-
Final dividend – cash component	**(1,229)**	-	(1,368)
Final dividend – dividend reinvestment plan	**(709)**	-	(300)
Other dividends	**(25)**	(27)	(28)
Closing balance	**7,159**	6,367	5,141

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

Note 9 Detailed Consolidated Statement of Changes in Equity (continued)

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Reserves			
General Reserve			
Opening balance	**1,167**	1,220	1,221
Appropriation from/(to) retained profits	**10**	(53)	(1)
Closing balance	**1,177**	1,167	1,220
Capital Reserve			
Opening balance	**287**	286	285
Reversal of revaluation surplus on sale of property	**5**	1	1
Closing balance	**292**	287	286
Asset Revaluation Reserve			
Opening balance	**185**	130	131
Revaluation of properties	**-**	79	-
Transfers on sale of properties	**(5)**	(1)	(1)
Tax on revaluation of properties	**1**	(23)	-
Closing balance	**181**	185	130
Foreign Currency Translation Reserve			
Opening balance	**(200)**	(154)	(241)
Currency translation adjustments of foreign operations	**(105)**	(43)	97
Tax on translation adjustments	**4**	(3)	(10)
Closing balance	**(301)**	(200)	(154)
Cash Flow Hedge Reserve			
Opening balance	**440**	182	59
Gains and (losses) on cash flow hedging instruments:			
Recognised in equity	**413**	223	206
Transferred to the Income Statement	**(362)**	146	(26)
Tax on cash flow hedging instruments	**(14)**	(111)	(57)
Closing balance	**477**	440	182
Employee Compensation Reserve			
Opening balance	**(51)**	(73)	34
Current period movement	**(30)**	22	(107)
Closing balance	**(81)**	(51)	(73)
General Reserve for Credit Losses			
Opening balance	**350**	350	350
Appropriation to retained profits	**(350)**	-	-
Closing balance	**-**	350	350
Available-for-Sale Investments Reserve			
Opening balance	**(35)**	38	65
Net gains and (losses) on available-for-sale investments	**(68)**	65	(37)
Net gains and (losses) on available-for-sale investments transferred to the Income Statement on disposal	**-**	(132)	(6)
Tax on available-for-sale investments	**31**	(6)	16
Closing balance	**(72)**	(35)	38
Total Reserves	**1,673**	2,143	1,979
Shareholders' equity attributable to Equity holders of the Bank	**25,127**	23,932	21,979
Shareholders' equity attributable to Minority Interests	**511**	512	508
Total Shareholders' Equity	**25,638**	24,444	22,487

Notes to the Financial Statements continued

Note 10 Notes to the Statement of Cash Flows

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

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Net profit after income tax	**2,386**	2,293	2,204
(Increase)/decrease in interest receivable	**(277)**	(357)	(388)
Increase/(decrease) in interest payable	**649**	72	290
Net (increase)/decrease in assets at fair value through Income Statement (excluding life insurance)	**(2,889)**	(3,175)	(4,097)
Net (increase)/decrease in derivative assets	**(2,841)**	(2,223)	(845)
Net loss/(gain) on sale of property plant and equipment	**9**	12	4
Loan impairment expense	**333**	239	195
Depreciation and amortisation	**154**	135	135
(Decrease)/increase in liabilities at fair value through Income Statement (excluding life insurance)	**(1)**	2,492	4,198
Increase/(decrease) in derivative liabilities	**343**	3,442	2,418
(Decrease)/increase in other provisions	**(3)**	51	6
(Decrease)/increase in income taxes payable	**(248)**	37	260
(Decrease)/increase in deferred income taxes payable	**(211)**	127	48
Decrease/(increase) in deferred tax assets	**186**	(283)	11
Increase/(decrease) in accrued fees/reimbursements receivable	**(41)**	11	(174)
Increase/(decrease) in accrued fees and other items payable	**(700)**	277	109
Net Increase/(decrease) in life insurance contract policy liabilities	**183**	(1,134)	(326)
Increase in cash flow hedge reserve	**52**	367	180
Changes in operating assets and liabilities arising from cash flow movements	**(770)**	(1,539)	88
Other	**46**	156	325
Net cash (used in)/ provided by operating activities	**(3,640)**	1,000	4,641

(b) Reconciliation of Cash

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

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Notes, coins and cash at bank	**3,399**	4,557	2,559
Other short term liquid assets	**709**	967	864
Receivables due from other financial institutions – at call (1)	**2,670**	4,607	3,504
Payables due to other financial institutions – at call (1)	**(6,403)**	(6,047)	(3,146)
Cash and cash equivalents at end of half year	**375**	4,084	3,781

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

(c) Disposal of Controlled Entities

There were no disposals of controlled entities during the current period, prior half or prior comparative period.

Note 10 Notes to the Statement of Cash Flows (continued)

(d) Non-cash financing and investing activities

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Shares issued under the Dividend Reinvestment Plan	**709**	518	300

(e) Acquisition of controlled entities

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Fair value of assets acquired:			
Goodwill	**299**	-	3
Other intangibles	**64**	-	-
Other assets	**397**	-	-
Bills payable and other liabilities	**(354)**	-	-
Minority interests	**-**	4	-
Consideration paid	**406**	4	3
Less: Cash and cash equivalents acquired	**(24)**	-	-
Net consideration paid	**382**	4	3
Less: Non-cash consideration	**(141)**	-	-
Net cash outflow on acquisition	**241**	4	3

(f) Financing Facilities

Standby funding lines are immaterial.

Note 11 Assets Held for Sale

The Group holds an $832 million stake in Anglian Water Group plc, held through preference shares and eurobonds that are classified as Assets Held for Sale, which are being sold into Australian and European based infrastructure funds within the next 12 months. Interest revenue on the eurobonds is accrued, while dividend revenue on the preference shares is recognised when declared.

During the half year ended 31 December 2007 the Group acquired an equity stake of $614 million in United Utilities Electricity Limited of which $200 million was sold prior to 31 December 2007. The Group retains a stake of $414 million at 31 December 2007.

The remaining Assets held for sale relate to various items of property, plant and equipment.

Note 12 Events after the end of the Financial Period

Dividends

The Directors have declared a fully franked dividend of 113 cents per share – amounting to $1,487 million for the half year ended 31 December 2007. In respect of the current interim dividend, shares to be allocated to participants under the DRP will be provided by an on-market purchase, to a maximum value of $550 million. Any DRP allocation in excess of this limit will be satisfied by the issuance of new shares.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the half year that has significantly affected or may 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 13 Contingent Liabilities

There have been no material changes in contingent liabilities since those disclosed in the Financial Statements for the year ended 30 June 2007. Refer to Note 42 in the 2007 Annual Report.

Note 14 Acquisitions of Business Interests

On 26 July 2007 the Group completed the acquisition of Arta Niaga Kencana (ANK) Bank in Indonesia. In December 2007 the legal merger of ANK Bank with PT Commonwealth Bank was completed.

On 27 November 2007 the Group completed the acquisition of IWL Limited, an online broking business, for total consideration of $366 million. The completion of the valuation of the acquired assets and liabilities will take place during the second half of the current financial year.

Directors' Declaration

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

(a) The half year consolidated financial statements and notes as set out on pages 28 to 46 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 2007 and the performance for the half year ended on that date; and
- (ii) comply with Accounting Standard AASB 134: Interim Financial Reporting; and

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

Signed in accordance with a resolution of the Directors.

J M Schubert
Chairman

R J Norris
Managing Director and Chief Executive Officer

Dated: 13 February 2008

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 the Commonwealth Bank of Australia (the company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Commonwealth Bank of Australia Group (the consolidated entity) included on pages 28 to 47. The consolidated entity comprises both the Commonwealth Bank of Australia (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 2007 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website http:/www.pwc.com/au/financialstatementaudit.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

This review report relates to the financial report of the Commonwealth Bank of Australia (the company) for the half-year ended 31 December 2007 included on the Commonwealth Bank of Australia's web site. The company's directors are responsible for the integrity of the Commonwealth Bank of Australia's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

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 the 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 2007 and of its performance for the half-year ended on that date; and

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

PricewaterhouseCoopers

RChowdry

Rahoul Chowdry

Sydney

Partner

13 February 2008

Appendices

Appendices

1. Net Interest Income

	Half Year Ended				
	31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Interest Income (1)					
Loans	**11,967**	10,734	9,977	11	20
Other financial institutions	**277**	202	241	37	15
Cash and liquid assets	**243**	272	211	(11)	15
Assets at fair value through Income Statement	**919**	742	753	24	22
Available-for-sale investments	**375**	347	383	8	(2)
Total interest income	**13,781**	12,297	11,565	12	19
Interest Expense (1)					
Deposits	**5,529**	4,690	4,305	18	28
Other financial institutions	**492**	341	333	44	48
Liabilities at fair value through Income Statement	**671**	725	565	(7)	19
Debt issues	**2,812**	2,698	2,605	4	8
Loan capital	**378**	292	272	29	39
Total interest expense	**9,882**	8,746	8,080	13	22
Net interest income	**3,899**	3,551	3,485	10	12

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

2. Net Interest Margin

	Half Year Ended		
	31/12/07 %	30/06/07 %	31/12/06 %
Australia			
Interest spread (1)	**1. 96**	1. 99	2. 08
Benefit of interest-free liabilities, provisions and equity (2)	**0. 32**	0. 28	0. 26
Net interest margin (3)	**2. 28**	2. 27	2. 34
Overseas			
Interest spread (1)	**1. 14**	0. 94	0. 91
Benefit of interest-free liabilities, provisions and equity (2)	**0. 49**	0. 66	0. 69
Net interest margin (3)	**1. 63**	1. 60	1. 60
Total Bank			
Interest spread (1)	**1. 81**	1. 79	1. 86
Benefit of interest-free liabilities, provisions and equity (2)	**0. 36**	0. 37	0. 36
Net interest margin (3)	**2. 17**	2. 16	2. 22

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

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

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

3. Average Balances and Related Interest

The following table lists the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for each of the half years ending 31 December 2007, 30 June 2007 and 31 December 2006. 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.

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

The official cash rate in Australia increased by 50 basis points during the half year while rates in New Zealand increased by 25 basis points.

Average Balances

	Half Year Ended 31/12/07			Half Year Ended 30/06/07			Half Year Ended 31/12/06		
Interest Earning Assets	Avg Bal $M	Income $M	Yield %	Avg Bal $M	Income $M	Yield %	Avg Bal $M	Income $M	Yield %
Home loans excluding securitisation	179,603	6,787	7. 52	165,434	5,976	7. 28	160,395	5,695	7. 04
Personal (1) (2)	20,130	1,115	11. 02	18,862	1,022	10. 93	17,574	972	10. 97
Business and corporate (2) (3)	96,254	3,508	7. 25	89,228	3,166	7. 16	81,675	2,871	6. 97
Loans, advances and other receivables	295,987	11,410	7. 67	273,524	10,164	7. 49	259,644	9,538	7. 29
Cash and other liquid assets (2)	16,821	520	6. 15	16,679	474	5. 73	15,186	452	5. 90
Assets at fair value through Income Statement (ex life insurance) (2)	27,061	919	6. 76	23,003	742	6. 50	20,455	753	7. 30
Available-for-sale investments (2)	12,238	375	6. 10	12,174	347	5. 75	11,583	383	6. 56
Non-lending interest earning assets	56,120	1,814	6. 43	51,856	1,563	6. 08	47,224	1,588	6. 67
Total interest earning assets (excluding securitisation) (4)	352,107	13,224	7. 47	325,380	11,727	7. 27	306,868	11,126	7. 19
Securitisation home loan assets	14,405	557	7. 69	15,069	570	7. 63	11,647	439	7. 48
Non-interest earning assets	75,805			66,672			67,555		
Total average assets	442,317			407,121			386,070		

	Half Year Ended 31/12/07			Half Year Ended 30/06/07			Half Year Ended 31/12/06		
Interest Bearing Liabilities	Avg Bal $M	Expense $M	Yield %	Avg Bal $M	Expense $M	Yield %	Avg Bal $M	Expense $M	Yield %
Transaction deposits	41,421	734	3. 52	37,204	593	3. 21	34,798	456	2. 60
Savings deposits	51,635	1,271	4. 90	48,551	1,107	4. 60	45,454	982	4. 29
Investment deposits (2)	81,140	2,664	6. 53	75,513	2,308	6. 16	71,155	2,161	6. 02
Certificates of deposits and other (2) (3)	36,226	860	4. 72	26,098	682	5. 27	22,825	706	6. 14
Total interest bearing deposits	210,422	5,529	5. 23	187,366	4,690	5. 05	174,232	4,305	4. 90
Payables due to other financial institutions	18,094	492	5. 41	12,691	341	5. 42	12,017	333	5. 50
Liabilities at fair value through Income Statement (2)	18,272	671	7. 30	20,254	725	7. 22	15,884	565	7. 06
Debt issues(2) (3)	70,342	2,316	6. 55	72,361	2,190	6. 10	74,382	2,219	5. 92
Loan capital(2) (3)	12,874	378	5. 84	10,499	292	5. 61	10,033	272	5. 38
Total interest bearing liabilities	330,004	9,386	5. 66	303,171	8,238	5. 48	286,548	7,694	5. 33
Securitisation debt issues	15,083	496	6. 54	15,954	508	6. 42	11,802	386	6. 49
Non-interest bearing liabilities	72,189			64,596			65,594		
Total average liabilities	417,276			383,721			363,944		

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

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

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

(4) Used for calculating net interest margin.

3. Average Balances and Related Interest (continued)

Net Interest Margin	Half Year Ended 31/12/07 Avg Bal $M	Income $M	Yield %	Half Year Ended 30/06/07 Avg Bal $M	Income $M	Yield %	Half Year Ended 31/12/06 Avg Bal $M	Income $M	Yield %
Total interest earning assets excluding securitisation	352,107	13,224	7. 47	325,380	11,727	7. 27	306,868	11,126	7. 19
Total interest bearing liabilities excluding securitisation	330,004	9,386	5. 66	303,171	8,238	5. 48	286,548	7,694	5. 33
Net interest income & interest spread (excluding securitisation)		3,838	1. 81		3,489	1. 79		3,432	1. 86
Benefit of free funds			0. 36			0. 37			0. 36
Net interest margin			2. 17			2. 16			2. 22

Geographical Analysis of Key Categories

	Half Year Ended 31/12/07 Avg Bal $M	Income $M	Yield %	Half Year Ended 30/06/07 Avg Bal $M	Income $M	Yield %	Half Year Ended 31/12/06 Avg Bal $M	Income $M	Yield %
Loans, Advances and Other Receivables (1)									
Australia	242,417	9,281	7. 62	222,204	8,217	7. 46	213,028	7,799	7. 26
Overseas	53,570	2,129	7. 91	51,320	1,947	7. 65	46,616	1,739	7. 40
Total	295,987	11,410	7. 67	273,524	10,164	7. 49	259,644	9,538	7. 29
Non-Lending Interest Earning Assets (1)									
Australia	34,857	1,077	6. 15	31,400	935	6 .00	27,746	977	6. 99
Overseas	21,263	737	6. 89	20,456	628	6. 19	19,478	611	6. 22
Total	56,120	1,814	6. 43	51,856	1,563	6. 08	47,224	1,588	6. 67
Total Interest Bearing Deposits (1)									
Australia	181,527	4,594	5. 03	159,817	3,901	4. 92	148,422	3,536	4. 73
Overseas	28,895	935	6. 44	27,549	789	5. 78	25,810	769	5. 91
Total	210,422	5,529	5. 23	187,366	4,690	5. 05	174,232	4,305	4. 90
Other Interest Bearing Liabilities (1)									
Australia	73,426	2,441	6. 61	71,933	2,205	6. 18	72,598	2,186	5. 97
Overseas	46,156	1,416	6. 10	43,872	1,343	6. 17	39,718	1,203	6. 01
Total	119,582	3,857	6. 42	115,805	3,548	6. 18	112,316	3,389	5. 99

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

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

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

4. Interest Rate and Volume Analysis

Interest Earning Assets	Half Year Ended Dec 07 vs Jun 07 Volume $M	Rate $M	Total $M	Half Year Ended Dec 07 vs Dec 06 Volume $M	Rate $M	Total $M
Home loans	**524**	**287**	**811**	704	388	1,092
Personal	**69**	**24**	**93**	141	2	143
Business and corporate	**253**	**89**	**342**	522	115	637
Loans, advances and other receivables	**850**	**396**	**1,246**	1,368	504	1,872
Cash and other liquid assets	**4**	**42**	**46**	50	18	68
Assets at fair value through Income Statement (excluding life insurance)	**134**	**43**	**177**	234	(68)	166
Available-for-sale investments	**2**	**26**	**28**	21	(29)	(8)
Non-lending interest earning assets	**133**	**118**	**251**	293	(67)	226
Total interest earning assets	**984**	**513**	**1,497**	1,670	428	2,098
Securitisation home loan assets	**(25)**	**12**	**(13)**	105	13	118

Interest Bearing Liabilities	Half Year Ended Dec 07 vs Jun 07 Volume $M	Rate $M	Total $M	Half Year Ended Dec 07 vs Dec 06 Volume $M	Rate $M	Total $M
Transaction deposits	**71**	**70**	**141**	102	176	278
Savings deposits	**73**	**91**	**164**	143	146	289
Investment deposits	**178**	**178**	**356**	316	187	503
Certificates of deposits and other	**253**	**(75)**	**178**	366	(212)	154
Total interest bearing deposits	**591**	**248**	**839**	923	301	1,224
Payable due to other financial institutions	**146**	**5**	**151**	167	(8)	159
Liabilities at fair value through Income Statement	**(72)**	**18**	**(54)**	86	20	106
Debt issues	**(64)**	**190**	**126**	(127)	224	97
Loan capital	**68**	**18**	**86**	80	26	106
Total interest bearing liabilities	**746**	**402**	**1,148**	1,201	491	1,692
Securitised debt issues	**(28)**	**16**	**(12)**	108	2	110

Change in Net Interest Income (excluding securitisation)	Half Year Ended Dec 07 vs Jun 07 Increase/(Decrease) $M	Dec 07 vs Dec 06 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	**291**	500
Due to changes in interest margin	**-**	(94)
Due to variation in time period	**58**	-
Change in net interest income	**349**	406

Geographical analysis of key categories	Half Year Ended Dec 07 vs Jun 07 Volume $M	Rate $M	Total $M	Half Year Ended Dec 07 vs Dec 06 Volume SM	Rate $M	Total $M
Loans, Advances and Other Receivables						
Australia	**761**	**303**	**1,064**	1,101	381	1,482
Overseas	**87**	**95**	**182**	268	122	390
Total	**850**	**396**	**1,246**	1,368	504	1,872
Non-Lending Interest Earning Assets						
Australia	**105**	**37**	**142**	235	(135)	100
Overseas	**26**	**83**	**109**	59	67	126
Total	**133**	**118**	**251**	293	(67)	226
Total Interest Bearing Deposits						
Australia	**540**	**153**	**693**	813	245	1,058
Overseas	**41**	**105**	**146**	96	70	166
Total	**591**	**248**	**839**	923	301	1,224
Other Interest Bearing Liabilities						
Australia	**48**	**188**	**236**	26	229	255
Overseas	**70**	**3**	**73**	196	17	213
Total	**119**	**190**	**309**	227	241	468

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

5. Other Banking Operating Income

	Half Year Ended				
	31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Loan service fees:					
From financial assets	**439**	471	402	(7)	9
Other	**30**	8	15	large	large
Commissions and other fees:					
From financial liabilities	**320**	316	343	1	(7)
Other	**588**	554	516	6	14
Trading income	**200**	249	306	(20)	(35)
Net (losses) and gains on disposal of available-for-sale investments	**(1)**	58	82	large	large
Net gains on other non-trading instruments	**-**	7	-	large	-
Dividends	**1**	2	1	(50)	-
Net (losses) on sale of property, plant and equipment	**(7)**	(11)	(4)	36	(75)
Other income	**123**	56	80	large	45
	1,693	1,710	1,741	(1)	(3)
Net hedging ineffectiveness	**(14)**	44	(14)	large	-
Net (losses) and gains on other financial instruments:					
Fair value through Income Statement	**12**	36	1	(67)	large
Non-trading derivatives	**(146)**	(61)	(116)	large	(26)
Total other banking operating income	**1,545**	1,729	1,612	(11)	(4)

Loss on other financial instruments – Hedging and AIFRS volatility

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

	Half Year Ended		
	31/12/07 $M	30/06/07 $M	31/12/06 $M
Reclassification of swap interest to Other banking income (1)	**164**	78	29
Net Interest income	**164**	78	29
Reclassification of swap interest from Net interest income (1)	**(164)**	(78)	(29)
Other banking income ("cash basis")	**(164)**	(78)	(29)
Revenue hedge of New Zealand operations – unrealised	**11**	26	(35)
Hedging and AIFRS volatility	**(7)**	119	1
One off AIFRS hedging mismatches	**-**	(25)	(66)
Other banking income ("statutory basis")	**(160)**	42	(129)

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

6. Operating Expenses

	Half Year Ended				
Expenses by Segment	31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Operating expenses					
Retail Banking Services	**1,263**	1,262	1,239	-	2
Premium Business Services	**883**	863	806	2	10
Wealth Management	**877**	829	782	6	12
International Financial Services	**411**	376	364	9	13
Other	**(56)**	(47)	(47)	(19)	(19)
Total	**3,378**	3,283	3,144	3	7

	Half Year Ended				
Expenses by Category	31/12/07 $M	30/06/07 $M	31/12/06 $M	Dec 07 vs Jun 07 %	Dec 07 vs Dec 06 %
Staff	**1,780**	1,642	1,587	8	12
Occupancy and equipment	**373**	353	335	6	11
Information technology services	**416**	456	427	(9)	(3)
Other	**809**	832	795	(3)	2
Total	**3,378**	3,283	3,144	3	7

Capitalisation of Computer Software Costs

Capitalised computer software costs (net of amortisation) totalled $316 million as at 31 December 2007 (June 2007: $297 million and December 2006: $267 million). Expenditure in the half year principally comprised development of customer focussed systems.

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

The major categories of risk actively managed by the Group include credit risk, liquidity and funding risk, market risk and other operational and compliance risks. The 2007 Annual Report "Integrated Risk Management" section on pages 29 to 32, details the major risks managed by a diversified financial institution.

Credit Risk

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

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

By Industry	31/12/07 %	30/06/07 %	31/12/06 %
Agriculture, forestry and fishing	**2. 2**	2. 3	2. 4
Business services	**0. 8**	0. 8	0. 9
Construction	**0. 9**	1. 0	1. 0
Culture and recreational services	**1. 0**	1. 1	1. 0
Energy	**1. 8**	1. 4	1. 6
Finance – Banks	**11. 5**	13. 8	12. 5
Finance – Other	**9. 5**	10. 6	9. 5
Government administration and defence	**3. 3**	1. 5	1. 9
Health and community service	**1. 0**	1. 1	0. 8
Manufacturing	**2 .9**	3. 1	3. 1
Mining	**1. 4**	1. 2	1. 4
Property	**6. 9**	6. 0	6. 2
Retail trade and wholesale trade	**2. 8**	2. 6	2. 5
Transport and storage	**1. 7**	1. 7	1. 6
Other	**5. 4**	5. 9	6. 2
Consumer	**46. 9**	45. 9	47. 4
	100. 0	100. 0	100. 0

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

By Region	31/12/07 %	30/06/07 %	31/12/06 %
Australia	**74. 3**	73. 2	73. 2
New Zealand	**12. 4**	14. 0	13. 3
Europe	**8. 4**	7. 5	7. 8
Americas	**2. 8**	3. 6	4. 1
Asia	**1. 8**	1. 5	1. 3
Other	**0. 3**	0. 2	0. 3
	100. 0	100. 0	100. 0

Commercial Portfolio Quality	31/12/07 %	30/06/07 %	31/12/06 %
AAA/AA	**30**	30	30
A	**18**	17	17
BBB	**19**	20	20
Other	**33**	33	33
	100	100	100

As a measure of individually risk rated commercial portfolio exposure (including finance and insurance), the Group has 67% of commercial exposures at investment grade quality.

7. Integrated Risk Management (continued)

Interest Rate Risk

Interest rate risk in the balance sheet is discussed within Note 43 of the 2007 Annual Report.

Next 12 months' Earnings

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

Interest Rate Risk	31/12/07 %	30/06/07 %	31/12/06 %
(expressed as a % of expected next 12 months' earnings)			
Average monthly exposure	**0.9**	1.3	1.2
High month exposure	**1.8**	2.2	2.2
Low month exposure	**0.4**	0.4	0.3

Value at Risk (VaR)

VaR within Financial Markets Trading is discussed in the 2007 Annual Report "Integrated Risk Management" section on page 30. The following table provides a summary of VaR by type.

In the June 2007 half year, the Group implemented a new methodology for the measurement of credit spread VaR. The new methodology now captures the diversification benefit between credit spread risk and other risk types. Credit spread risk prior to 30 June 2007 is reported within undiversified risk.

Average VaR expressed based on 97.5% confidence	December 2007 Half Year $M	June 2007 Half Year $M	December 2006 Half Year $M
Group			
Interest rate risk	**3.92**	3.61	3.08
Exchange rate risk	**0.99**	0.78	0.54
Implied volatility risk	**0.86**	0.69	0.57
Equities risk	**0.35**	0.15	0.14
Commodities risk	**0.74**	0.65	0.71
Credit spread risk	**4.00**	4.22	-
Diversification benefit	**(4.80)**	(4.17)	(1.73)
Total general market risk	**6.06**	5.93	3.31
Undiversified risk	**2.33**	1.60	6.75
ASB Bank	**0.73**	0.45	0.27
Total	**9.12**	7.98	10.33

The 97.5% confidence interval is used internally by management for operational monitoring of traded market risk. The 99.0% confidence interval is shown to enable external comparison.

Average VaR expressed based on 99.0% confidence	December 2007 Half Year $M	June 2007 Half Year $M	December 2006 Half Year $M
Group			
Interest rate risk	**4.94**	4.60	4.07
Exchange rate risk	**1.27**	0.95	0.72
Implied volatility risk	**1.11**	0.88	0.74
Equities risk	**0.45**	0.19	0.18
Commodities risk	**0.91**	0.81	0.93
Credit spread risk	**5.63**	6.19	-
Diversification benefit	**(6.46)**	(6.24)	(2.38)
Total general market risk	**7.85**	7.38	4.26
Undiversified risk	**2.68**	1.72	7.93
ASB Bank	**0.93**	0.55	0.34
Total	**11.46**	9.65	12.53

8. Capital Adequacy

Risk Weighted Capital Ratios	31/12/07 %	30/06/07 %	31/12/06 %
Tier One	**7.27**	7.14	7.06
Tier Two	**3.19**	3.41	3.49
Less deductions	**(0.79)**	(0.79)	(0.77)
Capital Base	**9.67**	9.76	9.78
Adjusted Common Equity (1)	**4.62**	4.79	4.70

Regulatory Capital	31/12/07 $M	30/06/07 $M	31/12/06 $M
Tier One Capital			
Fundamental Tier One Capital			
Total Shareholders' Equity (2)	**25,638**	24,444	22,487
Adjustments to Total Shareholders' Equity:			
Expected dividend (3)	**(1,487)**	(1,939)	(1,380)
Estimated reinvestment under Dividend Reinvestment Plan (4)	**-**	485	248
Treasury shares	**235**	255	294
Cash flow hedge reserve	**(477)**	(440)	(182)
General reserve for credit losses (after tax) (5)	**-**	(350)	(350)
Employee compensation reserve	**81**	51	73
Asset revaluation reserve	**(181)**	(185)	(130)
Available-for-sale investments reserve	**72**	35	(38)
Foreign currency translation reserve related to non-consolidated subsidiaries	**(13)**	(8)	(25)
Deferred fees	**54**	97	123
Retained earnings (6)	**752**	752	752
Trust Preferred Securities 2006 (7)	**(939)**	(939)	(939)
Other	**(39)**	(34)	17
Total Fundamental Tier One Capital	**23,696**	22,224	20,950
Residual Tier One Capital			
Innovative Tier One Capital			
Irredeemable non-cumulative preference shares (8)	**3,451**	3,474	3,522
Eligible loan capital	**236**	245	263
Total Innovative Capital	**3,687**	3,719	3,785
Non-Innovative Residual Tier One Capital (9)	**1,443**	-	-
Total Residual Tier One Capital	**5,130**	3,719	3,785
Tier One Capital Deductions			
Goodwill (10)	**(8,030)**	(7,632)	(7,579)
Capitalised expenses	**(100)**	(136)	(100)
Capitalised computer software costs	**(316)**	(297)	(267)
Equity investments in other companies (11)	**(870)**	(700)	(820)
Defined benefit superannuation plan surplus (12)	**(1,314)**	(1,270)	(1,018)
Deferred tax	**(27)**	(37)	(39)
Transitional Tier One capital relief on adoption of AIFRS (13)	**1,641**	1,641	1,641
Total Tier One Deductions	**(9,016)**	(8,431)	(8,182)
Total Tier One Capital	**19,810**	17,512	16,553

(1) Adjusted Common Equity ("ACE") is one measure considered by Standard & Poor's in evaluating the Group's credit rating. The ACE ratio has been calculated on a consistent basis with Standard & Poor's methodology at 31 December 2007.

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

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

(4) Based on reinvestment experience related to the Bank's Dividend Reinvestment Plan and approved by APRA. In respect of the current interim dividend shares to be allocated to participants under the DRP will be provided by on-market purchase, up to a maximum value of $550 million. Any DRP allocation in access of this limit will be satisfied by the issuance of new shares.

(5) General reserve for credit losses of $350m (after tax) was transferred to retained earnings during the half year to 31 December 2007.

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

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

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

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

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

(11) Represents the Group's non-controlling interest in major infrastructure assets.

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

(13) APRA has granted transitional relief for Tier One and Two capital on adoption of AIFRS, which expires 1 January 2008.

8. Capital Adequacy (continued)

Regulatory Capital	31/12/07 $M	30/06/07 $M	31/12/06 $M
Tier Two Capital			
Upper Tier Two Capital			
Collective provision for impairment losses	**1,084**	1,034	1,040
Other credit provisions [1]	**28**	23	19
Fair value credit adjustments [1]	**22**	24	31
General reserve for credit losses (pre-tax equivalent) [1]	**-**	500	500
Prudential general reserve for credit losses [1]	**1,134**	1,581	1,590
Future income tax benefit related to prudential general reserve for credit losses	**(340)**	(474)	(477)
Asset revaluation reserve [2]	**81**	83	59
Upper Tier Two note and bond issues	**203**	191	212
Other	**45**	34	22
Total Upper Tier Two Capital	**1,123**	1,415	1,406
Lower Tier Two Capital			
Lower Tier Two note and bond issues [3] [4]	**7,532**	6,922	6,780
Holding of Own Lower Tier Two Capital	**(45)**	(46)	(84)
Transitional Tier Two capital relief on adoption of AIFRS [5]	**74**	74	74
Total Lower Tier Two capital	**7,561**	6,950	6,770
Total Tier Two Capital	**8,684**	8,365	8,176
Total Capital before deductions	**28,494**	25,877	24,729
Total Capital before deductions			
Investment in non–consolidated subsidiaries (net of intangible component deducted from Tier One Capital):			
Shareholders' net tangible assets in life and funds management businesses	**(1,839)**	(1,946)	(2,068)
Reverse effect of transition to AIFRS	**(592)**	(592)	(592)
Capital in other non-consolidated subsidiaries	**(562)**	(836)	(456)
Less: non-recourse debt	**1,701**	2,265	2,133
Funds Management Securities [6]	**700**	700	700
	(592)	(409)	(283)
Value of acquired inforce business [7]	**(1,339)**	(1,339)	(1,339)
	(1,931)	(1,748)	(1,622)
Other deductions	**(189)**	(178)	(166)
Total Capital	**26,374**	23,951	22,941

(1) Prior to 1 July 2006 APRA required a minimum ratio of 0.5% (after tax) of risk weighted assets which comprised the collective provision for impairment losses and the General Reserve for Credit Losses. From 1 July 2006 there is no longer a minimum regulatory requirement. The Prudential General Reserve for Credit Losses is comprised of the collective provision for loan impairment, other credit provisions and fair value credit adjustments. The general reserve for credit losses within shareholders' equity has been transferred back to Retained Earnings during the December 2007 half year period.

(2) From 1 July 2006 APRA allows only 45% of the asset revaluation reserve to be included in Tier Two capital.

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

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

(5) APRA has granted transitional relief for Tier One and Two capital on adoption of AIFRS, which expires 1 January 2008.

(6) Funds Management Securities issued September 2006.

(7) Value of acquired inforce business (excess of market value over net assets), which was transferred to Goodwill upon adoption of AIFRS.

Adjusted Common Equity [1]	31/12/07 $M	30/06/07 $M	31/12/06 $M
Tier One capital	**19,810**	17,512	16,553
Add:			
Deferred Income Tax	**27**	37	39
Equity investments in other companies [2]	**870**	700	820
Deduct:			
Innovative Tier One Capital	**(3,687)**	(3,719)	(3,785)
Non-Innovative Tier One Capital	**(1,443)**	-	-
Minority interest (net of minority interest component deducted from Tier One capital)	**(511)**	(512)	(508)
Investment in non–consolidated subsidiaries (net of intangible component deducted from Tier One capital)	**(592)**	(409)	(283)
Other deductions	**(189)**	(178)	(166)
Impact upon adoption of AIFRS [3]	**(1,641)**	(1,641)	(1,641)
Total Adjusted Common Equity	**12,644**	11,790	11,029

(1) Adjusted Common Equity ("ACE") is one measure considered by Standard & Poor's in evaluating the Bank's credit rating. The ACE ratio has been calculated on a consistent basis with Standard & Poor's methodology at 31 December 2007.

(2) Represents the Bank's non-controlling interest in major infrastructure assets.

(3) Standards and Poor's calculation of ACE Capital did not allow for any relief upon adoption of AIFRS.

8. Capital Adequacy (continued)

	Face Value			Risk Weights	Risk Weighted Balance		
	31/12/07 $M	30/06/07 $M	31/12/06 $M	%	31/12/07 $M	30/06/07 $M	31/12/06 $M
Risk Weighted Assets							
On balance sheet assets							
Cash, claims on Reserve Bank of Australia, short term claims on Australian Commonwealth and State Government and Territories, and other zero-weighted assets	**30,277**	27,844	29,442	-	**-**	-	-
Claims on OECD banks and local governments	**18,607**	15,903	14,227	20	**3,721**	3,181	2,845
Advances secured by residential property	**194,850**	174,435	170,377	50	**97,425**	87,217	85,189
All other assets	**142,206**	129,247	122,858	100	**142,206**	129,247	122,858
Total on balance sheet assets – credit risk	**385,940**	347,429	336,904		**243,352**	219,645	210,892
Total off balance sheet exposures – credit risk					**24,883**	21,579	20,032
Risk weighted assets – market risk					**4,374**	4,123	3,645
Total risk weighted assets (1)					**272,609**	245,347	234,569

(1) In calculating risk weighted assets in accordance with Standard and Poor's agreed methodology, the equity investment in other companies (December 2007: $0.9 billion, June 2007: $0.7 billion, December 2006: $0.8 billion) is required to be added to regulatory risk weighted assets as this amount is not deducted from ACE Capital. On an unrelated transaction, in December 2006 an amount of $0.8 billion was required to be deducted from risk weighted assets in calculation of the ACE Capital ratio due to a difference in treatment between Standard and Poor's and APRA on the treatment of set-off arrangements where they are recognised from a legal and accounting perspective. The risk weighted asset balance as used for the purposes of the ACE Capital ratio for December 2007 is $273,478 million (June 2007: $246,047 million, December 2006: $234,569 million).

Active Capital Management

The Group maintains a strong capital position and actively manages its capital to balance the requirements of various stakeholders (regulators, rating agencies and Shareholders). This is achieved by optimising the mix of capital while maintaining adequate capital ratios.

The Tier One Capital ratio increased from 7.14% to 7.27% during the half year to 31 December 2007 reflecting the issue of non-innovative Tier One Capital instruments and continued profit growth (net of dividend) partially offset by the strong growth in Risk Weighted Assets. Total Capital Ratio decreased from 9.76% at 30 June 2007 to 9.67% at 31 December 2007.

Risk Weighted Assets increased to $273 billion at 31 December 2007 due to strong growth in lending assets particularly in the business/corporate sector. The Group's credit rating remained unchanged during the half year.

Adjusted Common Equity

The Adjusted Common Equity ("ACE") ratio at 31 December 2007 is 4.62%, within the approved target range of 4% to 4.75%.

Significant Capital Transactions

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

Tier One Capital

- Issue of $1,465 million ($1,443 million net of issue costs) Perpetual Exchangeable Resaleable Listed Securities (PERLS IV) in July 2007 which qualify as Non-Innovative Residual Tier One Capital;
- Issue of $709 million shares in October 2007 to satisfy the Dividend Reinvestment Plan ("DRP") in respect of the final dividend for 2006/07; and
- In respect of the current interim dividend, shares to be allocated to participants under the DRP will be provided by an on-market purchase, to a maximum value of $550 million. Any DRP allocation in excess of this limit will be satisfied by the issuance of new shares.

Tier Two Capital

- Issue of the equivalent of $664 million of Lower Tier Two Capital.

Deductions from Total Capital

During the half year an increase in deductions for investment in non-consolidated subsidiaries primarily reflects the higher level of net tangible assets within the Colonial Group of companies, which incorporates the life insurance and funds management businesses.

Life & Funds Management Activities

The Group's insurance and funds management companies held an aggregate estimated $625 million excess over regulatory capital requirements at 31 December 2007 (30 June 2007: $738 million, 31 December 2006: $911 million).

Regulatory Changes

Basel II

In December 2007 APRA granted advanced Basel II accreditation to the Group. The accreditation also included the fully owned New Zealand subsidiary, ASB Bank Limited which was separately accredited by the Reserve Bank of New Zealand.

The work undertaken to achieve the advanced accreditation provides the Group with increased sophistication in risk measurement and management thereby significantly increasing flexibility in decision making and capital management. The Group is continuing to work with APRA to finalise this approach.

From a capital management perspective, advanced accreditation resulted in an increase in the Group's Tier One and Total Capital ratios on 1 January 2008. Tier One increased to 7.35% and Total Capital to 11.06%, primarily driven by the reduction in risk weighted assets.

The Group does not anticipate any material change in its capital management approach until such time as the full implications of the new arrangements are finalised with APRA and other regulatory authorities.

9. Share Capital

Ordinary Share Capital	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M
Opening balance (excluding Treasury Shares deduction)	**14,738**	14,214	13,901
Dividend reinvestment plan: Final Dividend prior year	**709**	-	300
Dividend reinvestment plan: Interim Dividend	**-**	518	-
Share issue – IWL acquisition	**141**	-	-
Exercise of executive options	**3**	6	13
Closing balance (excluding Treasury Shares deduction)	**15,591**	14,738	14,214
Less Treasury Shares	**(235)**	(255)	(294)
Closing balance	**15,356**	14,483	13,920

Shares on Issue	Half Year Ended 31/12/07 Number	30/06/07 Number	31/12/06 Number
Opening balance (excluding Treasury Shares deduction)	**1,300,583,376**	1,290,017,862	1,282,904,909
Dividend reinvestment plan issue:			
2005/2006 Final dividend fully paid ordinary shares at $45.24	**-**	-	6,638,553
2006/2007 Interim dividend fully paid ordinary shares at $50.02	**-**	10,343,514	-
2006/2007 Final dividend fully paid ordinary shares at $54.80	**12,938,969**	-	-
Share issue – IWL acquisition	**2,327,431**	-	-
Exercise under executive option plan	**112,500**	222,000	474,400
Closing balance (excluding Treasury Shares deduction)	**1,315,962,276**	1,300,583,376	1,290,017,862
Less Treasury Shares	**(6,991,385)**	(7,611,744)	(9,235,153)
Closing balance	**1,308,970,891**	1,292,971,632	1,280,782,709

Terms and Conditions of Ordinary Share Capital

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

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

Dividend Franking Account

After fully franking the interim dividend to be paid for the half year ended 31 December 2007, the amount of credits available as at 31 December 2007 to frank dividends for subsequent financial years is $781 million (June 2007: $559 million). This figure is based on the combined franking accounts of the Bank at 31 December 2007, which have been adjusted for franking credits that will arise from the payment of income tax payable on profits for the half year ended 31 December 2007, franking debits that will arise from the payment of dividends proposed for the year and franking credits that the Bank may be prevented from distributing in subsequent financial periods. The Bank expects that future tax payments will generate sufficient franking credits for it to be able to fully frank future dividend payments. These calculations have been based on the taxation law as at 31 December 2007.

Dividends

The Directors have declared a fully franked interim dividend of 113 cents per share amounting to $1,487 million. The dividend will be payable on 2 April 2008 to shareholders on the register at 5pm on 22 February 2008. Dividends per share are 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;
- The rate of return on assets; and
- Investments and/or divestments to support business development.

Dividend Reinvestment Plan

In respect of the current interim dividend, shares to be allocated to participants under the DRP will be provided by an on-market purchase, to a maximum value of $550 million. Any DRP allocation in excess of this limit will be satisfied by the issuance of new shares.

Record Date

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

Ex-Dividend Date

The ex-dividend date is 18 February 2008.

10. Life Insurance Business

Life Insurance contract liabilities

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

Life Investment contract liabilities

Investment contracts include both unit linked contracts and term certain annuities. They consist of a financial instrument and an investment management services element, both of which are measured at fair value. For unit linked contracts, the resulting liability to policyholders is closely linked to the performance and value of the assets (after tax) that support those liabilities. The fair value of such liabilities is the same as the fair value of those assets, after allowing for tax.

Components of Policy Liabilities	As at 31/12/07 $M	30/06/07 $M	31/12/06 $M
Future policy benefits [1]	**22,817**	23,569	24,666
Future bonuses	**1,327**	1,304	1,197
Future expenses	**2,316**	2,120	1,997
Future profit margins	**1,590**	1,490	1,517
Future charges for acquisition expenses	**(576)**	(438)	(442)
Balance of future premiums	**(6,913)**	(6,544)	(6,290)
Provisions for bonuses not allocated to participating policyholders	**110**	112	84
Total policy liabilities	**20,671**	21,613	22,729

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

Taxation

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

Actuarial Methods and Assumptions

Insurance contract policy liabilities have been calculated in accordance with AASB 1038 "Life Insurance Contracts" and the Margin on Services ("MoS") methodology as set out in Prudential Standard LPS 1.04 – Valuation of Policy Liabilities issued by Australian Prudential Regulation Authority. The principal methods and profit carriers used for particular product groups were as follows:

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

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

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

Actuarial assumptions

Set out on page 62 is a summary of the material assumptions used in the calculation of policy liabilities.

Discount rates

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

10. Life Insurance Business (continued)

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

(1) For New Zealand, investment earning rates assumed were 4.3% to 6.6% net of tax.

Bonuses

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

Maintenance expenses

The maintenance expenses are based on an internal analysis of experience and are assumed to increase in line with inflation each year. The expenses are expected to be sufficient to cover the cost of servicing the business in the coming year, after adjusting for one-off expenses. For Australian Participating Business, expenses continue on the previous charging basis with adjustments for actual experience and are assumed to increase in line with inflation each year.

Investment management expenses

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

Inflation

The inflation assumption is consistent with the investment earning assumptions. The inflation assumption was increased from 2.75% to 3% at 31 December 2007.

Benefit indexation

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

Taxation

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

Voluntary discontinuance

Discontinuance rates are based on recent company experience and vary by market, product, age and duration inforce. There have been no significant changes to these assumptions.

Surrender values

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

Mortality and morbidity

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

Solvency

Australian life insurers:

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

Overseas life insurers:

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

Managed assets & fiduciary activities

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

Disaggregated information

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

11. Intangible Assets

	As at		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Total Intangible Assets			
Goodwill	**7,462**	7,163	7,203
Computer software costs	**316**	297	267
Management fee rights	**311**	311	311
Other	**124**	64	65
Total intangible assets	**8,213**	7,835	7,846
Goodwill			
Purchased goodwill – Colonial	**6,705**	6,705	6,705
Purchased goodwill – other	**757**	458	498
Total goodwill	**7,462**	7,163	7,203
Computer Software Costs			
Cost	**481**	420	353
Accumulated amortisation	**(165)**	(123)	(86)
Total computer software costs	**316**	297	267
Management Fee Rights			
Cost	**311**	311	311
Total management fee rights	**311**	311	311
Other			
Cost	**162**	85	82
Accumulated amortisation	**(38)**	(21)	(17)
Total other	**124**	64	65

	Half Year Ended		
	31/12/07	30/06/07	31/12/06
	$M	$M	$M
Goodwill (reconciliation)			
Opening balance	**7,163**	7,203	7,200
Additions	**299**	-	3
Impairment	**-**	(40)	-
Closing balance	**7,462**	7,163	7,203
Computer Software Costs (reconciliation)			
Opening balance	**297**	267	229
Additions:			
From acquisitions	**11**	20	-
From internal development	**50**	42	68
Amortisation	**(42)**	(32)	(30)
Closing balance	**316**	297	267
Management Fee Rights (reconciliation)			
Opening balance	**311**	311	311
Closing balance	**311**	311	311
Other (reconciliation)			
Opening balance	**64**	65	69
Additions:			
From acquisitions	**64**	3	-
Amortisation	**(4)**	(4)	(4)
Closing balance	**124**	64	65

Appendices

12. ASB Bank Group – Statutory View

Income Statement [1]	31/12/07 NZDM	30/06/07 NZDM	31/12/06 NZDM	31/12/07 $M	30/06/07 $M	31/12/06 $M
	Half Year Ended					
Interest income	**2,223**	1,981	1,835	**1,925**	1,766	1,577
Interest expense	**1,729**	1,528	1,398	**1,497**	1,362	1,201
Net interest earnings	**494**	453	437	**428**	404	376
Other income	**189**	230	190	**164**	205	163
Total operating income	**683**	683	627	**592**	609	539
Loan impairment expense	**5**	14	4	**5**	12	3
Total operating income after loan impairment expense	**678**	669	623	**587**	597	536
Total operating expense	**296**	266	267	**257**	238	230
Salaries and other staff expense	**175**	162	152	**152**	146	131
Building occupancy and equipment expense	**49**	45	46	**42**	40	40
Information technology expense	**26**	25	25	**23**	22	21
Other expenses	**46**	34	44	**40**	30	38
Net surplus before taxation	**382**	403	356	**330**	359	306
Taxation	**115**	121	106	**99**	108	91
Net surplus after taxation	**267**	282	250	**231**	251	215

Balance Sheet [2]	31/12/07 NZDM	30/06/07 NZDM	31/12/06 NZDM	31/12/07 $M	30/06/07 $M	31/12/06 $M
	As at					
Assets						
Cash and liquid assets	**1,412**	3,013	1,838	**1,245**	2,734	1,640
Due from other banks	**660**	1,126	669	**582**	1,022	597
Money market advances	**3,351**	2,264	1,688	**2,955**	2,054	1,506
Securities at fair value through Income Statement	**4,485**	2,437	3,389	**3,955**	2,211	3,024
Derivative assets	**880**	761	376	**776**	691	336
Advances to customers	**44,926**	42,856	40,274	**39,619**	38,889	35,939
Property, plant and equipment	**151**	159	149	**133**	144	133
Intangible assets	**49**	36	30	**43**	33	27
Other assets	**261**	241	198	**230**	219	177
Total assets	**56,175**	52,893	48,611	**49,538**	47,997	43,379
Total interest earning and discount bearing assets	**54,651**	51,658	47,719	**48,193**	46,877	42,582
Liabilities						
Money and market deposits	**18,593**	17,334	16,245	**16,396**	15,730	14,496
Derivative liabilities	**805**	984	765	**710**	893	683
Deposits from customers	**26,240**	24,523	22,849	**23,139**	22,253	20,389
Due to other banks	**5,745**	5,935	5,112	**5,066**	5,386	4,562
Other liabilities	**469**	412	356	**414**	373	318
Deferred taxation liabilities	**106**	134	49	**93**	122	44
Current tax liability	**19**	-	44	**17**	-	39
Subordinated debt	**823**	451	199	**726**	409	178
Total liabilities	**52,800**	49,773	45,619	**46,561**	45,166	40,709
Shareholders' Equity						
Contributed capital – ordinary shareholder	**1,563**	1,563	1,013	**1,378**	1,418	904
Asset revaluation reserve	**27**	27	23	**24**	25	21
Cash flow hedge reserves	**256**	251	119	**226**	228	106
Accumulated surplus	**979**	729	1,287	**863**	661	1,148
Ordinary shareholders' equity	**2,825**	2,570	2,442	**2,491**	2,332	2,179
Contributed capital – perpetual preference shareholders	**550**	550	550	**485**	499	491
Total shareholders' equity	**3,375**	3,120	2,992	**2,976**	2,831	2,670
Total liabilities and shareholders' equity	**56,175**	52,893	48,611	**49,537**	47,997	43,379
Total interest and discount bearing liabilities	**49,485**	46,277	42,543	**43,638**	41,994	37,964

(1) The Income Statement has been translated at AUD 1.00= NZD 1.1547 for the half year ended 31 December 2007 (AUD 1.00= NZD 1.121 for the half year ended 30 June 2007 and AUD 1.00= NZD 1.1637 for the half year ended 31 December 2006).

(2) Refer to appendix 16 for rates at which the Balance Sheet has been translated.

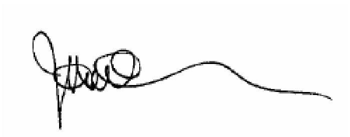
13. ASX Appendix 4D

Compliance Statement

This interim report for the half year ended 31 December 2007 is prepared in accordance with the ASX listing rules. It should be read in conjunction with any announcements to the market made by the Group during the year.

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

The Financial Statements of the Group have not been audited.



John Hatton

Company Secretary

13 February 2008

13. ASX Appendix 4D (continued)

Details of entities over which control was lost during the half year (Item 4)	Date control lost	Ownership Interest Held (%)
Lighthouse Trust	15 November 2007	100%

Details of associates and joint ventures (Item 7)

As at 31 December 2007	Ownership Interest Held (%)
Acadian Asset Management (Australia) Limited	50%
CMG CH China Funds Management Limited	50%
Cyberlynx Procurement Services Pty Limited	50%
Equigroup Pty Limited	50%
Equion Health (Barts) Limited	50%
First State Media (Ireland) Limited	50%
Five D Holdings Pty Limited	50%
Forth Valley Investment Company Limited	50%
China Life CMG Life Assurance Company Limited	49%
First State Cinda Fund Management Company Limited	46%
Healthcare Support (Newcastle) Limited	40%
AMTD Group Company Limited	30%
452 Capital Pty Limited	30%
Hangzhou City Commercial Bank Co. Limited	19.9%
Commonwealth Property Office Fund	9.8%
CFS Retail Property Trust	9.7%

Any other significant information

There is no other significant information other than as disclosed in note 12.

Post Balance Date Events

There have been no significant events occurring since the balance sheet date other than as disclosed in note 12.

Foreign Entities (Item 8)

Not Applicable.

14. Analysis Template

Profit Summary – Input Schedule	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M	Page References
Income – Cash Basis				
Net interest income	**3,899**	3,551	3,485	Page 3
Other banking operating income	**1,541**	1,609	1,712	Page 3
Total banking Income	**5,440**	5,160	5,197	Page 3
Funds management income	**1,141**	981	893	Page 3
Insurance income	**393**	435	382	Page 3
Operating income	**6,974**	6,576	6,472	Page 3
Shareholder investment returns	**42**	64	85	Page 24
Total income	**7,016**	6,640	6,557	Page 3
Expenses – Cash Basis				
Retail Banking Services	**1,263**	1,262	1,239	Page 11
Premium Business Services	**883**	863	806	Page 13
Wealth Management – operating expenses	**611**	609	565	Page 15
Wealth Management – volume expenses	**266**	220	217	Page 15
International Financial Services	**411**	376	364	Page 21
Other	**(56)**	(47)	(47)	Page 23
Total operating expenses	**3,378**	3,283	3,144	Page 3
Profit before loan impairment expense	**3,638**	3,357	3,413	-
Loan impairment expense	**333**	239	195	Page 3
Profit before income tax	**3,305**	3,118	3,218	Page 3
Corporate tax expense	**905**	873	909	Page 3
Operating profit after tax	**2,400**	2,245	2,309	-
Minority interest	**15**	14	13	Page 3
Net profit after tax – cash basis	**2,385**	2,231	2,296	Page 3
Defined benefit superannuation plan (expense)/income	**(4)**	1	4	Page 3
Treasury shares valuation adjustment	**(13)**	(37)	(38)	Page 3
Hedging and AIFRS volatility	**3**	84	(71)	Page 3
Net profit after tax – statutory basis	**2,371**	2,279	2,191	Page 3
Investment return on Shareholder funds	**42**	64	85	Page 24
Tax expense on shareholder investment returns	**14**	29	24	Page 24
Shareholder investment returns – after tax	**28**	35	61	Page 24
Net profit after tax – underlying basis	**2,357**	2,196	2,235	Page 28
Total Operating Income				
Retail Banking Services	**2,760**	2,711	2,661	Page 11
Premium Business Services	**2,033**	1,844	1,810	Page 13
Wealth Management (net of volume expenses)	**1,126**	1,042	922	Page 15
International Financial Services	**767**	682	664	Page 21

14. Analysis Template (continued)

Profit Summary – Input Schedule	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M	Page References
Other Data				
Net interest income (excluding securitisation)	**3,838**	3,489	3,432	Page 52
Average interest earning assets	**352,107**	325,380	306,868	Page 52
Average net assets [(1)]	**25,041**	23,465	21,915	Page 29
Average minority interest [(1)]	**512**	510	508	Page 29
Average preference shares & other equity instruments [(1)]	**939**	939	939	Page 29
Average treasury shares [(1)]	**(245)**	(274)	(345)	Page 60
Average defined benefit superannuation plan net surplus [(1)]	**1,267**	1,111	896	-
Distributions – other equity instruments	**25**	27	28	-
Interest expense (after tax) – Perls II	**14**	12	13	-
Interest expense (after tax) – Perls III	**33**	31	29	-
Interest expense (after tax) – Perls IV	**26**	-	-	-
Interest expense (after tax) – TPS	**12**	12	14	-
Interest expense (after tax) – Convertible notes	**21**	20	19	-
Weighted average number of shares – statutory basic	**1,300**	1,286	1,276	Page 3
Weighted average number of shares – fully diluted – statutory	**1,380**	1,349	1,348	-
Weighted average number of shares – cash and underlying	**1,306**	1,293	1,284	Page 3
Weighted average number of shares – fully diluted – cash and underlying	**1,386**	1,355	1,357	-
Weighted average number of shares – Perls II	**12**	13	15	-
Weighted average number of shares – Perls III	**19**	21	24	-
Weighted average number of shares – Perls IV	**23**	-	-	-
Weighted average number of shares – TPS	**10**	11	14	-
Weighted average number of shares – Convertible notes	**16**	17	19	-
Weighted average number of shares – Executive options	**-**	-	1	-
Dividends per share (cents)	**113**	149	107	Page 3
No. of shares at end of period (excluding treasury shares deduction) (M)	**1,316**	1,301	1,290	Page 60
Average funds under administration	**191,447**	171,264	158,010	Page 5
Average inforce premiums	**1,444**	1,370	1,248	Page 5
Net assets	**25,638**	24,444	22,487	Page 29
Total intangible assets	**8,213**	7,835	7,846	Page 29
Minority interests	**511**	512	508	Page 29
Other equity instruments	**939**	939	939	Page 29
Tier One Capital	**19,810**	17,512	16,553	Page 57
Deferred income tax	**27**	37	39	Page 57
Equity investments in other companies	**870**	700	820	Page 57
Innovative Tier One capital	**3,687**	3,719	3,785	Page 57
Non-Innovative Tier One capital	**1,443**	-	-	Page 57
Minority interests (net of minority interest component deducted from Tier One Capital)	**511**	512	508	Page 58
Investment in non-consolidated subsidiaries (net of Intangible component deducted from Tier One Capital)	**592**	409	283	Page 58
Other deductions	**189**	178	166	Page 58
Transitional Tier One Capital relief granted on adoption of AIFRS	**1,641**	1,641	1,641	Page 58
Risk weighted assets used for ACE ratio	**273,478**	246,047	234,569	Page 59

(1) Average of reporting period balances

14. Analysis Template (continued)

Ratios – Output Summary	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M
EPS			
Net profit after tax – cash basis	**2,385**	2,231	2,296
Less distribution – other equity instruments	**25**	27	28
Adjusted profit for EPS calculation	**2,360**	2,204	2,268
Average number of shares (M)	**1,306**	1,293	1,284
Earnings per share – cash basis (cents)	**180. 7**	170. 4	176. 6
Earnings per share – dilutions			
Interest expense (after tax) – Perls II	**14**	12	13
Interest expense (after tax) – Perls III	**33**	31	29
Interest expense (after tax) – Perls IV	**26**	-	-
Interest expense (after tax) – TPS	**12**	12	14
Interest expense (after tax) – Convertible notes	**21**	20	19
Profit impact of assumed conversions (after tax)	**106**	75	75
Weighted average number of shares – Perls II (M)	**12**	13	15
Weighted average number of shares – Perls III (M)	**19**	21	24
Weighted average number of shares – Perls IV (M)	**23**	-	-
Weighted average number of shares – TPS (M)	**10**	11	14
Weighted average number of shares – Convertible Notes (M)	**16**	17	19
Weighted average number of shares – Executive Options (M)	**-**	-	1
Weighted average number of shares – dilutive securities (M)	**80**	62	73
Adjusted cash profit for EPS calculation	**2,360**	2,204	2,268
Add back profit impact of assumed conversions (after tax) (M)	**106**	75	75
Adjusted diluted profit for EPS calculation	**2,466**	2,279	2,343
Average number of shares (M)	**1,306**	1,293	1,284
Add back weighted average number of shares (M)	**80**	62	73
Diluted average number of shares (M)	**1,386**	1,355	1,357
EPS diluted – cash basis (cents)	**177. 9**	168. 1	172. 7
Net profit after tax – underlying	**2,357**	2,196	2,235
Less distributions – other equity instruments	**25**	27	28
Adjusted profit for EPS calculation	**2,332**	2,169	2,207
Average number of shares (M)	**1,306**	1,293	1,284
Earnings per share – underlying basis (cents)	**178. 4**	167. 7	171. 9

Appendices

14. Analysis Template (continued)

Ratios – Output Summary	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M
DPS			
Dividends			
Dividends per share (cents)	**113**	149	107
No of shares at end of period (M)	**1,316**	1,301	1,290
Total dividends	**1,487**	1,939	1,380
Dividend payout ratio – cash basis			
Net profit after tax – cash basis	**2,385**	2,231	2,296
NPAT – available for distribution to ordinary shareholders	**2,360**	2,204	2,268
Total dividends	**1,487**	1,939	1,380
Payout ratio – cash basis (%)	**63. 0**	88. 0	60. 8
Dividend cover			
NPAT – available for distribution to ordinary shareholders	**2,360**	2,204	2,268
Total dividends	**1,487**	1,939	1,380
Dividend cover – cash basis	**1. 6**	1. 1	1. 6
ROE			
Return on equity – cash basis			
Average net assets	**25,041**	23,465	21,915
Less:			
Average minority interests	**(512)**	(510)	(508)
Average preference shares	**(939)**	(939)	(939)
Average equity	**23,590**	22,016	20,468
Add average treasury shares	**245**	274	345
Less average defined benefit superannuation plan net surplus	**(1,267)**	(1,111)	(896)
Net average equity	**22,568**	21,179	19,917
NPAT (“cash basis”)	**2,385**	2,231	2,296
Less distributions – other equity instruments	**25**	27	28
Adjusted profit for ROE calculation	**2,360**	2,204	2,268
Return on equity – cash basis (%)	**20. 8**	21. 0	22. 6
Return on equity – underlying basis			
Average net assets	**25,041**	23,465	21,915
Average minority interests	**(512)**	(510)	(508)
Average preference shares	**(939)**	(939)	(939)
Average equity	**23,590**	22,016	20,468
Add average treasury shares	**245**	274	345
Less average defined benefit superannuation plan net surplus	**(1,267)**	(1,111)	(896)
Net average equity	**22,568**	21,179	19,917
NPAT (“underlying basis”)	**2,357**	2,196	2,235
Less distribution other equity instruments	**25**	27	28
Adjusted profit for ROE calculation	**2,332**	2,169	2,207
Return on equity – underlying basis (%)	**20. 6**	20. 7	22. 0
NIM			
Net interest income (excluding securitisation)	**3,838**	3,489	3,432
Average interest earning assets (excluding securitisation)	**352,107**	325,380	306,868
NIM (% pa)	**2. 17**	2. 16	2. 22

14. Analysis Template (continued)

Ratios – Output Summary	Half Year Ended 31/12/07 $M	30/06/07 $M	31/12/06 $M
Productivity			
Group expense to income ratio			
Expenses	**3,378**	3,283	3,144
Total operating income	**6,974**	6,576	6,472
Expense to Income	**48. 4**	49.9	48.6
Retail Banking Services expense to income ratio			
Total expenses	**1,263**	1,262	1,239
Total operating income	**2,760**	2,711	2,661
Expense to income	**45. 8**	46. 6	46.6
Premium Business Services expense to income ratio			
Total expenses	**883**	863	806
Total operating income	**2,033**	1,844	1,810
Expense to income	**43. 4**	46. 8	44. 5
Wealth Management expense to income ratio			
Operating expenses	**611**	609	565
Net operating income	**1,126**	1,042	922
Operating Expense to net operating income	**54. 3**	58. 4	61. 3
International Financial Services expense to income ratio			
Total expenses	**411**	376	364
Total operating income	**767**	682	664
Expense to income	**53. 6**	55. 1	54. 8
Net Tangible Assets (NTA) per share			
Net assets	**25,638**	24,444	22,487
Less:			
Intangible assets	**(8,213)**	(7,835)	(7,846)
Minority interests	**(511)**	(512)	(508)
Other equity instruments	**(939)**	(939)	(939)
Total net tangible assets	**15,975**	15,158	13,194
No of shares at end of period (M)	**1,316**	1,301	1,290
Net tangible assets (NTA) per share ($)	**12. 14**	11. 65	10. 23
ACE ratio			
Tier One capital	**19,810**	17,512	16,553
Add:			
Deferred income tax	**27**	37	39
Equity investments in other companies	**870**	700	820
Deduct:			
Innovative Tier One capital	**(3,687)**	(3,719)	(3,785)
Non-innovative Tier One capital	**(1,443)**	-	-
Minority Interest (net of minority interest component deducted from Tier One capital)	**(511)**	(512)	(508)
Investment in non-consolidated subsidiaries (net of intangible component deducted from Tier One capital)	**(592)**	(409)	(283)
Other deductions	**(189)**	(178)	(166)
Impact upon adoption of AIFRS	**(1,641)**	(1,641)	(1,641)
Total Adjusted Common Equity	**12,644**	11,790	11,029
Risk weighted assets as used to calculate ACE ratio	**273,478**	246,047	234,569
ACE ratio (%)	**4. 62**	4. 79	4. 70

Appendices

15. Summary

Group		Page	31/12/07	30/06/07	31/12/06	Dec 07 vs Jun 07%	Dec 07 vs Dec 06 %
			Half Year Ended				
Net profit after tax – underlying basis	$M	28	**2,357**	2,196	2,235	7	5
Net profit after tax – cash basis	$M	3	**2,385**	2,231	2,296	7	4
Defined benefit superannuation plan income/(expense) – after tax	$M	3	**(4)**	1	4	large	large
Treasury shares valuation adjustment – after tax	$M	3	**(13)**	(37)	(38)	(65)	(66)
Hedging and AIFRS volatility	$M	3	**3**	84	(71)	(96)	large
Net profit after tax – statutory	$M	3	**2,371**	2,279	2,191	4	8
Earnings per share – cash basis – basic (cents)	cents	3	**180. 7**	170. 4	176. 6	6	2
Dividends per share	cents	3	**113**	149	107	(24)	6
Dividend pay-out ratio – cash basis	%	3	**63. 0**	88. 0	60. 8	large	220bpts
Tier One Capital	%	57	**7. 27**	7. 14	7. 06	13bpts	21bpts
Total capital	%	57	**9. 67**	9. 76	9. 78	(9)bpts	(11)bpts
Adjusted common equity	%	57	**4. 62**	4. 79	4. 70	(17)bpts	(8)bpts
Number of full time equivalent staff	No.	-	**38,452**	37,873	37,216	2	3
Return on equity – cash	%	3	**20. 8**	21. 0	22. 6	(20)bpts	(180)bpts
Return on equity – underlying	%	70	**20. 6**	20. 7	22. 0	(10)bpts	(140)bpts
Weighted average number of shares – statutory	M	3	**1,300**	1,286	1,276	1	2
Net tangible assets per share	$	71	**12. 14**	11. 65	10. 23	4	19
Net Interest Income	$M	3	**3,899**	3,551	3,485	10	12
Net Interest Margin	%	5	**2. 17**	2. 16	2. 22	1bpts	(5)bpts
Other banking income ("cash basis")	$M	3	**1,541**	1,609	1,712	(4)	(10)
Other banking income/total banking income	%	-	**28. 3**	31. 2	32. 9	(290)bpts	(460)bpts
Expense to income	%	5	**48. 4**	49. 9	48. 6	(3)	-
Average interest earning assets	$M	5	**352,107**	325,380	306,868	8	15
Average interest earning liabilities	$M	5	**330,004**	303,171	286,548	9	15
Loan impairment expense	$M	3	**333**	239	195	(39)	(71)
Loan impairment expense to average risk weighted assets (annualised)	%	9	**0. 26**	0. 20	0. 17	6bpts	9bpts
Total provisions for impairment losses to gross impaired assets	%	38	**245. 6**	298. 3	363. 9	large	large
Individually assessed provisions for impairment to Gross Impaired Assets	%	38	**33. 6**	23. 8	23. 4	41	44
Risk weighted assets	$M	59	**272,609**	245,347	234,569	11	16
Retail Banking Services							
Cash net profit after tax	$M	5	**949**	885	881	7	8
Expense to income	%	5	**45. 8**	46. 6	46. 6	(2)	(2)
Premium Business Services							
Cash net profit after tax	$M	5	**724**	721	724	-	-
Expense to income	%	5	**43. 4**	46. 8	44. 5	(7)	(2)
Wealth Management							
Cash net profit after tax	$M	15	**380**	328	299	16	27
Underlying profit after tax	$M	15	**372**	303	245	23	52
Shareholder investment returns	$M	24	**18**	53	76	(66)	(76)
FUA – average	$M	16	**183,548**	163,543	151,621	12	21
FUA – spot		16	**199,834**	168,810	160,744	18	24
Net funds flow	$M	17	**25,171**	(1,054)	1,514	large	large
Average inforce premiums	$M	5	**1,058**	1,005	921	5	15
Inforce premiums – spot	$M	18	**1,094**	1,022	988	7	11
Funds management income to average FUA	%	5	**1. 21**	1. 18	1. 14	3	6
Insurance operating income to average inforce premiums	%	5	**51. 3**	61. 4	57. 5	(16)	(11)
Operating expense to net operating income	%	5	**54. 3**	58. 4	61. 3	(7)	(11)
International Financial Services							
Underlying profit after tax	$M	5	**276**	235	226	17	22
FUA – average	$M	5	**7,899**	7,721	6,389	2	24
FUA – spot	$M	22	**7,868**	8,261	6,918	(5)	14
Average inforce premiums	$M	5	**386**	365	327	6	18
Inforce premiums – spot	$M	22	**392**	379	352	3	11
Funds management income to average FUA	%	5	**0. 55**	0. 65	0. 65	(15)	(15)
Insurance operating income to average inforce premiums	%	5	**61. 8**	71. 3	69. 8	(13)	(11)
Expense to income	%	5	**53. 6**	55.1	54. 8	(3)	(2)

16. Foreign Exchange Rates

Exchange Rates Utilised

		As at		
		31/12/07	30/06/07	31/12/06
AUD 1. 00 =	USD	**0. 8815**	0. 8497	0. 7913
	GBP	**0. 4412**	0. 4241	0. 4027
	JPY	**98. 748**	104. 889	94. 024
	NZD	**1. 134**	1. 102	1. 121
	HKD	**6. 878**	6. 6426	6. 151
	EUR	**0. 5980**	0. 6319	0. 6007

Appendices

17. Definitions

Term	Description
Customer satisfaction – external survey	This represents the Roy Morgan Research six monthly Main Financial Institutions (MFI) survey (targeting customers aged 14+).The measure is the percentage of customers who respond as either very or fairly satisfied (70.5%). The result from July to December 2007 of 70. 5% represents the highest rate in ten years.
Customer satisfaction – internal survey	Internal customer satisfaction surveys are conducted by Roy Morgan Research on behalf of Commonwealth Bank of Australia
Dividend payout ratio	Dividends paid on ordinary shares divided by earnings (earnings are net of dividends on other equity instruments).
DRP	Dividend reinvestment plan.
DRP participation	The percentage of total issued capital participating in the dividend reinvestment plan.
Earnings per share	Calculated in accordance with AASB 133: Earnings per Share.
Expense to income ratio	Represents operating expenses as a percentage of total operating revenue.
International Financial Services	International Financial Services includes the Banking, Funds Management and Insurance businesses operating in New Zealand, Fiji, Indonesia, China, India and Vietnam excluding the international business of Premium Business Services in New Zealand.
Net profit after tax ("Cash basis")	Represents profit after tax and minority interests, before defined benefit superannuation plan income/expense, treasury shares valuation adjustment and unrealised gains and losses related to hedging and AIFRS volatility.
Net profit after tax ("Statutory Basis")	Represents profit after tax, minority interests, defined benefit superannuation plan income/expense, treasury shares valuation adjustment and unrealised gains and losses related to hedging and AIFRS volatility. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank".
Net profit after tax ("Underlying Basis")	Represents net profit after tax ("cash basis") excluding shareholder investment returns.
Net tangible assets per share	Net assets excluding intangible assets, minority interests, preference shares and other equity instruments divided by ordinary shares on issue at the end of the period.
Operating expense to net operating income ratio	Represents operating expenses (excluding volume expenses) as a percentage of total operating income less volume expenses
Overseas	Represents amounts booked in branches and controlled entities outside Australia.
Premium Business Services	Premium Business Services provides specialised banking services to relationship managed business and Agribusiness customers, private banking to high net worth individuals and margin lending and trading through CommSec. In addition commission is received for the distribution of retail banking products through the Premium Business network.
Retail Banking Services	Retail Banking Services includes both the manufacturing of home loan, consumer finance and retail deposit products and the sales and servicing of all Retail bank customers. In addition commission is received for the distribution of business and wealth management products through the retail distribution network.
Return on average shareholders' equity – Cash basis	Based on cash net profit after tax and minority interests applied to average shareholders equity, excluding minority interests.
Return on average shareholders' equity – Statutory basis	Based on net profit after tax ("statutory basis") applied to average shareholders' equity, excluding minority interests and other equity instruments.
Staff numbers	Staff numbers include all permanent full time staff, part time staff equivalents and external contractors employed by 3rd party agencies.
Wealth Management	Wealth Management includes the Global Asset Management, Platform Administration and Life and General Insurance businesses of the Australian operations including an allocation of Group support costs.
Weighted average number of shares ("Cash basic")	Includes an adjustment to deduct from ordinary shares only those "Treasury Shares" related to the investment in the Bank's shares held by the employee share scheme trust.
Weighted average number of shares ("Statutory basic")	Includes an adjustment to exclude "Treasury Shares" related to investments in the Bank's shares held by both the life insurance statutory funds and by the employee share scheme trust.

18. Market Share Definitions

Retail Banking Services

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

Premium Business Services

Business Lending (APRA)	Loans and advances to residents that are recorded on the domestic books of CBA within the non-financial corporations sector, where this sector comprises private trading corporations, private unincorporated businesses and commonwealth, state, territory and local government non-financial corporations (as per lending balances submitted to APRA in ARF 320.0) / Total loans and advances to the non-financial corporations sector for all licensed banks that submit to APRA
Business Lending (RBA)	CBA business lending and credit (specific 'business lending' categories in lodged APRA returns - 320.0, 320.1 and 320.4) / Total of business lending and credit to the private non-financial sector by all financial intermediaries (sourced from RBA table Lending & Credit Aggregates which is in turn sourced from specific 'business lending' categories in lodged APRA returns - 320.0, 320.1 and 320.4) (includes bills on issue and securitised business loans). (1)
Business Deposits (APRA)	Total transaction and non-transaction account deposit balances recorded on the domestic books of CBA from residents within the non-financial corporations sector, where this sector comprises private trading corporations, private unincorporated businesses and commonwealth, state, territory and local government non-financial corporations (as per deposit balances submitted to APRA in ARF 320.0) / Total transaction and non-transaction deposit balances from the non-financial corporations sector for all licensed banks that submit to APRA
Equities Trading (CommSec)	12 months rolling average of total value of CommSee equities trades / 12 months rolling average of total value of equities market trades as measured by ASX SEATS

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

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18. Market Share Definitions

Wealth Management

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

International Financial Services

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