ASX Announcement

CBA FY19 Result

For the full year ended 30 June 2019[1]

Reported 7 August 2019

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

Overview

Chief Executive Officer, Matt Comyn

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

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

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

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

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

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

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

Statutory NPAT[3]	Cash NPAT
$8,571m	$8,492m
▼ 8.1%	▼ 4.7%

Dividend Per share, full year	Net interest margin
$4.31	210bpts
◄ Flat	◄ Flat on 1H19

Capital CET1 capital ratio	Deposit funding % of total funding
10.7%	69%
▲ 60bpts	▲ 1%

Home lending growth[4]	Transaction balances[5]
1.3x	+9%
CBA growth as a multiple of system growth (2H19)	Jun 19 v Jun 18 spot balances

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

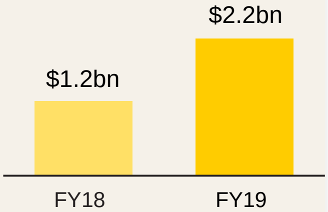
Building a better bank

Committed to remediating customers quickly

Customer remediation costs

Cumulative spend/provisions (including program costs)

+$1bn in FY19

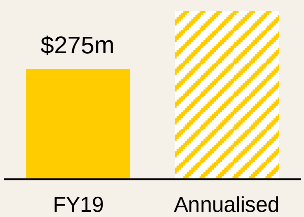


Changes saving customers $415m annually

Better Customer Outcomes

Income forgone

$415m annually

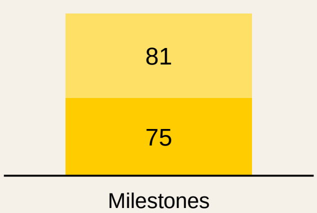


Remedial Action Plan on track and driving change

CBA response to APRA Prudential Inquiry[6]

Submitted Not yet due

75 of 156 milestones submitted

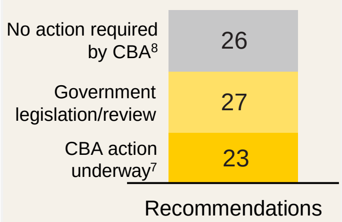


Committed to rebuilding trust

Royal Commission

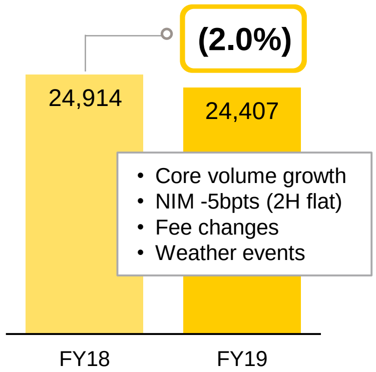
Implementation

23 Underway[7]

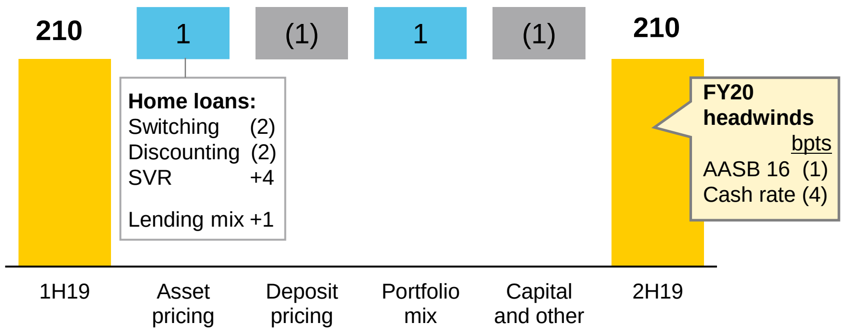


Operating income

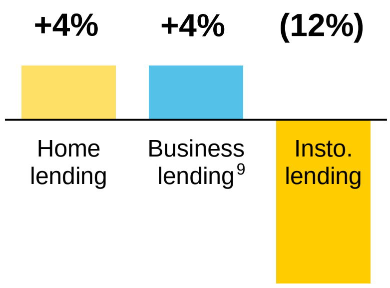
Operating income
$m



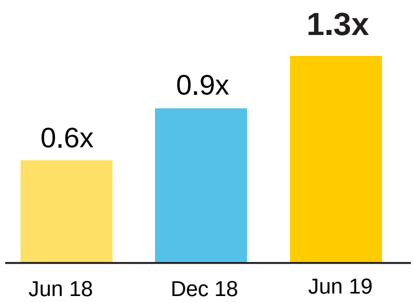
Net interest margin
bpts



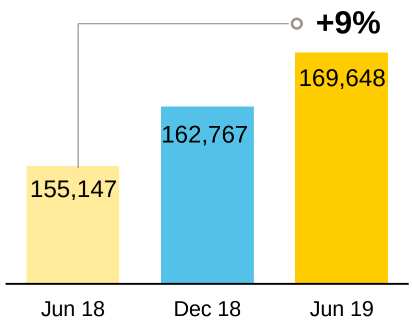
Lending growth
Jun 19 v Jun 18, spot balances



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

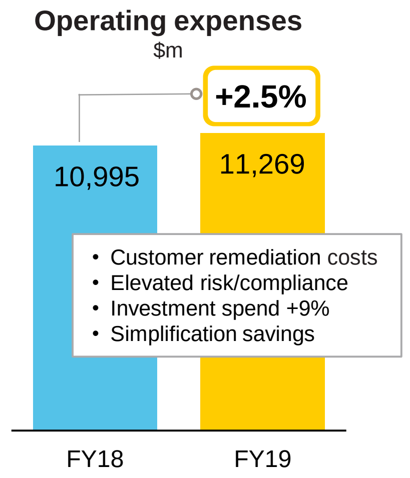


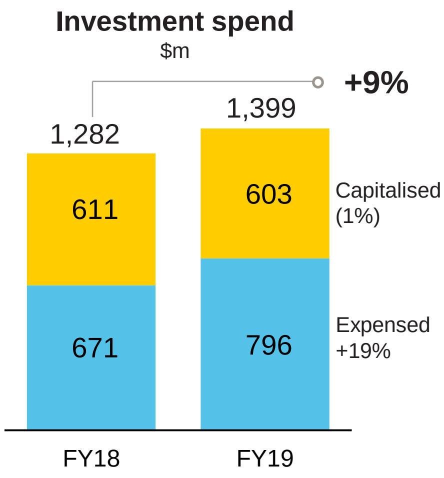
Transaction deposit balances[5]
$m

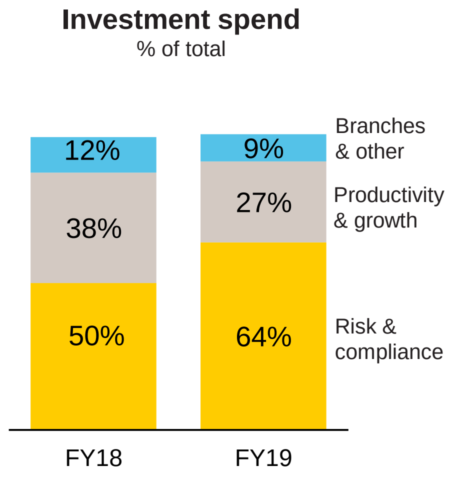


- Operating income was 2.0% lower with volume growth in lending and deposits offset by a decline in the net interest margin, customer fee removals and reductions, and the impact of weather events.
- **Net interest income declined 1.2%** as volume growth was offset by lower home loan margins and higher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

Operating expenses

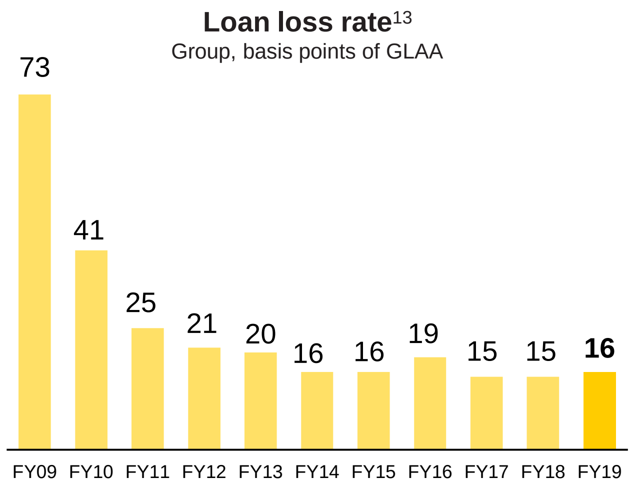


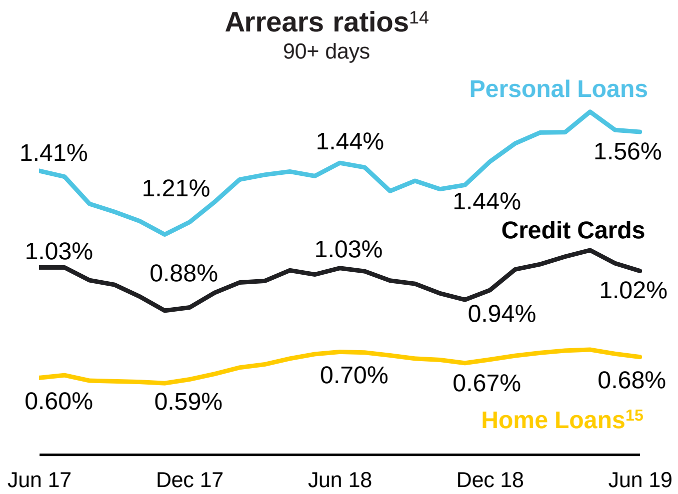




- **Operating expenses were 2.5% higher** due to customer remediation costs, elevated risk and compliance spend, wage inflation and IT costs.
- Details of remediation, risk and compliance and notable item expense is provided on page vii.
- During the year, there was an increase in risk and compliance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

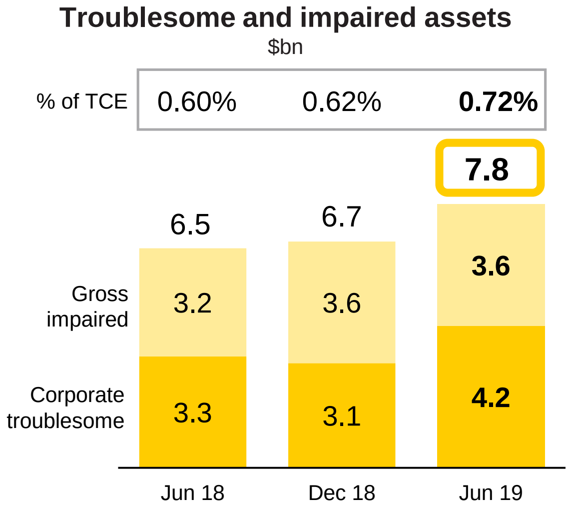
Credit quality

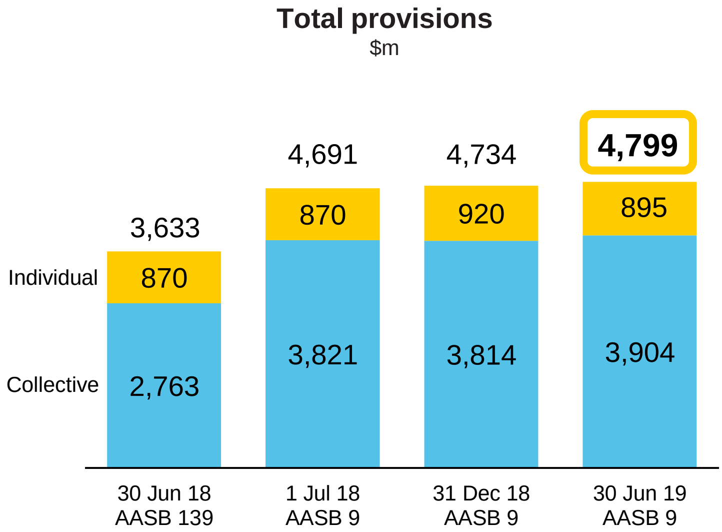




- **Credit quality remained sound.** Group loan impairment expense as a percentage of average gross loans and acceptances was 16 basis points, up from 15 basis points in FY18.
- Loan impairment expense was $1,201 million, up 11% on FY18. The increase was driven by higher individual provisions in the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

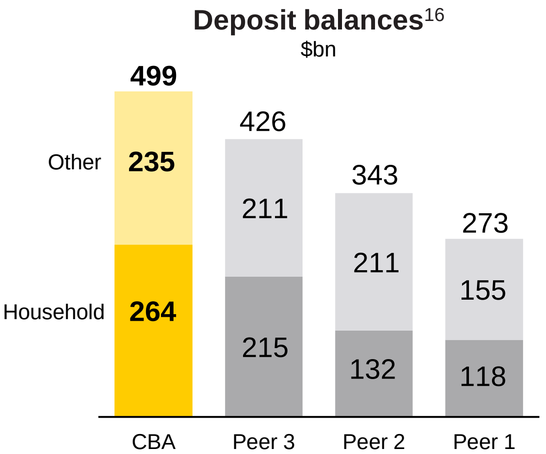
Credit quality

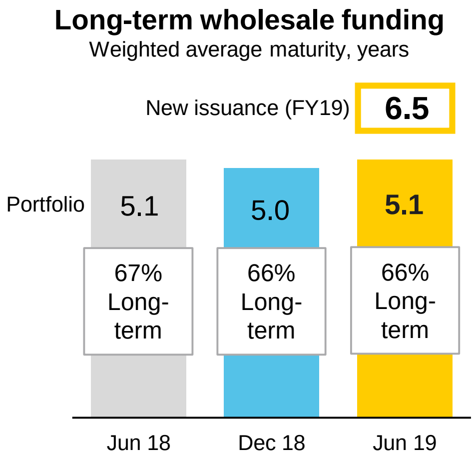


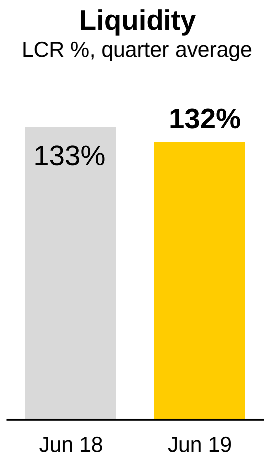


- Troublesome and impaired assets (TIA) increased by $1.1 billion in 2H19 to $7.8 billion, reflecting downgrades to a small number of corporate exposures and emerging signs of weakness in sectors impacted by consumer discretionary spending and in the agriculture and construction sectors. TIA is 0.72%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

Balance sheet strength

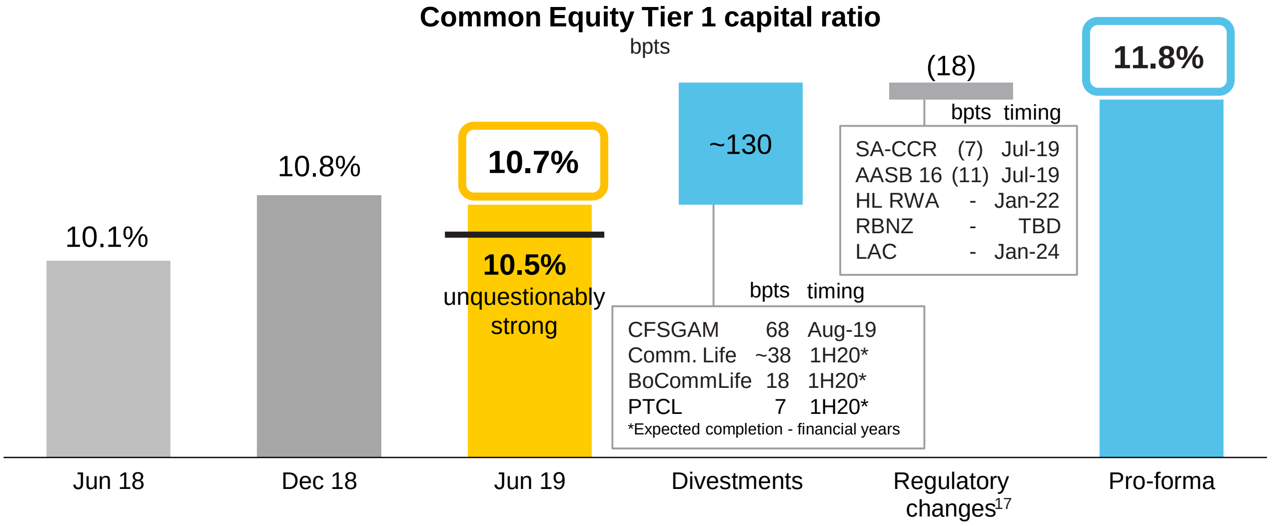






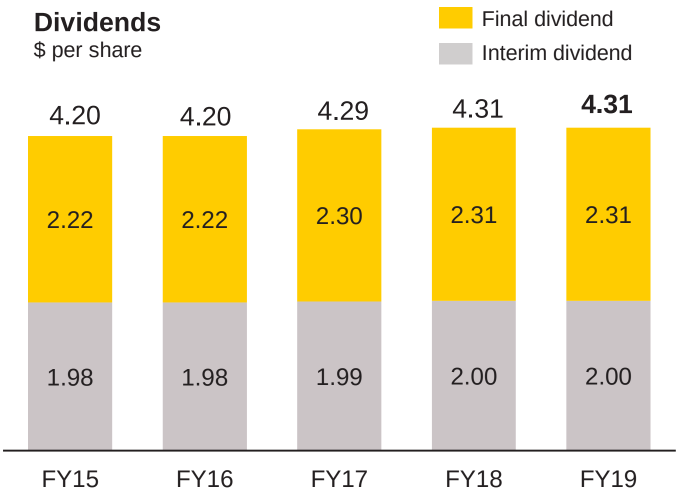
- Customer deposits contributed 69% of total funding. CBA maintains the highest share of stable, household deposits in Australia. The Net Stable Funding Ratio was 112%, flat on the prior half and the prior year.
- Long-term wholesale funding (>12 months) accounted for 66% of total wholesale funding.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

Strong capital position



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

Dividend



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

Leading in innovation

Market leader

7.0m Active digital customers[19]

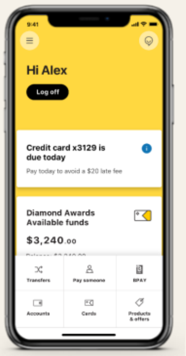
7.4m Digital logons per day[20]

#1 Mobile banking app in Australia[21]

#1 Online Banking, 10yrs running[22]

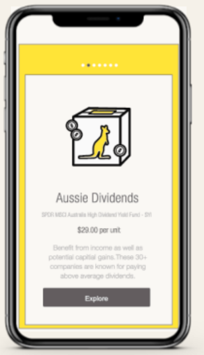
#1 Most Innovative Major Bank[23]

CommBank app



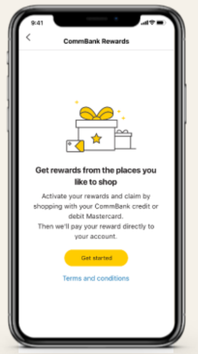
Relaunched – personalised experiences, customisable features

CommSec Pocket



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

CommBank Rewards



Pay with your CommBank card and receive personalised cashback rewards

Investing in digital capability

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

Outlook

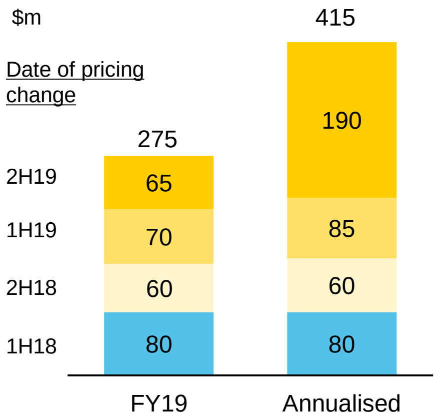
Chief Executive Officer, Matt Comyn

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

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

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

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



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

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

Remediation and program costs – cumulative spend and provisions:

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

Notable items and prior period one-offs:

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

Aligned advice businesses

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

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

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

Transactions completed before 30 June 2019

Life insurance business in New Zealand

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

TymeDigital SA

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

Transactions completed after 30 June 2019

Colonial First State Global Asset Management

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

Ongoing transactions

Life insurance businesses in Australia

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

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

BoCommLife

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

PT Commonwealth Life

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

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

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

Footnotes

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

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

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

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

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

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

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

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

[9] Includes New Zealand.

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

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

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

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

[14] Group consumer arrears including New Zealand.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[29] Operating expenses to operating income.

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

Investor Relations

Melanie Kirk
02 9118 7113
CBAInvestorRelations@cba.com.au

Media Relations

Danny John
02 9118 6919
media@cba.com.au

Investor Centre

For more information
commbank.com.au/results

Key financial information

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

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

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

3 Includes discontinued operations.

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