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CommonwealthBank



COMMONWEALTH BANK OF AUSTRALIA FINANCIAL REPORTING AND 2017 INTERIM PROFIT ANNOUNCEMENT TEMPLATE

THURSDAY, 2 FEBRUARY 2017: The Commonwealth Bank of Australia (“the Group”) is scheduled to announce its interim results on 15 February 2017. A results briefing will be hosted by the Chief Executive Officer, Ian Narev, and Chief Financial Officer, David Craig, at 11.00am (Australian Eastern Daylight Time) on 15 February 2017. This briefing will be available via webcast on the Commonwealth Bank Shareholder Centre (www.commbank.com.au/shareholder) and Commonwealth Bank App.

In addition to the interim results release, an Excel template populated with the current period financial results and comparatives will be published on the website.

In line with the Group’s commitment to continuous improvement in financial reporting practices, a number of enhancements have been made during the current half, which result in changes to comparative financial information.

This announcement provides:

- A summary of the enhancements made to financial reporting; and
- Financial comparative tables for the 2017 Interim Profit Announcement.

In order to assist users in analysing the Group’s financial information, the financial comparative template for the 2017 interim results is also now available in user-friendly Excel format on the website at:

www.commbank.com.au/about-us/shareholders/financial-information/results.html

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2 February 2017

ASX ANNOUNCEMENT



Financial Reporting Enhancements

During the current half, the Group has made the following changes to financial reporting:

- **Re-segmentation and Allocations:**
Minor refinements have been made to the allocation of customer balances and associated revenue and expenses between business segments.
- **Changes to Recognition of Long-Term Incentives in CFS GAM:**
The Group has changed its accounting policy in relation to long-term incentives provided to certain employees in the Global Asset Management business, to align the accounting treatment with defined contribution plans under AASB 119 “Employee Benefits”. The new accounting policy expenses the long-term incentives when granted, which better aligns the accounting with the economic substance of the arrangements.
The change has been applied retrospectively in accordance with AASB 108 and results in a one-off reduction to retained earnings (\$183 million decrease for the half year ended 31 December 2015 and \$192 million decrease for the half year ended 30 June 2016) and net assets (\$84 million decrease to total assets and \$99 million increase to total liabilities for the half year ended 31 December 2015, and \$77 million decrease to total assets and \$115 million increase to total liabilities for the half year ended 30 June 2016), with an immaterial impact on comparative and current half expenses and cash net profit after tax.
- **Change to Calculation of Net Interest Margin (NIM):**
In calculating the Group’s NIM, mortgage offset balances are now being deducted from average interest earning assets to reflect their non-interest earning nature, and to align with peers and industry practice. This results in changes to the Group’s NIM for current and prior periods.
- **Funds Under Administration (FUA):**
Minor enhancements have been made to the disclosure of FUA balances.

Of the above financial reporting enhancements, only changes to the recognition of long-term incentives in CFS GAM impacts the Group’s Cash and Statutory net profit after tax (NPAT). The remaining financial reporting enhancements result in changes to the presentation of the Profit and Loss and the Balance Sheet of the Group and affected segments.

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

Segment Cash NPAT (impact by adjustment type)

Half Year Ended 30 June 2016								
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	IFS and Other	Group
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash NPAT - as published	2,221	764	556	245	414	367	79	4,646
Restatements:								
CFS GAM Long-Term Incentives	-	-	-	(9)	-	-	-	(9)
Re-segmentation and Allocations	47	(16)	12	-	3	8	(54)	-
Cash NPAT - as restated	2,268	748	568	236	417	375	25	4,637

Half Year Ended 31 December 2015								
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	IFS and Other	Group
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash NPAT - as published	2,215	803	608	372	463	396	(53)	4,804
Restatements:								
CFS GAM Long-Term Incentives	-	-	-	4	-	-	-	4
Re-segmentation and Allocations	57	(29)	14	-	1	7	(50)	-
Cash NPAT - as restated	2,272	774	622	376	464	403	(103)	4,808

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

Half Year Ended 30 June 2016								
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	IFS and Other	Group
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash NPAT - as published	2,221	764	556	245	414	367	79	4,646
Restatements:								
Increase/(decrease) in Total operating income	69	(26)	19	-	4	9	(75)	-
(Increase)/decrease in Operating expenses	-	1	(1)	(11)	-	-	-	(11)
(Increase)/decrease in Loan impairment expense	(2)	2	-	-	-	-	-	-
Increase/(decrease) in Investment experience	-	-	-	(1)	-	-	1	-
(Increase)/decrease in Corporate tax expense	(20)	7	(6)	3	(1)	(1)	20	2
Cash NPAT - as restated	2,268	748	568	236	417	375	25	4,637

Half Year Ended 31 December 2015								
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	IFS and Other	Group
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash NPAT - as published	2,215	803	608	372	463	396	(53)	4,804
Restatements:								
Increase/(decrease) in Total operating income	81	(42)	21	-	2	10	(72)	-
(Increase)/decrease in Operating expenses	-	-	-	6	-	-	-	6
(Increase)/decrease in Loan impairment expense	(1)	1	-	-	-	-	-	-
Increase/(decrease) in Investment experience	-	-	-	(1)	-	-	1	-
(Increase)/decrease in Corporate tax expense	(23)	12	(7)	(1)	(1)	(3)	21	(2)
Cash NPAT - as restated	2,272	774	622	376	464	403	(103)	4,808

ASX ANNOUNCEMENT



Segment Balance Sheet

As at 30 June 2016

	Retail Banking Services \$M	Business and Private Banking \$M	Institutional Banking and Markets \$M	Wealth Management \$M	New Zealand \$M	Bankwest \$M	IFS and Other \$M	Group \$M
Total Assets - as published	331,818	104,211	182,199	21,080	80,386	82,880	130,504	933,078
Increase/(decrease)	2,814	(2,759)	(947)	(77)	-	-	892	(77)
Total Assets - as restated	334,632	101,452	181,252	21,003	80,386	82,880	131,396	933,001
Total Liabilities - as published	237,765	76,690	154,769	26,119	73,831	51,100	252,048	872,322
Increase/(decrease)	759	(509)	(250)	115	-	-	-	115
Total Liabilities - as restated	238,524	76,181	154,519	26,234	73,831	51,100	252,048	872,437

As at 31 December 2015

	Retail Banking Services \$M	Business and Private Banking \$M	Institutional Banking and Markets \$M	Wealth Management \$M	New Zealand \$M	Bankwest \$M	IFS and Other \$M	Group \$M
Total Assets - as published	318,877	100,600	176,668	19,754	75,066	80,092	132,018	903,075
Increase/(decrease)	3,295	(3,024)	(1,059)	(84)	-	-	788	(84)
Total Assets - as restated	322,172	97,576	175,609	19,670	75,066	80,092	132,806	902,991
Total Liabilities - as published	232,765	74,098	143,983	24,761	68,087	50,837	248,697	843,228
Increase/(decrease)	919	(1,140)	221	99	-	-	-	99
Total Liabilities - as restated	233,684	72,958	144,204	24,860	68,087	50,837	248,697	843,327

Segment Cost to Income Ratios

Half Year Ended 30 June 2016

	Retail Banking Services %	Business and Private Banking %	Institutional Banking and Markets %	Wealth Management %	New Zealand (In NZD) %	Bankwest %	IFS and Other %	Group %
Operating expenses to total operating income - as published	32.3	38.4	38.7	76.8	40.8	41.9	n/a	42.6
Operating expenses to total operating income - as restated	31.9	38.8	38.2	77.8	40.6	41.5	n/a	42.7

Half Year Ended 31 December 2015

	Retail Banking Services %	Business and Private Banking %	Institutional Banking and Markets %	Wealth Management %	New Zealand (In NZD) %	Bankwest %	IFS and Other %	Group %
Operating expenses to total operating income - as published	32.8	37.8	37.1	64.3	39.3	41.5	n/a	42.2
Operating expenses to total operating income - as restated	32.3	38.7	36.6	63.8	39.2	41.1	n/a	42.1

ASX ANNOUNCEMENT

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Impact of changes to Recognition of Long-Term Incentives in CFS GAM

Group Performance Summary

	As Restated		As Published	
	Half Year Ended		Half Year Ended	
	30 Jun 16	31 Dec 15	30 Jun 16	31 Dec 15
	\$M	\$M	\$M	\$M
Net interest income	8,508	8,427	8,508	8,427
Other banking income	2,444	2,416	2,444	2,416
Total banking income	10,952	10,843	10,952	10,843
Funds management income	984	1,032	984	1,032
Insurance income	308	487	308	487
Total operating income	12,244	12,362	12,244	12,362
Investment experience	83	58	83	58
Total income	12,327	12,420	12,327	12,420
Operating expenses	(5,224)	(5,210)	(5,213)	(5,216)
Loan impairment expense	(692)	(564)	(692)	(564)
Net profit before tax	6,411	6,646	6,422	6,640
Corporate tax expense	(1,765)	(1,827)	(1,767)	(1,825)
Non controlling interests	(9)	(11)	(9)	(11)
Net profit after tax ("cash basis")	4,637	4,808	4,646	4,804
Hedging and IFRS volatility	(49)	(150)	(49)	(151)
Other non-cash items	12	(35)	12	(35)
Net profit after tax ("statutory basis")	4,600	4,623	4,609	4,618

ASX ANNOUNCEMENT

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Consolidated Balance Sheet

	As Restated		As Published	
	30 Jun 16	31 Dec 15	30 Jun 16	31 Dec 15
	\$M	\$M	\$M	\$M
Assets				
Cash and liquid assets	23,372	31,587	23,372	31,587
Receivables due from other financial institutions	11,591	12,350	11,591	12,350
Assets at fair value through Income Statement:				
Trading	34,067	27,140	34,067	27,140
Insurance	13,547	13,316	13,547	13,316
Other	1,480	1,488	1,480	1,488
Derivative assets	46,567	45,532	46,567	45,532
Available-for-sale investments	80,898	78,161	80,898	78,161
Loans, bills discounted and other receivables	695,398	669,163	695,398	669,163
Bank acceptances of customers	1,431	1,640	1,431	1,640
Property, plant and equipment	3,940	3,321	3,940	3,321
Investment in associates and joint ventures	2,776	2,673	2,776	2,673
Intangible assets	10,384	10,018	10,384	10,018
Deferred tax assets	389	436	345	394
Other assets	7,161	6,166	7,282	6,292
Total assets	933,001	902,991	933,078	903,075
Liabilities				
Deposits and other public borrowings	588,045	560,498	588,045	560,498
Payables due to other financial institutions	28,771	35,053	28,771	35,053
Liabilities at fair value through Income Statement	10,292	9,011	10,292	9,011
Derivative liabilities	39,921	37,357	39,921	37,357
Bank acceptances	1,431	1,640	1,431	1,640
Current tax liabilities	1,022	559	1,022	559
Deferred tax liabilities	340	360	340	360
Other provisions	1,656	1,657	1,656	1,657
Insurance policy liabilities	12,636	12,611	12,636	12,611
Debt issues	161,284	160,798	161,284	160,798
Managed funds units on issue	1,606	1,326	1,606	1,326
Bills payable and other liabilities	9,889	8,058	9,774	7,959
	856,893	828,928	856,778	828,829
Loan capital	15,544	14,399	15,544	14,399
Total liabilities	872,437	843,327	872,322	843,228
Net assets	60,564	59,664	60,756	59,847
Shareholders' Equity				
Share capital:				
Ordinary share capital	33,845	33,252	33,845	33,252
Other equity instruments	-	939	-	939
Reserves	2,734	2,554	2,734	2,554
Retained profits	23,435	22,365	23,627	22,548
Shareholders' Equity attributable to Equity holders of the Bank	60,014	59,110	60,206	59,293
Non-controlling interests	550	554	550	554
Total Shareholders' Equity	60,564	59,664	60,756	59,847

ASX ANNOUNCEMENT



Change to Calculation of Net Interest Margin (NIM)

Net Interest Income and Net Interest Margin

	As Restated		As Published	
	Half Year Ended		Half Year Ended	
	30 Jun 16	31 Dec 15	30 Jun 16	31 Dec 15
	\$M	\$M	\$M	\$M
Net interest income - "cash basis"	8,508	8,427	8,508	8,427
Average interest earning assets				
Home loans	414,749	404,644	443,497	429,639
Consumer finance	23,838	23,608	23,838	23,608
Business and corporate loans	215,027	207,726	215,027	207,726
Total average lending interest earning assets	653,614	635,978	682,362	660,973
Non-lending interest earning assets	146,765	144,943	146,765	144,943
Total average interest earning assets	800,379	780,921	829,127	805,916
Net interest margin (%)	2.14	2.15	2.06	2.08
Net interest margin excluding Treasury and Markets (%)	2.13	2.13	2.05	2.06

Average Balance Sheet and Related Interest

	As Restated			As Published		
	Half Year Ended 30 Jun 16			Half Year Ended 30 Jun 16		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%
Interest Earning Assets						
Home loans	414,749	9,637	4.67	443,497	9,637	4.37
Consumer finance	23,838	1,464	12.35	23,838	1,464	12.35
Business and corporate loans	215,027	4,406	4.12	215,027	4,406	4.12
Loans, bills discounted and other receivables	653,614	15,507	4.77	682,362	15,507	4.57
Cash and other liquid assets	42,328	253	1.20	42,328	253	1.20
Assets at fair value through Income Statement (excluding life insurance)	24,246	279	2.31	24,246	279	2.31
Available-for-sale investments	80,191	936	2.35	80,191	936	2.35
Non-lending interest earning assets	146,765	1,468	2.01	146,765	1,468	2.01
Total interest earning assets	800,379	16,975	4.27	829,127	16,975	4.12
Non-interest earning assets	123,061			94,394		
Total average assets	923,440			923,521		

	As Restated			As Published		
	Half Year Ended 30 Jun 16			Half Year Ended 30 Jun 16		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%
Interest Bearing Liabilities						
Transaction deposits	68,664	303	0.89	84,951	303	0.72
Savings deposits	180,815	1,578	1.76	193,276	1,578	1.64
Investment deposits	195,980	2,674	2.74	195,980	2,674	2.74
Certificates of deposit and other	68,315	1,127	3.32	68,315	1,127	3.32
Total interest bearing deposits	513,774	5,682	2.22	542,522	5,682	2.11
Payables due to other financial institutions	32,390	146	0.91	32,390	146	0.91
Liabilities at fair value through Income Statement	7,583	107	2.84	7,583	107	2.84
Debt issues	161,879	2,230	2.77	161,879	2,230	2.77
Loan capital	14,620	302	4.15	14,620	302	4.15
Total interest bearing liabilities	730,246	8,467	2.33	758,994	8,467	2.24
Non-interest bearing liabilities	134,057			105,202		
Total average liabilities	864,303			864,196		

ASX ANNOUNCEMENT



Average Balance Sheet and Related Interest (continued)

	As Restated			As Published		
	Half Year Ended 31 Dec 15			Half Year Ended 31 Dec 15		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%
Interest Earning Assets						
Home loans	404,644	9,646	4.74	429,639	9,646	4.47
Consumer finance	23,608	1,458	12.28	23,608	1,458	12.28
Business and corporate loans	207,726	4,355	4.17	207,726	4,355	4.17
Loans, bills discounted and other receivables	635,978	15,459	4.84	660,973	15,459	4.65
Cash and other liquid assets	45,838	175	0.76	45,838	175	0.76
Assets at fair value through Income Statement (excluding life insurance)	20,661	297	2.86	20,661	297	2.86
Available-for-sale investments	78,444	911	2.31	78,444	911	2.31
Non-lending interest earning assets	144,943	1,383	1.90	144,943	1,383	1.90
Total interest earning assets	780,921	16,842	4.29	805,916	16,842	4.16
Non-interest earning assets	128,358			103,383		
Total average assets	909,279			909,299		

	As Restated			As Published		
	Half Year Ended 31 Dec 15			Half Year Ended 31 Dec 15		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%
Interest Bearing Liabilities						
Transaction deposits	79,791	303	0.76	92,066	303	0.65
Savings deposits	173,624	1,816	2.08	186,344	1,816	1.94
Investment deposits	196,068	2,747	2.79	196,068	2,747	2.79
Certificates of deposit and other	64,646	1,137	3.50	64,646	1,137	3.50
Total interest bearing deposits	514,129	6,003	2.32	539,124	6,003	2.21
Payables due to other financial institutions	41,622	131	0.63	41,622	131	0.63
Liabilities at fair value through Income Statement	6,155	104	3.36	6,155	104	3.36
Debt issues	162,155	1,895	2.32	162,155	1,895	2.32
Loan capital	13,165	282	4.26	13,165	282	4.26
Total interest bearing liabilities	737,226	8,415	2.27	762,221	8,415	2.20
Non-interest bearing liabilities	115,817			90,657		
Total average liabilities	853,043			852,878		

ASX ANNOUNCEMENT

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Funds Under Administration (FUA) changes

Group FUA

Key Performance Indicators	As Restated		As Published	
	30 Jun 16	31 Dec 15	30 Jun 16	31 Dec 15
Funds Under Administration (FUA) - average (\$M)	145,299	144,751	143,730	143,120

Wealth Management FUA

Funds Under Administration (FUA)	As Restated		As Published	
	30 Jun 16	31 Dec 15	30 Jun 16	31 Dec 15
	\$M	\$M	\$M	\$M
FirstChoice	75,694	74,874	75,694	74,874
Custom Solutions	22,890	22,276	22,890	22,276
CFS Non-Platform	15,054	16,029	15,054	16,029
CommInsure Investments	12,272	12,580	12,272	12,580
Other	9,891	9,717	8,338	8,127
Total	135,801	135,476	134,248	133,886

ASX ANNOUNCEMENT



Financial Comparative Tables for the 2017 Interim Profit Announcement

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Net interest income	-	8,508	8,427
Other banking income	-	2,444	2,416
Total banking income	-	10,952	10,843
Funds management income	-	984	1,032
Insurance income	-	308	487
Total operating income	-	12,244	12,362
Investment experience	-	83	58
Total income	-	12,327	12,420
Operating expenses	-	(5,224)	(5,210)
Loan impairment expense	-	(692)	(564)
Net profit before tax	-	6,411	6,646
Corporate tax expense	-	(1,765)	(1,827)
Non controlling interests	-	(9)	(11)
Net profit after tax ("cash basis")	-	4,637	4,808
Hedging and IFRS volatility	-	(49)	(150)
Other non-cash items	-	12	(35)
Net profit after tax ("statutory basis")	-	4,600	4,623
Represented by:			
Retail Banking Services	-	2,268	2,272
Business and Private Banking	-	748	774
Institutional Banking and Markets	-	568	622
Wealth Management	-	236	376
New Zealand	-	417	464
Bankwest	-	375	403
IFS and Other	-	25	(103)
Net profit after tax ("cash basis")	-	4,637	4,808
Investment experience - after tax	-	(56)	(44)
Net profit after tax ("underlying basis")	-	4,581	4,764

ASX ANNOUNCEMENT



Key Performance Indicators	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
Group			
Statutory net profit after tax (\$M)	-	4,600	4,623
Cash net profit after tax (\$M)	-	4,637	4,808
Net interest margin (%)	-	2.14	2.15
Net interest margin excluding Treasury and Markets (%)	-	2.13	2.13
Average interest earning assets (\$M)	-	800,379	780,921
Average interest bearing liabilities (\$M)	-	730,246	737,226
Funds Under Administration (FUA) - average (\$M)	-	145,299	144,751
Assets Under Management (AUM) - average (\$M)	-	200,075	203,603
Average inforce premiums (\$M)	-	3,417	3,386
Operating expenses to total operating income (%)	-	42.7	42.1
Effective corporate tax rate ("cash basis") (%)	-	27.5	27.5
Retail Banking Services			
Cash net profit after tax (\$M)	-	2,268	2,272
Operating expenses to total banking income (%)	-	31.9	32.3
Business and Private Banking			
Cash net profit after tax (\$M)	-	748	774
Operating expenses to total banking income (%)	-	38.8	38.7
Institutional Banking and Markets			
Cash net profit after tax (\$M)	-	568	622
Operating expenses to total banking income (%)	-	38.2	36.6
Wealth Management			
Cash net profit after tax (\$M)	-	236	376
FUA - average (\$M)	-	134,292	134,352
AUM - average (\$M)	-	195,513	199,294
Average inforce premiums (\$M)	-	2,480	2,470
Operating expenses to total operating income (%)	-	77.8	63.8
New Zealand			
Cash net profit after tax (\$M)	-	417	464
FUA - average (\$M)	-	11,007	10,399
AUM - average (\$M)	-	4,562	4,309
Average inforce premiums (\$M)	-	682	664
Operating expenses to total operating income (%) ⁽¹⁾	-	40.6	39.2
Bankwest			
Cash net profit after tax (\$M)	-	375	403
Operating expenses to total banking income (%)	-	41.5	41.1
Capital (Basel III)			
Common Equity Tier 1 (Internationally Comparable) (%)	-	14.4	14.3
Common Equity Tier 1 (APRA) (%)	-	10.6	10.2
Leverage Ratio (Basel III)			
Leverage Ratio (Internationally Comparable) (%)	-	5.6	5.6
Leverage Ratio (APRA) (%)	-	5.0	5.0

(1) Key financial metrics are calculated in New Zealand dollar terms.

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ANNOUNCEMENT

Shareholder Summary	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
Dividends per share - fully franked (cents)	-	222	198
Dividend cover - "cash basis" (times)	-	1.2	1.4
Earnings Per Share (EPS) (cents)			
Statutory basis - basic	-	268.4	273.9
Cash basis - basic	-	270.3	284.6
Dividend payout ratio (%)			
Statutory basis	-	83.1	73.6
Cash basis	-	82.4	70.8
Weighted average no. of shares ("statutory basis") - basic (M)	-	1,707	1,676
Weighted average no. of shares ("cash basis") - basic (M)	-	1,709	1,678
Return on equity - "statutory basis" (%)	-	15.6	16.7
Return on equity - "cash basis" (%)	-	15.6	17.3

ASX ANNOUNCEMENT



Average Balance Sheet and Related Interest

	Half Year Ended 31 Dec 16			Half Year Ended 30 Jun 16			Half Year Ended 31 Dec 15		
	Avg Bal \$M	Interest \$M	Yield %	Avg Bal \$M	Interest \$M	Yield %	Avg Bal \$M	Interest \$M	Yield %
Interest Earning Assets									
Home loans	-	-	-	414,749	9,637	4.67	404,644	9,646	4.74
Consumer finance	-	-	-	23,838	1,464	12.35	23,608	1,458	12.28
Business and corporate loans	-	-	-	215,027	4,406	4.12	207,726	4,355	4.17
Loans, bills discounted and other receivables	-	-	-	653,614	15,507	4.77	635,978	15,459	4.84
Cash and other liquid assets	-	-	-	42,328	253	1.20	45,838	175	0.76
Assets at fair value through Income Statement (excluding life insurance)	-	-	-	24,246	279	2.31	20,661	297	2.86
Available-for-sale investments	-	-	-	80,191	936	2.35	78,444	911	2.31
Non-lending interest earning assets	-	-	-	146,765	1,468	2.01	144,943	1,383	1.90
Total interest earning assets	-	-	-	800,379	16,975	4.27	780,921	16,842	4.29
Non-interest earning assets	-	-	-	123,061	-	-	128,358	-	-
Total average assets	-	-	-	923,440	-	-	909,279	-	-

	Half Year Ended 31 Dec 16			Half Year Ended 30 Jun 16			Half Year Ended 31 Dec 15		
	Avg Bal \$M	Interest \$M	Yield %	Avg Bal \$M	Interest \$M	Yield %	Avg Bal \$M	Interest \$M	Yield %
Interest Bearing Liabilities									
Transaction deposits	-	-	-	68,664	303	0.89	79,791	303	0.76
Savings deposits	-	-	-	180,815	1,578	1.76	173,624	1,816	2.08
Investment deposits	-	-	-	195,980	2,674	2.74	196,068	2,747	2.79
Certificates of deposit and other	-	-	-	68,315	1,127	3.32	64,646	1,137	3.50
Total interest bearing deposits	-	-	-	513,774	5,682	2.22	514,129	6,003	2.32
Payables due to other financial institutions	-	-	-	32,390	146	0.91	41,622	131	0.63
Liabilities at fair value through Income Statement	-	-	-	7,583	107	2.84	6,155	104	3.36
Debt issues	-	-	-	161,879	2,230	2.77	162,155	1,895	2.32
Loan capital	-	-	-	14,620	302	4.15	13,165	282	4.26
Total interest bearing liabilities	-	-	-	730,246	8,467	2.33	737,226	8,415	2.27
Non-interest bearing liabilities	-	-	-	134,057	-	-	115,817	-	-
Total average liabilities	-	-	-	864,303	-	-	853,043	-	-

ASX ANNOUNCEMENT



Retail Banking Services

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Net interest income	-	4,417	4,300
Other banking income	-	853	941
Total banking income	-	5,270	5,241
Operating expenses	-	(1,679)	(1,694)
Loan impairment expense	-	(357)	(306)
Net profit before tax	-	3,234	3,241
Corporate tax expense	-	(966)	(969)
Cash net profit after tax	-	2,268	2,272

Income analysis

Net interest income			
Home loans	-	1,947	2,002
Consumer finance	-	1,024	1,007
Retail deposits	-	1,411	1,248
Other	-	35	43
Total net interest income	-	4,417	4,300
Other banking income			
Home loans	-	106	115
Consumer finance	-	225	282
Retail deposits	-	251	260
Distribution	-	202	220
Other	-	69	64
Total other banking income	-	853	941
Total banking income	-	5,270	5,241

	As at		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Balance Sheet			
Home loans	-	313,682	301,177
Consumer finance	-	17,228	17,316
Other interest earning assets	-	2,870	2,891
Total interest earning assets	-	333,780	321,384
Other assets	-	852	788
Total assets	-	334,632	322,172
Transaction deposits	-	18,084	32,655
Savings deposits	-	118,913	118,544
Investment deposits and other	-	73,111	74,038
Total interest bearing deposits	-	210,108	225,237
Non-interest bearing transaction deposits	-	25,338	6,093
Other non-interest bearing liabilities	-	3,078	2,354
Total liabilities	-	238,524	233,684

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
Key Financial Metrics			
Performance indicators			
Return on assets (%)	-	1.4	1.4
Impairment expense annualised as a % of average GLAAs (%)	-	0.22	0.19
Operating expenses to total banking income (%)	-	31.9	32.3
Other asset/liability information			
Average interest earning assets (\$M) ⁽¹⁾	-	303,842	297,820
Average interest bearing liabilities (\$M) ⁽¹⁾	-	191,516	201,967

(1) Net of average mortgage offset balances.

ASX ANNOUNCEMENT



Business and Private Banking

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Net interest income	-	1,496	1,505
Other banking income	-	425	414
Total banking income	-	1,921	1,919
Operating expenses	-	(746)	(742)
Loan impairment expense	-	(106)	(70)
Net profit before tax	-	1,069	1,107
Corporate tax expense	-	(321)	(333)
Cash net profit after tax	-	748	774
Income analysis			
Net interest income			
Corporate Financial Services	-	545	559
Regional and Agribusiness	-	272	274
Business Banking SME	-	450	448
Private Bank	-	154	150
CommSec	-	75	74
Total net interest income	-	1,496	1,505
Other banking income			
Corporate Financial Services	-	153	153
Regional and Agribusiness	-	47	44
Business Banking SME	-	87	85
Private Bank	-	30	30
CommSec	-	108	102
Total other banking income	-	425	414
Total banking income	-	1,921	1,919
Income by product:			
Business products	-	1,115	1,128
Retail products	-	540	521
Equities and Margin Lending	-	166	163
Markets	-	68	70
Other	-	32	37
Total banking income	-	1,921	1,919

ASX ANNOUNCEMENT



Business and Private Banking (continued)

	As at		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Balance Sheet			
Home loans	-	31,987	30,748
Consumer finance	-	630	651
Business loans	-	65,446	62,692
Margin loans	-	2,697	2,821
Total interest earning assets	-	100,760	96,912
Non-lending interest earning assets	-	238	346
Other assets	-	454	318
Total assets	-	101,452	97,576
Transaction deposits	-	12,024	11,721
Savings deposits	-	30,812	29,657
Investment deposits and other	-	25,773	25,557
Total interest bearing deposits	-	68,609	66,935
Non-interest bearing transaction deposits	-	6,738	5,378
Other non-interest bearing liabilities	-	834	645
Total liabilities	-	76,181	72,958
Key Financial Metrics			
	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
Performance indicators			
Return on assets (%)	-	1.5	1.6
Impairment expense annualised as a % of average GLAAs (%)	-	0.22	0.14
Operating expenses to total banking income (%)	-	38.8	38.7
Other asset/liability information			
Average interest earning assets (\$M) ⁽¹⁾	-	95,543	92,845
Average interest bearing liabilities (\$M) ⁽¹⁾	-	65,271	63,279

(1) Net of average mortgage offset balances.

ASX ANNOUNCEMENT



Institutional Banking and Markets

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Net interest income	-	803	814
Other banking income	-	631	645
Total banking income	-	1,434	1,459
Operating expenses	-	(548)	(534)
Loan impairment expense	-	(112)	(140)
Net profit before tax	-	774	785
Corporate tax expense	-	(206)	(163)
Cash net profit after tax	-	568	622
Income analysis			
Net interest income			
Institutional Banking	-	697	744
Markets	-	106	70
Total net interest income	-	803	814
Other banking income			
Institutional Banking	-	351	396
Markets	-	280	249
Total other banking income	-	631	645
Total banking income	-	1,434	1,459
Income by product			
Institutional products	-	895	941
Asset leasing	-	122	165
Markets	-	393	383
Other	-	31	34
Total banking income excluding derivative valuation adjustments	-	1,441	1,523
Derivative valuation adjustments	-	(7)	(64)
Total banking income	-	1,434	1,459
Balance Sheet			
As at			
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Interest earning lending assets	-	112,432	109,863
Non-lending interest earning assets	-	27,594	29,466
Other assets	-	41,226	36,280
Total assets	-	181,252	175,609
Transaction deposits	-	41,382	36,481
Savings deposits	-	6,350	5,808
Investment deposits	-	39,371	40,392
Certificates of deposit and other	-	14,435	12,262
Total interest bearing deposits	-	101,538	94,943
Due to other financial institutions	-	15,610	16,391
Debt issues and other	-	9,064	8,058
Non-interest bearing liabilities	-	28,307	24,812
Total liabilities	-	154,519	144,204
Key Financial Metrics			
Half Year Ended			
	31 Dec 16	30 Jun 16	31 Dec 15
Performance indicators			
Return on assets (%)	-	0.6	0.7
Impairment expense annualised as a % of average GLAAs (%)	-	0.20	0.27
Operating expenses to total banking income (%)	-	38.2	36.6
Other asset/liability information			
Average interest earning assets (\$M)	-	138,001	135,702
Average interest bearing liabilities (\$M)	-	120,257	120,162

ASX ANNOUNCEMENT



Wealth Management

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Funds management income	-	927	964
Insurance income	-	172	330
Total operating income	-	1,099	1,294
Operating expenses	-	(855)	(826)
Net profit before tax	-	244	468
Corporate tax expense	-	(51)	(132)
Underlying profit after tax	-	193	336
Investment experience after tax	-	43	40
Cash net profit after tax	-	236	376
Represented by:			
CFS Global Asset Management	-	99	125
Colonial First State	-	115	115
CommInsure	-	83	191
Other	-	(61)	(55)
Cash net profit after tax	-	236	376

Key Financial Metrics	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
Performance indicators			
Operating expenses to total operating income (%)	-	77.8	63.8
FUA - average (\$M)	-	134,292	134,352
FUA - spot (\$M)	-	135,801	135,476
AUM - average (\$M)	-	195,513	199,294
AUM - spot (\$M)	-	199,735	195,248
Annual Inforce Premiums - average (\$M)	-	2,480	2,470
Annual Inforce Premiums - spot (\$M)	-	2,508	2,472

	Half Year Ended											
	CFS			Colonial			CommInsure			Other		
	Global Asset Management			First State								
	Dec 16	Jun 16	Dec 15	Dec 16	Jun 16	Dec 15	Dec 16	Jun 16	Dec 15	Dec 16	Jun 16	Dec 15
\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
Funds management income	-	405	437	-	462	467	-	60	60	-	-	-
Insurance income	-	-	-	-	-	-	-	172	330	-	-	-
Total operating income	-	405	437	-	462	467	-	232	390	-	-	-
Operating expenses	-	(287)	(285)	-	(302)	(307)	-	(177)	(162)	-	(89)	(72)
Net profit before tax	-	118	152	-	160	160	-	55	228	-	(89)	(72)
Corporate tax (expense)/benefit	-	(20)	(29)	-	(48)	(51)	-	(13)	(67)	-	30	15
Underlying profit after tax	-	98	123	-	112	109	-	42	161	-	(59)	(57)
Investment experience after tax	-	1	2	-	3	6	-	41	30	-	(2)	2
Cash net profit after tax	-	99	125	-	115	115	-	83	191	-	(61)	(55)

ASX ANNOUNCEMENT



New Zealand

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	A\$M	A\$M	A\$M
Net interest income	-	786	795
Other banking income	-	141	147
Total banking income	-	927	942
Funds management income	-	40	40
Insurance income	-	115	127
Total operating income	-	1,082	1,109
Operating expenses	-	(448)	(441)
Loan impairment expense	-	(83)	(37)
Net profit before tax	-	551	631
Corporate tax expense	-	(140)	(171)
Underlying profit after tax	-	411	460
Investment experience after tax	-	6	4
Cash net profit after tax	-	417	464

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	NZ\$M	NZ\$M	NZ\$M
Net interest income	-	851	868
Other banking income	-	172	174
Total banking income	-	1,023	1,042
Funds management income	-	44	43
Insurance income	-	124	140
Total operating income	-	1,191	1,225
Operating expenses	-	(484)	(480)
Loan impairment expense	-	(89)	(41)
Net profit before tax	-	618	704
Corporate tax expense	-	(158)	(191)
Underlying profit after tax	-	460	513
Investment experience after tax	-	7	4
Cash net profit after tax	-	467	517
Represented by:			
ASB	-	437	477
Sovereign	-	51	54
Other	-	(21)	(14)
Cash net profit after tax	-	467	517

Key Financial Metrics	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
Operating expenses to total operating income (%)	-	40.6	39.2
FUA - average (NZ\$M)	-	11,902	11,420
FUA - spot (NZ\$M)	-	12,063	11,731
AUM - average (NZ\$M)	-	4,932	4,752
AUM - spot (NZ\$M)	-	5,222	4,791

ASX ANNOUNCEMENT



Bankwest

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Net interest income	-	814	843
Other banking income	-	110	107
Total banking income	-	924	950
Operating expenses	-	(383)	(390)
Loan impairment (expense)/benefit	-	(6)	16
Net profit before tax	-	535	576
Corporate tax expense	-	(160)	(173)
Cash net profit after tax	-	375	403

	As at		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Balance Sheet			
Home loans	-	64,412	62,041
Other interest earning lending assets	-	18,184	17,832
Total interest earning assets	-	82,596	79,873
Other assets	-	284	219
Total assets	-	82,880	80,092
Transaction deposits	-	12,155	11,369
Savings deposits	-	10,569	11,017
Investment deposits	-	26,152	26,339
Certificates of deposit and other	-	37	45
Total interest bearing deposits	-	48,913	48,770
Other interest bearing liabilities	-	66	27
Non-interest bearing transaction deposits	-	1,565	1,525
Other non-interest bearing liabilities	-	556	515
Total liabilities	-	51,100	50,837

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
Key Financial Metrics			
Performance indicators			
Return on assets (%)	-	0.9	1.0
Impairment expense annualised as a % of average GLAAs (%)	-	0.01	(0.04)
Operating expenses to total banking income (%)	-	41.5	41.1
Other asset/liability information			
Average interest earning assets (\$M) ⁽¹⁾	-	77,691	76,040
Average interest bearing liabilities (\$M) ⁽¹⁾	-	45,748	45,018

(1) Net of average mortgage offset balances.

ASX ANNOUNCEMENT



IFS and Other

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
IFS	-	37	15
Corporate Centre	-	(136)	(180)
Eliminations/Unallocated	-	124	62
Cash net profit/(loss) after tax	-	25	(103)

IFS

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Net interest income	-	78	79
Other banking income	-	138	143
Total banking income	-	216	222
Insurance income	-	22	24
Total operating income	-	238	246
Operating expenses	-	(184)	(198)
Loan impairment expense	-	(39)	(27)
Net profit before tax	-	15	21
Corporate tax (expense)/benefit	-	4	(9)
Non-controlling interests	-	(2)	(2)
Underlying profit after tax	-	17	10
Investment experience after tax	-	20	5
Cash net profit after tax	-	37	15

Corporate Centre

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Net interest income	-	121	88
Other banking income	-	84	53
Total banking income	-	205	141
Operating expenses	-	(381)	(385)
Net loss before tax	-	(176)	(244)
Corporate tax benefit	-	40	64
Cash net loss after tax	-	(136)	(180)

Eliminations/Unallocated

	Half Year Ended		
	31 Dec 16	30 Jun 16	31 Dec 15
	\$M	\$M	\$M
Net interest income	-	(7)	3
Other banking income	-	62	(34)
Total banking income	-	55	(31)
Funds management income	-	17	28
Insurance income	-	(1)	6
Total operating income	-	71	3
Loan impairment benefit	-	11	-
Net profit before tax	-	82	3
Corporate tax benefit	-	63	72
Non-controlling interests	-	(7)	(9)
Underlying profit after tax	-	138	66
Investment experience after tax	-	(14)	(4)
Cash net profit after tax	-	124	62

ASX ANNOUNCEMENT

Financial Reporting by Segments

	Half Year Ended 31 December 2015							
	Retail Banking Services \$M	Business and Private Banking \$M	Institutional Banking and Markets \$M	Wealth Management \$M	New Zealand \$M	Bankwest \$M	IFS and Other \$M	Total \$M
Net interest income	4,300	1,505	814	-	795	843	170	8,427
Other banking income	941	414	645	-	147	107	162	2,416
Total banking income	5,241	1,919	1,459	-	942	950	332	10,843
Funds management income	-	-	-	964	40	-	28	1,032
Insurance income	-	-	-	330	127	-	30	487
Total operating income	5,241	1,919	1,459	1,294	1,109	950	390	12,362
Investment experience	-	-	-	55	5	-	(2)	58
Total income	5,241	1,919	1,459	1,349	1,114	950	388	12,420
Operating expenses	(1,694)	(742)	(534)	(826)	(441)	(390)	(583)	(5,210)
Loan impairment expense	(306)	(70)	(140)	-	(37)	16	(27)	(564)
Net profit before tax	3,241	1,107	785	523	636	576	(222)	6,646
Corporate tax (expense)/benefit	(969)	(333)	(163)	(147)	(172)	(173)	130	(1,827)
Non-controlling interests	-	-	-	-	-	-	(11)	(11)
Net profit after tax ("cash basis")	2,272	774	622	376	464	403	(103)	4,808
Hedging and IFRS volatility	-	-	-	-	(109)	-	(41)	(150)
Other non-cash items	-	-	-	(9)	-	(26)	-	(35)
Net profit after tax ("statutory basis")	2,272	774	622	367	355	377	(144)	4,623
Additional information								
Amortisation and depreciation	(100)	(54)	(38)	(16)	(39)	(48)	(82)	(377)
Balance Sheet								
Total assets	322,172	97,576	175,609	19,670	75,066	80,092	132,806	902,991
Total liabilities	233,684	72,958	144,204	24,860	68,087	50,837	248,697	843,327