Profit Announcement (U.S. Version)

Half Year ended 31 December 2009

Report for the half year ended 31 December 2009	$M	Change from 31 December 2008
Revenue from ordinary activities	21,029	Nil%
Profit/(loss) from ordinary activities after tax attributable to Equity holders	2,914	Up 13%
Net profit/(loss) for the period attributable to Equity holders	2,914	Up 13%
Dividends (distributions)		
Interim Dividend - fully franked (cents per share)	120	
Record date for determining entitlements to the dividend	19 February 2010	

This report should be read in conjunction with:

- The Commonwealth Bank of Australia Annual U.S. Disclosure Document – Year Ended 30 June 2009 (the "Annual Disclosure Report");
- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2009 which contains the Financial Statements for the years ended 30 June 2007, 2008 and 2009 and as of 30 June 2008 and 2009 (the "2009 Financial Report");
- The Commonwealth Bank of Australia Financial Report (U.S. Version) – Year Ended 30 June 2008 which contains the Financial Statements for the years ended 30 June 2006, 2007 and 2008 and as of 30 June 2007 and 2008 (the "2008 Financial Report");
- The Commonwealth Bank of Australia Basel II Pillar 3 Capital Adequacy and Risk Disclosures as of 31 December 2009; and
- The Commonwealth Bank of Australia Basel II Pillar 3 Capital Adequacy and Risk Disclosures as of 30 June 2009.

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

The term "Bank" refers to the Commonwealth Bank of Australia and the term "Group" refers to the Bank and its consolidated subsidiaries. The terms "$", "AUD and "A$" refer to Australian dollars, while "USD" and "US$" refer to US dollars. Other terms used in this Profit Announcement (U.S.Version) are defined in Appendix 18 Definitions.

Except where otherwise stated, references to "current half" and "current period" refer to the half year ended 31 December 2009. The term "prior comparative period" refers to the half year ended 31 December 2008, while the term "prior half" refers to the half year ended 30 June 2009.

Special Note Regarding Forward-Looking Statements

Special Note Regarding Forward-Looking Statements

Certain statements under the captions “Highlights”, “Group Performance Analysis”, “Retail Banking Services”, “Business and Private Banking”, “Institutional Banking and Markets”, “Wealth Management”, “South Pacific”, “Bankwest”, “Other (including Asia)”, “Recent Developments in Financial System Regulation in Australia” and elsewhere in this Profit Announcement constitute 'forward-looking statements' within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including economic forecasts, assumptions, business, financial and regulatory projections, involve known and unknown risks, uncertainties and other factors. These factors may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such factors include demographic changes, changes in competitive conditions in Australia, New Zealand, Asia, the United States or the United Kingdom, changes in the regulatory structure of the banking, life insurance and funds management industries in Australia, New Zealand, the United Kingdom or Asia, changes in political, social, credit and economic conditions in Australia, New Zealand, the United Kingdom, Asia or the United States, the availability and cost of funding, legislative proposals for reform of the banking, life insurance and funds management industries in Australia or New Zealand, and various other factors beyond the Group's control that may also affect the performance of the Group. Given these risks, uncertainties and other factors, investors are cautioned not to place undue reliance on such forward looking statements.

Details on significant risk factors applicable to the Group are detailed on page 6 of this Profit Announcement and pages 15 to 16 of the Annual Disclosure Report.

In addition to discussing the Australian equivalent to International Financial Reporting Standards ("AIFRS") in this document, certain "non-GAAP financial measures" of the financial performance and results of the Group (as defined in SEC Regulation G) are included. These non-GAAP financial measures are not calculated in accordance with either AIFRS or US GAAP and are described below. This Profit Announcement contains reconciliations of these non-GAAP financial measures to the Group's financial results prepared in accordance with AIFRS.

In this document, the Group presents its profit from ordinary activities after tax on a "statutory basis", which is calculated in accordance with the AIFRS.

The Group also presents its results on a "cash basis". "Cash basis" is defined by management as net profit after tax and non-controlling interests, before the tax on New Zealand structured finance transactions, merger related amortisation, Bankwest integration expense, the gain/loss on acquisitions/disposals of controlled entities/investments, treasury shares valuation adjustment, unrealised gains and losses related to hedging and AIFRS volatility and other one-off non-cash expenses (refer to Appendix 18 on page 106). Management believes "cash basis" is a meaningful measure of the Group's performance and it provides the basis for determination of the Bank's dividends.

The Group also presents its earnings per share on a statutory basis and on a cash basis. Earnings per share on a statutory basis is affected by the tax on New Zealand structured finance transactions, the gain/loss on acquisition/disposal of controlled entities/investments, non-controlling interests, merger related amortisation, Bankwest integration expenses, treasury shares valuation adjustment, unrealised gains and losses related to hedging and AIFRS volatility and other one-off non cash expenses. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank". Earnings per share ("cash basis") is calculated by management using "cash basis" net profit after tax, as described above less other equity instrument distributions, as the numerator, divided by the weighted average of the Bank's ordinary shares outstanding over the relevant period.

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

In addition, in Wealth Management, the Group reports (i) Funds Under Administration, (funds administered by the Group and managed externally) and (ii) Fund Under Management (funds the Group directly manages). The Group derives funds management fees from Funds Under Administration and Funds Under Management and Management believes that the reporting of these measures assists investors in evaluating the Group's funds management operations.

Financial Information Definitions continued

Basis of preparation

The consolidated Financial Statements of the Group for the half years ended 31 December 2009 and 2008 comply 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 Profit Announcement does not include all notes of the type normally included within the Group's 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 Profit Announcement should be read in conjunction with the 2009 Financial Report and the 2008 Financial Report.

Segment disclosure

The Group's segments during the financial period were:

(i) 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.

(ii) Business and Private Banking

Business and Private Banking 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 Business and Private Banking network.

(iii) Institutional Banking and Markets

Institutional Banking and Markets services the Group's major corporate, institutional and government clients, creating customised solutions based on specific needs, industry trends and market conditions. The Total Capital Solutions offering includes debt and equity capital raising, financial and commodities risk management and transactional banking capabilities. This segment also has wholesale banking operations in London, Malta, New York, New Zealand, Singapore, Hong Kong, Japan and have recently received regulatory approval for a banking licence in Shanghai.

(iv) Wealth Management

Wealth Management includes the Global Asset Management (including operations in Asia), Platform Administration and Life and General Insurance businesses of the Australian operations.

(v) South Pacific

South Pacific includes the Banking, Funds Management and Insurance businesses operating in New Zealand, (excluding the international business of Institutional Banking and Markets) and Fiji (up until the date of sale on 15 December 2009).

(vi) Bankwest

Bankwest is a full service bank active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products. Bankwest also provides specialist services in international banking and project

(vii) Asia

Asia incorporates the retail banking operations in Indonesia, Vietnam and Japan, investments in Chinese retail banks, investment in Sino-foreign joint venture life insurance business, the life insurance operations in Indonesia and the representative office in India. It does not include the Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.

Additional Segment Disclosure

The former International Financial Services business which previously incorporated the results of ASB Bank, Sovereign, Fiji and Asian businesses was restructured.

This restructure has resulted in the formation of South Pacific and Asia. South Pacific incorporates ASB Bank, Sovereign and Fiji businesses. Asia incorporates the retail banking operations in Indonesia, Vietnam and Japan, investments in Chinese retail banks, investment in Sino-foreign joint venture life insurance business, the life insurance operations in Indonesia and the representative office in India. Asia does not include the Institutional Banking and Markets and CFS Global Asset Management businesses in Asia.

Certain comparative information has been restated to conform to the presentation in the current period.

Critical Accounting Policies and Estimates

The accounting policies followed in this Profit Announcement are the same as those applied in the Group's 2009 Financial Report except for those items referred to in Note 1 of this Profit Announcement. Certain of these policies are considered to be more important in the determination of the Group's financial position, since they require management to make difficult, complex or subjective judgements, some of which may relate to matters that are inherently uncertain. These decisions are reviewed by the Board Audit Committee.

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

Provisions for Impairment

Provisions for impairment are recognised where there is objective evidence of impairment, at an amount adequate to cover assessed credit related losses.

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

Individually Assessed Provisions

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

Individually assessed provisions are made against individual facilities in the credit risk rated managed segment where a loss of $10,000 or more is expected. The provisions are established based primarily on estimates of the realisable (fair) value of collateral taken and are measured as the difference between the asset's carrying amount and the present value of the expected future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. Short term balances are not discounted.

Collective Provision

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

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

The evaluation process is subject to a series of estimates and judgements.

In the credit risk rated segment, the risk rating system, including the frequency of default and loss given default rates, loss history, and the size, structure and diversity of individual credits are considered. Current developments in portfolios (industry, geographic and term) are reviewed.

In the retail statistically managed segment, the history of arrears and losses are considered.

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

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

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

Life Insurance Policyholder Liabilities

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

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

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

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

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

Consolidation of Special Purpose Entities

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

Risk Factors

This section describes certain risk factors that could materially affect the Group's businesses, its revenues, operating income, net income, net assets, liquidity and capital resources, which are in addition to, and should be read in conjunction with, the risk factors beginning on page 15 of the Annual Disclosure Report. The factors below should be considered in connection with the "Special Note Regarding Forward-Looking Statements" on page 2 and the Integrated Risk Management section as detailed on pages 75 to 78 of this Profit Announcement. The Integrated Risk Management section provides details on how the Group manages its credit, market (traded and non-traded), and liquidity and funding risks in the course of carrying on its business. Also refer to Note 41 of the 2009 Financial Statements.

Regulatory actions taken now or in the future may significantly affect the Group's operations and financial condition.

Recent events in the financial services industry and, more generally, in the international financial markets and the global economy, have led to various proposals for changes in the regulation of the financial services industry. In Australia, on 11 September 2009 APRA released proposals designed to enhance liquidity risk management by authorised deposit-taking institutions (ADIs), strengthen the resilience of ADIs to liquidity risk and improve Australian Prudential Regulatory Authority (APRA)'s ability to assess and monitor ADIs' liquidity risk profiles. APRA's final regulations are expected to be influenced by measures undertaken by banking regulators in other countries which have proposed a variety of measures that call for heightened scrutiny of financial institutions, maintenance of higher levels of capital and liquidity by financial institutions, enhanced reporting and transparency and, in some cases, limitations on the ability of commercial banks to undertake certain non-banking activities. While there can be no assurance that any or all of these regulatory changes will ultimately be adopted or the form that any such regulations in Australia may ultimately take, any such changes, if enacted or adopted, may impact the profitability of business activities, require changes to certain business practices, and could expose the Group to additional costs. Such additional costs may result from holding significant liquid assets and undertaking wholesale long-term funding to replace short-term funding to more closely match the Group's long-term asset profile, which are comprised predominantly of home mortgages. These changes may also require the Group to invest significant management attention and resources to make any necessary changes, and could therefore also adversely affect the Group's business and operations.

The withdrawal of the Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding may adversely impact the Group's access to funding and liquidity, particularly if credit markets conditions are disrupted as they were during the end of the 2008 and beginning of the 2009 calendar years.

On 7 February 2010, the Australian federal government announced the withdrawal of the Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding (the "ADI Guarantee Scheme") effective 31 March 2010. The ADI Guarantee Scheme is described on page 61 of the Annual Disclosure Report. As of 31 December 2009, 5% of the Group's outstanding long-term indebtedness was guaranteed pursuant to the ADI Guarantee Scheme. The Group's access to funding and overall liquidity may be adversely impacted by the withdrawal of the ADI Guarantee Scheme, particularly if credit markets conditions are disrupted as they were during the end of the 2008 and beginning of the 2009 calendar years.

Group Performance Highlights

Net Profit after Income Tax	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M
Statutory basis	**2,914**	2,150	2,573

The Group's net profit after tax ("statutory basis") for the half year ended 31 December 2009 was $2,914 million, up 13% on the reported prior comparative period result. This result was achieved in a challenging market environment where funding costs remained high, credit growth slowed and competition remained strong.

Earnings per share ("statutory basis") increased 1% on the prior comparative period to 190.3 cents per share. Return on Equity ("statutory basis") for the half year ended 31 December 2009 was 18.5%.

Despite the challenging market conditions, the Group's operating performance has been strong. Operating income growth was 19% on the prior comparative period, whilst operating expense growth was 20% on the prior comparative period. These growth rates have been impacted by the acquisition of Bankwest and St Andrews.

Bankwest contributed $82 million to the Group's net profit after tax in the half year ended 31 December 2009, with no net profit after tax contribution in the prior comparative period; however the prior comparative period included an estimated gain of $547 million on the Bankwest and St Andrew's acquisition, which represents the amount by which the purchase price was discounted from the estimated fair value of the identifiable net assets purchased. St Andrew's results were not material to the current half results.

Excluding the impact of the Bankwest results from the current half, the underlying drivers of the Group's financial performance were:

- Net interest income grew 17% on the prior comparative period, reflecting solid underlying lending and deposit growth together with an improvement in net interest margin;
- Other banking income declined 4% on the prior comparative period, impacted by lower trading, exception fee, credit card loyalty and ATM income;
- Funds management income declined 6% on the prior comparative period due to lower performance fees and dividends received from infrastructure assets. This was partly offset by a 3% increase in average Funds Under Administration;
- Insurance income grew 7% on the prior comparative period, following a 12% increase in average inforce premiums, partly offset by higher claims experience in Sovereign; and
- Operating expense grew 8% on the prior comparative period, reflecting the Group's continued investment in people and technology.

Further to this solid operating performance, impairment expense decreased 14% on the prior comparative period to $1,383 million. Excluding Bankwest impairment expense of $313 million in the current period, impairment expense decreased 33% on the prior comparative period. The prior comparative period was impacted by additional provisions taken to cover a small number of single name corporate exposures.

Other performance highlights relating to strategic priorities intended to position the Group for the medium to long term include:

- The launch of the new American Express companion card, and the Travel Money Card – currently the only multi-currency pre-paid card in the market;
- Institutional Bank named best in market for "Loyalty to Relationship" and "Understanding of Customer's Business" by East & Partners; and
- Core Banking Modernisation program with three applications currently being trialled and a major roll out of deposit products scheduled for early 2010.

Capital

The Group's Tier One capital ratio of 9.10% at 31 December 2009, represents an increase of 103 basis points since 30 June 2009 and 35 basis points since 31 December 2008.

For more information about the Group capital adequacy position and a discussion of the changes in capital position in the period, see Appendix 8 Capital Adequacy.

Dividends

The interim dividend declared was $1.20 per share, up 6% on the prior comparative period. The dividend payout ratio ("statutory basis") for the half year was 63.7%.

The interim dividend payment will be fully franked and will be paid on 1 April 2010 to owners of ordinary shares at the close of business on 19 February 2010 ("record date"). Shares were quoted ex–dividend on 15 February 2010.

The Bank issued $685 million of shares to satisfy shareholder participation in the Dividend Reinvestment Plan ("DRP") in respect of the final dividend for 2008/09.

Outlook

The discussion below includes forward looking statements. See "Special Note Regarding Forward Looking Statements".

Over the last six months the outlook for the global and Australian economy has improved to the extent that Australia now appears to be on the road to a sustainable economic recovery. That is likely to bring with it a gradual improvement in demand for credit in the 2010 calendar year accompanied by continued upward pressure on funding costs.

While it appears that loan impairment expense has peaked, many of the Group's customers are still finding conditions challenging which means that further reductions in the impairment expense this year are expected to be gradual rather than dramatic.

While the Group is optimistic about the medium term outlook for the Australian economy and for the Group, there are still some risks from international volatility which could affect short term performance. Clearly, there is still some uncertainty about the speed of recovery for the global economy and, perhaps more importantly, for Australia and the performance of our major trading partners notably China and the United States.

As a result of these factors, and the uncertainty surrounding the outcome of initiatives by global regulators around banking sector capital and liquidity, the Group plans to retain its current capital and liquidity settings for the foreseeable future.

Highlights continued

Group Performance Summary	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	Half Year Ended				
Net interest income	**6,062**	5,643	4,543	7	33
Other banking income	**2,078**	2,140	2,036	(3)	2
Total banking income	**8,140**	7,783	6,579	5	24
Funds management income	**947**	808	1,005	17	(6)
Insurance income	**463**	478	432	(3)	7
Total operating income	**9,550**	9,069	8,016	5	19
Investment experience	**142**	(84)	(183)	large	178
Total income	**9,692**	8,985	7,833	8	24
Operating expenses	**(4,268)**	(4,214)	(3,551)	1	20
Impairment expense	**(1,383)**	(1,441)	(1,607)	(4)	(14)
Net profit before tax	**4,041**	3,330	2,675	21	51
Corporate tax expense (1)	**(1,089)**	(914)	(646)	19	69
Non-controlling interests (2)	**(9)**	(14)	(16)	(36)	(44)
Net profit after tax ("cash basis")	**2,943**	2,402	2,013	23	46
Hedging and AIFRS volatility	**177**	(237)	(8)	large	large
Gain on acquisition of controlled entities	**-**	65	547	large	large
Tax on NZ structured finance transactions	**(171)**	-	-	large	large
Other non-cash items (3)	**(35)**	(80)	21	56	(267)
Net profit after tax ("statutory basis") (4)	**2,914**	2,150	2,573	36	13
Represented by:					
Retail Banking Services	**1,245**	988	1,119	26	11
Business and Private Banking	**440**	363	373	21	18
Institutional Banking and Markets	**545**	311	(168)	75	large
Wealth Management	**327**	49	209	large	56
South Pacific	**(42)**	188	218	large	large
Bankwest	**82**	122	-	(33)	n/a
Other (including Asia)	**317**	129	822	large	(61)
Net profit after tax ("statutory basis") (4)	**2,914**	2,150	2,573	36	13

(1) For purposes of presentation, Policyholder tax benefit/(expense) components of Corporate tax expense are shown on a net basis (31 December 2009: ($139) million, 30 June 2009: ($31) million, and 31 December 2008: $195 million).

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

(3) Refer to Appendix 12.

(4) For definitions refer to Appendix 18.

Shareholder Summary	Half Year Ended 31/12/09	30/06/09	31/12/08	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
Dividends per share - fully franked (cents)	**120**	115	113	4	6
Dividend cover statutory (times)	**1. 6**	1. 2	1. 5	33	7
Earnings per share (cents) [1]					
Statutory - basic	**190. 3**	142. 2	188. 4	34	1
Cash basis - basic	**191. 7**	158. 5	146. 3	21	31
Dividend payout ratio (%)					
Statutory basis [1]	**63. 7**	82. 4	65. 3	large	(160) bpts
Cash basis [1]	**63. 1**	73. 7	83. 6	large	large
Weighted average no. of shares - statutory basic (M) [1]	**1,518**	1,490	1,352	2	12
Weighted average no. of shares - cash basic (M) [1] [2]	**1,523**	1,495	1,358	2	12
Return on equity - statutory (%)	**18. 5**	14. 6	19. 0	390 bpts	(50) bpts
Return on equity - cash (%) [1]	**18. 5**	16. 3	15. 0	220 bpts	350 bpts

(1) For definitions refer to Appendix 18.

(2) Fully diluted EPS and weighted average number of shares (fully diluted) are disclosed in Appendix 14.

Balance Sheet Summary	As at 31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
Lending assets [1]	**487,339**	473,715	449,861	3	8
Total assets	**625,476**	620,372	618,761	1	1
Total liabilities	**591,893**	588,930	588,774	1	1
Shareholders' Equity	**33,583**	31,442	29,987	7	12
Assets held and Funds Under Administration (FUA)					
On Balance Sheet:					
Banking assets	**601,560**	596,919	595,051	1	1
Insurance Funds Under Administration	**15,537**	15,407	16,174	1	(4)
Other insurance and internal funds management assets	**8,379**	8,046	7,536	4	11
	625,476	620,372	618,761	1	1
Off Balance Sheet:					
Funds Under Administration [2]	**177,224**	159,927	148,838	11	19
Total assets held and FUA	**802,700**	780,299	767,599	3	5

(1) Lending assets comprise Loans, Bills discounted, and Other receivables (gross of provisions for impairment and excluding securitisation) and Bank acceptances of customers.

(2) Includes Funds Under Administration balances relating to St Andrew's Australia Pty Ltd (31 December 2009: $796 million, 30 June 2009: $823 million, 31 December 2008: $741 million).

Highlights continued

Key Performance Indicators Group	31/12/09	30/06/09	31/12/08	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
Group					
Net profit after tax ("statutory basis") ($M) (1)	**2,914**	2,150	2,573	36	13
Net interest margin (%)	**2. 18**	2. 16	2. 04	2 bpts	14 bpts
Average interest earning assets ($M) (2)	**547,379**	526,512	436,722	4	25
Average interest bearing liabilities ($M) (2)	**511,954**	496,742	410,880	3	25
Funds management income to average FUA (%)	**1. 01**	0. 98	1. 11	3 bpts	(10) bpts
Funds Under Administration (FUA) - average ($M)	**185,392**	167,107	179,371	11	3
Insurance income to average inforce premiums (%)	**47. 0**	50. 3	49. 3	(330)bpts	(230) bpts
Average inforce premiums ($M)	**1,953**	1,916	1,739	2	12
Operating expenses to total operating income (%)	**44. 7**	46. 5	44. 3	(180)bpts	40 bpts
Effective corporate tax rate (%)	**26. 9**	27. 4	24. 1	(50)bpts	280 bpts
Retail Banking Services					
Net profit after tax ("statutory basis") ($M)	**1,245**	988	1,119	26	11
Operating expenses to total banking income (%)	**38. 6**	43. 4	42. 4	(480)bpts	(380) bpts
Business and Private Banking					
Net profit after tax ("statutory basis") ($M)	**440**	363	373	21	18
Operating expenses to total banking income (%)	**44. 1**	48. 6	49. 1	(450)bpts	large
Institutional Banking and Markets					
Net profit after tax ("statutory basis") ($M)	**545**	311	(168)	63	large
Operating expenses to total banking income (%)	**28. 6**	29. 5	26. 9	(90)bpts	170 bpts
Wealth Management					
Net profit after tax ("statutory basis") ($M)	**327**	49	209	large	56
FUA - average ($M)	**178,738**	161,080	173,001	11	3
Average inforce premiums ($M)	**1,529**	1,500	1,345	2	14
Funds management income to average FUA (%)	**1. 01**	0. 96	1. 11	5 bpts	(10) bpts
Insurance income to average inforce premiums (%)	**45. 8**	44. 2	45. 3	160 bpts	50 bpts
Operating expenses to net operating income (%) (3)	**59. 4**	68. 9	56. 3	large	310 bpts
South Pacific					
Net profit after tax ("statutory basis") ($M)	**(42)**	188	218	large	large
FUA - average ($M)	**6,654**	6,027	6,370	10	4
Average inforce premiums ($M)	**424**	416	394	2	8
Funds management income to average FUA (%)	**0. 75**	0. 77	0. 81	(2)bpts	(6) bpts
Insurance income to average inforce premiums (%)	**43. 0**	59. 6	50. 9	large	large
Operating expenses to total operating income (%)	**51. 7**	43. 7	49. 8	large	190 bpts
Bankwest					
Net profit after tax ("statutory basis") ($M)	**82**	122	-	(33)	large
Operating expenses to total banking income (%)	**52. 2**	63. 6	-	large	large
Capital Adequacy					
Tier One (%)	**9. 10**	8. 07	8. 75	103 bpts	35 bpts
Total (%)	**11. 63**	10. 42	11. 39	121 bpts	24 bpts

Half Year Ended: 31/12/09, 30/06/09, 31/12/08

(1) Cash net profit after tax less Investment experience after tax.

(2) 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 in Appendix 3.

(3) Net operating income represents total operating income less volume expenses.

Credit Ratings

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

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

Financial Performance and Business Review

The Group's statutory net profit after tax for the half year ended 31 December 2009 was $2,914 million, which represents a 13% increase on the prior comparative period.

The Bankwest acquisition contributed $82 million to the Group's net profit after tax in the half year ended 31 December 2009, with no net profit after tax in the prior comparative period, however the prior comparative period included an estimated gain of $547 million on the Bankwest and St Andrew's acquisition, which represents the amount by which the purchase price was discounted from the estimated fair value of the identifiable net assets purchased.

The underlying drivers of the Group's financial performance were:

- Growth in retail lending and deposit balances with home lending up 17% to $311 billion and domestic deposits up 6% to $328 billion, which were partly offset by lower business lending, down 5% to $156 billion since the prior comparative period;
- Net interest margin improvement as a result of repricing for increased funding costs and credit risk;
- Lower funds management income due to a reduction in performance fees and dividends from infrastructure assets, partly offset by a 3% increase in average Funds Under Administration, reflecting the partial recovery in domestic investment markets;
- CommInsure inforce premium growth of 4% since December 2008 to $1,498 million, with both Retail Life and General Insurance businesses experiencing robust volume growth;
- Operating expense growth of 8% (excluding Bankwest), reflecting the Group's continued investment in people and technology; and
- Lower loan impairment expense, mainly reflecting reduced single name corporate exposures.

More comprehensive disclosure of performance highlights by key business segments is contained on pages 18-36.

Net Interest Income

Net interest income increased by 33%, (17% excluding the impact of Bankwest) on the prior comparative period to $6,062 (or $5,335 million excluding the impact of Bankwest). The increase was a result of growth in average interest earning assets of 25% (9% excluding the impact of Bankwest), together with an improvement in net interest margin.

Net interest income was impacted by a higher average cost of funding driven by volatility in global credit markets and increased competition for deposits following the global financial crisis. The average cost of funding is expected to continue to increase as cheaper funding rolls off. As at 31 December 2009, the Group's funding was comprised of 42% wholesale funding and 58% retail funding, which was broadly in line with the prior comparative period.

Net interest income increased by 7% on the prior half driven by average interest earning growth of 4% and a two basis point improvement in net interest margin.

Average Interest Earning Assets

Average interest earning assets increased by $111 billion on the prior comparative period to $547 billion, reflecting a $105 billion increase in average lending interest earning assets and a $6 billion increase in average non-lending interest earning assets.

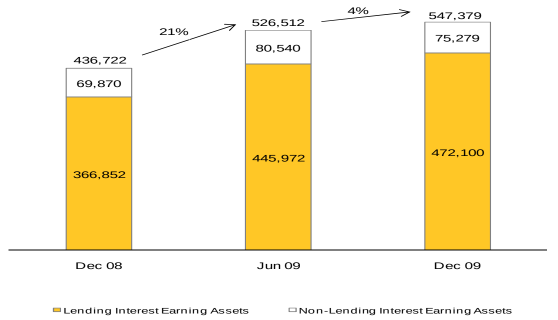
Home loan average balances, excluding the impact of securitisation, increased by $77 billion or 36% since December 2008 to $290 billion, primarily reflecting above market home lending growth and the Bankwest acquisition.

Home loan average balances, excluding the impact of securitisation, increased $27 billion or 10% on the prior half.

Average balances for business and corporate lending increased by $28 billion (or 21%) since December 2008 to $162 billion, primarily due to growth in the Commercial Bills products in Business and Private Banking together with the Bankwest acquisition.

Average balances for business and corporate lending declined $2 billion on the prior half primarily due to institutional clients deleveraging their balance sheets in response to the current economic environment.

Average Interest Earning Assets ($M)



Net Interest Margin

Net interest margin improved two basis points on the prior half. Key drivers of the improvement in margin were:

Asset Pricing & Mix: Overall increase in margin of two basis points, reflecting the impact of repricing on home loans (five basis points increase) and business lending (one basis point increase) in response to a continuation of higher funding costs and increased credit risk. This was partly offset by the adverse impact of higher relative growth of lower margin home loans, which contributed four basis points of margin contraction;

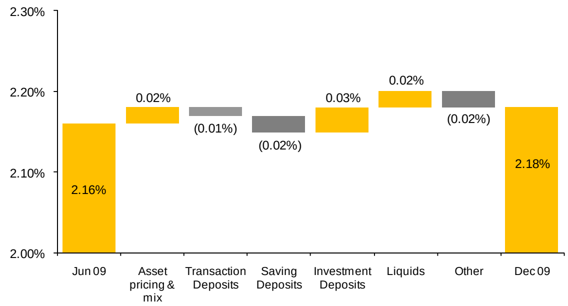
Deposit Pricing: Total deposit margins were unchanged during the half as lower margins on transaction and saving deposits were offset by higher investment deposit margins as the Group continues to focus on profitable growth;

Liquids: Average liquid asset holdings decreased $5 billion since the prior half, resulting in a two basis point improvement in margin; and

Other: Decrease of two basis points due to lower margins in offshore business units (three basis points), partly offset by higher margins in Bankwest (one basis point).

NIM movement since June 2009

Additional information, including the average balances, is set out in Appendix 3.



Group Performance Analysis continued

Other Banking Income

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Commissions	**1,034**	1,050	977
Lending fees	**719**	779	617
Trading income	**291**	293	448
Other income	**157**	146	141
	2,201	2,268	2,183
AIFRS reclassification of net swap costs	**(123)**	(128)	(147)
Other banking income	**2,078**	2,140	2,036

Bankwest contributed $121 million of Other banking income in the half year ended 31 December 2009, with no contribution in the prior comparative period. Excluding the impact of Bankwest's results on the current half, Other banking income decreased by 4% on the prior comparative period. The principle factors driving this result were:

- Commissions: $975 million (excluding the impact of Bankwest) which was consistent with the prior comparative period. This reflects stronger CommSec brokerage commissions following improved volumes in the half, partly offset by lower credit card loyalty reward and Automatic Teller Machine fee income;
- Lending fees: increased by 11% on the prior comparative period to $683 million (excluding the impact of Bankwest). The increase was due to solid growth in Commercial Bills fees following improved volumes and pricing, higher Institutional commitment and lending fees, partly offset by lower exception fees in the Retail Bank;
- Trading income: decreased by 37% on the prior comparative period to $283 million (excluding the impact of Bankwest). This outcome was impacted by the strong trading result in the prior comparative period due to increased market volatility at that time. In the current period derivative mark to market values benefited from narrowing credit spreads; and
- Other income: decreased by 1% on the prior comparative period to $139 million (excluding the impact of Bankwest) primarily due to reduced fees from the repurchase of debt by investors seeking liquidity, partly offset by gains on asset sales in Institutional Banking and Markets.

Funds Management Income

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
CFS GAM	**390**	331	442
Colonial First State	**401**	336	367
CommInsure	**117**	102	157
South Pacific and Other	**39**	39	39
Funds management income	**947**	808	1,005

Funds management income decreased by 6% on the prior comparative period to $947 million. The decline was due to lower performance fees and dividends from infrastructure assets. This was partly offset by a 3% increase in average Funds Under Administration.

Funds Under Administration (spot) as at 31 December 2009 was $193 billion, up 17% on the prior comparative period reflecting the improvement in domestic investment markets. The total inflows for the 6 months to 31 December 2009 were $28 billion and the total outflows for the 6 months ended 31 December 2009 were $26 billion.

Funds management income to average Funds Under Administration decreased by 10 basis points on the prior comparative period due to similar drivers as those described above.

Funds management income increased by 17% compared to the prior period which is consistent with the improving investment markets and improved margins due to net flows into equities.

Insurance Income

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
CommInsure	**353**	329	307
South Pacific and Asia	**110**	149	125
Insurance income	**463**	478	432

Insurance income increased by 7% on the prior comparative period to $463 million. The increase is due to the impact of St Andrew's results on the current half together with growth in average inforce premiums of 12% due to strong sales in Retail Life and General Insurance, partly offset by higher life claims in Sovereign.

Operating Expenses

Excluding the impact of the $443 million in expenses from Bankwest, operating expenses increased by 8% over the prior comparative period to $3,825 million. The increase was driven by:

- Increased defined benefit superannuation plan net expense primarily due to lower expected return on investments;
- Higher staff incentive expenses in line with the Group's improved financial performance compared to twelve months ago; and
- Continued investment in technology and projects to support strategic priorities and drive Group wide productivity.

Gross Investment spend remained strong during the current half year at $475 million, with primary focus being on the Core Banking Modernisation initiative.

Operating expenses increased 1% on the prior half.

Group Expense to Income Ratio

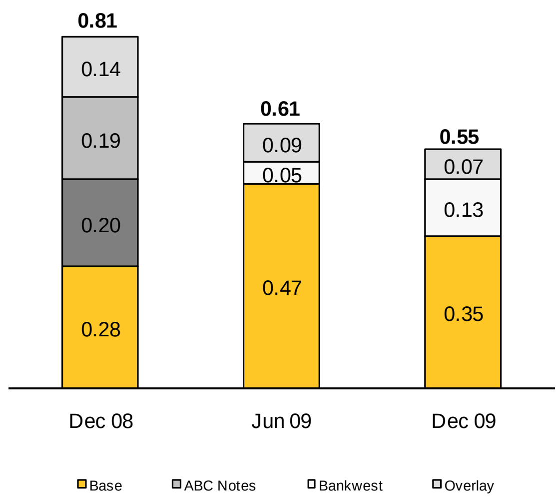
Excluding the effect of Bankwest, the expense to income ratio improved by 30 basis points over the prior comparative period to 44.0%, largely due to income growth in the half. The Group has delivered income growth with a continued focus on operational efficiencies.

Impairment Expense and Provisioning

Impairment expense for the current half was $1,383 million, representing 55 basis points of average gross loans and acceptances on an annualised basis. The expense reflects retail and corporate collective and individual provisioning (35 basis points), Bankwest provisioning (13 basis points) and management overlay (7 basis points). The impairment expense decreased 14% on the prior comparative period, largely due to the impact of $772 million of additional provisions taken to cover a small number of single name corporate exposures in the prior comparative period, which is partially offset by the inclusion of the Bankwest impairment expense of $313 million in the current half.

Impairment expense within Bankwest was $313 million or 13 basis points of average gross loans and acceptance for the current half partially driven by east coast property exposures in Australia.

Impairment Expense (Annualised) as a % of Average Gross Loans and Acceptances



Provisions for retail products have increased due to growth in the credit card and home loan portfolios, along with the impact of increasing arrears levels and the number of customers being provided with help through the Bank's Customer Assist program. Continued investment in collections capabilities and policy refinements have been implemented.

The corporate lending portfolio has seen improvements on the prior comparative period due to a reduction in provisions for single name corporate exposures.

Provision levels remained relatively high with the total collective provisions at $3,452 million for the current half compared to $2,474 million for the prior comparative period, which reflects:

- Increased retail provisions (up $227 million or 40%) due to growth and increasing arrears in the portfolios;
- Increased management overlays to cover the impact of prevailing economic conditions in the Australian economy; and
- The alignment of Bankwest's provisioning models with the Group's provisioning models.

Individual provisions increased since 31 December 2008 due to:

- Increased individual provisions in the consumer and commercial portfolios due to the impact of the global financial crisis; and
- Increase in Bankwest provisions as previously noted in this section.

Taxation Expense

The corporate tax expense was $1,089 million, representing an effective tax rate of 26.9%.

The effective tax rate is below the Australian company tax rate of 30% primarily as a result of:

- The benefit received from investment allowance tax credits associated with the structured asset finance leasing business; and
- The profit earnt by the offshore banking unit and offshore jurisdictions that have lower corporate tax rates.

Recent Developments

On 23 February 2010 the Bank entered into an agreement on the compensation principles which will apply to claims made against the Bank in relation to Storm Financial a Queensland based financial planner that was placed into liquidation in March 2009. The agreement operates under the Storm Resolution Scheme (mentioned in the Annual Disclosure Report) and covers customers represented by Slater & Gordon Limited, that is approximately 86% of the 2,273 customers participating in the Scheme. The anticipated compensation and costs of the Scheme are fully provided for in the financial statements as at 31 December 2009.

Group Performance Analysis continued

Integration Progress – Recent Acquisitions

The Group believes the integration of Bankwest and St Andrew's into the Group is progressing smoothly. The initial phase has been focused on aligning the operations of Bankwest and the Group across Australia through a range of initiatives, including organisational restructuring, maximising Group property/procurement opportunities and driving operational efficiencies through process automation.

The operations of St Andrew's are run as part of the Group's Wealth Management business. The integration of St Andrew's will enable existing customers to benefit from a wide range of investment platforms and product offerings.

Several key integration milestones have been achieved to date, including:

- Numerous organisational restructuring initiatives, including integration of CBA property and procurement teams;
- Reciprocal ATM access with customers of both Commonwealth Bank and Bankwest having access to more than 4,000 ATMs, the largest network of any bank nationally, without paying any additional fees;
- Establishing Bankwest and CBA IT interoperability links;
- Aligning of various IT and business contract arrangements between Bankwest and CBA, including cheque processing supplier; and
- Establishing strong and collaborative cross divisional working arrangements between Bankwest and CBA, building firm foundations for the future.

Integration Expenses and Synergies

Total integration expenditure for the initial phase is on track and still anticipated to be $313 million. It is expected the expenditure will be incurred over three years to 2012 and due to its size and non-recurring nature is treated as a non-cash item. The total amount of integration expenditure incurred since the acquisition is $131 million.

Integration Expenditure	Total $M
Restructuring	**16**
Property	**11**
Operations	**29**
IT expenditure	**68**
Other	**7**
Total	**131**

With the smooth progression of the integration initiatives, the program is also on track to achieve anticipated cost synergies of $250 million (annualised run rate by 2012). This includes benefits associated with restructuring, cessation of the Bankwest East Coast branch rollout and other IT and property synergies. A low risk approach to the integration is being adopted that focuses on minimising distraction whilst maximising customer and business outcomes. Annualised run rate synergies achieved since the acquisition total approximately $100 million.

Total Group Assets & Liabilities	As at 31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
Interest earning assets					
Home loans including securitisation	**310,822**	292,206	265,694	6	17
Less: securitisation	**(10,884)**	(12,568)	(14,769)	(13)	(26)
Home loans excluding securitisation	**299,938**	279,638	250,925	7	20
Personal	**20,552**	19,260	19,303	7	6
Business and corporate	**155,889**	160,089	164,901	(3)	(5)
Loans, bills discounted and other receivables (1)	**476,379**	458,987	435,129	4	9
Provisions for loan impairment	**(5,244)**	(4,924)	(3,578)	6	47
Net loans, bills discounted and other receivables	**471,135**	454,063	431,551	4	9
Non-lending interest earning assets	**73,286**	72,688	74,391	1	(1)
Total interest earning assets	**549,665**	531,675	509,520	3	8
Other assets (2)	**75,811**	88,697	109,241	(15)	(31)
Total assets	**625,476**	620,372	618,761	1	1
Interest bearing liabilities					
Transaction deposits (3)	**69,367**	66,599	67,392	4	3
Saving deposits (3)	**77,554**	77,496	69,508	-	12
Investment deposits (3)	**145,506**	139,395	139,748	4	4
Other demand deposits (3)	**69,280**	76,615	64,091	(10)	8
Total interest bearing deposits	**361,707**	360,105	340,739	-	6
Deposits not bearing interest	**8,460**	8,616	9,445	(2)	(10)
Deposits and other public borrowings	**370,167**	368,721	350,184	-	6
Debt issues	**108,204**	88,814	86,676	22	25
Other interest bearing liabilities	**43,858**	43,744	51,859	-	(15)
Total interest bearing liabilities	**513,769**	492,663	479,274	4	7
Securitisation debt issues	**11,003**	13,005	15,723	(15)	(30)
Non-interest bearing liabilities (4)	**67,121**	83,262	93,777	(19)	(28)
Total liabilities	**591,893**	588,930	588,774	1	1
Provisions for impairment losses					
Collective provision	**3,452**	3,225	2,474	7	40
Individually assessed provisions	**1,822**	1,729	1,134	5	61
Total provisions for impairment losses	**5,274**	4,954	3,608	6	46
Less off balance sheet provisions	**(30)**	(30)	(30)	-	-
Total provisions for loan impairment	**5,244**	4,924	3,578	6	47

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

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

(3) Comparative liability balances have been restated following alignment of Bankwest product classifications with the Group.

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

Risk Management

Overview

Management believes that the Group's approach to risk management has it well positioned to offer continued strength through what have been and still remain uncertain times.

This approach has resulted in the Group's overall asset quality and capital position and has allowed the Group to continue to lend to and support its credit worthy customers.

The Group's lending practices are based on measures that attempt to spread risk by avoiding concentration in any specific counterparties, countries, industries or sectors and the Group remains as vigilant as ever with maintaining lending standards.

With the Group's primary credit exposure to the Australian economy, and selective credit exposure to counterparties in other countries, the Group is well positioned to benefit from any sustained recovery.

Principles for Risk Management

The Group's independent risk management function has a strong risk culture that requires business areas to embed risk professionals in their areas and engage them fully when assessing new business and other risks, particularly when a client falls on hard times. These risk professionals report to the Group's central risk function; thus, they are independent of business management.

The Group's goal is to take risks that are adequately rewarded and that support its aspiration of achieving solid and sustainable growth in shareholder value at a rate equal to or above the best of the major banking groups in Australia.

Supporting this goal, the Group endeavours to ensure that managers:

- Operate responsibly, by meeting the financial service needs of its customers, providing excellent customer service, and maintaining impeccable professional standards and business ethics;
- Make business decisions only after careful consideration of risk;
- Understand the risks the Group takes on, increasing exposure to new strategic initiatives/products only as sufficient experience and insight is gained;
- Exercise disciplined moderation in risk-taking underpinned with strength in capital, funding and liquidity;
- Diligently strive to protect and enhance the Group's reputation whilst being intolerant of regulatory and compliance breaches or risks associated with its people;
- Maintain a control environment that, within practical constraints, minimises risks including risks to the sustainability of its business, data and systems integrity, inappropriate incentives and exposure to fraud; and
- Promote a culture aimed at the achievement of best practice in the recognition, assessment, management and pricing of risk.

Integrated Risk Management

The Group's view of risk is primarily based on an internal view of losses should extreme events happen; this view is also the primary driver of how capital is allocated. The Group sets goals and budgets, then measures the performances of businesses substantively based on "profit after charge for capital" measures. The Group firmly believes that this risk-adjusted return orientation guides decisions that earn appropriate rates of return on every dollar of risk taken.

The Group has in place an integrated risk management framework to identify, assess, manage and report risks and risk-adjusted returns on a consistent and reliable basis. The principal risk types managed by the Group are Credit Risk, Market Risk, Liquidity and Funding Risk, Operational Risk, Strategic Business Risk, Insurance Risk and Compliance Risk.

This framework requires each business to own the outcome of its risk-taking activities and benefit from the resulting risk-adjusted returns.

Risk Management Initiatives

The Group continues its process of continuous development and improvement of its risk management framework and culture. In particular, over the last six months the Group has taken actions to:

- Upgrade its risk management governance structure by formalising various committees and forums across the Group;
- Further integrate the Group's risk appetite across business units, to articulate at a more granular level the types and degrees of risk that the Group is willing to accept, including specific risk tolerances and intolerances;
- Further enhance its policy framework including the periodic review of policies and the articulation of appropriate lower level sub-limits that are consistent with Group level limits;
- Integrate subsidiary entities more fully into the Group's risk management framework and practices to ensure a more consistent and efficient risk environment;
- Undertake portfolio reviews that provide insight into key risk dependencies and allow mitigating actions to be taken where appropriate;
- Progress the development of a new risk data warehouse as well as secure Executive and Board support and funding to substantially enhance core risk systems, data and processes;
- Continue to develop its risk modelling and stress testing capabilities to meet the demands of an ever-changing macroeconomic environment; and
- Monitor and respond to regulatory changes and likely future regulatory change, both of which are being driven by evolving thinking by regulators, banking and economic organisations in light of the learnings from the global financial crisis.

Asset Quality	As at 31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
Gross loans and acceptances ($M)	**500,644**	488,500	466,868	2	7
Risk weighted assets ("RWA") - Basel II ($M)	**297,449**	288,836	239,289	3	24
Credit risk weighted assets ($M)	**258,466**	258,453	221,231	-	17
Gross impaired assets ($M)	**4,823**	4,210	2,714	15	78
Net impaired assets ($M)	**3,001**	2,481	1,580	21	90
Collective provision as a % of risk weighted assets - Basel II (1)	**1. 16**	1. 12	0. 89	4 bpts	27 bpts
Collective provision as a % of credit risk weighted assets - Basel II (1)	**1. 34**	1. 25	0. 97	9 bpts	37 bpts
Collective provision as a % of gross loans and acceptances	**0. 69**	0. 66	0. 53	3 bpts	16 bpts
Individually assessed provisions for impairment as a % of gross impaired assets	**37. 8**	41. 1	41. 8	(330)bpts	(400)bpts
Impairment expense annualised as a % of average RWA - Basel II (1)	**0. 94**	1. 03	1. 43	(9)bpts	(49)bpts
Impairment expense annualised as a % of average gross loans and acceptances	**0. 55**	0. 61	0. 81	(6)bpts	(26)bpts

(1) The ratio at 31 December 2008 includes an estimate of Bankwest risk weighted and credit risk weighted assets.

Retail Banking Services

Financial Performance and Business Review

Retail Banking Services statutory net profit after tax for the half year ended 31 December 2009 was $1,245 million, which represents an increase of 11% on the prior comparative period. This result was supported by strong lending and deposit volume growth and a stable net interest margin. Operating expense growth was contained to 2%, while impairment expense increased in line with portfolio growth and current economic conditions.

The ongoing commitment to customer service has resulted in further improvements to customer satisfaction scores, with the half year ended 31 December 2009 recording the highest six month rolling average Main Financial Institution score in 13 years (Source: Roy Morgan Research)(1).

A number of initiatives have been implemented that have contributed to these achievements. Highlights for the current half included:

- Product innovation with the launch of:
  - The American Express companion card;
  - A new Gold credit card combining greater spending power with lower fees and interest rates; and
  - The award winning Travel Money Card.
- Continued investment in expanding Australia's largest ATM network;
- Further enhancements to NetBank providing more benefits to five million online customers, such as improved transaction history and account information, as well as the ability to register for SMS or email balance alerts;
- The number of online statements surpassing two million accounts, a significant contribution to the environment;
- Reducing and simplifying exception and account fees across a range of products;
- Further investment in customer assist programs, demonstrating the Group's commitment to support customers through difficult times; and
- Reinvigorated School Banking and Financial Literacy programs, reinforcing the Group's commitment to local communities around Australia.

In addition, the level of engagement of people across the business continues to improve with key people engagement measures tracking favourably.

Home Loans

Home Loans income increased 49% on the prior comparative period to $1,190 million. The result was driven by balance growth and restoration of margins following a period of low margins where lending rates did not increase at the same rate as funding costs. Reduced customer discounts beyond the home loan package rates have also been a contributing factor to margin improvement. Balance growth was supported by competitive standard variable home loan rates and a strong branch and broker presence, with both channels continuing to outperform market growth. Other banking income increased in line with volume growth, up 21% on prior comparative period.

Consumer Finance

Consumer Finance income increased by 14% on the prior comparative period to $761 million. This result was driven primarily by 12% growth in Credit Card balances, supported by the transformation of the Credit Card suite, and solid growth in Personal Loan balances, up 4%. The continued focus on profitable growth has been reflected through tightening of credit scoring and repricing to reflect increased risk in the current environment.

Other banking income decreased by 3% to $212 million on the prior comparative period primarily due to lower Credit Card loyalty income following the introduction of the Qantas Direct Earn program, which resulted in increased fees paid to Qantas. Excluding loyalty, other banking income increased by 13%.

Retail Deposits

Deposit income decreased by 7% on the prior comparative period to $1,496 million. This result was significantly impacted by a 30% decrease in other banking income following the reduction in exception fees, effective from 1 October 2009, and lower ATM income due to a change in the way ATM fees are charged. Despite aggressive price competition, the Group has maintained its number one market share position in retail deposits, maintaining a significant gap to the next competitor, with balance growth of 6% on the prior comparative period.

Deposit income increased by 2% on the prior half, impacted by lower exception fees and ATM income. While competition remains strong, term deposit margins improved as the Group focuses on profitable growth.

Distribution

Commissions received from the distribution of business banking, wealth management, and foreign exchange products through the retail distribution network increased by 7% to $124 million on the prior comparative period. The increase was a result of new product offerings such as Travel Money Card and continued focus on cross-sell activities supported by free financial health checks and needs analyses.

Operating Expenses

Expenses increased by 2% on the prior comparative period to $1,380 million. This reflects technology related advances supporting business growth initiatives, partly offset by lower Credit Card loyalty costs and continued efficiency gains. Excluding loyalty, expenses increased 4% on the prior comparative period and 3% on the prior half. The expense to income ratio decreased to 38.6%, a productivity improvement of 9% on the prior comparative period.

Impairment Expense

Impairment expense increased 65% on the prior comparative period to $391 million, reflecting both higher volumes and arrears. Arrears and loss levels for all portfolios have increased, largely due to the prevailing economic climate, with more customers entering into financial hardship. The Group continues to maintain a conservative approach to provisioning. Impairment expense decreased 15% on the prior half, which included a provision for Storm Financial customer remediation.

Continued investment in collections capabilities and extensive policy changes across all retail portfolios have been implemented over the past nine months. These initiatives have resulted in improved new business credit quality.

(1) For a definition of this measure refer to Appendix 18, Customer Satisfaction – external survey.

	Half Year Ended 31 December 2009				
	Home Loans	Consumer Finance [1]	Retail Deposits	Distribution	Total
	$M	$M	$M	$M	$M
Net interest income	1,091	549	1,248	-	2,888
Other banking income	99	212	248	124	683
Total banking income	1,190	761	1,496	124	3,571
Operating expenses					(1,380)
Impairment expense					(391)
Net profit before tax					1,800
Corporate tax expense					(555)
Net profit after tax (statutory basis)					1,245

	Half Year Ended 30 June 2009				
	Home Loans	Consumer Finance [1]	Retail Deposits	Distribution	Total
	$M	$M	$M	$M	$M
Net interest income	856	511	1,146	-	2,513
Other banking income	85	265	321	108	779
Total banking income	941	776	1,467	108	3,292
Operating expenses					(1,430)
Impairment expense					(462)
Net profit before tax					1,400
Corporate tax expense					(412)
Net profit after tax (statutory basis)					988

	Half Year Ended 31 December 2008				
	Home Loans	Consumer Finance [1]	Retail Deposits	Distribution	Total
	$M	$M	$M	$M	$M
Net interest income	719	447	1,246	-	2,412
Other banking income	82	218	356	116	772
Total banking income	801	665	1,602	116	3,184
Operating expenses					(1,351)
Impairment expense					(237)
Net profit before tax					1,596
Corporate tax expense					(477)
Net profit after tax (statutory basis)					1,119

	As at				
	31/12/09	30/06/09	31/12/08	Dec 09 vs	Dec 09 vs
Major Balance Sheet Items	$M	$M	$M	Jun 09 %	Dec 08 %
Home loans (including securitisation)	**240,515**	226,457	200,460	6	20
Consumer finance [1]	**12,812**	12,064	11,737	6	9
Total assets	**253,327**	238,521	212,197	6	19
Home loans (net of securitisation)	**233,006**	217,855	190,381	7	22
Transaction deposits	**20,814**	20,335	20,315	2	2
Savings deposits	**55,806**	55,334	50,005	1	12
Investments and other deposits	**64,875**	60,817	62,778	7	3
Deposits not bearing interest	**2,900**	2,858	2,882	1	1
Total liabilities	**144,395**	139,344	135,980	4	6

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

Business and Private Banking

Financial Performance and Business Review

Business and Private Banking performed strongly in the half year ended 31 December 2009, delivering statutory net profit after tax of $440 million, an 18% increase on the prior comparative period.

This result reflects a strong operating performance with total banking income increasing 13% on the prior comparative period, and all segments of the business delivering double digit income growth. This strong performance was assisted by continued growth in business lending, effective management of margins and increased equities trading volumes within CommSec.

Performance highlights during the current half included:

- Customer service levels remained a top priority;
- A range of additional features were launched within CommBiz, including redesign of screens to help business customers conduct their transactions faster; new online statement functionality; and enhanced self-service capability;
- Promoting free "business health checks" to support small businesses in Australia during uncertain economic times; and
- The Merchant Solutions business launched market-leading "contactless" card payment facilities, designed to speed up transaction times and reduce queues for the business customers in service-based industries. Over 1,900 of these terminals have been rolled out since the product launch in October 2009.

Corporate Financial Services

Corporate Financial Services income increased 13% on the prior comparative period to $510 million, driven by strong growth in lending volumes. During the half to 31 December 2009, there has been continued investment in people, systems and processes to drive improved customer service, including targeted customer contact campaigns. Industry specialisation and advisory services to niche industries continues to be a focus, with the expansion of HealthLine, a 24 hour 7 days a week telephone based banking service, to support corporate customers in the healthcare industry.

Regional and Agribusiness Banking

Regional and Agribusiness Banking income has increased by 15% on the prior comparative period to $190 million. This result was driven by strong lending volumes and growth in interest rate and commodity hedging products.

The business continued to embed the regional and rural model with a clear focus on customer service, product innovation, and simplified application and lending processes. To further strengthen the Agribusiness service offering, a specialised solutions team was formed to deliver innovative financial solutions to customers with sophisticated needs.

Local Business Banking

Local Business Banking income increased by 10% on the prior comparative period to $331 million, driven by strong volume growth in lending and asset finance products.

The business has focussed on customer service through its unique service model, based on a personalised 24 hour, 7 days a week support centre as well as through online enhancements. The business has also continued embedding business bankers within the retail branch network, with a business banking presence established in a further 11 branches during the period.

Private Bank

Private Bank income increased by 10% on the prior comparative period to $119 million. This result was driven by growth in the lending book together with increased cross sell of financial advisory services.

Equities and Margin Lending

Equities and Margin Lending income increased by 17% on the prior comparative period to $250 million. This strong result is primarily due to growth in both retail and wholesale brokerage, with CommSec achieving its highest trading volumes on record during August 2009.

Margin lending balances increased 10% on the prior half while CommSec cash management balances doubled from $1.2 billion at 31 December 2008 to $2.4 billion at 31 December 2009.

Integration of the IWL business, rebranded Core Equity Services, is progressing well, with the successful launch of a new wholesale equities trading platform.

Operating Expenses

Operating expenses of $639 million represented an increase of 2% on the prior comparative period. This low level of cost growth was achieved through a disciplined approach to cost management, enabling continued investment in the business.

Impairment Expense

Impairment expense increased 62% compared to the prior comparative period to $194 million and was broadly unchanged on the prior half, reflecting the high credit quality of the business lending portfolio. During the current half a number of initiatives were introduced to further enhance the culture of proactive risk management among front line staff.

	Half Year Ended 31 December 2009						
	Corporate Financial Services $M	Regional & Agri-business $M	Local Business Banking $M	Private Bank $M	Equities & Margin Lending $M	Other $M	Total $M
Net interest income	279	120	215	62	108	38	822
Other banking income	231	70	116	57	142	10	626
Total banking income	510	190	331	119	250	48	1,448
Operating expenses							(639)
Impairment expense							(194)
Net profit before tax							615
Corporate tax expense							(175)
Net profit after tax (statutory basis)							440

	Half Year Ended 30 June 2009 (1)						
	Corporate Financial Services $M	Regional & Agri-business $M	Local Business Banking $M	Private Bank $M	Equities & Margin Lending $M	Other $M	Total $M
Net interest income	272	111	197	55	101	41	777
Other banking income	206	62	124	53	98	8	551
Total banking income	478	173	321	108	199	49	1,328
Operating expenses							(645)
Impairment expense							(189)
Net profit before tax							494
Corporate tax expense							(131)
Net profit after tax (statutory basis)							363

	Half Year Ended 31 December 2008 (1)						
	Corporate Financial Services $M	Regional & Agri-business $M	Local Business Banking $M	Private Bank $M	Equities & Margin Lending $M	Other $M	Total $M
Net interest income	273	109	186	52	93	35	748
Other banking income	179	56	114	56	120	4	529
Total banking income	452	165	300	108	213	39	1,277
Operating expenses							(627)
Impairment expense							(120)
Net profit before tax							530
Corporate tax expense							(157)
Net profit after tax (statutory basis)							373

Major Balance Sheet Items	As at 31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
Interest earning lending assets (excluding margin loans)	**60,073**	55,042	53,663	9	12
Bank acceptances of customers	**9,367**	12,099	11,594	(23)	(19)
Non-lending interest earning assets	**331**	1,311	1,150	(75)	(71)
Margin loans	**5,032**	4,569	5,192	10	(3)
Other assets (2)	**459**	1,794	416	(74)	10
Total assets	**75,262**	74,815	72,015	1	5
Transaction deposits	**41,530**	39,379	39,217	5	6
Savings deposits	**4,832**	4,982	4,369	(3)	11
Investment deposits	**32,972**	30,243	31,292	9	5
Certificates of deposit and other	**173**	172	114	1	52
Due to other financial institutions	**414**	2,101	443	(80)	(7)
Other non-interest bearing liabilities (2)	**14,181**	17,922	17,413	(21)	(19)
Total liabilities (3)	**94,102**	94,799	92,848	(1)	1

(1) Prior period comparatives have been restated for the impact of client resegmentations.

(2) Other assets include intangible assets and Other non-interest bearing liabilities include bank acceptances.

(3) Includes deposits relating to both Institutional Banking and Markets as well as Business and Private Banking customers.

Institutional Banking and Markets

Financial Performance and Business Review

Institutional Banking and Markets services the Group's major corporate, institutional and government clients, creating customised solutions based on specific needs, including trends and market conditions. The Total Capital Solutions offering includes debt and equity capital raising, financial and commodities risk management and transactional banking capabilities. Institutional Banking and Markets also has wholesale banking operations in London, Malta, New York, New Zealand, Singapore, Hong Kong, Japan and have recently received regulatory approval for a banking licence in Shanghai.

Institutional Banking and Markets achieved a statutory net profit after tax of $545 million for the half year ended 31 December 2009, which represented an increase of $713 million on the prior comparative period. This positive result was primarily driven by strong operating income growth, higher staff costs in line with improved market conditions and a significant decrease in impairment expense.

The underlying performance of the division remains strong with operating income increasing by 17% on the prior comparative period to $1,355 million, reflecting;

- Improved margins across the loan portfolio through risk based pricing, of which 51% has been repriced since 1 July 2008; and
- The impact of corporate deleveraging in the Institutional Lending portfolio resulted in balances declining by 21%.

The business continues to maintain a disciplined approach to cost management whilst continuing to invest for the future, with the expense to income ratio for the half year ended 31 December 2009 at 28.6%.

Performance highlights in relation to providing Total Capital Solutions to customers during the period include:

- The arrangement of the Group's first structured trade in Renewable Energy Certificates (RECs);
- Being mandated as Joint Lead Arranger on a number of ASX200 Initial Public Offerings and equity raisings, demonstrating the Group's increasing expertise in this product segment;
- Continued investment in the foreign exchange product platform; and
- Enhanced capabilities through the hiring of equities research professionals to better meet the needs of institutional investors.

Institutional Banking

Net interest income increased 16% on the prior comparative period driven by higher margins through repricing for risk whilst maintaining strong asset quality as well as focusing on innovative solutions to meet customer needs. In line with the broader market, lending balances have continued to decline as customers deleverage. This resulted in a 21% decrease in Institutional Lending balances since 31 December 2008.

Other Banking Income increased by 4% on the prior comparative period to $330 million primarily driven by higher fee income from lending products, partly offset by the costs associated with hedging credit exposures.

Markets

Net interest income decreased by 43% on the prior comparative period to $114 million primarily due to improved market liquidity eroding interest margins in offshore markets.

Other Banking Income increased 120% on the prior comparative period to $342 million, largely due to the unfavourable impact of traded market instruments and the counterparty fair value adjustments taken in the prior comparative period.

Operating Expenses

Operating expenses of $387 million for the half year ended 31 December 2009 increased 24% on the prior comparative period and 6% on the prior half. The increase on the prior comparative period was primarily due to increases in staff related costs following the underlying improvement in financial performance of the business, higher depreciation charges on operating leases and continued investment in information technology to drive competitive advantage.

Impairment Expense

Impairment expense decreased by $875 million on the prior comparative period to $321 million for the half to 31 December 2009.

The current half benefited from improved client credit ratings, a reduction in lending volumes and the non-recurrence of a small number of single name exposures which impacted the prior comparative period. In the prior comparative period, $772 million of impairment expenses were taken against large, single name corporate borrower/issuers in Australia, which was not repeated in the half year ended 31 December 2009.

Corporate Tax Expense

The corporate tax expense for the half year ended 31 December 2009 was $102 million. The effective tax rate of 15.8% benefited from investment allowance tax credits associated with the structured asset finance leasing business, in addition to profit generated offshore that has lower corporate tax rates.

	Half Year Ended 31 December 2009		
	Institutional Banking	Markets	Total
	$M	$M	$M
Net interest income	569	114	683
Other banking income	330	342	672
Total banking income	899	456	1,355
Operating expenses			(387)
Impairment expense			(321)
Net profit before tax			647
Corporate tax expense			(102)
Cash net profit after tax			545
Non loan losses			-
Net profit after tax (statutory basis)			545

	Half Year Ended 30 June 2009		
	Institutional Banking [1]	Markets [1]	Total
	$M	$M	$M
Net interest income	571	192	763
Other banking income	218	259	477
Total banking income	789	451	1,240
Operating expenses			(366)
Impairment expense			(512)
Net profit before tax			362
Corporate tax expense			(28)
Cash net profit after tax			334
Non loan losses			(23)
Net profit after tax (statutory basis)			311

	Half Year Ended 31 December 2008		
	Institutional Banking [1]	Markets [1]	Total
	$M	$M	$M
Net interest income	491	199	690
Other banking income	317	155	472
Total banking income	808	354	1,162
Operating expenses			(313)
Impairment expense			(1,196)
Net profit before tax			(347)
Corporate tax expense			179
Cash net profit after tax			(168)
Non loan losses			-
Net profit after tax (statutory basis)			(168)

	As at				
	31/12/09	30/06/09	31/12/08	Dec 09 vs	Dec 09 vs
Major Balance Sheet Items	$M	$M	$M	Jun 09 %	Dec 08 %
Interest earning lending assets	**58,387**	67,213	73,942	(13)	(21)
Bank acceptances of customers	**1,592**	2,629	3,138	(39)	(49)
Non-lending interest earning assets	**29,154**	30,858	27,524	(6)	6
Other assets [2]	**3,567**	12,500	23,428	(71)	(85)
Total assets	**92,700**	113,200	128,032	(18)	(28)
Certificates of deposit and other	**13,067**	12,725	10,702	3	22
Investment deposits	**6,289**	9,008	6,841	(30)	(8)
Due to other financial institutions	**10,243**	11,627	15,169	(12)	(32)
Liabilities at fair value through Income Statement	**2,622**	2,598	2,416	1	9
Debt issues [3]	**2,631**	3,413	2,454	(23)	7
Loan capital	**612**	644	720	(5)	(15)
Other non-interest bearing liabilities [2]	**20,663**	33,863	45,489	(39)	(55)
Total liabilities	**56,127**	73,878	83,791	(24)	(33)

(1) Prior period comparatives have been restated for the impact of business resegmentation.

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

(3) Comparative balances have been restated following the transfer of balances to Group Treasury.

Wealth Management

Financial Performance and Business Review

Statutory net profit after tax increased 56% on the prior comparative period to $327 million primarily due to improved investment markets driving gains in Investment experience including the unwinding of unrealised mark to market losses on the valuation of assets backing the Guaranteed Annuities portfolio. Funds Under Administration increased 18% on the prior comparative period to $186 billion at 31 December 2009. Net flows of $1.6 billion for the half year ended 31 December 2009 were impacted by the outflow of short-term cash mandates from institutional investors.

CommInsure achieved solid growth over the period with total inforce premiums up 4% to $1.5 billion at 31 December 2009.

CFS Global Asset Management (CFS GAM)

CFS Global Asset Management provides asset management services to wholesale and institutional investors and derives its income from funds management income. Statutory net profit after tax of $137 million increased 56% on the prior comparative period primarily due to the adverse impact of impairment on investments in listed vehicles and other assets in the prior comparative period. Statutory net profit after tax increased significantly on the prior half primarily driven by improved investment markets.

Funds Under Management as at 31 December 2009 were $149 billion, up 16% on the prior comparative period and up 8% on the prior half primarily driven by improving equity markets, net flows of $1,588 million on the prior half and a portfolio well diversified by asset class and geography. CFS GAM experienced strong flows in its higher margin equities businesses offset by outflows from a low margin short term cash mandate.

Investment performance continued to be solid with 69% of funds outperforming benchmark over a three year period.

Highlights include:

- Investment in core systems and processes including BlackRock's Aladdin platform – an integrated, scalable portfolio management system;
- The launch of the China A-Shares Fund reinforcing the Group's position as a specialist and innovative fund manager in Asian markets; and
- The successful first close of the First State European Diversified Infrastructure Fund ("EDIF"), raising €212.8 million from investors.

Colonial First State

Colonial First State provides product packaging, administration, distribution and advice to retail customers and derives its income from funds management income. Statutory net profit after tax decreased by 2% on the prior comparative period to $59 million. Net operating income increased 11% on the prior comparative period to $318 million primarily due to improved market conditions. The increase in net operating income was offset by an 11% increase in operating expenses to $231 million due to the integration of Bankwest's advisers and higher incentives and $2 million investment experience loss for the half year ended 31 December 2009, as compared to a $5 million gain in the prior comparative period.

The FirstChoice and Custom Solutions platforms performed well in a challenging market with positive net flows of $1.9 billion for the half year ended 31 December 2009. FirstChoice retained the number two Flagship platform position with a market share of 10.4% and captured 22% of master fund net flows in the year ended 30 September 2009.

CommInsure

CommInsure is a provider of life and general insurance.

Statutory net profit after tax increased significantly on the prior comparative period to $228 million, due to improved investment experience including the unwinding of unrealised mark to market losses on the valuation of assets backing the Guaranteed Annuities portfolio as credit spreads stabilised and underlying assets in the portfolio matured.

The life insurance business attracted strong new business volumes in Retail Life, however, this was offset by the loss of the $130 million wholesale portfolio underwritten for Australian Super. Overall inforce premiums decreased by $93 million compared to the prior half to $1.1 billion. Life Insurance planned margins and claims in expense were in line with actuarial expectations.

The General Insurance business experienced strong growth with inforce premiums up 21% on the prior comparative period to $391 million, driven by price increases and volume growth across the portfolios. General Insurance profitability improved primarily as a result of enhanced repricing of risks, improvements in claims management and less extreme weather experience.

Operating Expenses

Total operating expenses of $601 million increased 4% on the prior comparative period. Expenses have been managed in line with current market conditions while maintaining strategic investment spend.

	Half Year Ended 31 December 2009				
	CFS GAM	Colonial First State	CommInsure	Other	Total
	$M	$M	$M	$M	$M
Funds management income	390	401	118	(1)	908
Insurance income	-	-	353	-	353
Total operating income	390	401	471	(1)	1,261
Volume expenses	(60)	(83)	(107)	-	(250)
Net operating income	330	318	364	(1)	1,011
Operating expenses	(170)	(231)	(138)	(62)	(601)
Net profit before tax	160	87	226	(63)	410
Corporate tax expense	(39)	(26)	(67)	17	(115)
Underlying profit after tax	121	61	159	(46)	295
Investment experience after tax	16	(2)	69	1	84
Cash net profit after tax	137	59	228	(45)	379
Treasury share valuation adjustment	-	-	-	(52)	(52)
Net profit after tax ("statutory basis")	137	59	228	(97)	327

	Half Year Ended 30 June 2009				
	CFS GAM	Colonial First State (1)	CommInsure (1)	Other (1)	Total
	$M	$M	$M	$M	$M
Funds management income	331	336	101	1	769
Insurance income	-	-	329	-	329
Total operating income	331	336	430	1	1,098
Volume expenses	(60)	(73)	(101)	-	(234)
Net operating income	271	263	329	1	864
Operating expenses	(173)	(211)	(143)	(68)	(595)
Net profit before tax	98	52	186	(67)	269
Corporate tax expense	(31)	(15)	(53)	16	(83)
Underlying profit after tax	67	37	133	(51)	186
Investment experience after tax	(62)	(6)	(11)	4	(75)
Cash net profit after tax	5	31	122	(47)	111
Treasury share valuation adjustment	-	-	-	(62)	(62)
Net profit after tax ("statutory basis")	5	31	122	(109)	49

	Half Year Ended 31 December 2008				
	CFS GAM	Colonial First State	CommInsure	Other	Total
	$M	$M	$M	$M	$M
Funds management income	442	367	158	(1)	966
Insurance income	-	-	307	-	307
Total operating income	442	367	465	(1)	1,273
Volume expenses	(74)	(80)	(89)	-	(243)
Net operating income	368	287	376	(1)	1,030
Operating expenses	(180)	(208)	(131)	(61)	(580)
Net profit before tax	188	79	245	(62)	450
Corporate tax expense	(48)	(24)	(64)	14	(122)
Underlying profit after tax	140	55	181	(48)	328
Investment experience after tax	(52)	5	(120)	14	(153)
Cash net profit after tax	88	60	61	(34)	175
Treasury share valuation adjustment	-	-	-	34	34
Net profit after tax ("statutory basis")	88	60	61	-	209

(1) Prior period comparatives have been restated for the resegmentation of St Andrew's.

Wealth Management continued

Summary	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	Half Year Ended				
Funds under administration - average	**178,738**	161,080	173,001	11	3
Funds under administration - spot	**185,699**	169,210	158,767	10	17
Funds under management - average [1]	**144,407**	130,818	141,247	10	2
Funds under management - spot [1]	**149,025**	138,204	128,594	8	16
Retail Net funds flows (Australian Retail)	**372**	(349)	(1,015)	large	large

Funds Under Management (FUM) [1]	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	Half Year Ended				
Australian equities	**23,009**	17,741	16,725	30	38
Global equities	**42,725**	35,705	29,679	20	44
Cash and fixed interest	**59,193**	61,395	56,813	(4)	4
Property and Infrastructure [2]	**24,098**	23,363	25,377	3	(5)
Total	**149,025**	138,204	128,594	8	16

Sources of Profit from CommInsure	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	Half Year Ended				
Life insurance operating margins					
Planned profit margins	**80**	79	75	1	7
Experience variations	**10**	4	10	large	-
Funds management operating margins	**60**	56	98	7	(39)
General insurance operating margins	**9**	(6)	(2)	large	large
Operating margins	**159**	133	181	20	(15)
Investment experience after tax	**69**	(11)	(120)	large	large
Cash net profit after tax	**228**	122	61	87	large

Annual Inforce Premiums [3]	Opening Balance 30/06/09 $M	Sales/New Business $M	Lapses $M	Other Movements $M	Closing Balance 31/12/09 $M
	Half Year Ended 31 December 2009				
Retail life	765	117	(72)	-	810
Wholesale life [5]	435	17	(155)	-	297
General insurance	360	58	(27)	-	391
Total	1,560	192	(254)	-	1,498

Annual Inforce Premiums [3]	Opening Balance 31/12/08 $M	Sales/New Business $M	Lapses $M	Other Movements $M	Closing Balance 30/06/09 $M
	Half Year Ended 30 June 2009				
Retail life	713	121	(69)	-	765
Wholesale life	403	45	(13)	-	435
General insurance	324	64	(28)	-	360
Total	1,440	230	(110)	-	1,560

Annual Inforce Premiums [3]	Opening Balance 30/06/08 $M	Sales/New Business $M	Lapses $M	Other Movements $M	Closing Balance 31/12/08 $M
	Half Year Ended 31 December 2008				
Retail life [4]	605	97	(51)	62	713
Wholesale life	366	58	(21)	-	403
General insurance	279	72	(27)	-	324
Total	1,250	227	(99)	62	1,440

(1) FUM does not include the Group's interests in the China Joint Venture, or ENW Limited.
(2) This asset class includes direct wholesale and listed property trusts as well as indirect listed property securities funds which are traded through the ASX.
(3) Inforce premiums relate to risk business. Savings products are disclosed within Funds Management.
(4) St Andrew's balances have been disclosed as Retail Life Premium in Other movements during the period ended 31 December 2008.
(5) Lapses include a $130 million reduction as a result of the loss of the wholesale portfolio for the Australian Super business.

Funds Under Administration	Half Year Ended 31 December 2009 Opening Balance 30/06/09 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [5] $M	Closing Balance 31/12/09 $M
FirstChoice	35,955	6,151	(4,326)	1,825	5,399	43,179
Custom Solutions [1]	5,341	803	(751)	52	754	6,147
Standalone (including Legacy)	24,950	2,084	(3,545)	(1,461)	2,617	26,106
Retail products [2]	66,246	9,038	(8,622)	416	8,770	75,432
Other retail [3]	1,154	21	(65)	(44)	112	1,222
Australian retail	67,400	9,059	(8,687)	372	8,882	76,654
Wholesale	45,092	10,376	(11,592)	(1,216)	3,496	47,372
Property	18,722	840	(938)	(98)	(700)	17,924
Other [4]	3,236	18	(75)	(57)	(111)	3,068
Domestically sourced	134,450	20,293	(21,292)	(999)	11,567	145,018
Internationally sourced	34,760	6,134	(3,547)	2,587	3,334	40,681
Total Wealth Management	169,210	26,427	(24,839)	1,588	14,901	185,699

Funds Under Administration	Half Year Ended 30 June 2009 Opening Balance 31/12/08 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [5] $M	Closing Balance 30/06/09 $M
FirstChoice	33,172	5,314	(3,812)	1,502	1,281	35,955
Custom Solutions [1]	5,727	945	(1,601)	(656)	270	5,341
Standalone (including Legacy)	25,565	2,172	(3,275)	(1,103)	488	24,950
Retail products [2]	64,464	8,431	(8,688)	(257)	2,039	66,246
Other retail [3]	1,252	25	(117)	(92)	(6)	1,154
Australian retail	65,716	8,456	(8,805)	(349)	2,033	67,400
Wholesale	39,663	15,344	(10,351)	4,993	436	45,092
Property	20,442	564	(1,405)	(841)	(879)	18,722
Other [4]	3,308	49	(83)	(34)	(38)	3,236
Domestically sourced	129,129	24,413	(20,644)	3,769	1,552	134,450
Internationally sourced	29,638	5,842	(3,986)	1,856	3,266	34,760
Total Wealth Management	158,767	30,255	(24,630)	5,625	4,818	169,210

Funds Under Administration	Half Year Ended 31 December 2008 Opening Balance 30/06/08 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [5] $M	Closing Balance 31/12/08 $M
FirstChoice	38,707	5,548	(4,805)	743	(6,278)	33,172
Custom Solutions [1]	6,257	1,231	(564)	667	(1,197)	5,727
Standalone (including Legacy) [6]	30,076	1,615	(3,978)	(2,363)	(2,148)	25,565
Retail products [2]	75,040	8,394	(9,347)	(953)	(9,623)	64,464
Other retail [3]	1,366	29	(91)	(62)	(52)	1,252
Australian retail	76,406	8,423	(9,438)	(1,015)	(9,675)	65,716
Wholesale	52,376	6,113	(16,738)	(10,625)	(2,088)	39,663
Property	20,210	717	(931)	(214)	446	20,442
Other [4]	3,248	459	(82)	377	(317)	3,308
Domestically sourced	152,240	15,712	(27,189)	(11,477)	(11,634)	129,129
Internationally sourced	32,730	3,746	(4,742)	(996)	(2,096)	29,638
Total Wealth Management	184,970	19,458	(31,931)	(12,473)	(13,730)	158,767

(1) Custom Solutions (previously known as Avanteos) includes the FirstWrap product.
(2) Retail products 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.
(5) Includes foreign exchange gains and losses from translation of internationally sourced business.
(6) St Andrew's balances have been included in Investment Income and Other during the period ended 31 December 2008 in Standalone (including legacy).

South Pacific

Financial Performance and Business Review

South Pacific incorporates the results of ASB Bank and Sovereign Insurance in New Zealand, and Fiji (up to the date of disposal on 15 December 2009).

Statutory net loss after tax for the half year ended 31 December 2009 was $42 million, a significant decrease on the prior comparative period primarily due to the one off settlement of tax on NZ structured finance transactions, the impact of increased funding costs due to the dislocation of credit markets and the recession in New Zealand, with higher impairment expense in ASB Bank and lower banking income.

ASB Bank

ASB Bank statutory net loss after tax for the half year ended 31 December 2009 was $26 million, a significant decrease on the prior comparative period driven largely by the $171 million settlement of tax on NZ structured finance transactions. This result was achieved in a very challenging environment for the New Zealand banking industry, with strong competition placing downward pressure on deposit margins and the economic climate resulting in a 79% increase in impairment expense. Other major drivers of the ASB Bank results for the half year were:

- Home loan balances increased 3% to NZD 38 billion over the prior comparative period, with market share decreasing 0.1% to 23.3%. Business lending market share increased to 9%, following 3% growth in balances over the prior comparative period. Retail deposits grew 3% to NZD 31 billion at 31 December 2009. Market share for retail deposits decreased 0.2% to 21.4%;
- Net interest margin was relatively stable compared to the prior comparative period with a continued change in portfolio mix from fixed rate to floating advances largely offset by lower margins on domestic deposits in an extremely competitive market;
- Other banking income decreased 14% on the prior comparative period to $182 million, primarily reflecting reduced trading income;
- Operating expenses decreased 8% on the prior comparative period primarily due to disciplined expense management; and
- Impairment expense increased 79% to $102 million driven by increased direct write offs and higher collective provisions as a result of a general deterioration in loan arrears in line with the economic climate. Past due and impaired assets have increased from historic lows across all asset classes.

Sovereign Insurance

Sovereign's statutory net profit after tax for the half year was $24 million, a 50% decrease on the prior comparative period. The main drivers of this result were:

- Claims expenses up 14% on the prior comparative period, with significant increases across all benefit types;
- Lower investment returns due to the adverse impact of rising bond rates; and
- Sovereign continues to lead the market in new business sales, capturing 27.7% of new business sales market share to 31 December 2009 on a rolling 12 month basis compared to 34.4% for the prior comparative period. Despite the decline in new business market share, inforce premiums have grown 7.9% in local currency over the last 12 months and inforce market share has only declined slightly from 31.7% to 31.3%, a reflection of Sovereign's strong persistency relative to its competitors.

Fiji

Fiji statutory net loss after tax until the date of disposal was $14 million, down from an $8 million statutory net profit after tax in the prior comparative period. This result included a loss on sale of $20 million, which includes realised structural foreign exchange losses, and has been included in the Group's statutory net profit after tax.

	Half Year Ended 31 December 2009					
	ASB	Sovereign	Other	Subtotal	Fiji	Total
	$M	$M	$M	$M	$M	$M
Net interest income	355	-	(4)	351	9	360
Other banking income	182	-	(10)	172	3	175
Total banking income	537	-	(14)	523	12	535
Funds management income	26	-	(1)	25	-	25
Insurance income	-	84	2	86	6	92
Total operating income	563	84	(13)	634	18	652
Operating expenses	(261)	(81)	17	(325)	(12)	(337)
Impairment expense	(102)	-	-	(102)	1	(101)
Net profit before tax	200	3	4	207	7	214
Corporate tax expense	(62)	18	-	(44)	(1)	(45)
Underlying profit after tax	138	21	4	163	6	169
Investment experience after tax	-	3	(5)	(2)	-	(2)
Cash net profit after tax	138	24	(1)	161	6	167
Hedging and AIFRS volatility	-	-	(25)	(25)	-	(25)
Gain/(loss) on disposal of controlled entities/investments	7	-	-	7	(20)	(13)
Tax on NZ structured finance transactions	(171)	-	-	(171)	-	(171)
Net profit after tax ("statutory basis")	(26)	24	(26)	(28)	(14)	(42)

	Half Year Ended 30 June 2009					
	ASB	Sovereign	Other	Subtotal	Fiji	Total
	$M	$M	$M	$M	$M	$M
Net interest income	361	-	4	365	15	380
Other banking income	206	-	-	206	(5)	201
Total banking income	567	-	4	571	10	581
Funds management income	25	-	(2)	23	-	23
Insurance income	-	123	(8)	115	8	123
Total operating income	592	123	(6)	709	18	727
Operating expenses	(237)	(80)	16	(301)	(17)	(318)
Impairment expense	(136)	-	(1)	(137)	(2)	(139)
Net profit before tax	219	43	9	271	(1)	270
Corporate tax expense	(93)	6	2	(85)	(4)	(89)
Underlying profit after tax	126	49	11	186	(5)	181
Investment experience after tax	-	-	(7)	(7)	(1)	(8)
Cash net profit after tax	126	49	4	179	(6)	173
Hedging and AIFRS volatility	-	-	15	15	-	15
Net profit after tax ("statutory basis")	126	49	19	194	(6)	188

	Half Year Ended 31 December 2008					
	ASB	Sovereign	Other	Subtotal	Fiji	Total
	$M	$M	$M	$M	$M	$M
Net interest income	376	-	15	391	18	409
Other banking income	212	-	(14)	198	5	203
Total banking income	588	-	1	589	23	612
Funds management income	28	-	(2)	26	-	26
Insurance income	-	96	(4)	92	9	101
Total operating income	616	96	(5)	707	32	739
Operating expenses	(283)	(84)	19	(348)	(20)	(368)
Impairment expense	(57)	-	-	(57)	(2)	(59)
Net profit before tax	276	12	14	302	10	312
Corporate tax expense	(70)	18	2	(50)	(3)	(53)
Underlying profit after tax	206	30	16	252	7	259
Investment experience after tax	-	18	(11)	7	1	8
Cash net profit after tax	206	48	5	259	8	267
Hedging and AIFRS volatility	-	-	(49)	(49)	-	(49)
Net profit after tax ("statutory basis")	206	48	(44)	210	8	218

South Pacific continued

Major Balance Sheet Items	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	As at				
Home lending	**30,457**	29,971	30,757	2	(1)
Assets at fair value through Income Statement	**4,537**	5,977	5,755	(24)	(21)
Other lending assets	**13,115**	13,228	13,544	(1)	(3)
Non-lending interest earning assets	**2,313**	1,293	1,416	79	63
Other assets	**3,819**	4,405	6,146	(13)	(38)
Total assets	**54,241**	54,874	57,618	(1)	(6)
Deposits	**25,455**	25,083	26,383	1	(4)
Liabilities at fair value through Income Statement	**12,333**	13,303	12,722	(7)	(3)
Debt issues	**2,973**	2,867	3,744	4	(21)
Other liabilities	**4,611**	5,975	6,481	(23)	(29)
Total liabilities	**45,372**	47,228	49,330	(4)	(8)
Balance Sheet					
Assets					
ASB Bank	**52,330**	52,429	54,786	-	(4)
Other	**1,911**	2,445	2,832	(22)	(33)
Total assets	**54,241**	54,874	57,618	(1)	(6)
Liabilities					
ASB Bank	**43,897**	45,284	47,069	(3)	(7)
Other	**1,475**	1,944	2,261	(24)	(35)
Total liabilities	**45,372**	47,228	49,330	(4)	(8)

Sources of Profit from Insurance Activities	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	Half Year Ended				
The Margin on Services profit from ordinary activities after income tax is represented by:					
Planned profit margins	**27**	35	35	(23)	(23)
Experience variations	**(6)**	14	(5)	large	20
Operating margins	**21**	49	30	(57)	(30)
Investment experience after tax	**3**	-	18	large	(83)
Cash net profit after tax	**24**	49	48	(51)	(50)

South Pacific - Funds Under Administration	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	Half Year Ended				
Opening balance	**6,124**	6,245	6,335	(2)	(3)
Inflows	**1,261**	658	1,076	92	17
Outflows	**(907)**	(557)	(979)	63	(7)
Net Flows	**354**	101	97	large	large
Investment income & other	**584**	(222)	(187)	large	large
Closing balance	**7,062**	6,124	6,245	15	13

South Pacific - Annual Inforce Premiums	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	Half Year Ended				
Opening balance	**415**	416	371	-	12
Sales/New business	**27**	25	32	8	(16)
Lapses	**(12)**	(10)	(9)	20	33
Other movements	**3**	(16)	22	large	(86)
Closing balance	**433**	415	416	4	4

Financial Performance and Business Review

Bankwest's business performed strongly over the half year ended 31 December 2009, with statutory net profit after tax of $82 million. The Bankwest business had no profit contribution in the prior comparative period. This result was driven by:

- Banking income supported by solid volumes and higher margins;
- Operating expenses contained, resulting in a significant improvement in the expense to income ratio; and
- Impairment expense for the current half was $313 million due to provisions recognised in relation to a small number of exposures.

Lending asset balances increased 11% over the prior comparative period reflecting strong demand for home loan products, while deposit balances increased 5% in a highly competitive market.

Bankwest's vision is to be the best value, most innovative and approachable bank in Australia with an absolute focus on customer satisfaction. A number of initiatives were implemented over the current half to meet this vision, including:

- Refurbishment and upgrade of selected Western Australian branches, in addition to the opening of two new branches in high-growth corridors;
- Continued investment in the customer network, which now includes 137 branches, 730 ATMs and phone and internet banking platforms;
- Meeting the demands of customers through innovative and market leading products such as the Rate Tracker Home Loan, which achieved over $5 billion of net volume growth during the half; and
- Implementation of customer service programs to provide enhanced customer satisfaction.

Retail

Home loan balances increased by 16% over the prior comparative period, underpinned by competitive standard variable home loan rates and an increased number of branches on the East Coast. Lending margins increased primarily due to re-pricing initiatives to reflect the current risk environment and increasing average funding costs as cheaper funding expires and is replaced with more expensive funding.

Deposit balances were in line with the prior comparative period, reflecting a highly competitive market. Deposit margins have decreased from December 2008, but have steadily improved since June 2009.

Business

Business lending balances increased 6% over the prior comparative period, however growth has been flat since June 2009 due to weaker market demand and a strategic shift in focus away from the property sector. Lending margins are broadly in line with the prior comparative period.

Business deposits increased 15% over the prior comparative period, achieved in conjunction with an increase in margins due to an improved focus on business mix.

Operating Expenses

Operating expenses were $443 million, with expense management remaining a key focus, with numerous expense containment and integration initiatives currently in progress.

Impairment Expense

Impairment expense within Bankwest was $313 million or 13 basis points of average gross loans and acceptance for the current half. This reflects provisions taken on exposures concentrated on the East Coast of Australia with a focus on property development.

Arrears levels improved over the current half, with over 90 days arrears rates declining across the entire retail portfolio.

Bankwest continued

	Half Year Ended	
	31/12/09	30/06/09
	$M	$M
Net interest income	**727**	591
Other banking income	**121**	168
Total banking income	**848**	759
Operating expenses	**(443)**	(483)
Impairment expense	**(313)**	(113)
Net profit before tax	**92**	163
Corporate tax expense	**(28)**	(50)
Cash net profit after tax	**64**	113
Hedging and AIFRS volatility	**(36)**	(18)
Bankwest integration expense	**(8)**	(53)
Merger related amortisation	**62**	80
Net profit after tax ("statutory basis")	**82**	122

	As at				
	31/12/09	30/06/09	31/12/08	Dec 09 vs	Dec 09 vs
Major Balance Sheet Items	$M	$M	$M	Jun 09 %	Dec 08 %
Home lending (including securitisation)	**39,131**	35,048	33,685	12	16
Other lending assets	**26,214**	26,366	25,009	(1)	5
Assets at fair value through Income Statement (1)	**13**	48	5,776	(73)	large
Other assets (1)	**7,083**	6,865	1,726	3	large
Total assets	**72,441**	68,327	66,196	6	9
Transaction deposits	**4,619**	4,803	4,843	(4)	(5)
Savings deposits	**8,204**	8,708	7,546	(6)	9
Investment deposits	**25,882**	24,639	23,919	5	8
Certificates of deposit and other	**51**	157	524	(68)	(90)
Debt issues	**8,843**	4,903	5,221	80	69
Due to other financial institutions (2)	**17,700**	19,119	18,138	(7)	(2)
Other liabilities	**2,089**	2,059	2,324	1	(10)
Total liabilities (3)	**67,388**	64,388	62,515	5	8

(1) Assets at fair value through Income Statement as at 31 December 2008 were held mainly to meet liquid asset ratio requirements. These assets were subsequently sold and placed on deposit with Group Treasury. The deposit is held in other assets.

(2) Includes amounts due to group companies (31 December 2009: $16.7 billion, 30 June 2009: $19.1 billion, 31 December 2008: $13.6 billion).

(3) Comparative liability balances have been restated following alignment of product classifications with the Group.

Financial Performance and Business Review

Asia

International Financial Services Asia ("IFS Asia") incorporates the retail banking operations in Indonesia, Vietnam and Japan, investments in Chinese retail banks, investments in Sino-foreign joint venture life insurance business, the life insurance operations in Indonesia and the representative office in India. It does not include the Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.

IFS Asia statutory net profit after tax for the half year ended 31 December 2009 was $22 million, compared to $11 million for the prior comparative period. The key activities in IFS Asia during the current half year were:

- Expansion of the PT Bank Commonwealth branch network in Indonesia to 74 with the addition of 18 new branches for the period and the addition of 11 ATMs bringing the total number of ATMs to 89;
- Development of the Bancassurance model between PT Bank Commonwealth and PT Commonwealth Life in Indonesia. 28% of new business sales in PT Commonwealth Life for the period were sourced via the PT Bank Commonwealth branch network;
- Participation in a Bank of Hangzhou equity raising to maintain the Group's 20% shareholding. The equity raising was to strengthen capital ratios and support growth. Bank of Hangzhou was ranked number one among City Commercial Banks in a review by the prestigious Chinese Banker magazine;
- Participation in a Qilu Bank equity raising to maintain the Group's 20% equity stake. The Qilu equity raising was also to support growth and strengthen capital ratios; and
- Approval received from the Chinese Insurance regulators to enter a life insurance joint venture with BoCom, China's fifth largest bank. The life insurance joint venture will be renamed as BoCommLife Insurance Company Limited.

Corporate Centre

Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Strategy, Secretariat and Treasury.

Corporate Centre statutory net profit after tax decreased by 22% on the prior comparative period to $214 million. Key drivers of this result were:

- Higher operating expenses due to the unfavourable impact of investment market performance on the Group's defined benefit superannuation fund and an increase in Group provisions for staff costs; partly offset by
- Increased Treasury earnings due to the benefit of higher earnings on capital following capital raisings in prior periods.

Eliminations/Unallocated

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

Eliminations/Unallocated statutory net profit after tax decreased significantly on the prior comparative period to $81 million, largely due to the $547 million gain on acquisition of Bankwest and St Andrew's recognised in the prior comparative period.

Other (including Asia) continued

	Half Year Ended 31 December 2009			
		Corporate	Eliminations/	
	Asia	Centre	Unallocated	Total
	$M	$M	$M	$M
Net interest income [1]	30	513	(84)	459
Other banking income [1]	58	(66)	(68)	(76)
Total banking income	88	447	(152)	383
Funds management income	-	-	14	14
Insurance income	19	-	(1)	18
Total operating income	107	447	(139)	415
Operating expenses	(79)	(152)	-	(231)
Impairment expense	(3)	-	(60)	(63)
Net profit before tax	25	295	(199)	121
Corporate tax expense	(3)	(81)	48	(36)
Non-controlling interests	(1)	-	(8)	(9)
Underlying profit after tax	21	214	(159)	76
Investment experience after tax	1	-	26	27
Cash net profit after tax	22	214	(133)	103
Hedging and AIFRS volatility	-	-	238	238
Bankwest integration expenses	-	-	(6)	(6)
Loss on disposal of controlled entities	-	-	(18)	(18)
Net profit after tax ("statutory basis")	22	214	81	317

	Half Year Ended 30 June 2009			
		Corporate	Eliminations/	
	Asia	Centre	Unallocated	Total
	$M	$M	$M	$M
Net interest income [1]	37	461	(7)	491
Other banking income [1]	58	127	(93)	92
Total banking income	95	588	(100)	583
Funds management income	-	-	16	16
Insurance income	19	-	7	26
Total operating income	114	588	(77)	625
Operating expenses	(82)	(61)	-	(143)
Impairment expense	(3)	-	(23)	(26)
Net profit before tax	29	527	(100)	456
Corporate tax expense	(10)	(153)	22	(141)
Non-controlling interests	(2)	-	(12)	(14)
Underlying profit after tax	17	374	(90)	301
Investment experience after tax	2	-	17	19
Cash net profit after tax	19	374	(73)	320
Defined benefit superannuation plan income	-	-	3	3
Hedging and AIFRS volatility	-	-	(234)	(234)
Gain on acquisition of controlled entities	-	-	65	65
Bankwest integration expenses	-	-	(25)	(25)
Net profit after tax ("statutory basis")	19	374	(264)	129

(1) Excludes 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 (December 2009: $123 million; June 2009: $128 million; December 2008: $147 million).

	Half Year Ended 31 December 2008			
	Asia	Corporate Centre	Eliminations/ Unallocated	Total
	$M	$M	$M	$M
Net interest income [1]	22	249	(134)	137
Other banking income [1]	44	103	60	207
Total banking income	66	352	(74)	344
Funds management income	-	-	13	13
Insurance income	18	-	6	24
Total operating income	84	352	(55)	381
Operating expenses	(75)	6	-	(69)
Impairment expense	(1)	-	6	5
Net profit before tax	8	358	(49)	317
Corporate tax expense	3	(84)	14	(67)
Non-controlling interests	(1)	-	(15)	(16)
Underlying profit after tax	10	274	(50)	234
Investment experience after tax	1	-	12	13
Cash net profit after tax	11	274	(38)	247
Defined benefit superannuation plan expense	-	-	(13)	(13)
Hedging and AIFRS volatility	-	-	41	41
Gain on acquisition of controlled entities	-	-	547	547
Net profit after tax ("statutory basis")	11	274	537	822

(1) Excludes 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 (December 2009: $123 million; June 2009: $128 million; December 2008: $147 million).

Investment Experience

Investment Experience	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	Half Year Ended				
Wealth Management	**117**	(95)	(222)	(223)	(153)
South Pacific	**(2)**	(9)	16	(78)	(113)
Other (including Asia)	**27**	20	23	35	17
Investment experience before tax	**142**	(84)	(183)	(269)	(178)
Corporate tax expense	**(33)**	20	51	(265)	(165)
Investment experience after tax	**109**	(64)	(132)	(270)	(183)

Shareholder Investment Asset Mix (%)	Australia [1] %	New Zealand %	Asia %	Total %
	As at 31 December 2009			
Local equities	1	-	-	1
International equities	-	1	-	-
Property	16	-	23	13
Sub-total	17	1	23	14
	-	-	-	-
Fixed interest	30	51	74	31
Cash	53	48	3	55
Sub-total	83	99	77	86
Total	100	100	100	100

Shareholder Investment Asset Mix ($M)	Australia [1] $M	New Zealand $M	Asia $M	Total $M
	As at 31 December 2009			
Local equities	10	1	-	11
International equities	-	1	-	1
Property	280	-	10	290
Sub-total	290	2	10	302
				-
Fixed interest	534	280	40	854
Cash	941	266	1	1,208
Sub-total	1,475	546	41	2,062
Total	1,765	548	51	2,364

(1) Includes Shareholder's funds in the CFS Global Asset Management, Colonial First State and CommInsure businesses.

Liquidity and Capital Resources

Liquidity and Funding Arrangements

Overview

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

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

The Group's liquidity policies are designed to ensure it maintains sufficient cash balances and liquid asset holdings to meet its obligations to customers, in both ordinary market conditions and during periods of extreme stress. These policies are intended to protect the value of the Group's operations across its Retail Banking Services, Business and Private Banking, Institutional Banking and Markets, Wealth Management, South Pacific, Bankwest, and Asian businesses, during periods of unfavourable market conditions, such as have been experienced since August 2007.

The Group's funding policies are designed to achieve diversified sources of funding by product, term, maturity date, investor type, investor location, jurisdiction, currency and concentration, on a cost effective basis. This objective applies to the Group's wholesale and retail funding activities. The Group's retail funding was approximately 58% of its total funding requirements at 31 December 2009.

More information regarding the Group's liquidity and debt maturity profile can be found in Appendix 6.

The Risk Management Framework for Liquidity and Funding

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

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

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

Liquidity and Funding Policies and Management

The Group's liquidity and funding policies provide that:

- Balance sheet assets that cannot be liquidated quickly are funded with deposits or term borrowings that meet minimum maturity requirements, including appropriate liquidity buffers;
- Short and long term wholesale funding limits are established and reviewed regularly based on surveys and analysis of market capacity;
- A minimum level of assets are retained in highly liquid form;
- The level of liquid assets complies with crisis scenario assumptions related to "worst case" wholesale and retail market conditions; is adequate to meet known funding obligations over certain timeframes; and are allocated across Australian dollar and foreign currency denominated securities in accordance with specific calculations;
- Certain levels of liquid assets are held to provide for the risk of the Group's committed but un-drawn lending obligations being drawn by customers, as calculated based on draw down estimates and forecasts; and
- The Group maintains certain levels of liquid assets categories within its liquid assets portfolio. The first category includes negotiable certificates of deposit of Australian banks, bank bills, Commonwealth of Australia Government and Australian state and semi-government bonds and supra-national bonds eligible for repurchase by the RBA at any time. The second category is AAA and A-1+ rated Australian residential mortgage backed securities that meet certain minimum requirements.

At 31 December 2009, almost 100% of the Group's Australian dollar liquid assets qualify for repurchase by the RBA at any time.

The Group's key liquidity tools include:

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

The Group's key funding tools include:

- Its consumer, small business and institutional deposit base;
- Its consumer retail funding base which includes a wide range of retail transaction accounts, investment accounts, term deposits and retirement style accounts for individual consumers; and

Liquidity and Capital Resources continued

- Its wholesale international and domestic funding programmes which includes its: Australian dollar Negotiable Certificates of Deposit programme; Australian dollar bank bill programme; US Commercial Paper programme; US and Euro Commercial Paper programme; US Extendible Notes programme; Australian dollar domestic borrowing programme; US "Rule 144A" Medium Term Note Programme; Euro Medium Term Note Programme; Medallion "Regulation AB" securitisation programme; various Japanese wholesale and retail programmes; and a series of other related programmes in American, European and Asian jurisdictions.

	Half Year Ended		
	31/12/2009	30/06/2009	30/12/2008
Debt Issues	$M	$M	$M
Short term debt issues	**40,860**	39,586	27,444
Long term debt issues	**78,347**	62,232	74,955
Total debt issues	**119,207**	101,819	102,399

The following table details the current debt programmes and issuing shelves along with programme or shelf size and outstandings as at 31 December 2009. Access in a timely and flexible manner to a diverse range of debt markets and investors is provided by the following programmes as at 31 December 2009.

Debt Programmes and Issuing Shelves

Programme/Issue Shelf	Programme/Issuing Shelf Type
Australia	
No Limit	Domestic Debt Issuance Programme
A$ 3 billion	CBFC Domestic Borrowing Programme
A$ 3 billion	CFL Domestic Borrowing Programme
Euro Market	
US$ 7 billion	ASB Euro Commercial Paper Programme
US$ 7 billion	CBA Euro Commercial Paper Programme
US$ 70 billion	Euro Medium Term Note Programme (1)
US$ 10 billion	ASB Extendible Notes Programme
US$ 7.5 billion	BankWest Euro Commercial Paper Programme
Japan	
JPY 500 billion	Uridashi shelf (2)
New Zealand	
No Limit	ASB Domestic Medium Term Note Programme
No Limit	ASB Registered Certificate of Deposit Programme
No Limit	CBA Domestic Medium Term Note Programme
United States	
US$ 7 billion	ASB Commercial Paper Programme
US$ 20 billion	CBA Commercial Paper Programme
US$ 50 billion	U.S. Medium Term Note Programme

(1) ASB Bank Limited is also an issuer under this program.

(2) Amounts are also reflected under the $70 billion Euro Medium Term Note Programme.

In addition to the debt instruments on the previous page, the Group has made certain contractual and commercial commitments to make expenditures. The contractual obligations profile of the Group is presented under "Contractual Commitments" beginning on page 67 of the Group's Annual Report (U.S. Version) Year Ended 30 June 2009. The Group is not aware of any material changes to this profile since 30 June 2009.

For more information on the Group's funding programs and liquidity and capital resources, see "Liquidity and Capital Resources" beginning on page 61 of the Group's Annual Report (U.S. Version) Year Ended 30 June 2009.

Details of the Group's regulatory capital position and capital management activities are disclosed in Appendix 10: Capital Adequacy.

Recent Market Environment

Although the cost of liquidity and funding have increased significantly since August 2007 due to market conditions as discussed under "Highlights", the Group's liquidity and funding policies have remained unchanged throughout this period, as they have proven to be effective and the Group's liquidity and funding arrangements have remained within the requirements of these policies.

The Group has managed its liquidity during adverse market conditions to avoid concentrations such as dependence on single sources of funding and has taken advantage of the Group's diversified funding base. For example, the Group has shifted a portion of its funding to the Japanese retail funding market from its large scale international securitizations. The Group has also controlled its funding requirements by carefully planning its asset origination activities.

In addition, the Commonwealth of Australia (the "Commonwealth") has undertaken a variety of measures to thaw frozen credit markets and stimulate economic growth, including the implementation of two government guarantee schemes aimed at improving confidence in the Australian banking sector. These schemes are:

- Guarantee of deposits: Effective 12 October 2008 the Commonwealth has guaranteed the deposits in eligible Australian banks (including the Group) for a period of three years. The Group will be required to pay certain levies to fund certain of the Commonwealth's costs and a fee for the guarantee of deposits over A$1,000,000, which, based on the Group's current rating by Standard and Poor's of AA, is 70 basis points per annum.
- Guarantee of wholesale term funding: Effective 28 November 2008, the Commonwealth has implemented the Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding, under which Australian banks may apply for a guarantee of the Commonwealth of senior unsecured liabilities which are "not complex" and issued domestically or off shore with terms of up to 60 months. The Group is required to pay a fee based on the aggregate principal amount of guaranteed indebtedness, which, based on its current rating by Standard and Poor's of AA, is 70 basis points per annum. The Commonwealth has announced that the Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding will be reviewed on an ongoing basis and revised if necessary, and will be withdrawn once market conditions have normalized.

These schemes have been largely successful in restoring confidence in the deposits of Australian banks and in restoring the availability of wholesale funding markets for funding by Australian banks.

The Group has issued $29,469 million of wholesale funding that is guaranteed by the Commonwealth since the inception of the guarantee scheme.

On 7 February 2010, the Australian Federal Government announced the withdrawal of the Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding (the "ADI Guarantee Scheme") effective 31 March 2010. The ADI Guarantee Scheme is described on page 61 of the Annual Disclosure Report. As of 31 December 2009, 5% of the Group outstanding long-term indebtedness was guaranteed pursuant to the ADI Guarantee Scheme. Subject to any changes in market conditions, the Group does not believe that the withdrawal of the ADI Guarantee Scheme will affect its ability to raise sufficient funding in offshore markets.

Off-Balance Sheet Arrangements

For further details regarding the Group's off-balance sheet arrangements, please see "Off-Balance Sheet Arrangements" beginning on page 64 of the Group's Annual Disclosure Report (U.S. Version) Year Ended 30 June 2009.

Recent Developments in Financial System Regulation in Australia

Discussion Paper - APRA's prudential approach to ADI liquidity risk

On 11 September 2009, APRA released proposals to enhance liquidity risk management by authorised deposit-taking institutions (ADIs). The objective is to strengthen the resilience of ADIs to liquidity risk and improve APRA's ability to assess and monitor ADIs' liquidity risk profiles. For a description of APRA's current liquidity risk regulation, see "Description of Business — Financial System Regulation in Australia" beginning on page 73 of the 2009 Annual U.S. Disclosure Report.

APRA has stated that the proposed changes to be incorporated as part of its revised approach to liquidity risk would include:

- enhanced qualitative requirements consistent with the Principles for Sound Liquidity Risk Management and Supervision issued by the Basel Committee on Banking Supervision ("Basel Committee") in September 2008;
- extending the "going concern" cash flow projection requirement to all ADIs and lengthening the projection to at least 12 months;
- strengthening the current APRA-defined stress testing to ensure ADIs meet a minimum acceptable level of resilience, which would include:
    - lengthening the minimum survival horizon for the current APRA-defined "name crisis" scenario from five business days to one month; and
    - an additional APRA-defined three-month "market disruption" stress scenario; and
- a standardised reporting framework for collecting regular liquidity data from ADIs, including the ability to access data at short notice in times of stress.

In addition, Basel Committee has proposed implementation of a net stable funding ratio and which translates into a minimum term funding ratio requirement, which the Group expects would require it to undertake wholesale long-term funding to replace short-term funding to more closely match its long-term asset profile, which are comprised predominantly of home mortgages.

APRA intends to issue final standards and reporting forms in the first half of calendar 2010, although it acknowledges that this timetable may be amended as international initiatives in this area evolve. Transition arrangements will also apply as appropriate.

In its discussions on what would constitute a liquid asset for stress testing purposes, APRA has proposed to adopt a definition of liquid assets which is consistent with the view of what it describes as "an emerging international consensus amongst prudential supervisors", that liquid assets should be high quality assets that can be readily sold or used as collateral in private markets, even when those markets may be under stress and, as a backstop, liquid assets should also be eligible central bank collateral for normal market operations. APRA has noted that, if it is the case that the Australian dollar denominated assets satisfying APRA's proposed liquid asset definition is insufficient for the aggregate need of ADIs, it will consider permitting some limited portion of the liquid asset buffer to comprise assets that are eligible RBA collateral for normal market operations as the sole criterion. The Group currently expects that if APRA's liquidity proposals are implemented in their current form, the Group would be required to hold approximately double the amount of liquid assets it currently holds. In addition, if implemented as proposed, the key implications for the Group would be the narrowing of the definition of "liquid assets" which could require it to hold lower yielding assets such as Commonwealth Government Securities and significantly increased reporting requirements.

Basel Committee on Banking Supervision Discussion Papers

On 17 December 2009, the Basel Committee on Banking Supervision released two consultative documents, "Strengthening the Resilience of the Banking Sector" and "International Framework for Liquidity Risk Measurement, Standards and Monitoring". The documents set out the Basel Committee's proposals to strengthen global capital and liquidity requirements, with the goal of promoting a more resilient international banking system. The proposed reforms of the Basel Committee aim to:

- Raise the quality, consistency and transparency of the regulatory capital base to ensure that the banking system is in a better position to absorb losses on both a going concern and a gone concern basis. In addition to raising the quality of the Tier 1 capital base, the Basel Committee is also harmonising the other elements of the capital structure;
- Further strengthen the risk coverage of the Basel II capital framework by, among other things, enhancing the capital requirements for counterparty credit risk exposure arising from banks' derivatives, repo and securities financing activities;
- Introduce a leverage ratio as a supplementary measure to the Basel II risk-based framework;
- Introduce a global standard on liquidity that includes a 30-day liquidity coverage ratio requirement underpinned by a longer-term structural liquidity ratio. The framework also includes a common set of monitoring metrics to assist supervisors in identifying and analysing liquidity risk trends at both the bank and system wide level; and
- Introduce a series of measures to reduce the extent to which the minimum capital requirement is correlated to the performance of the overall economy. In addition, the Basel Committee is promoting more forward-looking provisioning based on expected losses, which captures actual losses more transparently and is also less correlated to the performance of the overall economy than the current "incurred loss" provisioning model.

Given the wide-ranging nature of the Basel Committee's proposals, a global quantitative impact study is expected to be undertaken in the first half of calendar 2010 to assess their impact and to ensure that they are calibrated appropriately. Final calibration of the proposals is expected to only occur after the impact study has been completed. The Basel Committee expects that the fully calibrated set of standards will be developed by the end of calendar 2010 to be phased in as financial conditions improve and the economic recovery is assured, with the aim of implementation by end of calendar 2012, with appropriate phase-in measures and grandfathering arrangements for a sufficiently long period to ensure a smooth transition to the new standards.

As a member of the Basel Committee, APRA has been involved in developing these global initiatives, and it has indicated that it supports the broad set of proposals contained in the consultative documents. APRA expects to generally follow the agreed international timetable when implementing the new capital standards in Australia, which is currently expected to be by the end of calendar 2012. Given the Basel Committee's timetable, APRA expects that it will finalise its prudential standards on liquidity around the middle of calendar 2011, with implementation and (if necessary) any transition arrangements to be considered once the final proposals are clearer.

The Directors submit their report for the half year ended 31 December 2009.

Directors

The names of the Directors holding office during the half year ended 31 December 2009 and until the date of this report were:

J M Schubert	Chairman
R J Norris KNZM	Managing Director and Chief Executive Officer
J A Anderson KBE	Director
R J Clairs AO	Director
C R Galbraith AM	Director
J S Hemstritch	Director
S C H Kay	Director
A M Mohl	Director
F D Ryan	Director
D J Turner	Director
H H Young	Director

The Bank's Chairman will retire from the Board on 10 February 2010 and will be succeeded by David Turner, who is currently a non-executive Director of the Bank.

Review and Results of Operations

Commonwealth Bank recorded a consolidated statutory net profit after tax of $2,914 million for the half year ended 31 December 2009, compared with $2,573 million for the prior comparative period, an increase of 13%. The increase was principally due to strong banking income resulting from growth in both lending and deposit balances, as well as a significant decrease in impairment expense.

The statutory net profit after tax from Retail Banking Services of $1,245 million (December 2008: $1,119 million) reflects growth in home loans and retail deposits together with disciplined expense management, partly offset by a higher impairment expense.

The statutory net profit after tax from Business and Private Banking of $440 million (December 2008: $373 million) reflects solid growth in banking income partly offset by higher impairment expense.

The statutory net profit after tax from Institutional Banking and Markets of $545 million (December 2008: ($168) million) was driven by a lower impairment expense, and strong banking income.

The statutory net profit after tax from Wealth Management of $327 million (December 2008: $209 million), reflects the effect of a marked improvement in Investment Experience.

The statutory net loss after tax from South Pacific of $42 million (December 2008 statutory net profit after tax: $218 million) reflects the one off settlement of tax on New Zealand structured finance transactions, a higher impairment expense and slowing income growth in a challenging New Zealand banking environment.

The statutory net profit after tax from Bankwest of $82 million reflects the focus on cost management and strong banking income.

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 2009 and performance for the half year ended 31 December 2009, in accordance with relevant accounting standards.

Signed in accordance with a resolution of the Directors.

J M Schubert

Chairman

10 February 2010

R J Norris

Managing Director and Chief Executive Officer

Financial Statements

Consolidated Income Statement

For the half year ended 31 December 2009

		Half Year Ended		
		31/12/09	30/06/09	31/12/08
	Notes	$M	$M	$M
Interest income	2	**15,290**	15,057	16,462
Interest expense		**(9,132)**	(9,299)	(11,919)
Net interest income		**6,158**	5,758	4,543
Other operating income		**2,350**	1,895	2,019
Net banking operating income		**8,508**	7,653	6,562
Funds management income		**948**	709	909
Investment revenue/(expense)		**1,046**	54	(913)
Claims and policyholder liability (expense)/revenue		**(1,022)**	(130)	861
Net funds management operating income		**972**	633	857
Premiums from insurance contracts		**898**	867	784
Investment revenue/(expense)		**497**	(19)	(213)
Claims and policyholder liability expense from insurance contracts		**(745)**	(337)	(313)
Insurance margin on services operating income		**650**	511	258
Total net operating income		**10,130**	8,797	7,677
Gain on acquisition of controlled entities		**-**	201	782
Impairment expense		**(1,383)**	(1,441)	(1,607)
Operating expenses	3	**(4,324)**	(4,391)	(3,569)
Net profit before income tax		**4,423**	3,166	3,283
Corporate tax expense	4	**(1,361)**	(971)	(889)
Policyholder tax (expense)/benefit		**(139)**	(31)	195
Net profit after income tax		**2,923**	2,164	2,589
Non-controlling interests		**(9)**	(14)	(16)
Net profit attributable to Equity holders of the Bank		**2,914**	2,150	2,573

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	Cents per Share		
Earnings per share:			
Statutory basic	**190. 3**	142. 2	188. 4
Statutory diluted	**183. 8**	135. 8	173. 6

Financial Statements continued

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2009

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Profit for the period	**2,923**	2,164	2,589
Other comprehensive income/expense:			
Actuarial gains and losses from defined benefit superannuation plans	**98**	273	(1,012)
Gains and losses on cash flow hedging instruments:			
Recognised in equity	**(48)**	(148)	(1,482)
Transferred to Income Statement	**315**	(52)	31
Gains and losses on available-for-sale investments:			
Recognised in equity	**159**	(169)	179
Transferred to Income Statement on disposal	**(9)**	(24)	-
Transferred to Income Statement on impairment	**-**	37	-
Revaluation of properties	**-**	(25)	-
Foreign currency translation reserve	**(99)**	(357)	525
Income tax on items transferred directly to/from equity:			
Foreign currency translation reserve	**(1)**	45	49
Available-for-sale investments revaluation reserve	**(45)**	29	(66)
Revaluation of properties	**-**	9	-
Cash flow hedge reserve	**(79)**	62	435
Other comprehensive income net of income tax	**291**	(320)	(1,341)
Total comprehensive income for the period	**3,214**	1,844	1,248
Total comprehensive income for the period is attributable to:			
Equity holders of the Bank	**3,205**	1,830	1,232
Non-controlling interests	**9**	14	16
Total comprehensive income for the period	**3,214**	1,844	1,248

Consolidated Balance Sheet

As at 31 December 2009

Assets	Notes	31/12/09 $M	30/06/09 $M	31/12/08 $M
Cash and liquid assets		**11,686**	11,340	12,588
Receivables due from other financial institutions		**11,923**	14,421	14,846
Assets at fair value through Income Statement:				
Trading		**21,711**	25,401	29,721
Insurance		**17,554**	17,260	17,974
Other		**642**	1,677	2,052
Derivative assets		**20,237**	26,358	43,661
Available-for-sale investments		**29,573**	21,504	17,350
Loans, bills discounted and other receivables	5	**482,019**	466,631	446,320
Bank acceptances of customers		**10,960**	14,728	14,732
Property, plant and equipment		**2,367**	2,472	2,428
Investment in associates		**1,339**	1,047	1,062
Intangible assets		**9,322**	9,245	8,486
Deferred tax assets		**315**	1,653	1,399
Other assets		**5,601**	6,070	5,511
		625,249	619,807	618,130
Assets held for sale		**227**	565	631
Total assets		**625,476**	620,372	618,761

Liabilities	Notes	31/12/09 $M	30/06/09 $M	31/12/08 $M
Deposits and other public borrowings	7	**370,167**	368,721	350,184
Payables due to other financial institutions		**13,675**	15,109	21,682
Liabilities at fair value through Income Statement		**15,735**	16,596	16,390
Derivative liabilities		**21,874**	32,134	41,811
Bank acceptances		**10,960**	14,728	14,732
Current tax liabilities		**193**	883	401
Deferred tax liabilities		**-**	168	283
Other provisions		**1,106**	1,243	1,191
Insurance policy liabilities		**16,272**	16,056	16,897
Debt issues		**119,207**	101,819	102,399
Managed funds units on issue		**1,082**	914	350
Bills payable and other liabilities		**7,174**	8,520	7,812
		577,445	576,891	574,132
Loan capital		**14,448**	12,039	14,642
Total liabilities		**591,893**	588,930	588,774
Net assets		**33,583**	31,442	29,987

Shareholders' Equity	Notes	31/12/09 $M	30/06/09 $M	31/12/08 $M
Share capital:				
Ordinary share capital	9	**22,344**	21,642	20,365
Other equity instruments	9	**939**	939	939
Reserves	9	**459**	516	958
Retained profits	9	**9,320**	7,825	7,206
Shareholders' equity attributable to Equity holders of the Bank		**33,062**	30,922	29,468
Non-controlling interests:				
Controlled entities		**521**	520	519
Total Shareholders' equity		**33,583**	31,442	29,987

Consolidated Statement of Cash Flows [1]

For the half year ended 31 December 2009

	Notes	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M
Cash flows from operating activities				
Interest received		**14,989**	15,133	16,612
Interest paid		**(8,831)**	(9,388)	(11,598)
Other operating income received		**2,757**	2,742	2,809
Expenses paid		**(4,211)**	(3,656)	(3,678)
Income taxes paid		**(1,094)**	(595)	(1,448)
Net decrease/(increase) in assets at fair value through Income Statement (excluding life insurance)		**1,546**	6,136	(1,272)
Net increase/(decrease) in liabilities at fair value through Income Statement:				
Life insurance:				
Investment income		**87**	217	58
Premiums received [2]		**1,060**	1,053	1,010
Policy payments [2]		**(1,605)**	(1,425)	(1,719)
Other liabilities at fair value through Income Statement		**(769)**	725	(438)
Cash flows from operating activities before changes in operating assets and liabilities		**3,929**	10,942	336
Changes in operating assets and liabilities arising from cash flow movements				
Movement in available-for-sale investments:				
Purchases		**(33,558)**	(16,165)	(21,035)
Proceeds from sale		**2,527**	3,197	1,799
Proceeds at or close to maturity		**22,322**	7,924	14,265
Net change in deposits with regulatory authorities		**(2)**	(19)	44
Net (increase) in loans, bills discounted and other receivables		**(17,145)**	(24,708)	(28,170)
Net decrease/(increase) in receivables due from other financial institutions not at call		**4,250**	(217)	(5,358)
Net decrease/(increase) in securities purchased under agreements to resell		**894**	434	(941)
Life insurance business:				
Purchase of insurance assets at fair value through Income Statement		**(3,167)**	(6,327)	(5,623)
Proceeds from sale/maturity of insurance assets at fair value through Income Statement		**4,630**	8,276	6,202
Net increase in deposits and other public borrowings		**5,923**	20,856	26,538
Net proceeds from issuance of debt securities		**17,317**	(680)	10,933
Net (decrease) in payables due to other financial institutions not at call		**(800)**	(2,761)	(5,251)
Net (decrease)/increase in securities sold under agreements to repurchase		**(4,595)**	(1,488)	8,473
Changes in operating assets and liabilities arising from cash flow movements		**(1,404)**	(11,678)	1,876
Net cash provided by/(used in) operating activities	10 (a)	**2,525**	(736)	2,212
Cash flows from investing activities				
Receipts/(payments) for acquisition of controlled entities	10 (e)	**-**	60	(1,801)
Net proceeds from disposal of controlled entities	10 (c)	**(17)**	-	-
Dividends received		**29**	38	38
Proceeds from sale of property, plant and equipment		**61**	6	3
Purchases of property, plant and equipment		**(166)**	(278)	(709)
Payments for acquistions of investments in associates/joint ventures		**(276)**	-	(144)
Sale/(purchase) of assets held for sale		**306**	4	(26)
Purchase of intangible assets		**(230)**	(210)	(195)
Net decrease/(increase) in other assets		**240**	464	(541)
Net cash (used in)/provided by investing activities		**(53)**	84	(3,375)

(1) It should be noted that the Group does not use this Statement of Cash Flows prepared for accounting purposes in the 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 2009

		Half Year Ended		
		31/12/09	30/06/09	31/12/08
	Notes	$M	$M	$M
Cash flows from financing activities				
Proceeds from the issue of shares (net of issue costs)		**1**	863	3,967
Dividends paid (excluding Dividend Reinvestment Plan)		**(1,071)**	(1,278)	(1,342)
Net movement in other liabilities		**(821)**	209	135
Net sale/(purchase) of treasury shares		**16**	9	(23)
Issue of loan capital		**3,665**	-	500
Redemption of loan capital		**(596)**	(1,250)	-
Other		**(293)**	215	(269)
Net cash provided by/(used in) financing activities		**901**	(1,232)	2,968
Net increase/(decrease) in cash and cash equivalents		**3,373**	(1,884)	1,805
Cash and cash equivalents at beginning of period		**2,186**	4,070	2,265
Cash and cash equivalents at end of period [2]	10 (b)	**5,559**	2,186	4,070

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

(2) 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.

Financial Statements continued

Consolidated Statement of Changes in Equity

	Ordinary share capital $M	Other equity instruments $M	Reserves $M	Retained profits $M	Shareholders' equity attributable to Equity holders of the Bank $M	Non controlling interests $M	Total Shareholders' equity $M
As at 1 July 2008	15,727	939	1,206	7,747	**25,619**	518	**26,137**
Total comprehensive income for the period	-	-	(329)	1,561	**1,232**	16	**1,248**
Transactions with equity holders in their capacity as equity holders:							
Issue of shares (net of issue costs)	3,966	-	-	-	**3,966**	-	**3,966**
Dividends paid	-	-	-	(2,047)	**(2,047)**	-	**(2,047)**
Dividend reinvestment plan (net of issue costs)	694	-	-	-	**694**	-	**694**
Other equity movements:							
Share based payments	1	-	7	-	**8**	-	**8**
(Purchase)/sale and vesting of treasury shares	(23)	-	-	-	**(23)**	-	**(23)**
Other changes	-	-	74	(55)	**19**	(15)	**4**
As at 31 December 2008	20,365	939	958	7,206	**29,468**	519	**29,987**
Total comprehensive income for the period	-	-	(593)	2,423	**1,830**	14	**1,844**
Transactions with equity holders in their capacity as equity holders:							
Issue of shares (net of issue costs)	863	-	-	-	**863**	-	**863**
Dividends paid	-	-	-	(1,684)	**(1,684)**	-	**(1,684)**
Dividend reinvestment plan (net of issue costs)	405	-	-	-	**405**	-	**405**
Other equity movements:							
Share based payments	-	-	32	-	**32**	-	**32**
Sale/(purchase) and vesting of treasury shares	9	-	-	-	**9**	-	**9**
Other changes	-	-	119	(120)	**(1)**	(13)	**(14)**
As at 30 June 2009	21,642	939	516	7,825	**30,922**	520	**31,442**
Total comprehensive income for the period	-	-	193	3,012	**3,205**	9	**3,214**
Transactions with equity holders in their capacity as equity holders:							
Issue of shares (net of issue costs)	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(1,764)	**(1,764)**	-	**(1,764)**
Dividend reinvestment plan (net of issue costs)	685	-	-	-	**685**	-	**685**
Other equity movements:							
Share based payments	1	-	(15)	-	**(14)**	-	**(14)**
Sale/(purchase) and vesting of treasury shares	16	-	-	-	**16**	-	**16**
Other changes	-	-	(235)	247	**12**	(8)	**4**
As at 31 December 2009	22,344	939	459	9,320	**33,062**	521	**33,583**

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	Cents per Share		
Dividends per share attributable to shareholders of the Bank:			
Ordinary shares	**120**	115	113
Trust preferred securities (TPS) - issued 15 March 2006	**3,424**	4,389	3,753

Note 1 Accounting Policies

General Information

The Financial Statements of the Commonwealth Bank of Australia (the "Bank") and its subsidiaries (the "Group") for the half year ended 31 December 2009, were approved and authorised for issue by the Board of Directors on 10 February 2010.

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

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 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, transactions, on demand and term deposits.

(ii) Business and Private Banking

The Group offers commercial products within Australia including business loans and deposits and asset finance facilities to small and medium sized corporate customers and to rural and agribusiness customers. This segment also provides private banking services to high net worth individuals, and margin lending through CommSec.

(iii) Institutional Banking and Markets

The Group provides a range of resources to assist clients to grow and manage their business, creating customised solutions based on specific needs, industry trends and market conditions. The Total Capital Solutions offering includes debt and capital markets, risk management and transactional banking to corporate and institutional clients. This segment also has wholesale banking operations in London, New York, Singapore, Hong Kong and Malta.

(iv) 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.

(v) South Pacific

The Group's South Pacific segment conducts banking operations through ASB Bank. The segment also comprises life insurance and funds management business through Sovereign. The Group previously had operations in Fiji, which were disposed of on 15 December 2009.

(vi) Bankwest

The Group operates full service retail and commercial banking services within Australia under the Bankwest brand.

(vii) Asia

The Group's Asian operations incorporates the retail banking operations in Indonesia, Vietnam and Japan, investments in Chinese retail banks, investment in Sino-foreign joint venture life insurance business, the life insurance operations in Indonesia and the representative office in India.

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

(a) Bases of accounting

This general purpose Financial Report for the half year ended 31 December 2009 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 2009 Annual Financial Report of the Group and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The amounts contained in this Financial Report and the Financial Statements are presented in Australian Dollars and rounded to the nearest million dollars unless otherwise stated, under the option available 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.

Notes to the Financial Statements continued

Note 1 Accounting Policies (continued)

The accounting policies followed in this half year Financial Report are the same as those applied in the 30 June 2009 Annual Financial Report, with the following exceptions:

AASB 3 "Business Combinations" has been revised effective 1 July 2009. Acquisitions prior to this date are not restated. Key changes include:

- the expensing of transaction costs;
- movements in contingent consideration, subsequent to initial measurement, being recognised in profit and loss; and
- for business combinations achieved in stages, equity interests held prior to achieving control remeasured to their acquisition date fair value with resulting gains or losses recognised in profit and loss;

AASB 127 "Consolidated and separate financial statements" has been revised effective 1 July 2009. The revised standard:

- replaces the term 'minority interest' with 'non-controlling interest';
- requires changes in a parent's ownership in a subsidiary that does not result in loss of control to be accounted for as an equity transaction; and
- requires gains and losses upon loss of control of a subsidiary to be recognised in profit and loss with any investment retained measured at fair value at the date control is lost; and

AASB 101 "Presentation of Financial Statements" has been revised effective 1 July 2009. The revised standard does not impact the financial position or results of the Bank or the Group. It does, however, result in certain presentational changes in the Financial Statements, including:

- presentation of all items of income and expense in the "Consolidated Income Statement";
- presentation of non-owner changes in equity in a "Consolidated Statement of Comprehensive Income" that replaces the "Consolidated Statement of Recognised Income and Expense"; and
- presentation of a "Consolidated Statement of Changes in Equity" as a primary statement, showing owner changes in equity.

Note 2 Income from Ordinary Activities

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Banking			
Interest income	**15,290**	15,057	16,462
Fees and commissions	**1,753**	1,829	1,594
Trading income	**291**	293	448
Net gains/(losses) on disposal of available-for-sale investments	**6**	(12)	-
Net losses on other non-trading instruments	**(58)**	(9)	-
Net hedging ineffectiveness	**(41)**	(21)	3
Net gains/(losses) on other financial instruments:			
Fair value through Income Statement	**5**	(38)	(28)
Reclassification of net interest on swaps	**(123)**	(128)	(147)
Non-trading derivatives	**378**	(214)	27
Dividends	**2**	2	12
Net losses on sale of property, plant and equipment	**(2)**	(9)	(2)
Other income	**139**	202	112
	17,640	16,952	18,481
Funds Management, Investment contract and Insurance contract revenue			
Funds management and investment contract income including premiums	**948**	709	909
Insurance contract premiums and related income	**898**	867	784
Funds management claims and policyholder liability revenue	**-**	-	861
Investment income	**1,543**	54	-
	3,389	1,630	2,554
Total income	**21,029**	18,582	21,035

Notes to the Financial Statements continued

Note 3 Operating Expenses

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Staff Expenses			
Salaries and wages	**1,946**	1,831	1,574
Share-based compensation	**51**	62	63
Superannuation contributions	**15**	36	8
Defined benefit superannuation plan expense/(income)	**64**	(4)	18
Provisions for employee entitlements	**22**	22	66
Payroll tax	**100**	95	93
Fringe benefits tax	**20**	19	17
Other staff expenses	**71**	34	60
Total staff expenses	**2,289**	2,095	1,899
Occupancy and Equipment Expenses			
Operating lease rentals	**256**	265	223
Depreciation:			
Buildings	**16**	15	14
Leasehold improvements	**45**	45	40
Equipment	**47**	47	42
Operating lease assets	**25**	21	16
Repairs and maintenance	**41**	42	38
Other	**52**	66	36
Total occupancy and equipment expenses	**482**	501	409
Information Technology Services			
Application maintenance and development	**75**	105	62
Data processing	**104**	104	98
Desktop	**68**	73	68
Communications	**96**	100	79
Amortisation of software assets	**104**	73	49
IT equipment depreciation	**38**	38	24
Total information technology services	**485**	493	380
Other Expenses			
Postage	**64**	64	57
Stationery	**49**	49	51
Fees and commissions:			
Fees payable on trust and other fiduciary activities	**253**	226	227
Other	**174**	196	163
Advertising, marketing and loyalty	**185**	298	177
Amortisation of intangible assets (excluding software and merger related amortisation)	**12**	9	8
Non-lending losses	**57**	49	37
Other	**218**	230	161
Total other expenses	**1,012**	1,121	881
Investment and Restructuring			
Integration expenses	**19**	112	-
Merger related amortisation	**37**	37	-
One-off expenses	**-**	32	-
Total investment and restructuring	**56**	181	-
Total operating expenses	**4,324**	4,391	3,569

Note 4 Income Tax Expense

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Profit from ordinary activities before Income Tax			
Retail Banking Services	**1,800**	1,400	1,596
Business and Private Banking	**615**	494	530
Institutional Banking and Markets	**647**	330	(347)
Wealth Management	**570**	108	62
South Pacific	**190**	290	284
Bankwest	**134**	189	-
Other (including Asia) (1)	**467**	355	1,158
Total profit from ordinary activities before income tax	**4,423**	3,166	3,283
Prima Facie Income Tax at 30%			
Retail Banking Services	**540**	420	479
Business and Private Banking	**185**	148	159
Institutional Banking and Markets	**194**	99	(104)
Wealth Management	**171**	32	19
South Pacific	**57**	87	85
Bankwest	**40**	57	-
Other (including Asia)	**140**	107	347
	1,327	950	985
Tax effect of expenses that are non-deductible/income non-assessable in determining taxable profit:			
Current period			
Taxation offsets and other dividend adjustments	**(15)**	(20)	(39)
Tax adjustment referable to policyholder income	**98**	22	(137)
Bankwest - gain on acquisition	**-**	76	-
Tax losses recognised	**(4)**	-	-
Difference in overseas tax rates	**(26)**	(16)	(39)
Offshore banking unit	**(15)**	(7)	(49)
Investment allowance	**(41)**	(28)	-
Other	**14**	(14)	7
	11	13	(257)
Prior periods			
Other	**162**	39	(34)
Total income tax expense	**1,500**	1,002	694
Income Tax Attributable to Profit from ordinary activities			
Retail Banking Services	**555**	412	477
Business and Private Banking	**175**	131	157
Institutional Banking and Markets	**102**	19	(179)
Wealth Management	**131**	36	75
South Pacific	**205**	94	39
Bankwest	**52**	67	-
Other (including Asia)	**141**	212	320
Corporate tax expense	**1,361**	971	889
Policyholder tax expense/(benefit)	**139**	31	(195)
Total income tax expense	**1,500**	1,002	694
Effective Tax Rate	**%**	%	%
Total – corporate (2)	**31. 8**	31. 0	25. 6
Retail Banking Services – corporate	**30. 8**	29. 4	29. 9
Business and Private Banking – corporate	**28. 5**	26. 5	29. 6
Institutional Banking and Markets – corporate	**15. 8**	5. 8	(51. 6)
Wealth Management – corporate	**28. 6**	42. 4	26. 4
South Pacific - corporate	**125. 8**	33. 3	15. 2
Bankwest - corporate	**38. 8**	35. 4	-

(1) Includes a gain on acquisition of controlled entities of $201 million for the half year ended 30 June 2009 and $782 million for the half year ended 31 December 2008.
(2) The effective tax rate of 31.8% for the half year ended 31 December 2009 includes tax on New Zealand structured finance transactions of $171 million.

Note 5 Loans, Bills Discounted and Other Receivables

	As at		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Australia			
Overdrafts	**18,040**	17,829	17,596
Housing loans (including securitisation)	**279,653**	261,504	234,170
Credit card outstandings	**9,877**	9,055	8,875
Lease financing	**4,789**	4,572	4,641
Bills discounted	**15,499**	10,936	10,079
Term loans	**102,866**	107,337	110,832
Other lending	**1,535**	1,616	1,736
Other securities	**520**	524	492
Total Australia	**432,779**	413,373	388,421
Overseas			
Overdrafts	**627**	744	1,345
Housing loans	**31,169**	30,702	31,524
Credit card outstandings	**604**	573	628
Lease financing	**523**	541	607
Term loans	**23,981**	27,079	28,845
Redeemable preference share financing	**-**	744	744
Other lending	**1**	16	22
Total Overseas	**56,905**	60,399	63,715
Gross loans, bills discounted and other receivables	**489,684**	473,772	452,136
Less:			
Provisions for Loan Impairment:			
Collective provision	**(3,422)**	(3,195)	(2,444)
Individually assessed provisions	**(1,822)**	(1,729)	(1,134)
Unearned income:			
Term loans	**(1,197)**	(1,134)	(1,082)
Lease financing	**(1,224)**	(1,083)	(1,156)
	(7,665)	(7,141)	(5,816)
Net loans, bills discounted and other receivables	**482,019**	466,631	446,320

Note 6 Provisions for Impairment and Asset Quality

	As at 31 December 2009				
	Housing Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither Past Due nor Impaired					
Investment Grade	178,625	2,933	547	74,900	257,005
Pass Grade	113,662	12,837	7,865	60,686	195,050
Weak	8,358	2,825	65	7,793	19,041
Total loans which were neither Past Due nor Impaired	300,645	18,595	8,477	143,379	471,096
Loans which were Past Due but not Impaired (1)					
Past due 1 - 29 days	4,238	813	144	1,899	7,094
Past due 30 - 59 days	1,877	228	51	407	2,563
Past due 60 - 89 days	809	127	22	124	1,082
Past due 90 - 179 days	1,265	192	23	172	1,652
Past due 180 days or more	1,128	51	12	183	1,374
Total loans past due but not impaired	9,317	1,411	252	2,785	13,765

	As at 30 June 2009				
	Housing Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither Past Due nor Impaired (2)					
Investment Grade	166,675	2,190	974	77,329	247,168
Pass Grade	107,983	9,969	7,057	65,742	190,751
Weak	8,100	2,271	78	7,603	18,052
Total loans which were neither Past Due nor Impaired	282,758	14,430	8,109	150,674	455,971
Loans which were Past Due but not Impaired (1)					
Past due 1 - 29 days	4,657	898	281	1,860	7,696
Past due 30 - 59 days	1,637	215	70	222	2,144
Past due 60 - 89 days	837	118	41	146	1,142
Past due 90 - 179 days	955	175	38	222	1,390
Past due 180 days or more	864	63	20	272	1,219
Total loans past due but not impaired	8,950	1,469	450	2,722	13,591

	As at 31 December 2008				
	Housing Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither Past Due nor Impaired (2)					
Investment Grade	184,803	2,576	-	84,296	271,675
Pass Grade	63,488	12,900	7,555	62,466	146,409
Weak	8,965	2,068	50	7,113	18,196
Total loans which were neither Past Due nor Impaired	257,256	17,544	7,605	153,875	436,280
Loans which were Past Due but not Impaired (1)					
Past due 1 - 29 days	4,561	868	349	2,256	8,034
Past due 30 - 59 days	1,680	345	78	313	2,416
Past due 60 - 89 days	613	185	44	116	958
Past due 90 - 179 days	675	152	29	213	1,069
Past due 180 days or more	518	20	17	110	665
Total loans past due but not impaired	8,047	1,570	517	3,008	13,142

(1) Included in these balances are credit card facilities and other unsecured portfolio managed facilities up to 180 days past due. If they are not written off at this time they are classified as impaired.

(2) Loans and bills discounted which were neither Past Due nor Impaired were reallocated to align Bankwest with the Group view.

Notes to the Financial Statements continued

Note 6 Provisions for Impairment and Asset Quality (continued)

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Movement in Impaired Asset Balances			
Gross impaired assets - opening balance	**4,210**	2,714	683
New and increased	**2,702**	2,728	1,646
Acquisitions	**-**	-	770
Balances written off	**(1,079)**	(803)	(253)
Returned to performing or repaid	**(1,010)**	(429)	(132)
Gross impaired assets - closing balance	**4,823**	4,210	2,714

	As at		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Impaired Assets by Size of Loan			
Less than $1 million	**785**	665	798
$1 million to $10 million	**2,612**	1,014	400
Greater than $10 million	**1,426**	2,531	1,516
Gross impaired assets	**4,823**	4,210	2,714
Less individually assessed provisions for impairment	**(1,822)**	(1,729)	(1,134)
Net impaired assets	**3,001**	2,481	1,580

	As at		
	31/12/09	30/06/09	31/12/08
	%	%	%
Asset Quality Ratios			
Gross impaired assets as a percentage of gross loans and acceptances	**0. 96**	0. 86	0. 58
Loans 90 or more days past due but not impaired as a percentage of gross loans and acceptances	**0. 60**	0. 53	0. 37

Note 6 Provisions for Impairment and Asset Quality (continued)

Provisioning Policy

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

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

Available-for-sale investments are subject to impairment based on their fair value.

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Provisions for impairment losses			
Collective provision			
Opening Balance	**3,225**	2,474	1,466
Acquisitions	**-**	135	115
Net collective provision funding	**498**	575	601
Impairment losses written off	**(308)**	(267)	(205)
Impairment losses recovered	**41**	34	39
Fair value and other [1]	**(4)**	274	458
Closing balance	**3,452**	3,225	2,474
Individually assessed provisions			
Opening Balance	**1,729**	1,134	279
Acquisitions	**-**	142	238
Net new and increased individual provisioning	**989**	948	738
Net write-back of provisions no longer required	**(104)**	(80)	(99)
Discount unwind to interest income	**(84)**	(37)	(8)
Fair value and other [2]	**143**	227	52
Impairment losses written off	**(851)**	(605)	(66)
Closing balance	**1,822**	1,729	1,134
Total provisions for impairment losses	**5,274**	4,954	3,608
Less: Off balance sheet provisions	**(30)**	(30)	(30)
Total provisions for loan impairment	**5,244**	4,924	3,578

(1) Includes fair value adjustments relating to the Bankwest acquisition of $273 million in the half year ended 30 June 2009 and $450 million in the half year ended 31 December 2008. At 31 December 2009 $207 million remains.

(2) Includes a fair value adjustment related to the Bankwest acquisition of $180 million in the half year ended 30 June 2009. At 30 June 2009 nil remained.

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	%	%	%
Provision Ratios			
Collective provision as a % of gross loans and acceptances	**0. 69**	0. 66	0. 53
Collective provision as a % of risk weighted assets - Basel II [1]	**1. 16**	1. 12	0. 89
Individually assessed provisions for impairment as a % of gross impaired assets	**37. 8**	41. 1	41. 8
Total provisions for impairment losses as a % of gross loans and acceptances	**1. 05**	1. 01	0. 77

(1) The ratio at 31 December 2008 includes an estimate of Bankwest risk weighted and credit risk weighted assets.

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
Impairment Expense	$M	$M	$M
Loan Impairment Expense			
Net collective provisioning funding	**498**	575	601
Net new and increased individual provisioning	**989**	948	738
Write-back of individually assessed provisions	**(104)**	(80)	(99)
Total loan impairment expense	**1,383**	1,443	1,240
Available-for-sale investment impairment expense	**-**	(2)	367
Total impairment expense	**1,383**	1,441	1,607

Notes to the Financial Statements continued

Note 7 Deposits and Other Public Borrowings

	As at		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Australia			
Certificates of deposit	**54,818**	56,735	44,356
Term deposits [1]	**108,716**	99,177	101,627
On demand and short term deposits [1]	**154,087**	153,382	144,873
Deposits not bearing interest	**6,839**	7,135	7,384
Securities sold under agreements to repurchase	**3,816**	8,413	10,062
Total Australia	**328,276**	324,842	308,302
Overseas			
Certificates of deposit	**9,824**	9,960	7,915
Term deposits	**20,485**	22,517	20,658
On demand and short term deposits	**9,799**	9,760	11,248
Deposits not bearing interest	**1,621**	1,481	2,061
Securities sold under agreements to repurchase	**162**	161	-
Total Overseas	**41,891**	43,879	41,882
Total deposits and other public borrowings	**370,167**	368,721	350,184

(1) Comparative liability balances have been restated following alignment of Bankwest product classifications with the Group.

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.

Business Segment Information	Half Year Ended 31 December 2009							
	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	South Pacific	Bankwest	Other (including Asia)	Total
Income Statement	$M	$M	$M	$M	$M	$M	$M	$M
Interest income	7,304	1,419	1,612	-	1,601	1,967	1,387	**15,290**
Insurance premium and related revenue	-	-	-	657	193	-	48	**898**
Other income	683	445	851	2,281	276	116	189	**4,841**
Total revenue	7,987	1,864	2,463	2,938	2,070	2,083	1,624	**21,029**
Equity accounted earnings	-	1	24	1	-	-	49	**75**
Revenue from external customers	7,910	2,101	2,167	2,968	2,071	2,070	1,667	**20,954**
Revenue from other operating segments	77	(238)	272	(31)	(1)	13	(92)	**-**
Interest expense	(2,090)	(980)	(253)	(51)	(1,178)	(1,145)	(3,435)	**(9,132)**
Segment result before income tax	1,800	615	647	570	190	134	467	**4,423**
Income tax expense	(555)	(175)	(102)	(243)	(232)	(52)	(141)	**(1,500)**
Segment result after income tax	1,245	440	545	327	(42)	82	326	**2,923**
Non controlling interests	-	-	-	-	-	-	(9)	**(9)**
Segment result after income tax and non-controlling interests	1,245	440	545	327	(42)	82	317	**2,914**
Less: Non-cash items	-	-	-	52	209	(18)	(214)	**29**
Net profit after tax ("cash basis")	1,245	440	545	379	167	64	103	**2,943**
Additional information								
Intangible asset amortisation	(17)	(41)	(5)	(1)	(13)	(45)	(31)	**(153)**
Impairment expense	(391)	(194)	(321)	-	(101)	(313)	(63)	**(1,383)**
Depreciation	(5)	(12)	(25)	(2)	(16)	(19)	(92)	**(171)**
Defined benefit superannuation expense	-	-	-	-	-	-	(64)	**(64)**
Bankwest integration	-	-	-	-	-	(11)	(8)	**(19)**
Other	(4)	(1)	(1)	(3)	(1)	(2)	(10)	**(22)**
Balance Sheet								
Total assets	253,919	75,262	92,700	23,313	54,241	72,441	53,600	**625,476**
Acquisition of property, plant and equipment, intangibles and other non–current assets	2	-	29	1	6	23	130	**191**
Investments in associates	68	15	-	753	-	-	503	**1,339**
Total liabilities	146,014	94,102	56,127	20,768	45,372	67,388	162,122	**591,893**

Notes to the Financial Statements continued

Note 8 Financial Reporting by Segments (continued)

Business Segment Information — Income Statement	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	South Pacific $M	Bankwest $M	Other (including Asia) $M	Total $M
	Half Year Ended 31 December 2008							
Interest income	8,258	1,725	3,116	-	2,153	-	1,210	16,462
Insurance premium and related revenue	-	-	-	592	157	-	35	784
Other income	772	388	602	1,713	159	-	155	3,789
Total revenue	9,030	2,113	3,718	2,305	2,469	-	1,400	21,035
Equity accounted earnings	2	-	1	2	-	-	62	67
Revenue from external customers	8,964	2,328	3,355	2,334	2,464	-	1,523	20,968
Revenue from other operating segments	64	(215)	362	(31)	5	-	(185)	-
Interest expense	(3,388)	(1,617)	(1,514)	-	(1,706)	-	(3,694)	(11,919)
Segment result before income tax	1,596	530	(347)	62	284	-	1,158	3,283
Income tax expense	(477)	(157)	179	147	(66)	-	(320)	(694)
Segment result after income tax	1,119	373	(168)	209	218	-	838	2,589
Non controlling interests	-	-	-	-	-	-	(16)	(16)
Segment result after income tax and non-controlling interests	1,119	373	(168)	209	218	-	822	2,573
Less: Non–cash Items	-	-	-	(34)	49	-	(575)	(560)
Net profit after tax ("cash basis")	1,119	373	(168)	175	267	-	247	2,013
Additional information								
Intangible asset amortisation	(1)	(22)	(3)	-	(9)	-	(22)	(57)
Impairment expense	(237)	(120)	(1,196)	-	(59)	-	5	(1,607)
Depreciation	(10)	(13)	(17)	(2)	(18)	-	(76)	(136)
Defined benefit superannuation expense	-	-	-	-	-	-	(18)	(18)
Other	(14)	(5)	(3)	(6)	(3)	-	(35)	(66)
Balance Sheet								
Total assets	215,477	72,015	128,032	22,275	57,618	66,196	57,148	618,761
Acquisition of property, plant & equipment, intangibles and other non–current assets	5	4	495	25	19	-	1,297	1,845
Investments in associates	68	15	2	682	-	-	295	1,062
Total liabilities	138,012	92,848	83,791	19,175	49,330	62,515	143,103	588,774

Note 8 Financial Reporting by Segments (continued)

Geographical Information Financial Performance and Position	Half Year Ended 31/12/09 $M	31/12/09 %	31/12/08 $M	31/12/08 %
Revenue				
Australia	**18,003**	**85. 6**	17,061	81. 1
New Zealand	**2,204**	**10. 5**	2,637	12. 5
Other locations (1)	**822**	**3. 9**	1,337	6. 4
	21,029	**100. 0**	21,035	100. 0
Non-Current Assets				
Australia	**12,422**	**90. 3**	12,018	89. 6
New Zealand	**1,019**	**7. 4**	1,031	7. 7
Other locations (1)	**313**	**2. 3**	357	2. 7
	13,754	**100. 0**	13,406	100. 0

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

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

Note 9 Equity and Reserves

	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M
Ordinary Share Capital			
Balance at the beginning of the period	**21,642**	20,365	15,727
Issue of shares (net of issue costs)	**-**	863	3,966
Dividend reinvestment plan (net of issue costs) (1)	**685**	405	694
Exercise of executive options under employee share ownership schemes	**1**	-	1
Sale/(purchase) and vesting of treasury shares (2)	**16**	9	(23)
Balance at the end of the period	**22,344**	21,642	20,365
Other Equity Instruments			
Balance at the beginning of the period	**939**	939	939
Balance at the end of the period	**939**	939	939
Retained Profits			
Balance at the beginning of the period	**7,825**	7,206	7,747
Actuarial gains/(losses) from defined benefit superannuation plans	**98**	273	(1,012)
Realised gains and dividend income on treasury shares held within the Group's life insurance statutory funds (2)	**12**	(1)	19
Operating profit attributable to Equity holders of the Bank	**2,914**	2,150	2,573
Total available for appropriation	**10,849**	9,628	9,327
Transfers from/(to) general reserve	**235**	(119)	(74)
Interim dividend - cash component	**-**	(1,257)	-
Interim dividend - dividend reinvestment plan	**-**	(405)	-
Final dividend - cash component	**(1,058)**	-	(1,335)
Final dividend - dividend reinvestment plan (1)	**(688)**	-	(694)
Other dividends	**(18)**	(22)	(18)
Balance at the end of the period	**9,320**	7,825	7,206

(1) The declared dividend includes an amount attributable to the dividend reinvestment plan (DRP) of $688 million. Of this amount $685 million net of issue costs has been issued in ordinary shares due to rounding under the plan rules. The rounding amount will be included in the next DRP allocation.

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

Notes to the Financial Statements continued

Note 9 Equity and Reserves (continued)

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Reserves			
General Reserve			
Balance at the beginning of the period	**1,445**	1,326	1,252
Appropriation (to)/from retained profits	**(235)**	119	74
Balance at the end of the period	**1,210**	1,445	1,326
Capital Reserve			
Balance at the beginning of the period	**299**	294	293
Revaluation surplus on sale of property	**4**	5	1
Balance at the end of the period	**303**	299	294
Asset Revaluation Reserve			
Balance at the beginning of the period	**173**	194	195
Revaluation of properties	**-**	(25)	-
Transfers on sale of properties	**(4)**	(5)	(1)
Tax on revaluation of properties	**-**	9	-
Balance at the end of the period	**169**	173	194
Foreign Currency Translation Reserve			
Balance at the beginning of the period	**(533)**	(221)	(795)
Currency translation adjustments of foreign operations	**(125)**	(208)	722
Currency translation on net investment hedge	**-**	(149)	(197)
Transfer to income statement on disposal of foreign operations	**26**	-	-
Tax on translation adjustments	**(1)**	6	(8)
Tax on net investment hedge movement	**-**	39	57
Balance at the end of the period	**(633)**	(533)	(221)
Cash Flow Hedge Reserve			
Balance at the beginning of the period	**(813)**	(675)	341
Gains and losses on cash flow hedging instruments:			
Recognised in equity	**(48)**	(148)	(1,482)
Transferred to Income Statement:			
Interest income	**(570)**	(754)	143
Interest expense	**885**	702	(112)
Tax on cash flow hedging instruments	**(79)**	62	435
Balance at the end of the period	**(625)**	(813)	(675)
Employee Compensation Reserve			
Balance at the beginning of the period	**-**	(32)	(39)
Current period movement	**(15)**	32	7
Balance at the end of the period	**(15)**	-	(32)
Available-for-Sale Investments Reserve			
Balance at the beginning of the period	**(55)**	72	(41)
Net gains and losses on revaluation of available-for-sale investments	**159**	(169)	179
Net gains and losses on available-for-sale investments transferred to Income Statement on disposal	**(9)**	(24)	-
Net gains and losses on available-for-sale investments transferred to Income Statement for impairment	**-**	37	-
Tax on available-for-sale investments	**(45)**	29	(66)
Balance at the end of the period	**50**	(55)	72
Total reserves	**459**	516	958
Shareholders' equity attributable to Equity holders of the Bank	**33,062**	30,922	29,468
Shareholders' equity attributable to non-controlling interests	**521**	520	519
Total Shareholders' equity	**33,583**	31,442	29,987

Note 10 Notes to the Statement of Cash Flows

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

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Net profit after income tax	**2,923**	2,164	2,589
(Increase)/decrease in interest receivable	**(359)**	270	31
Increase/(decrease) in interest payable	**103**	(428)	374
Net decrease in assets at fair value through Income Statement (excluding life insurance)	**4,817**	53	637
Net loss on sale of controlled entities and associates	**38**	-	-
Net gain on sale of investments	**(4)**	(1)	-
Net decrease/(increase) in derivative assets	**6,141**	17,531	(25,320)
Net loss on sale of property, plant and equipment	**2**	9	2
Equity accounting profit	**(52)**	(94)	(47)
Gain on acquisition of controlled entities	**-**	(201)	(782)
Impairment expense	**1,383**	1,441	1,607
Depreciation and amortisation (including asset write downs)	**324**	326	193
(Decrease)/increase in liabilities at fair value through Income Statement (excluding life insurance)	**(861)**	800	(139)
(Decrease)/increase in derivative liabilities	**(10,316)**	(11,594)	24,955
(Decrease)/increase in other provisions	**(137)**	128	(68)
(Decrease)/increase in income taxes payable	**(786)**	593	(72)
(Decrease) in deferred income taxes payable	**(168)**	(310)	(45)
Decrease/(increase) in deferred tax assets	**1,338**	196	(1,163)
Decrease/(increase) in accrued fees/reimbursements receivable	**20**	(95)	136
(Decrease)/increase in accrued fees and other items payable	**(82)**	392	(214)
Net (decrease) in life insurance contract policy liabilities	**(504)**	(22)	(1,003)
Increase/(decrease) in cash flow hedge reserve	**267**	(200)	(1,451)
Changes in operating assets and liabilities arising from cash flow movements	**(1,404)**	(11,678)	1,876
Other	**(158)**	(16)	116
Net cash provided by/(used in) operating activities	**2,525**	(736)	2,212

(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		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Notes, coins and cash at banks	**6,157**	3,755	4,926
Other short term liquid assets	**1,966**	3,128	2,770
Receivables due from other financial institutions – at call (1)	**4,697**	1,889	6,858
Payables due to other financial institutions – at call (1)	**(7,261)**	(6,586)	(10,484)
Cash and cash equivalents at end of year	**5,559**	2,186	4,070

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

(c) Disposal of Controlled Entities

During the half year ended 31 December 2009, the Group disposed of its banking and insurance operations in Fiji.

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Net assets	**77**	-	-
Loss on sale (excluding realised foreign exchange losses and other related costs) (1)	**(5)**	-	-
Cash consideration received	**72**	-	-
Less cash and cash equivalents disposed	**(89)**	-	-
Net cash outflow on disposal	**(17)**	-	-

(1) The loss on sale inclusive of realised structural foreign exchange losses was $38 million.

Notes to the Financial Statements continued

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

(d) Non-cash financing and investing activities

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Shares issued under the Dividend Reinvestment Plan	**685**	405	694

(e) Acquisition of controlled entities

There were no acquisitions of controlled entities during the current period.

On 19 December 2008, the Group acquired 100% of the share capital of Bank of Western Australia Ltd (consisting of retail and business banking), St Andrew's Australia Pty Ltd (consisting of insurance and wealth management services businesses) and HBOSA Group (Services) Pty Ltd (an internal administrative support entity) for cash consideration (including transaction costs) of $2.2 billion.

The acquisition was provisionally accounted for as at 31 December 2008 and finalised prior to 30 June 2009 hence, balances for both dates have been presented.

The assets and liabilities arising from the acquisition, are as follows:

	As at time of acquisition					
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	31/12/09	31/12/09	30/06/09	30/06/09	31/12/08	31/12/08
	$M	$M	$M	$M	$M	$M
Assets acquired						
Cash and liquid assets	-	-	422	422	330	330
Receivables due from other financial institutions	-	-	283	283	378	378
Assets at fair value through Income Statement:						
Trading	-	-	5,907	5,907	5,661	5,661
Insurance	-	-	212	212	279	279
Other	-	-	-	-	115	115
Derivative assets	-	-	1,014	1,014	1,043	1,043
Available-for-sale investments	-	-	3	3	3	3
Loans, bills discounted and other receivables	-	-	58,153	57,351	58,337	57,887
Property, plant and equipment	-	-	177	225	177	177
Intangible assets	-	-	98	806	90	90
Deferred tax assets	-	-	255	610	161	236
Other assets	-	-	289	288	304	304
Total assets	-	-	66,813	67,121	66,878	66,503
Liabilities acquired						
Deposits and other public borrowings	-	-	50,401	50,677	50,370	50,370
Payables due to other financial institutions	-	-	4,673	4,673	4,587	4,587
Liabilities at fair value through Income Statement	-	-	250	250	242	242
Derivative liabilities	-	-	512	512	515	515
Current tax liabilities	-	-	-	-	5	5
Deferred tax liabilities	-	-	54	258	64	3
Other provisions	-	-	84	84	85	85
Insurance policy liabilities	-	-	202	202	204	204
Debt issues	-	-	5,221	5,221	5,221	5,221
Bills payable and other liabilities	-	-	357	357	289	289
Loan capital	-	-	1,211	1,211	1,211	1,211
Total liabilities	-	-	62,965	63,445	62,793	62,732
Net assets	-	-	3,848	3,676	4,085	3,771
Preference share placement	-	-	-	(530)	-	(530)
Gain on acquisition	-	-	-	(983)	-	(782)
Provision for remaining consideration	-	-	-	-	-	(328)
Cash consideration paid (including transaction costs)	-	-	-	2,163	-	2,131
Less: Cash and cash equivalents acquired	-	-	-	422	-	330
Net consideration paid	-	-	-	1,741	-	1,801
Net cash outflow on acquisition	-	-	-	1,741	-	1,801

(f) Financing Facilities

Standby funding lines are immaterial.

Note 11 Assets Held for Sale

The Group previously held a stake in both AWG plc and ENW Limited through preference shares and Eurobonds. During the half year ended 31 December 2009 the Bank sold down 100% of its remaining holding in AWG and 34% of its holding in ENW to the First State European Diversified Infrastructure Fund.

The Group also holds land, buildings and other assets classified as Assets held for sale.

Note 12 Events after the end of the Financial Period

Dividends

The Directors have declared a fully franked dividend of 120 cents per share – amounting to $1,841 million for the half year ended 31 December 2009.

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 2009. Refer to Note 40 in the 2009 Annual Report.

Directors' Declaration

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

(a) The half year consolidated financial statements and notes as set out on pages 36 to 59 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 2009 and of its performance for the half year ended on that date; and
- (ii) comply with the Accounting Standards and any further requirements in the Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the 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: 10 February 2010

INDEPENDENT AUDITOR'S REVIEW REPORT to the members of the Commonwealth Bank of Australia

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of Commonwealth Bank of Australia which comprise the balance sheet as at 31 December 2009, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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). The consolidated entity comprises both 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 2009 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.

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.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2009 included on the Commonwealth Bank of Australia web site. The company's directors are responsible for the integrity of the Commonwealth Bank of Australia web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. 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 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 2009 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

PricewaterhouseCoopers

RChowdry

Rahoul Chowdry
Partner
Sydney

10 February 2010

Appendices

1. Net Interest Income

	Half Year Ended				
				Dec 09 vs	Dec 09 vs
	31/12/09	30/06/09	31/12/08	Jun 09	Dec 08
	$M	$M	$M	%	%
Interest Income					
Loans and bills discounted	**14,177**	13,862	14,576	2	(3)
Other financial institutions	**82**	131	303	(37)	(73)
Cash and liquid assets	**96**	226	284	(58)	(66)
Assets at fair value through Income Statement	**368**	389	847	(5)	(57)
Available-for-sale investments	**567**	449	452	26	25
Total interest income	**15,290**	15,057	16,462	2	(7)
Interest Expense					
Deposits	**6,315**	6,578	7,638	(4)	(17)
Other financial institutions	**82**	106	403	(23)	(80)
Liabilities at fair value through Income Statement	**413**	472	549	(13)	(25)
Debt issues	**2,049**	1,869	2,898	10	(29)
Loan capital	**273**	274	431	-	(37)
Total interest expense	**9,132**	9,299	11,919	(2)	(23)
Net interest income	**6,158**	5,758	4,543	7	36

2. Net Interest Margin

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	%	%	%
Australia			
Interest spread (1)	**2. 08**	2. 04	1. 79
Benefit of interest-free liabilities, provisions and equity (2)	**0. 21**	0. 17	0. 27
Net interest margin (3)	**2. 29**	2. 21	2. 06
Overseas			
Interest spread (1)	**1. 13**	1. 32	1. 33
Benefit of interest-free liabilities, provisions and equity (2)	**0. 22**	0. 32	0. 48
Net interest margin (3)	**1. 35**	1. 64	1. 81
Total Group			
Interest spread (1)	**1. 96**	1. 95	1. 72
Benefit of interest-free liabilities, provisions and equity (2)	**0. 22**	0. 21	0. 32
Net interest margin (3)	**2. 18**	2. 16	2. 04

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

(2) A portion of the Group's interest earning assets is funded by 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 2009, 30 June 2009 and 31 December 2008. Averages used were predominantly daily averages. Interest is accounted for based on product yield, while all trading gains and losses are disclosed as trading income within Other banking income.

Where assets or liabilities are hedged, the interest amounts are shown net of the hedge, however individual items not separately hedged may be affected by movements in exchange rates.

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

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

The official cash rate in Australia increased by 75 basis points during the half year while rates in New Zealand remained constant.

Average Balances

	Half Year Ended 31/12/09			Half Year Ended 30/06/09			Half Year Ended 31/12/08		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Earning Assets	$M	$M	%	$M	$M	%	$M	$M	%
Home loans excluding securitisation	**290,333**	**8,299**	**5. 67**	262,999	7,724	5. 92	212,956	8,311	7. 74
Personal [1]	**19,678**	**1,137**	**11. 46**	19,284	1,131	11. 83	19,528	1,225	12. 44
Business and corporate [2]	**162,089**	**4,487**	**5. 49**	163,689	4,673	5. 76	134,368	4,618	6. 82
Loans, bills discounted and other receivables	**472,100**	**13,923**	**5. 85**	445,972	13,528	6. 12	366,852	14,154	7. 65
Cash and liquid assets	**25,579**	**178**	**1. 38**	35,578	357	2. 02	27,447	587	4. 24
Assets at fair value through Income Statement (excluding life insurance)	**22,496**	**368**	**3. 25**	23,951	389	3. 28	26,623	847	6. 31
Available-for-sale investments	**27,204**	**567**	**4. 13**	21,011	449	4. 31	15,800	452	5. 67
Non-lending interest earning assets	**75,279**	**1,113**	**2. 93**	80,540	1,195	2. 99	69,870	1,886	5. 35
Total interest earning assets (excluding securitisation) [3]	**547,379**	**15,036**	**5. 45**	526,512	14,723	5. 64	436,722	16,040	7. 29
Securitisation home loan assets	**11,780**	**267**	**4. 50**	13,767	320	4. 69	10,815	422	7. 74
Non-interest earning assets	**73,049**			97,585			89,880		
Total average assets	**632,208**			637,864			537,417		

	Half Year Ended 31/12/09			Half Year Ended 30/06/09			Half Year Ended 31/12/08		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Bearing Liabilities	$M	$M	%	$M	$M	%	$M	$M	%
Transaction deposits	**69,381**	**461**	**1. 32**	65,663	470	1. 44	59,766	801	2. 66
Saving deposits	**78,419**	**1,078**	**2. 73**	72,815	992	2. 75	57,666	1,357	4. 67
Investment deposits	**139,293**	**2,669**	**3. 80**	143,248	3,336	4. 70	111,024	3,854	6. 89
Certificates of deposit and other [2]	**80,559**	**2,245**	**5. 53**	77,526	1,919	4. 99	50,984	1,626	6. 33
Total interest bearing deposits [4]	**367,652**	**6,453**	**3. 48**	359,252	6,717	3. 77	279,440	7,638	5. 42
Payables due to other financial institutions	**14,910**	**82**	**1. 09**	16,960	106	1. 26	20,699	403	3. 86
Liabilities at fair value through Income Statement	**16,784**	**413**	**4. 88**	18,368	472	5. 18	16,499	549	6. 60
Debt issues [2]	**98,415**	**1,793**	**3. 61**	89,558	1,523	3. 43	80,660	2,518	6. 19
Loan capital [2]	**14,193**	**277**	**3. 87**	12,604	278	4. 45	13,582	431	6. 29
Total interest bearing liabilities	**511,954**	**9,018**	**3. 49**	496,742	9,096	3. 69	410,880	11,539	5. 57
Securitisation debt issues	**12,096**	**223**	**3. 66**	14,507	304	4. 23	11,204	380	6. 73
Non-interest bearing liabilities	**75,645**			96,281			87,271		
Total average liabilities	**599,695**			607,530			509,355		

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

(2) 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.

(3) Used for calculating net interest margin.

(4) Comparative liability average balances have been restated following alignment of Bankwest product classifications with the Group.

3. Average Balances and Related Interest (continued)

Net Interest Margin	Half Year Ended 31/12/09 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30/06/09 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31/12/08 Avg Bal $M	Interest $M	Yield %
Total interest earning assets excluding securitisation	**547,379**	**15,036**	**5. 45**	526,512	14,723	5. 64	436,722	16,040	7. 29
Total interest bearing liabilities excluding securitisation	**511,954**	**9,018**	**3. 49**	496,742	9,096	3. 69	410,880	11,539	5. 57
Net interest income and interest spread (excluding securitisation)		**6,018**	**1. 96**		5,627	1. 95		4,501	1. 72
Benefit of free funds			**0. 22**			0. 21			0. 32
Net interest margin			**2. 18**			2. 16			2. 04

Geographical Analysis of Key Categories

	Half Year Ended 31/12/09 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30/06/09 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31/12/08 Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables									
Australia	**412,941**	**12,132**	**5. 83**	384,716	11,508	6. 03	305,007	11,590	7. 54
Overseas	**59,159**	**1,791**	**6. 01**	61,256	2,020	6. 65	61,845	2,564	8. 22
Total	**472,100**	**13,923**	**5. 85**	445,972	13,528	6. 12	366,852	14,154	7. 65
Non-Lending Interest Earning Assets									
Australia	**48,525**	**897**	**3. 67**	51,655	848	3. 31	41,477	1,256	6. 01
Overseas	**26,754**	**216**	**1. 60**	28,885	347	2. 42	28,393	630	4. 40
Total	**75,279**	**1,113**	**2. 93**	80,540	1,195	2. 99	69,870	1,886	5. 35
Total Interest Bearing Deposits									
Australia	**322,746**	**5,670**	**3. 48**	317,457	5,804	3. 69	239,762	6,424	5. 31
Overseas	**44,906**	**783**	**3. 46**	41,795	913	4. 41	39,678	1,214	6. 07
Total	**367,652**	**6,453**	**3. 48**	359,252	6,717	3. 77	279,440	7,638	5. 42
Other Interest Bearing Liabilities									
Australia	**94,575**	**2,020**	**4. 24**	84,901	1,732	4. 11	80,275	2,718	6. 72
Overseas	**49,727**	**545**	**2. 17**	52,589	647	2. 48	51,165	1,183	4. 59
Total	**144,302**	**2,565**	**3. 53**	137,490	2,379	3. 49	131,440	3,901	5. 89

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

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

4. Interest Rate and Volume Analysis

Interest Earning Assets	Half Year Ended Dec 09 vs Jun 09 Volume $M	Rate $M	Total $M	Half Year Ended Dec 09 vs Dec 08 Volume $M	Rate $M	Total $M
Home loans	792	(217)	575	2,616	(2,628)	(12)
Personal	23	(17)	6	9	(97)	(88)
Business and corporate	(45)	(141)	(186)	860	(991)	(131)
Loans, bills discounted and other receivables	782	(387)	395	3,582	(3,813)	(231)
Cash and liquid assets	(85)	(94)	(179)	(26)	(383)	(409)
Assets at fair value through Income Statement (excluding life insurance)	(24)	3	(21)	(99)	(380)	(479)
Available-for-sale investments	131	(13)	118	282	(167)	115
Non-lending interest earning assets	(78)	(4)	(82)	113	(886)	(773)
Total interest earning assets	578	(265)	313	3,552	(4,556)	(1,004)
Securitisation home loan assets	(46)	(7)	(53)	30	(185)	(155)

Interest Bearing Liabilities	Half Year Ended Dec 09 vs Jun 09 Volume $M	Rate $M	Total $M	Half Year Ended Dec 09 vs Dec 08 Volume $M	Rate $M	Total $M
Transaction deposits	26	(35)	(9)	96	(436)	(340)
Saving deposits	77	9	86	387	(666)	(279)
Investment deposits	(84)	(583)	(667)	761	(1,946)	(1,185)
Certificates of deposit and other	80	246	326	884	(265)	619
Total interest bearing deposits	152	(416)	(264)	1,980	(3,165)	(1,185)
Payables due to other financial institutions	(12)	(12)	(24)	(72)	(249)	(321)
Liabilities at fair value through Income Statement	(40)	(19)	(59)	8	(144)	(136)
Debt issues	156	114	270	439	(1,164)	(725)
Loan capital	33	(34)	(1)	16	(170)	(154)
Total interest bearing liabilities	273	(351)	(78)	2,309	(4,830)	(2,521)
Securitisation debt issues	(47)	(34)	(81)	23	(180)	(157)

Change in Net Interest Income	Half Year Ended Dec 09 vs Jun 09 Increase/(Decrease) $M	Dec 09 vs Dec 08 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	228	1,179
Due to changes in interest margin	70	338
Due to variation in time period	93	-
Change in net interest income (excluding securitisation)	391	1,517

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

4. Interest Rate and Volume Analysis (continued)

Geographical analysis of key categories	Half Year Ended Dec 09 vs Jun 09			Half Year Ended Dec 09 vs Dec 08		
	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	837	(213)	624	3,636	(3,094)	542
Overseas	(66)	(163)	(229)	(96)	(677)	(773)
Total	782	(387)	395	3,582	(3,813)	(231)
Non-Lending Interest Earning Assets						
Australia	(55)	104	49	172	(531)	(359)
Overseas	(21)	(110)	(131)	(25)	(389)	(414)
Total	(78)	(4)	(82)	113	(886)	(773)
Total Interest Bearing Deposits						
Australia	95	(229)	(134)	1,841	(2,595)	(754)
Overseas	61	(191)	(130)	126	(557)	(431)
Total	152	(416)	(264)	1,980	(3,165)	(1,185)
Other Interest Bearing Liabilities						
Australia	202	86	288	395	(1,093)	(698)
Overseas	(33)	(69)	(102)	(25)	(613)	(638)
Total	119	67	186	305	(1,641)	(1,336)

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 total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

Appendices

5. Other Banking Operating Income

	Half Year Ended				
				Dec 09 vs	Dec 09 vs
	31/12/09	30/06/09	31/12/08	Jun 09	Dec 08
	$M	$M	$M	%	%
Loan service fees:					
From financial assets	**700**	761	590	(8)	19
Other	**19**	18	27	6	(30)
Commission and other fees:					
From financial liabilities	**288**	268	263	7	10
Other	**746**	782	714	(5)	4
Trading income	**291**	293	448	(1)	(35)
Net gains/(losses) on disposal of available-for-sale investments	**6**	(12)	-	large	large
Net losses on disposal of other non-trading instruments	**(58)**	(9)	-	large	large
Dividends	**2**	2	12	-	(83)
Net losses on sale of property, plant and equipment	**(2)**	(9)	(2)	78	-
Other	**139**	202	112	(31)	24
	2,131	2,296	2,164	(7)	(2)
Net hedging ineffectiveness	**(41)**	(21)	3	(95)	large
Net gains/(losses) on other financial instruments:					
Fair value through Income Statement	**5**	(38)	(28)	large	large
Derivative yield reclassification (1)	**(123)**	(128)	(147)	4	16
Non-trading derivatives	**378**	(214)	27	large	large
Total other banking operating income	**2,350**	1,895	2,019	24	16

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

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

Credit Risk

The Group uses a portfolio approach for the management of its credit risk, a key element of which 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 exposures across industry, region and commercial credit quality.

By Industry	31/12/09 %	30/06/09 %	31/12/08 %
Agriculture, forestry and fishing	**2. 4**	2. 4	2. 4
Banks	**9. 8**	10. 4	10. 8
Business services	**1. 0**	1. 0	1. 1
Construction	**1. 0**	1. 1	1. 0
Culture and recreational services	**0. 8**	0. 9	0. 8
Energy	**1. 3**	1. 5	1. 7
Finance - Other	**4. 3**	5. 0	6. 2
Health and community service	**0. 9**	0. 9	0. 9
Manufacturing	**2. 4**	2. 7	3. 1
Mining	**0. 7**	1. 0	1. 3
Property	**7. 4**	7. 8	8. 1
Retail trade and wholesale trade	**2. 6**	2. 6	2. 8
Sovereign	**4. 3**	4. 0	4. 0
Transport and storage	**1. 5**	1. 5	1. 7
Other	**5. 5**	5. 7	5. 5
Consumer	**54. 1**	51. 5	48. 6
	100. 0	100. 0	100. 0

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

By Region	31/12/09 %	30/06/09 %	31/12/08 %
Australia	**80. 2**	78. 5	76. 6
New Zealand	**10. 1**	10. 3	10. 5
Europe	**6. 0**	6. 9	7. 9
Americas	**2. 3**	2. 3	2. 7
Asia	**1. 3**	1. 8	1. 9
Other	**0. 1**	0. 2	0. 4
	100. 0	100. 0	100. 0

Commercial Portfolio Quality	31/12/09 %	30/06/09 %	31/12/08 %
AAA/AA	**25**	25	27
A	**18**	17	18
BBB	**16**	18	19
Other	**41**	40	36
	100	100	100

As a measure of individually risk-rated commercial portfolio exposure (including finance and insurance sectors), the Group has 59% of commercial exposures at investment grade quality. Excluding Bankwest, 65% of commercial exposures are investment grade quality (66% as at 30 June 2009 and 68% as at 31 December 2008).

6. Integrated Risk Management (continued)

Market Risk

Market risk in the Balance Sheet is discussed within Note 41 of the 2009 Annual Report.

Value at Risk (VaR)

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

VaR is modelled at a 97.5% confidence level over a 1-day holding period for trading book positions and over a 20-day holding period for Insurance Business Market risk, non-traded Equity Price risk, non-traded Residual Value risk and Interest rate risk in the balance sheet.

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

Traded Market Risk (1)	Average VaR Dec 2009 $M	Average VaR Jun 2009 $M	Average VaR Dec 2008 $M
Risk Type			
Interest rate risk	**3. 71**	4. 70	4. 10
Exchange rate risk	**2. 09**	3. 20	2. 00
Implied volatility risk	**1. 45**	2. 10	1. 40
Equities risk	**1. 78**	0. 90	1. 00
Commodities risk	**0. 76**	0. 90	0. 80
Credit spread risk	**4. 55**	2. 60	3. 10
Diversification benefit	**(7. 43)**	(6. 70)	(5. 80)
Total general market risk	**6. 91**	7. 70	6. 60
Undiversified risk	**3. 56**	1. 40	2. 10
ASB Bank	**1. 46**	1. 10	1. 30
Bankwest	**0. 21**	0. 10	0. 20
Total	**12. 14**	10. 30	10. 20

(1) VaR is at 1 day 97.5% confidence.

6. Integrated Risk Management (continued)

Non-Traded VaR in Australian Life Insurance Business (20 day 97.5% confidence) [1]	Average VaR Dec 2009 $M	Average VaR Jun 2009 $M	Average VaR Dec 2008 $M
Shareholder funds [1]	**24. 5**	23. 4	28. 2
Guarantees (to Policyholders) [2] [3]	**23. 6**	45. 4	43. 3

(1) VaR in relation to the investment of Shareholder Funds.

(2) VaR in relation to product portfolios where the Group has a guaranteed liability to policyholders.

(3) June 2009 and December 2008 Average VaR have been restated for consistency with current reporting methodologies.

Non-Traded Equity Price Risk VaR (20 day 97.5% confidence)	VaR Dec 2009 $M	VaR Jun 2009 $M	VaR Dec 2008 $M
VaR	**139. 0**	171. 0	168. 0

Interest Rate Risk in the Balance Sheet

Interest rate risk in the banking book is discussed within Note 41 of the 2009 Annual Report.

(a) 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:

Net Interest Earnings at Risk		Dec 2009 $M	Jun 2009 $M	Dec 2008 $M
Average monthly exposure	AUD	**150. 3**	151. 4	161. 1
	NZD	**4. 7**	11. 0	19. 9
High month exposure	AUD	**233. 9**	214. 1	209. 9
	NZD	**11. 5**	19. 2	29. 0
Low month exposure	AUD	**56. 2**	86. 5	91. 1
	NZD	**1. 7**	4. 8	12. 3

(b) Economic Value

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

Non-Traded Interest Rate Risk [1]	Average VaR Dec 2009 $M	Average VaR Jun 2009 $M	Average VaR Dec 2008 $M
AUD Interest rate risk	**58. 0**	81. 2	72. 8
NZD Interest rate risk [2]	**0. 9**	0. 7	1. 1

(1) VaR is at 20 day 97.5% confidence.

(2) Relates specifically to ASB data as at month end.

Appendices

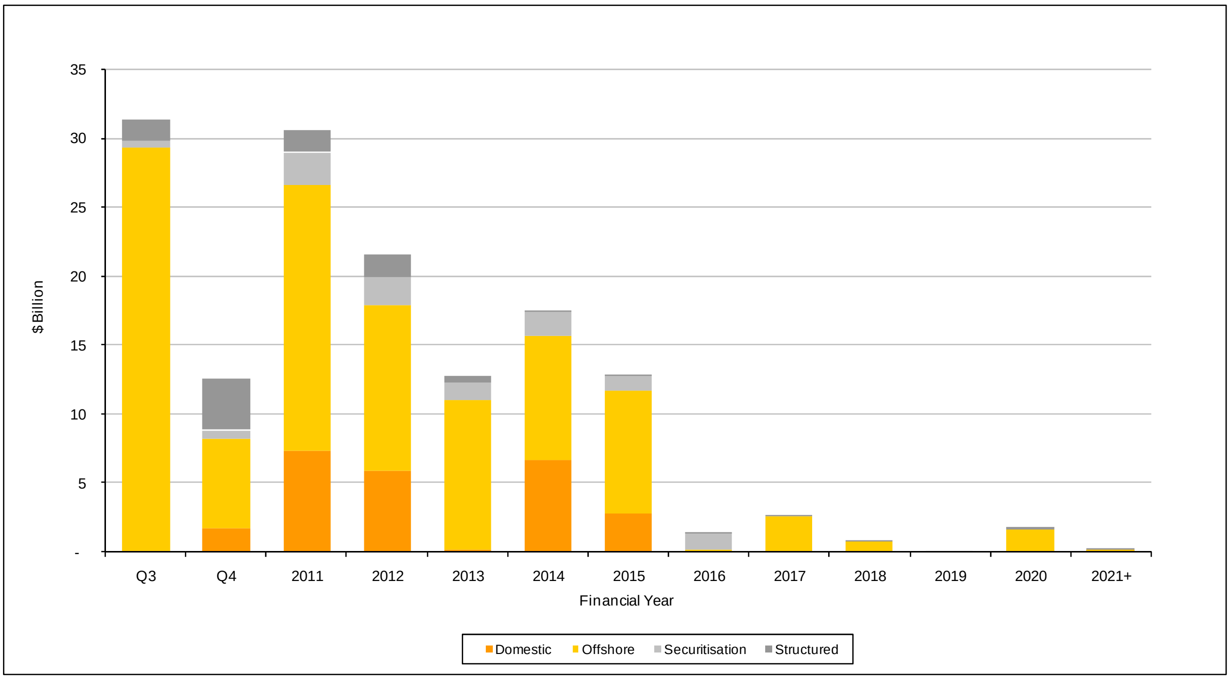
6. Integrated Risk Management (continued)

Liquidity and Funding Risk

The cost of liquidity and funding remains high compared to pre-global financial crisis levels. The Group's liquidity and funding policies have remained unchanged throughout this period, as they have proven to be effective.

The Group has managed its liquidity during adverse market conditions to avoid concentrations such as dependence on single sources of funding through active deposit raising and issuance of both short and long-term wholesale debt across a range of markets.

The chart below illustrates the maturity profile of the Group's outstanding wholesale debt liabilities as at 31 December 2009, detailed by type of debt instrument and maturity.



7. Counterparty and Other Credit Risk Exposures

Special purpose and off-balance sheet entities

The Group invests in or establishes special purpose entities (SPEs) in the ordinary course of business, primarily to provide funding and financial services for its customers. These SPEs are consolidated in the Financial Statements if they meet the criteria of control as outlined in Note 1 to the Financial Statements of the 2009 Annual Report. The definition of control depends upon substance rather than form and accordingly, determination of the existence of control involves management judgement. The Group assesses whether an SPE should be consolidated based on whether the majority of risks and rewards in the entity pass to the Group.

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

Securitisation vehicles

- Reason for establishment - Securitisation is a financing technique whereby assets are transferred to an SPE, which funds the purchase of assets by issuing securities to investors. The Group has a policy of funding diversification and assets may be securitised to provide greater diversification of the Group's funding sources.
- Control factors – The Group may manage these securitisation vehicles, service assets in the vehicle, provide hedging, or provide other facilities such as liquidity facilities. The Group retains the risks associated with the provision of these services. The Group is also entitled to any residual income from the SPEs after all payments due to investors and costs of the program have been met.

Structured finance entities

- Reason for establishment - These entities have been established to assist the Group's Structured Finance function with the structuring of client or Group financing. The resulting lending and investment arrangements are entered into under the Group's approved lending criteria and are subject to appropriate credit approval processes. The assets arising from these financing activities are generally included in Receivables due from other financial institutions, Available-for-sale investments or Loans, bills discounted and other receivables. Exposures in the form of guarantees or undrawn credit lines are included within Contingent liabilities and credit related commitments.
- Control factors - The Group may manage these vehicles, hold minor amounts of capital, provide financing or transact derivatives. These entities are generally consolidated by the Group.

Asset-backed securities

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

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

Leveraged finance

The Group's Leveraged Finance area provides secured debt financing for the acquisition of companies that are typically highly leveraged, to private equity firms and other corporations with operations in Australia and New Zealand. Target businesses are those with stable and established earnings and the ability to reduce borrowing levels.

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

Hedge funds

There were no material movements in exposures to hedge funds since June 2009 and these exposures are not considered to be material.

Collateralised debt obligations (CDOs) and credit linked notes

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

Lenders mortgage insurance

Lenders mortgage insurance is provided by Genworth Financial Mortgage Insurance Pty Ltd and QBE Lenders Mortgage Insurance Ltd. The annualised expected loss claim, representing the total value of claims that would be due from these providers to the Group, on the basis of current market conditions, is approximately $21 million from Genworth and $6 million from QBE.

Monoline insurers

The underlying debt instruments that have been wrapped by monoline insurers are predominantly Australian domiciled and have stand alone ratings ranging from BBB- to A-. As at 31 December 2009 the Group had $338 million in exposures to these instruments (June 2009: $343 million). Movements in exposures are exchange rate related.

7. Counterparty and Other Credit Risk Exposures (continued)

Securitisation vehicles

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

	Australia		New Zealand		Total	
	31/12/09	30/06/09	31/12/09	30/06/09	31/12/09	30/06/09
Total securitisation assets of SPEs	$M	$M	$M	$M	$M	$M
Residential mortgages - Group originated mortgage-backed securities (including those held for potential repurchase with central banks)	**42,742**	43,609	**3,322**	3,218	**46,064**	46,827
Residential mortgages - Group originated	**10,884**	12,568	**-**	-	**10,884**	12,568
Residential mortgages - Non-Group originated	**-**	-	**-**	-	**-**	-
Commercial mortgages	**-**	-	**-**	-	**-**	-
Other	**-**	-	**-**	-	**-**	-
Total securitisation assets of SPEs	**53,626**	56,177	**3,322**	3,218	**56,948**	59,395

	Australia		New Zealand		Total	
	31/12/09	30/06/09	31/12/09	30/06/09	31/12/09	30/06/09
Total securitisation assets of SPEs	$M	$M	$M	$M	$M	$M
Residential mortgages - Group originated mortgage-backed securities (including those held for potential repurchase with central banks)	**42,742**	43,609	**3,322**	3,218	**46,064**	46,827
Residential mortgages - Group originated	**10,884**	12,568	**-**	-	**10,884**	12,568
Residential mortgages - Non-Group originated	**-**	-	**-**	-	**-**	-
Commercial mortgages	**-**	-	**-**	-	**-**	-
Other	**-**	-	**-**	-	**-**	-
Total securitisation assets of SPEs	**53,626**	56,177	**3,322**	3,218	**56,948**	59,395

(1) Derivatives are measured on the basis of Potential Credit Exposure, a credit risk measurement of maximum risk over the term of the transaction.

7. Counterparty and Other Credit Risk Exposures (continued)

Asset-backed securities

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

Summary of asset-backed securities	Carrying Amount 31/12/09 $M	30/06/09 $M
Commercial mortgage backed securities	**91**	98
Residential mortgage backed securities	**1,949**	2,763
Other asset-backed securities	**-**	1
Total	**2,040**	2,862

Asset-backed securities by underlying asset

	Trading portfolio		AFS portfolio [1]		Other		Total	
	31/12/09 $M	30/06/09 $M	31/12/09 $M	30/06/09 $M	31/12/09 $M	30/06/09 $M	31/12/09 $M	30/06/09 $M
Sub-prime	**-**	-	**-**	-	**-**	-	**-**	-
Non-conforming (Alt-A)	**1**	1	**20**	34	**-**	-	**21**	35
Prime mortgages	**114**	81	**1,469**	1,601	**345**	1,046	**1,928**	2,728
Other assets	**-**	-	**91**	99	**-**	-	**91**	99
Total	**115**	82	**1,580**	1,734	**345**	1,046	**2,040**	2,862

Asset-backed securities by credit rating and geography

	AAA & AA		A		BBB		BB and below		Total	
	31/12/09 $M	30/06/09 $M	31/12/09 $M	30/06/09 $M	31/12/09 $M	30/06/09 $M	31/12/09 $M	30/06/09 $M	31/12/09 $M	30/06/09 $M
Australia	**1,650**	1,755	**-**	10	**-**	-	**-**	1	**1,650**	1,766
New Zealand	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Europe	**345**	1,046	**-**	-	**-**	-	**-**	-	**345**	1,046
UK	**45**	50	**-**	-	**-**	-	**-**	-	**45**	50
Total	**2,040**	2,851	**-**	10	**-**	-	**-**	1	**2,040**	2,862

Warehousing financing facilities	Funded Commitments 31/12/09 $M	30/06/09 $M	Unfunded Commitments 31/12/09 $M	30/06/09 $M	Total 31/12/09 $M	30/06/09 $M
Australia	**3,775**	4,819	**1,915**	2,774	**5,690**	7,593
New Zealand	**385**	388	**19**	13	**404**	401
Europe	**340**	346	**-**	-	**340**	346
Canada	**4**	4	**-**	-	**4**	4
Total	**4,504**	5,557	**1,934**	2,787	**6,438**	8,344

Commercial paper standby liquidity facilities [2]	Funded Commitments 31/12/09 $M	30/06/09 $M	Unfunded Commitments 31/12/09 $M	30/06/09 $M	Total 31/12/09 $M	30/06/09 $M
Standby liquidity facilities	**281**	297	**344**	381	**625**	678

(1) Available-for-sale investments (AFS).

(2) Facilities provided to companies with operations in Australia and New Zealand.

7. Counterparty and Other Credit Risk Exposures (continued)

Leveraged finance

The tables below provide an analysis of the credit exposures arising from providing leverage finance. This excludes all public company acquisition finance because it does not expose the Group to the same level of risk.

Exposure by industry [1]

	Funded exposure		Unfunded commitments		Total gross exposure		Individual provision		Net exposure	
	31/12/09	30/06/09	31/12/09	30/06/09	31/12/09	30/06/09	31/12/09	30/06/09	31/12/09	30/06/09
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Retail	**112**	147	**37**	28	**149**	175	**-**	-	**149**	175
Manufacturing	**190**	221	**37**	17	**227**	238	**-**	-	**227**	238
Media	**143**	144	**5**	7	**148**	151	**-**	-	**148**	151
Healthcare	**79**	94	**6**	8	**85**	102	**-**	-	**85**	102
Equipment hire	**99**	102	**11**	7	**110**	109	**-**	-	**110**	109
Financial services	**38**	39	**4**	4	**42**	43	**-**	-	**42**	43
Other	**111**	112	**23**	27	**134**	139	**-**	-	**134**	139
Total	**772**	859	**123**	98	**895**	957	**-**	-	**895**	957

Exposure by geography [1]

	Funded exposure		Unfunded commitments		Total gross exposure		Individual provision		Net exposure	
	31/12/09	30/06/09	31/12/09	30/06/09	31/12/09	30/06/09	31/12/09	30/06/09	31/12/09	30/06/09
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia	**662**	732	**119**	94	**781**	826	**-**	-	**781**	826
New Zealand	**110**	127	**4**	4	**114**	131	**-**	-	**114**	131
Total	**772**	859	**123**	98	**895**	957	**-**	-	**895**	957

(1) Excludes derivative exposures of $88 million (June 2009:$126 million).

	As at	
	31/12/09	30/06/09
Movements in individual provisions	$M	$M
Opening balance	**-**	-
Impairment expense	**-**	-
Exposures written off	**-**	-
Total individual provisions	**-**	-

8. Capital Adequacy

Risk Weighted Capital Ratios	As at 31/12/09 %	30/06/09 %	31/12/08 %
Tier One	**9. 10**	8. 07	8. 75
Tier Two	**2. 53**	2. 35	2. 64
Capital Base	**11. 63**	10. 42	11. 39

Regulatory Capital	As at 31/12/09 $M	30/06/09 $M	31/12/08 $M
Tier One Capital			
Ordinary Share Capital	**22,344**	21,642	20,365
Treasury shares [1]	**262**	278	287
Ordinary Share Capital and Treasury Shares	**22,606**	21,920	20,652
Other Equity Instruments	**939**	939	939
Trust Preferred Securities 2006 [2]	**(939)**	(939)	(939)
Reserves [3]	**459**	516	958
Cash flow hedge reserve	**625**	813	675
Employee compensation reserve	**15**	-	32
Asset revaluation reserve	**(169)**	(173)	(194)
Available-for-sale investments reserve	**(50)**	55	(72)
Foreign currency translation reserve related to non-consolidated subsidiaries	**21**	12	(32)
Total Reserves	**901**	1,223	1,367
Retained Earnings and current period profits	**9,320**	7,825	7,206
Expected dividend [4]	**(1,841)**	(1,747)	(1,662)
Estimated reinvestment under Dividend Reinvestment Plan [5]	**608**	507	548
Gain on acquisition recognised on consolidation of Bankwest [6]	**-**	-	(547)
Retained earnings AIFRS adjustment for non-consolidated subsidiaries [7]	**752**	752	752
Other	**(91)**	(181)	(77)
Net Retained Earnings	**8,748**	7,156	6,220
Non-controlling Interest [8]	**521**	520	519
ASB Perpetual Preference Shares [8]	**(505)**	(505)	(505)
Non-controlling interests less ASB Perpetual Preference Shares	**16**	15	14
Total Fundamental Tier One Capital	**32,271**	30,314	28,253

(1) Represents shares held by the Group's life insurance operations and employee share scheme trusts.

(2) Trust Preferred Securities 2006 issued 15 March 2006 of USD700 million. These instruments qualify as Tier One Innovative Capital of the Group.

(3) The Group's general reserve, capital reserve and foreign currency translation reserve (excluding balances related to non consolidated subsidiaries) qualify as Fundamental Tier One Capital.

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

(5) Based on reinvestment experience related to the Bank's Dividend Reinvestment Plan (DRP) as approved by APRA.

(6) APRA prescribed that the gain on acquisition recognised on acquisition of Bankwest be excluded from capital whilst Bankwest was treated as a non-consolidated subsidiary at 31 December 2008.

(7) Represents the write back of retained earnings adjustment upon adoption of AIFRS within the non-consolidated subsidiaries. This retained earnings write back is incorporated as part of the net equity deduction of non-consolidated subsidiaries.

(8) Non-controlling interest classified as Tier One Innovative Capital under Basel II regulations. Comprised predominately of ASB Perpetual Preference Shares of NZD550 million issued by New Zealand subsidiary entities. These shares are non-redeemable and carry limited voting rights.

8. Capital Adequacy (continued)

	As at 31/12/09 $M	30/06/09 $M	31/12/08 $M
Residual Tier One Capital			
Innovative Tier One Capital			
Non-cumulative preference shares (9)	**2,699**	2,762	3,621
Non-controlling Interests (8)	**505**	505	505
Eligible loan capital	**225**	248	291
Total Innovative Tier One Capital	**3,429**	3,515	4,417
Non-Innovative Residual Tier One Capital (10)	**3,407**	1,443	1,443
Less: Residual capital in excess of prescribed limits transferred to Upper Tier Two Capital (11)	**(73)**	-	(627)
Total Residual Tier One Capital	**6,763**	4,958	5,233
Tier One Capital Deductions - 100%			
Goodwill (12)	**(8,523)**	(8,572)	(7,915)
Capitalised expenses	**(283)**	(257)	(137)
Capitalised computer software costs	**(799)**	(673)	(571)
Defined benefit superannuation plan surplus (13)	**(411)**	(347)	(36)
Deferred tax	**(34)**	(257)	(157)
	(10,050)	(10,106)	(8,816)
Tier One Capital Deductions - 50% (14)			
Equity investments in other companies and trusts (15)	**(315)**	(422)	(506)
Equity investments in non-consolidated subsidiaries (net of intangibles) (16)	**(600)**	(529)	(519)
Investment in Bankwest (17)	**-**	-	(1,828)
Expected impairment losses (before tax) in excess of eligible credit provisions (net of deferred tax) (18)	**(727)**	(654)	(605)
Other deductions	**(277)**	(250)	(264)
	(1,919)	(1,855)	(3,722)
Total Tier One Capital Deductions	**(11,969)**	(11,961)	(12,538)
Total Tier One Capital	**27,065**	23,311	20,948

(8) Non-controlling interest classified as Tier One Innovative Capital under Basel II regulations. Comprised predominately of ASB Perpetual Preference Shares of NZD550 million issued by New Zealand subsidiary entities. These shares are non-redeemable and carry limited voting rights.

(9) APRA approved Innovative Tier One Capital instruments (PERLS III and Trust Preferred Securities 2003 and 2006). PERLS II were redeemed in March 2009.

(10) Comprises PERLS IV $1,465 million (less costs) issued by the Bank in July 2007 and PERLS V $2,000 million (less costs) issued by the Bank in October 2009. These have been approved by APRA as Tier One Non-Innovative Capital instruments.

(11) Residual Capital eligible for inclusion as Tier One Capital is subject to an APRA prescribed limit of 25% of Tier One capital with any excess transferred to Upper Tier Two Capital. The Group was granted transitional relief to 1 January 2010 with respect to the Innovative Capital limit of 15% of Tier One capital of $765 million. This relief is to be reduced by 20% each quarter, effective from March 2009 onwards. As at 31 December 2009 the Innovative Capital is below the 15% limit and hence this transitional relief is not applicable.

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

(13) 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.

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

(15) Represents the Group's non-controlling interest in major infrastructure assets and unit trusts. During the half year ended 31 December 2009 the Bank sold down 100% of its holding in AWG plc and 34% of its holding in ENW Limited to the First State European Diversified Infrastructure Fund.

(16) Represents the net equity within the non-consolidated subsidiaries (primarily the Colonial Group) which is deducted 50% from Tier One and 50% from Tier Two Capital. This deduction is net of $1,538 million in Non-Recourse Debt issued by Colonial Finance Limited (June 2009: $1,707 million, December 2008: $1,739 million) and the Colonial Hybrid Issue $700 million (June 2009: $700 million, December 2008: $700 million).

(17) APRA approved for Bankwest to be treated as a non-consolidated subsidiary as at 31 December 2008. As a result the capital invested into Bankwest, represented by ordinary share capital and subordinated Lower Tier Two capital, was deducted from the Group's capital, 50% Tier One and 50% Tier Two. From 1 January 2009 Bankwest has been consolidated from a regulatory capital perspective and these items are eliminated.

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

8. Capital Adequacy (continued)

Regulatory Capital	As at 31/12/09 $M	30/06/09 $M	31/12/08 $M
Tier Two Capital			
Upper Tier Two Capital			
Residual capital in excess of prescribed limits transferred from Tier One Capital [1]	**73**	-	627
Prudential general reserve for credit losses (net of tax) [2]	**603**	590	-
Asset revaluation reserve [3]	**76**	78	87
Upper Tier Two note and bond issues	**350**	373	320
Other	**64**	56	42
Total Upper Tier Two Capital	**1,166**	1,097	1,076
Lower Tier Two Capital			
Lower Tier Two note and bond issues [4] [5]	**8,299**	7,561	8,966
Holding of own Lower Tier Two Capital	**(17)**	(19)	(11)
Total Lower Tier Two Capital	**8,282**	7,542	8,955
Tier Two Capital Deductions			
50% Deductions from Tier Two Capital [6]	**(1,919)**	(1,855)	(3,722)
Total Tier Two Capital	**7,529**	6,784	6,309
Total Capital	**34,594**	30,095	27,257

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

(2) Represents the after tax collective provisions and general reserve for credit losses of banking entities in the Group (including Bankwest) which operate under the Basel II Standardised methodology.

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

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

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

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

Risk Weighted Assets	As at 31/12/09 $M	30/06/09 $M	31/12/08 $M
Credit Risk			
Subject to Advanced IRB approach			
Corporate including SME and specialised lending	**73,118**	90,389	93,131
Sovereign	**1,956**	1,713	2,144
Bank	**6,745**	8,040	12,510
Residential mortgage	**56,909**	54,841	45,231
Qualifying revolving retail	**6,292**	5,698	5,562
Other retail	**6,315**	6,336	5,479
Impact of the regulatory scaling factor [1]	**9,079**	10,021	9,843
Total risk weighted assets subject to Advanced IRB approach	**160,414**	177,038	173,900
Specialised lending (SL) exposures subject to slotting criteria	**38,678**	22,627	26,624
Subject to Standardised approach			
Corporate including SME and specialised lending	**22,098**	23,018	6,491
Sovereign	**233**	282	430
Bank	**1,206**	170	116
Residential mortgage	**22,531**	20,576	316
Other retail	**2,411**	2,398	-
Other	**6,405**	7,517	8,763
Total risk weighted assets subject to standardised approach	**54,884**	53,961	16,116
Securitisation	**1,962**	2,724	2,890
Equity exposures	**2,528**	2,103	1,701
Total risk weighted assets for credit risk exposures	**258,466**	258,453	221,231
Market risk	**4,033**	3,450	4,138
Interest rate risk in the banking book	**16,601**	8,944	-
Operational risk	**18,349**	17,989	13,920
Total risk weighted assets [2]	**297,449**	288,836	239,289

(1) APRA requires risk weighted assets amounts that are derived from IRB risk weight functions be multiplied by a factor of 1.06.

(2) 31 December 2009 and 30 June 2009 Risk Weighted Assets ("RWA") include the consolidation of Bankwest which operates under the Basel II Standardised methodology. As at 31 December 2008 APRA approved Bankwest to be treated as a non consolidated subsidiary and as a result the RWA of Bankwest were not incorporated into the Group RWA numbers.

8. Capital Adequacy (continued)

Capital Management

The Group has maintained a strong capital position with the capital ratios well in excess of APRA minimum capital adequacy requirements (Prudential Capital Ratio ("PCR")) and the Board Approved minimum target levels at all times throughout the period.

The Tier One Capital and Total Capital ratios as at 31 December 2009 are 9.10% and 11.63% respectively.

Tier One Capital increased by 103 basis points (bps) over the prior half, influenced by both the increased cash profit after tax (net of dividend and Dividend Reinvestment Plan ("DRP")) which contributed an additional 58 bps and the issue of $2 billion of Non Innovative Capital (Perpetual Exchangeable Resaleable Listed Securities ("PERLS V")) which contributed an additional 66 bps to Tier One Capital. This was partially offset by the growth in Risk Weighted Assets ("RWA"), primarily related to Interest Rate Risk in the Banking Book ("IRRBB"), which compressed Tier One Capital by 24 bps.

The Group's Total Capital ratio was further strengthened at 11.63%, 121 bps above the prior half. This was additionally impacted by movements in Lower Tier Two debt, as detailed below.

RWA are $297 billion at 31 December 2009, an increase of $9 billion or 3% since 30 June 2009. An $8 billion increase in RWA was the result of lower embedded gains and interest rate positioning. The lower embedded gains are due to interest rate increases and the partial realisation of gains. The lower gains have been influenced by customer prepayments of fixed rate loans and the increase in fixed interest rates. Credit risk related RWA remained relatively flat over the period with reductions in corporate and business exposures offset by increased residential mortgages exposures.

Capital Initiatives

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

Tier One Capital

- The allocation of $688 million ordinary shares in order to satisfy the Dividend Reinvestment Plan ("DRP") in respect of the final dividend for the 2008/2009 financial year. The DRP participation rate increased from an anticipated 29% to 39% following the DRP discount of 1.5% offered by the Group; and
- The Group issued $2 billion ($1,964 million net of issue costs) PERLS V securities in October 2009 which qualify as Non-Innovative Tier One Capital.

Tier Two Capital

- Issue of $1.7 billion (EUR 1 billion) subordinated Lower Tier Two debt in August 2009; offset by
- $615 million (USD $500 million) of subordinated Lower Tier Two debt redeemed in August 2009.

Regulatory Update

The Group, excluding Bankwest, operates under Basel II advanced status which resulted in the advanced internal ratings based ("AIRB") approach for credit risk and the advanced measurement approach ("AMA") for operational risk being adopted in the calculation of RWA effective from 1 January 2008. IRRBB was incorporated into the calculation of RWA from 1 July 2008. The agreed methodology for measuring market risk for traded assets remained unchanged from Basel I.

Bankwest operates as a separate Authorised Deposit-taking Institution ("ADI") and is separately regulated by APRA. Bankwest operated under the existing Basel I prudential rules at 31 December 2008 and has adopted the standardised Basel II methodology effective from 1 January 2009 at which point in time it was consolidated for regulatory capital purposes. Bankwest is in the process of seeking advanced accreditation from APRA.

ASB Bank is subject to regulation by the Reserve Bank of New Zealand ("RBNZ"). RBNZ applies a similar methodology to APRA in calculating regulatory capital requirements. ASB Bank operates under Basel II advanced status.

APRA has limited the amount of Residual (25%) and Innovative Capital (15%) that qualifies as Tier One capital, with any excess transferred to upper Tier Two Capital. Innovative transitional relief of $765 million was granted by APRA. This relief, which expired on 1 January 2010, is to be reduced by 20% per quarter, effective from March 2009 onwards. As at 31 December 2009 Innovative Capital is below the 15% limit and hence the transitional relief is not applicable. As a consequence of the issue of PERLS V in October 2009, residual capital is $73 million above the prescribed limit of 25% of Tier One Capital as at 31 December 2009. This excess is required to be transferred to upper Tier Two Capital.

APRA implemented transitional capital floors based on 90% of the capital required under Basel I. As at 31 December 2009 these transitional floors did not have any impact on the Group's capital levels.

On 17 December 2009 the Bank for International Settlements ("BIS") released its consultation package of proposals to strengthen global capital and liquidity regulations. The capital proposals relate to the quality, consistency and transparency of capital, enhancing the risk coverage framework, introduction of a non-risk based leverage ratio, reducing pro-cyclicality, and addressing systemic risk. The BIS will undertake an Impact Assessment Study to be conducted in the first half of calendar year 2010 in order to calibrate capital requirements. Delivery of a fully calibrated and finalised package of capital reforms is expected by the end of 2010, with the process of implementation to be commenced by the end of 2012.

Insurance and Funds Management Business

The Group's insurance and funds management companies held assets in excess of regulatory capital requirements at 31 December 2009. The Group's Australian and New Zealand insurance and funds management businesses held $1,048 million of assets in excess of regulatory solvency requirements at 31 December 2009 (30 June 2009: $1,036 million, 31 December 2008: $887 million).

Pillar 3 Disclosures

Full details on the market disclosures required under Pillar 3, per prudential standard APS 330 "Public Disclosure of Prudential Information", are provided on the Group's website.

9. Share Capital

Ordinary Share Capital	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M
Opening balance (excluding Treasury Shares deduction)	**21,920**	20,652	15,991
Dividend reinvestment plan: Final dividend prior year [1]	**685**	-	694
Dividend reinvestment plan: Interim dividend	**-**	405	-
Share issue - net of issue costs	**-**	863	3,966
Exercise of executive options	**1**	-	1
Closing balance (excluding Treasury Shares deduction)	**22,606**	21,920	20,652
Less: Treasury Shares	**(262)**	(278)	(287)
Closing balance	**22,344**	21,642	20,365

(1) The declared dividend includes an amount attributable to the dividend reinvestment plan (DRP) of $688 million. Of this amount $685 million net of issue costs has been issued in ordinary shares due to rounding under the plan rules. The rounding amount will be included in the next DRP allocation.

Shares on Issue	Half Year Ended 31/12/09 Number	30/06/09 Number	31/12/08 Number
Opening balance (excluding Treasury Shares deduction)	**1,518,801,069**	1,471,199,458	1,326,130,877
Dividend reinvestment plan issue:			
2007/2008 Final dividend fully paid ordinary shares $42.41	**-**	-	16,372,698
2008/2009 Interim dividend fully paid ordinary shares $28.45	**-**	14,283,851	-
2008/2009 Final dividend fully paid ordinary shares $44.48	**15,412,513**	-	-
Issue of shares	**-**	33,317,760	128,665,883
Exercise of executive option plan	**32,500**	-	30,000
Closing balance (excluding Treasury Shares deduction)	**1,534,246,082**	1,518,801,069	1,471,199,458
Less: Treasury Shares	**(6,259,487)**	(7,192,560)	(7,925,748)
Closing balance	**1,527,986,595**	1,511,608,509	1,463,273,710

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 participate in the proceeds from sale of surplus assets in proportion to the number of and amounts paid up on shares held.

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

Dividend Franking Account

After fully franking the interim dividend to be paid for the half year ended 31 December 2009, the amount of credits available as at 31 December 2009 to frank dividends for subsequent financial years is $244 million (June 2009: $758 million). This figure is based on the combined franking accounts of the Bank at 31 December 2009, 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 2009, 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 2009.

Dividends

The Directors have declared a fully franked interim dividend of 120 cents per share amounting to $1,841 million. The dividend will be payable on 1 April 2010 to shareholders on the register at 5pm on 19 February 2010.

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

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

Dividend Reinvestment Plan

The Bank expects to issue around $608 million of shares in respect of the Dividend Reinvestment Plan for the interim dividend for the half year ended 31 December 2009.

Record Date

The register closed for determination of dividend entitlement and for participation in the DRP at 5:00pm on 19 February 2010 at Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235.

Ex-Dividend Date

The ex-dividend date was 15 February 2010.

Appendices

10. Intangible Assets

	As at		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Total Intangible Assets			
Goodwill	**7,473**	7,473	7,484
Computer software costs	**799**	673	571
Core deposits (1)	**424**	460	-
Management fee rights (2)	**311**	311	311
Brand name (3)	**186**	186	-
Other (4)	**129**	142	120
Total intangible assets	**9,322**	9,245	8,486
Goodwill			
Purchased goodwill	**7,473**	7,484	7,484
Accumulated impairment	**-**	(11)	-
Total goodwill	**7,473**	7,473	7,484
Computer Software Costs			
Cost	**1,300**	1,085	909
Accumulated amortisation	**(462)**	(373)	(299)
Accumulated impairment	**(39)**	(39)	(39)
Total computer software costs	**799**	673	571
Core Deposits (1)			
Cost	**495**	495	-
Accumulated amortisation	**(71)**	(35)	-
Total core deposits	**424**	460	-
Management Fee Rights (2)			
Cost	**311**	311	311
Total management fee rights	**311**	311	311
Brand Name (3)			
Cost	**186**	186	-
Total brand name	**186**	186	-
Other (4)			
Cost	**206**	210	182
Accumulated amortisation	**(77)**	(68)	(62)
Total other	**129**	142	120

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

(2) Management fee rights have an indefinite useful life under the contractual terms of the management agreements and are subject to an annual valuation for impairment testing purposes. No impairment was required as a result of this valuation.

(3) Brand name represents the value of royalty costs foregone by the Group through acquiring the Bankwest brand name. The royalty costs that would have been incurred by an entity using the Bankwest brand name are based on an annual percentage of income generated by Bankwest. This asset has an indefinite useful life, so is not subject to amortisation.

(4) Other includes $38 million for the value of credit card relationships acquired from Bankwest in the 31 December 2008 half year. This value represents future net income generated from the relationships that existed at Balance Sheet date. The asset has a useful life of ten years based on the attrition rates of the Bankwest credit cardholders.

10. Intangible Assets (continued)

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Goodwill			
Opening balance	**7,473**	7,484	7,484
Additions	**-**	-	-
Disposals	**-**	-	-
Impairment	**-**	(11)	-
Total goodwill	**7,473**	7,473	7,484
Computer Software Costs			
Opening balance	**673**	571	353
Additions:			
From purchases (1)	**26**	-	120
From internal development (2)	**204**	205	147
Amortisation	**(104)**	(73)	(49)
Impairment	**-**	(30)	-
Total computer software costs	**799**	673	571
Core Deposits			
Opening balance	**460**	-	-
Additions:			
From acquisitions	**-**	495	-
Amortisation	**(36)**	(35)	-
Total core deposits	**424**	460	-
Management Fee Rights			
Opening balance	**311**	311	311
Total management fee rights	**311**	311	311
Brand Name			
Opening balance	**186**	-	-
Additions:			
From acquisitions	**-**	186	-
Total brand name	**186**	186	-
Other			
Opening balance	**142**	120	110
Addtions:			
From acquisitions	**-**	33	18
Amortisation	**(13)**	(11)	(8)
Total other	**129**	142	120

(1) The December 2008 half year includes $72 million acquired as part of the Bankwest acquisition.

(2) Due primarily to Core Banking Modernisation project.

Appendices

11. ASX Appendix 4D

Compliance Statement

This interim report for the half year ended 31 December 2009 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

10 February 2010

11. ASX Appendix 4D (continued)

Details of entities over which control was lost during the half year (Item 4)	Date control lost	Ownership Interest Held (%)
Colonial Fiji Life Limited	15 December 2009	100%
National Bank of Fiji Limited	15 December 2009	100%

Details of associates and joint ventures

As at 31 December 2009	Ownership interest held (%)
Acadian Asset Management (Australia) Limited	50%
Aspire Schools Financing (Qld) Pty Limited	50%
Aspire Schools (Qld) Holdings Limited	50%
CIPL SA Schools Pty Limited	50%
CMG CH China Funds Management Limited	50%
Equigroup Pty Limited	50%
First State Media (Ireland) Limited	50%
Five D Holdings Pty Limited	50%
Forth Health Holdings Limited	50%
John Laing Health (Pembury) Limited	50%
China Life CMG Life Assurance Company Limited	49%
First State Cinda Fund Management Company Limited	46%
Cardlink Services Limited	40%
First State European Diversified Investment Fund	39%
Aussie Home Loans Pty Limited	33%
International Private Equity Real Estate Fund	33%
Vipro Pty Ltd	33%
AMTD Group Company Limited	30%
452 Capital Pty Limited	30%
Cash Services Australia Pty Limited	25%
Electronic Transaction Services Limited	25%
Qilu Bank Co., Ltd.	20%
Bank of Hangzhou Co. Ltd.	20%
FS Media Works Fund 1, LP	11%
Interchange and Settlement Limited	11%
CFS Retail Property Trust	8.9%
Commonwealth Property Office Fund	6.8%

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.

12. Profit Reconciliation

Profit Reconciliation	Net profit after tax "cash basis"	Hedging and AIFRS volatility	Tax on New Zealand Structured Finance Transactions	Merger related amortisation	Bankwest integration expenses	Loss on disposal of controlled entites /investments	Treasury shares valuation adjustment	Policyholder tax	Investment experience	Net profit after tax "statutory basis"
	Half Year Ended 31 December 2009									
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Group										
Net interest income	**6,062**	(29)	-	125	-	-	-	-	-	**6,158**
Other banking income	**2,078**	303	-	-	-	(31)	-	-	-	**2,350**
Total banking income	**8,140**	274	-	125	-	(31)	-	-	-	**8,508**
Funds management income	**947**	-	-	-	-	-	(69)	84	10	**972**
Insurance income	**463**	-	-	-	-	-	-	55	132	**650**
Total operating income	**9,550**	274	-	125	-	(31)	(69)	139	142	**10,130**
Gain on acquisition of controlled entities	**-**	-	-	-	-	-	-	-	-	**-**
Operating expenses (1)	**(4,268)**	-	-	(37)	(19)	-	-	-	-	**(4,324)**
Impairment expenses	**(1,383)**	-	-	-	-	-	-	-	-	**(1,383)**
Net profit before tax	**3,899**	274	-	88	(19)	(31)	(69)	139	142	**4,423**
Tax expense	**(1,056)**	(97)	(171)	(26)	5	-	17	(139)	(33)	**(1,500)**
Non-controlling interests	**(9)**	-	-	-	-	-	-	-	-	**(9)**
Underlying profit after tax	**2,834**	177	(171)	62	(14)	(31)	(52)	-	109	**2,914**
Investment experience after tax	**109**	-	-	-	-	-	-	-	(109)	**-**
Net profit after tax	**2,943**	177	(171)	62	(14)	(31)	(52)	-	-	**2,914**

(1) Defined benefit superannuation plan expense has been disclosed in net profit after tax (“cash basis”) from 1 July 2009.

12. Profit Reconciliation (continued)

Profit Reconciliation	Net profit after tax "cash basis" $M	One-off expenses [1] $M	Hedging and AIFRS volatility $M	Gain on acquisition of controlled entities $M	Merger related amortisation $M	Bankwest integration expenses $M	Defined benefit superannuation plan income $M	Treasury shares valuation adjustment $M	Policyholder tax $M	Investment experience $M	Net profit after tax "statutory basis" $M
	Half Year Ended 30 June 2009										
Group											
Net interest income	**5,643**	-	(37)	-	152	-	-	-	-	-	**5,758**
Other banking income	**2,140**	-	(245)	-	-	-	-	-	-	-	**1,895**
Total banking income	**7,783**	-	(282)	-	152	-	-	-	-	-	**7,653**
Funds management income	**808**	-	-	-	-	-	-	(89)	(1)	(85)	**633**
Insurance income	**478**	-	-	-	-	-	-	-	32	1	**511**
Total operating income	**9,069**	-	(282)	-	152	-	-	(89)	31	(84)	**8,797**
Gain on acquisition of controlled entities	**-**	-	-	201	-	-	-	-	-	-	**201**
Operating expenses	**(4,214)**	(32)	-	-	(37)	(112)	4	-	-	-	**(4,391)**
Impairment expenses	**(1,441)**	-	-	-	-	-	-	-	-	-	**(1,441)**
Net profit before tax	**3,414**	(32)	(282)	201	115	(112)	4	(89)	31	(84)	**3,166**
Tax expense	**(934)**	9	45	(136)	(35)	34	(1)	27	(31)	20	**(1,002)**
Non-controlling interests	**(14)**	-	-	-	-	-	-	-	-	-	**(14)**
Underlying profit after tax	**2,466**	(23)	(237)	65	80	(78)	3	(62)	-	(64)	**2,150**
Investment experience after tax	**(64)**	-	-	-	-	-	-	-	-	64	**-**
Net profit after tax	**2,402**	(23)	(237)	65	80	(78)	3	(62)	-	-	**2,150**

(1) Relates to a provision recognised with respect to a long-standing legal proceeding.

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12. Profit Reconciliation (continued)

Profit Reconciliation	Half Year Ended 31 December 2008							
	Net profit after tax "cash basis"	Provisional gain on aquisition of controlled entities	Defined benefit superannuation plan expense	Treasury shares valuation adjustment	Hedging and AIFRS volatility	Policyholder tax	Investment experience	Net profit after tax "statutory basis"
	$M	$M	$M	$M	$M	$M	$M	$M
Group								
Net interest income	**4,543**	-	-	-	-	-	-	**4,543**
Other banking income	**2,036**	-	-	-	(17)	-	-	**2,019**
Total banking income	**6,579**	-	-	-	(17)	-	-	**6,562**
Funds management income	**1,005**	-	-	56	-	(138)	(66)	**857**
Insurance income	**432**	-	-	-	-	(57)	(117)	**258**
Total operating income	**8,016**	-	-	56	(17)	(195)	(183)	**7,677**
Provisional gain on acquisition of controlled entities	**-**	782						**782**
Operating expenses	**(3,551)**	-	(18)	-	-	-	-	**(3,569)**
Impairment expenses	**(1,607)**	-	-	-	-	-	-	**(1,607)**
Net profit before tax	**2,858**	782	(18)	56	(17)	(195)	(183)	**3,283**
Tax expense	**(697)**	(235)	5	(22)	9	195	51	**(694)**
Non-controlling interests	**(16)**	-	-	-	-	-	-	**(16)**
Underlying profit after tax	**2,145**	547	(13)	34	(8)	-	(132)	**2,573**
Investment experience after tax	**(132)**	-	-	-	-	-	132	**-**
Net profit after tax	**2,013**	547	(13)	34	(8)	-	-	**2,573**

13. Divisional Performance Summary

Half Year Ended 31 December 2009	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	South Pacific $M	Bankwest $M	Other (including Asia) [1] $M	Total $M
Net interest income	2,888	822	683	-	360	727	459	**5,939**
Other banking income	683	626	672	-	175	121	(76)	**2,201**
Total banking income	**3,571**	**1,448**	**1,355**	**-**	**535**	**848**	**383**	**8,140**
Funds management income	-	-	-	908	25	-	14	**947**
Insurance income	-	-	-	353	92	-	18	**463**
Total operating income	**3,571**	**1,448**	**1,355**	**1,261**	**652**	**848**	**415**	**9,550**
Investment experience [2]	-	-	-	117	(2)	-	27	**142**
Total income	**3,571**	**1,448**	**1,355**	**1,378**	**650**	**848**	**442**	**9,692**
Operating expenses [3]	(1,380)	(639)	(387)	(851)	(337)	(443)	(231)	**(4,268)**
Impairment expense	(391)	(194)	(321)	-	(101)	(313)	(63)	**(1,383)**
Net profit before tax	**1,800**	**615**	**647**	**527**	**212**	**92**	**148**	**4,041**
Corporate tax expense	(555)	(175)	(102)	(148)	(45)	(28)	(36)	**(1,089)**
Non-controlling interests	-	-	-	-	-	-	(9)	**(9)**
Net profit after tax ("cash basis")	**1,245**	**440**	**545**	**379**	**167**	**64**	**103**	**2,943**
Statutory adjustments	-	-	-	(52)	(209)	18	214	**(29)**
Net profit after tax ("statutory basis")	**1,245**	**440**	**545**	**327**	**(42)**	**82**	**317**	**2,914**

(1) Includes the impact of reclassification of net swap costs within net interest income related to certain economic hedges which do not qualify for AIFRS hedge accounting of $123 million.

(2) Investment experience is presented on a gross basis.

(3) Operating expenses include volume related expenses.

13. Divisional Performance Summary (continued)

Half Year Ended 30 June 2009	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	South Pacific $M	Bankwest $M	Other (including Asia) [1] $M	Total $M
Net interest income	2,513	777	763	-	380	591	491	**5,515**
Other banking income	779	551	477	-	201	168	92	**2,268**
Total banking income	**3,292**	**1,328**	**1,240**	**-**	**581**	**759**	**583**	**7,783**
Funds management income	-	-	-	769	23	-	16	**808**
Insurance income	-	-	-	329	123	-	26	**478**
Total operating income	**3,292**	**1,328**	**1,240**	**1,098**	**727**	**759**	**625**	**9,069**
Investment experience [2]	-	-	-	(95)	(9)	-	20	**(84)**
Total income	**3,292**	**1,328**	**1,240**	**1,003**	**718**	**759**	**645**	**8,985**
Operating expenses [3]	(1,430)	(645)	(366)	(829)	(318)	(483)	(143)	**(4,214)**
Impairment expense	(462)	(189)	(512)	-	(139)	(113)	(26)	**(1,441)**
Net profit before tax	**1,400**	**494**	**362**	**174**	**261**	**163**	**476**	**3,330**
Corporate tax expense	(412)	(131)	(28)	(63)	(88)	(50)	(142)	**(914)**
Non-controlling interests	-	-	-	-	-	-	(14)	**(14)**
Net profit after tax ("cash basis")	**988**	**363**	**334**	**111**	**173**	**113**	**320**	**2,402**
Statutory adjustments	-	-	(23)	(62)	15	9	(191)	**(252)**
Net profit after tax ("statutory basis")	**988**	**363**	**311**	**49**	**188**	**122**	**129**	**2,150**

(1) Includes the impact of reclassification of net swap costs within net interest income related to certain economic hedges which do not qualify for AIFRS hedge accounting of $128 million.

(2) Investment experience is presented on a gross basis.

(3) Operating expenses include volume related expenses.

13. Divisional Performance Summary (continued)

Half Year Ended 31 December 2008	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	South Pacific $M	Bankwest $M	Other (including Asia) (1) $M	Total $M
Net interest income	2,412	748	690	-	409	-	284	**4,543**
Other banking income	772	529	472	-	203	-	60	**2,036**
Total banking income	**3,184**	**1,277**	**1,162**	**-**	**612**	**-**	**344**	**6,579**
Funds management income	-	-	-	966	26	-	13	**1,005**
Insurance income	-	-	-	307	101	-	24	**432**
Total operating income	**3,184**	**1,277**	**1,162**	**1,273**	**739**	**-**	**381**	**8,016**
Investment experience (2)	-	-	-	(222)	15	-	24	**(183)**
Total income	**3,184**	**1,277**	**1,162**	**1,051**	**754**	**-**	**405**	**7,833**
Operating expenses (3)	(1,351)	(627)	(313)	(823)	(368)	-	(69)	**(3,551)**
Impairment expense	(237)	(120)	(1,196)	-	(59)	-	5	**(1,607)**
Net profit before tax	**1,596**	**530**	**(347)**	**228**	**327**	**-**	**341**	**2,675**
Corporate tax expense	(477)	(157)	179	(53)	(60)	-	(78)	**(646)**
Non-controlling interests	-	-	-	-	-	-	(16)	**(16)**
Net profit after tax ("cash basis")	**1,119**	**373**	**(168)**	**175**	**267**	**-**	**247**	**2,013**
Statutory adjustments	-	-	-	34	(49)	-	575	**560**
Net profit after tax ("statutory basis")	**1,119**	**373**	**(168)**	**209**	**218**	**-**	**822**	**2,573**

(1) Includes the impact of reclassification of net swap costs within net interest income related to certain economic hedges which do not qualify for AIFRS hedge accounting of $147 million.

(2) Investment experience is presented on a gross basis.

(3) Operating expenses include volume related expenses.

Appendices

14. Analysis Template

Profit Summary - Input Schedule	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M
Income - Cash Basis			
Net interest income	**6,062**	5,643	4,543
Other banking income	**2,078**	2,140	2,036
Total banking income	**8,140**	7,783	6,579
Funds management income	**947**	808	1,005
Insurance income	**463**	478	432
Total operating income	**9,550**	9,069	8,016
Investment experience	**142**	(84)	(183)
Total income	**9,692**	8,985	7,833
Expenses - Cash Basis			
Retail Banking Services	**(1,380)**	(1,430)	(1,351)
Business and Private Banking	**(639)**	(645)	(627)
Institutional Banking and Markets	**(387)**	(366)	(313)
Wealth Management - operating expenses	**(601)**	(595)	(580)
Wealth Management - volume expenses	**(250)**	(234)	(243)
South Pacific	**(337)**	(318)	(368)
Bankwest	**(443)**	(483)	-
Other (including Asia)	**(231)**	(143)	(69)
Total operating expenses (1)	**(4,268)**	(4,214)	(3,551)
Profit before loan impairment expense	**5,424**	4,771	4,282
Impairment expense	**(1,383)**	(1,441)	(1,607)
Net profit before income tax	**4,041**	3,330	2,675
Corporate tax expense	**(1,089)**	(914)	(646)
Operating profit after tax	**2,952**	2,416	2,029
Non-controlling interests	**(9)**	(14)	(16)
Net profit after tax - cash basis	**2,943**	2,402	2,013
Defined benefit superannuation plan income/(expense) (1)	**-**	3	(13)
Treasury shares valuation adjustment	**(52)**	(62)	34
Hedging and AIFRS volatility	**177**	(237)	(8)
One-off expenses	**-**	(23)	-
Loss on disposal of controlled entities/investments	**(31)**	-	-
Tax on New Zealand structured finance transactions	**(171)**	-	-
Acquisition related items:			
Gain on acquisition of controlled entities	**-**	65	547
Integration expenses	**(14)**	(78)	-
Merger related amortisation	**62**	80	-
Net profit after tax - statutory basis	**2,914**	2,150	2,573
Total Operating Income			
Retail Banking Services	**3,571**	3,292	3,184
Business and Private Banking	**1,448**	1,328	1,277
Institutional Banking and Markets	**1,355**	1,240	1,162
Wealth Management (net of volume expenses)	**1,011**	864	1,030
South Pacific	**652**	727	739
Bankwest	**848**	759	-
Other (including Asia)	**415**	625	381

(1) Due to the change in expectations on the size and impact of defined benefit superannuation plan income/(expense), from 1 July 2009 this amount has been included as part of net profit after tax ("cash basis").

14. Analysis Template (continued)

Profit Summary - Input Schedule	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M
Other Data			
Net interest income (excluding securitisation)	**6,018**	5,627	4,501
Average interest earning assets (excluding securitisation)	**547,379**	526,512	436,722
Average net assets [(1)]	**32,513**	30,715	28,062
Average non-controlling interests [(1)]	**521**	520	519
Average other equity instruments [(1)]	**939**	939	939
Average treasury shares [(1)]	**(270)**	(282)	(276)
Average defined benefit superannuation plan net surplus [(1)]	**319**	148	515
Distributions - other equity instruments	**24**	31	26
Interest expense (after tax) - Perls II	**-**	4	15
Interest expense (after tax) - Perls III	**19**	20	35
Interest expense (after tax) - Perls IV	**18**	18	31
Interest expense (after tax) - Perls V	**16**	-	-
Interest expense (after tax) - TPS	**12**	15	14
Interest expense (after tax) - Convertible notes	**13**	12	23
Weighted average number of shares - statutory basis	**1,518**	1,490	1,352
Weighted average number of shares - fully diluted - statutory	**1,615**	1,612	1,535
Weighted average number of shares - cash and underlying	**1,523**	1,495	1,358
Weighted average number of shares - fully diluted - cash and underlying	**1,619**	1,617	1,541
Weighted average number of shares - Perls II	**-**	8	27
Weighted average number of shares - Perls III	**22**	32	42
Weighted average number of shares - Perls IV	**28**	39	52
Weighted average number of shares - Perls V	**17**	-	-
Weighted average number of shares - TPS	**12**	19	29
Weighted average number of shares - Convertible notes	**17**	24	33
Dividends per share (cents)	**120**	115	113
No. of shares at end of period excluding treasury shares	**1,534**	1,519	1,471
Average funds under administration	**185,392**	167,107	179,371
Average inforce premiums	**1,953**	1,916	1,739
Net assets	**33,583**	31,442	29,987
Total intangible assets	**9,322**	9,245	8,486
Non-controlling interests	**521**	520	519
Other equity instruments	**939**	939	939
Total Fundamental Tier One Capital	**32,271**	30,314	28,253

(1) Average of reporting period balances.

Appendices

14. Analysis Template (continued)

Ratios - Output Summary	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M
EPS			
Net profit after tax - cash basis	**2,943**	2,402	2,013
Less distribution - other equity instruments	**(24)**	(31)	(26)
Adjusted profit for EPS calculation	**2,919**	2,371	1,987
Average number of shares (M)	**1,523**	1,495	1,358
Earnings per share - cash basis (cents)	**191. 7**	158. 5	146. 3
Earnings per share - dilutions			
Interest expense (after tax) - Perls II	**-**	4	15
Interest expense (after tax) - Perls III	**19**	20	35
Interest expense (after tax) - Perls IV	**18**	18	31
Interest expense (after tax) - Perls V	**16**	-	-
Interest expense (after tax) - TPS	**12**	15	14
Interest expense (after tax) - Convertible notes	**13**	12	23
Profit impact of assumed conversions (after tax)	**78**	69	118
Weighted average number of shares - Perls II (M)	**-**	8	27
Weighted average number of shares - Perls III (M)	**22**	32	42
Weighted average number of shares - Perls IV (M)	**28**	39	52
Weighted average number of shares - Perls V (M)	**17**	-	-
Weighted average number of shares - TPS (M)	**12**	19	29
Weighted average number of shares - Convertible Notes (M)	**17**	24	33
Weighted average number of shares - dilutive securities (M)	**96**	122	183
Adjusted cash profit for EPS calculation	**2,919**	2,371	1,987
Add back profit impact of assumed conversions (after tax)	**78**	69	118
Adjusted diluted profit for EPS calculation	**2,997**	2,440	2,105
Average number of shares (M)	**1,523**	1,495	1,358
Add back weighted average number of shares (M)	**96**	122	183
Diluted average number of shares (M)	**1,619**	1,617	1,541
Earnings per share diluted - cash basis (cents)	**185. 1**	150. 9	136. 6
Net profit after tax - statutory	**2,914**	2,150	2,573
Less distribution - other equity instruments	**(24)**	(31)	(26)
Adjusted profit for EPS calculation	**2,890**	2,119	2,547
Average number of shares (M)	**1,518**	1,490	1,352
Earnings per share - statutory basis (cents)	**190. 3**	142. 2	188. 4

14. Analysis Template (continued)

Ratios - Output Summary	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M
DPS			
Dividends			
Dividends per share (cents)	**120**	115	113
No of shares at end of period (M)	**1,534**	1,519	1,471
Total dividends	**1,841**	1,747	1,662
Dividend payout ratio - cash basis			
Net profit after tax - cash basis	**2,943**	2,402	2,013
NPAT - available for distribution to ordinary shareholders	**2,919**	2,371	1,987
Total dividends	**1,841**	1,747	1,662
Payout ratio - cash basis (%)	**63. 1**	73. 7	83. 6
Dividend cover			
NPAT - available for distribution to ordinary shareholders	**2,919**	2,371	1,987
Total dividends	**1,841**	1,747	1,662
Dividend cover - cash basis	**1. 6**	1. 4	1. 2
ROE			
Return on equity - cash basis			
Average net assets	**32,513**	30,715	28,062
Less:			
Average non-controlling interests	**(521)**	(520)	(519)
Average other equity instruments	**(939)**	(939)	(939)
Average equity	**31,053**	29,256	26,604
Add average treasury shares	**270**	282	276
Less average defined benefit superannuation plan net surplus (1)	**-**	(148)	(515)
Net average equity	**31,323**	29,390	26,365
Net profit after tax ("cash basis")	**2,943**	2,402	2,013
Less distribution - other equity instruments	**(24)**	(31)	(26)
Adjusted profit for ROE calculation	**2,919**	2,371	1,987
Return on equity - cash basis (%)	**18. 5**	16. 3	15. 0
Return on equity - statutory basis			
Average net assets (1)	**32,513**	30,715	28,062
Less:			
Average non-controlling interests	**(521)**	(520)	(519)
Average other equity instruments	**(939)**	(939)	(939)
Average equity	**31,053**	29,256	26,604
Net profit after tax ("statutory basis")	**2,914**	2,150	2,573
Less distribution - other equity instruments	**(24)**	(31)	(26)
Adjusted profit for ROE calculation	**2,890**	2,119	2,547
Return on equity - statutory basis	**18.5**	14.6	19.0

(1) The adjustment to exclude the defined benefit superannuation plan net surplus from average net assets for the purposes of the ROE ("cash basis") calculation is not required at 31 December 2009. This is consistent with the inclusion of the defined benefit superannuation expense within net profit after tax ("cash basis") from 1 July 2009.

Appendices

14. Analysis Template (continued)

Ratios - Output Summary	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M
Productivity			
Group operating expenses to total operating income ratio			
Operating expenses	**4,268**	4,214	3,551
Total operating income	**9,550**	9,069	8,016
Operating expenses to total operating income (%)	**44. 7**	46. 5	44. 3
Retail Banking Services operating expenses to total banking income ratio			
Operating expenses	**1,380**	1,430	1,351
Total banking income	**3,571**	3,292	3,184
Operating expenses to total banking income (%)	**38. 6**	43. 4	42. 4
Business and Private Banking operating expenses to total banking income ratio			
Operating expenses	**639**	645	627
Total banking income	**1,448**	1,328	1,277
Operating expenses to total banking income (%)	**44. 1**	48. 6	49. 1
Institutional Banking and Markets operating expenses to total banking income ratio			
Operating expenses	**387**	366	313
Total banking income	**1,355**	1,240	1,162
Operating expenses to total banking income (%)	**28. 6**	29. 5	26. 9
Wealth Management operating expenses to net operating income ratio			
Operating expenses	**601**	595	580
Net operating income	**1,011**	864	1,030
Operating expenses to net operating income (%)	**59. 4**	68. 9	56. 3
South Pacific operating expenses to total operating income ratio			
Operating expenses	**337**	318	368
Total operating income	**652**	727	739
Operating expenses to total operating income (%)	**51. 7**	43. 7	49. 8
Bankwest operating expenses to total banking income ratio			
Operating expenses	**443**	483	-
Total banking income	**848**	759	-
Operating expenses to total banking income (%)	**52. 2**	63. 6	-
Net Tangible Assets (NTA) per share			
Net assets	**33,583**	31,442	29,987
Less:			
Intangible assets	**(9,322)**	(9,245)	(8,486)
Non-controlling interests	**(521)**	(520)	(519)
Other equity instruments	**(939)**	(939)	(939)
Total net tangible assets	**22,801**	20,738	20,043
No. of shares at end of period (M)	**1,534**	1,519	1,471
Net tangible assets (NTA) per share ($)	**14. 86**	13. 65	13. 63

15. Summary

Group		31/12/09	30/06/09	31/12/08	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
		Half Year Ended				
Net profit after tax - underlying basis	$M	**2,834**	2,466	2,145	15	32
Net profit after tax - cash basis	$M	**2,943**	2,402	2,013	23	46
Defined benefit superannuation plan income/(expense) - after tax (1)	$M	**-**	3	(13)	large	large
Treasury shares valuation adjustment - after tax	$M	**(52)**	(62)	34	(16)	large
Hedging and AIFRS volatility - after tax	$M	**177**	(237)	(8)	large	large
One-off expenses - after tax	$M	**-**	(23)	-	large	large
Tax on New Zealand Structured Finance transactions	$M	**(171)**	-	-	large	large
Acquisition - related items:	$M					
Gain on acquisition of controlled entities - after tax	$M	**-**	65	547	large	large
Bankwest integration expenses - after tax	$M	**(14)**	(78)	-	82	large
Merger related amortisation	$M	**62**	80	-	(23)	large
Net profit after tax - statutory	$M	**2,914**	2,150	2,573	36	13
Earnings per share - cash basis - basic	cents	**191. 7**	158. 5	146. 3	21	31
Dividends per share	cents	**120**	115	113	4	6
Dividends pay-out ratio - cash basis	%	**63. 1**	73. 7	83. 6	large	large
Tier One Capital - Basel II	%	**9. 10**	8. 07	8. 75	103 bpts	35 bpts
Total Capital - Basel II	%	**11. 63**	10. 42	11. 39	121 bpts	24 bpts
Number of full time equivalent staff	No.	**43,423**	44,218	45,013	(2)	(4)
Return on equity - cash	%	**18. 5**	16. 3	15. 0	220 bpts	350 bpts
Return on equity - underlying	%	**17. 8**	16. 7	15. 9	110 bpts	190 bpts
Weighted average number of shares - statutory	M	**1,518**	1,490	1,352	2	12
Net tangible assets per share	$	**14. 86**	13. 65	13. 63	9	9
Net interest income	$M	**6,062**	5,643	4,543	7	33
Net interest margin	%	**2. 18**	2. 16	2. 04	2 bpts	14 bpts
Other banking income ("cash basis")	$M	**2,078**	2,140	2,036	(3)	2
Other banking income/total banking income	%	**25. 5**	27. 5	30. 9	(200)bpts	large
Operating expense to total operating income	%	**44. 7**	46. 5	44. 3	(180)bpts	40 bpts
Average interest earning assets	$M	**547,379**	526,512	436,722	4	25
Average interest earning liabilities	$M	**511,954**	496,742	410,880	3	25
Impairment expense	$M	**1,383**	1,441	1,607	(4)	(14)
Impairment expense annualised to average risk weighted assets - Basel II	%	**0. 94**	1. 03	1. 43	(9)bpts	(49) bpts
Impairment expense annualised as a % of average gross loans and acceptances	%	**0. 55**	0. 61	0. 81	(6)bpts	(26) bpts
Individually assessed provisions for impairment to gross impaired assets	%	**37. 8**	41. 1	41. 8	(330)bpts	(400) bpts
Risk weighted assets	$M	**297,449**	288,836	239,289	3	24
Retail Banking Services						
Cash net profit after tax	$M	**1,245**	988	1,119	26	11
Operating expense to total banking income	%	**38. 6**	43. 4	42. 4	(480)bpts	(380)bpts
Business and Private Banking						
Cash net profit after tax	$M	**440**	363	373	21	18
Operating expense to total banking income	%	**44. 1**	48. 6	49. 1	(450)bpts	large
Institutional Banking and Markets						
Cash net profit after tax	$M	**545**	334	(168)	63	large
Operating expense to total banking income	%	**28. 6**	29. 5	26. 9	(90)bpts	170 bpts

(1) Due to the change in expectations on the size and impact of defined benefit superannuation plan (income)/expense, from 1 July 2009 this amount has been included as part of Total expenses ("cash basis").

Appendices

15. Summary (continued)

		Half Year Ended				
		31/12/09	30/06/09	31/12/08	Dec 09 vs	Dec 09 vs
		$M	$M	$M	Jun 09 %	Dec 08 %
Wealth Management						
Cash net profit after tax	$M	**379**	111	175	large	large
Underlying profit after tax	$M	**295**	186	328	59	(10)
Investment experience after tax	$M	**84**	(75)	(153)	large	large
FUA - average	$M	**178,738**	161,080	173,001	11	3
FUA - spot	$M	**185,699**	169,210	158,767	10	17
Net funds flow	$M	**1,588**	5,625	(12,473)	(72)	large
Average inforce premiums	$M	**1,529**	1,500	1,345	2	14
Inforce premiums - spot	$M	**1,498**	1,560	1,440	(4)	4
Funds management income to average FUA	%	**1. 01**	0. 96	1. 11	5 bpts	(10)bpts
Insurance income to average inforce premiums	%	**45. 8**	44. 2	45. 3	160 bpts	50 bpts
Operating expense to net operating income	%	**59. 4**	68. 9	56. 3	large	310 bpts
South Pacific						
Underlying profit after tax	$M	**169**	181	259	(7)	(35)
FUA - average	$M	**6,654**	6,027	6,370	10	4
FUA - spot	$M	**7,062**	6,124	6,245	15	13
Average inforce premiums	$M	**424**	416	394	2	8
Inforce premiums - spot	$M	**433**	415	416	4	4
Funds management income to average FUA	%	**0. 75**	0. 77	0. 81	(2)bpts	(6)bpts
Insurance income to average inforce premiums	%	**43. 0**	59. 6	50. 9	large	large
Operating expense to total operating income	%	**51. 7**	43. 7	49. 8	large	190 bpts
Bankwest						
Cash net profit after tax	$M	**64**	113	-	(43)	large
Operating expense to total banking income	%	**52. 2**	63. 6	-	large	large

16. Foreign Exchange Rates

Exchange Rates Utilised		As at		
		31/12/09	30/06/09	31/12/08
AUD 1.00 =	USD	**0.8970**	0.8129	0.6923
	GBP	**0.5579**	0.4862	0.4795
	JPY	**82.9084**	77.6450	62.5491
	NZD	**1.2343**	1.2430	1.1908
	HKD	**6.9566**	6.2999	5.3657
	EUR	**0.6244**	0.5755	0.4916
	CAD	**0.9449**	0.9366	0.8439
	CHF	**0.9285**	0.8777	0.7327
	ILS	**3.4065**	3.1865	2.6018
	SGD	**1.2594**	1.1762	0.9952

17. Independent Auditors

With respect to the unaudited financial information of Commonwealth Bank for the six-month periods ended 31 December 2009, 30 June 2009, and 31 December 2008, included in this report, PricewaterhouseCoopers, an Australian partnership ("PwC Australia") reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated 10 February 2010 appearing herein states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

Appendices

18. Definitions

Term	Description
Asia	Asia incorporates the retail banking operations in Indonesia, Vietnam and Japan, investments in Chinese retail banks, investment in Sino-foreign joint venture life insurance business, the life insurance operations in Indonesia and the representative office in India. It does not include the Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.
Bankwest	Bankwest is a full service bank active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products. Bankwest also provides specialist services in international banking and project finance.
Business and Private Banking	Business and Private Banking 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 Business and Private Banking network.
Corporate and Eliminations/Unallocated	Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Strategy, Secretariat and Treasury. Eliminations/Unallocated includes intra-group elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.
Customer satisfaction – external survey	This represents satisfaction with Main Financial Institution (MFI) based on the relationship with the financial institution as measured by Roy Morgan Research. The figures are six monthly moving averages and are based on respondents aged 14+. The measure is the percentage of customers who answered as being either very or fairly satisfied.
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.
Institutional Banking and Markets	Institutional Banking and Markets services the Group's major corporate, institutional and government clients, creating customised solutions based on specific needs, industry trends and market conditions. The Total Capital Solutions offering includes debt and equity capital raising, financial and commodities risk management and transactional banking capabilities. This segment also has wholesale banking operations in London, Malta, New York, New Zealand, Singapore, Hong Kong, Japan and have recently received regulatory approval for a banking licence in Shanghai.
Net profit after tax ("Cash basis")	Represents profit after tax and non-controlling interests before the tax on New Zealand structured finance transactions, merger related amortisation, Bankwest integration expenses, the gain/loss on acquisition/disposal of controlled entities/investments, treasury shares valuation adjustment and unrealised gains and losses related to hedging and AIFRS volatility and other one-off non cash expenses.
Net profit after tax ("Statutory basis")	Represents profit after tax, the tax on New Zealand structured finance transactions, the gain/loss on acquisition/disposal of controlled entities/investments, non-controlling interests, merger related amortisation, Bankwest integration expenses, treasury shares valuation adjustment, unrealised gains and losses related to hedging and AIFRS volatility and other one-off non cash expenses. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank".
Net tangible assets per share	Net assets excluding intangible assets, non-controlling interests, 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.

18. Definitions (continued)

Term	Description
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 non-controlling interests less other equity instruments' distributions applied to average shareholders equity, excluding non-controlling interests, other equity instruments and treasury shares.
Return on average shareholders' equity – Statutory basis	Based on net profit after tax ("statutory basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
South Pacific	South Pacific includes the Banking, Funds Management and Insurance businesses operating in New Zealand, (excluding the international business of Institutional Banking and Markets) and Fiji (up until the date of sale on 15 December 2009).
Staff numbers	Staff numbers include all permanent full time staff, part time staff equivalents and external contractors employed by third party agencies.
Wealth Management	Wealth Management includes the Global Asset Management (including operations in Asia), Platform Administration and Life and General Insurance businesses of the Australian operations.
Weighted average number of shares ("Cash basic")	Includes an adjustment to deduct from ordinary shares only those "Treasury Shares" related to the investment in the Bank's shares held by the employee share scheme trust.
Weighted average number of shares ("Statutory basic")	Includes an adjustment to exclude "Treasury Shares" related to investments in the Bank's shares held by both the life insurance statutory funds and by the employee share scheme trust.

Appendices

19. Market Share Definitions

Retail Banking Services

Home Loans	CBA Total Housing Loans (APRA) – MISA (Pre Sep 04) + Securitised Housing Loans (APRA) / Total Housing Loans (incl securitisations) (from RBA which includes NBFI's unlike APRA) (1)
Credit Cards	CBA Personal Credit Card Lending (APRA) / Credit Cards excluding those issued to Business with Interest Free + without Interest Free (from RBA which includes NBFI's unlike APRA) (1)
Personal Lending (Other Household Lending)	CBA Term Personal Lending + 88% of Margin Lending balances + Personal Leasing + Revolving credit / Other Loans to Households (APRA)
Household Deposits	CBA Household Deposits (as reported to APRA) / Total Bank Household Deposits (from APRA monthly banking statistics)
Retail Deposits	CBA Deposits from Residents excluding those by Banks and Governments and also excluding FX AUD equivalent / Total RBA: Current Deposits with banks + Term (excl CD's) + Other with banks (from RBA monthly bulletin statistics) (1)

Business Market Share

Business Lending (APRA)	Loans to residents that are recorded on the domestic books of CBA within the non-financial corporation's sector, where this sector comprises private trading corporations, private unincorporated businesses and commonwealth, state, territory and local government non-financial corporation's (as per lending balances submitted to APRA in ARF 320.0) / Total loans to the non-financial corporation's 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 corporation's sector, where this sector comprises private trading corporations, private unincorporated businesses and commonwealth, state, territory and local government non-financial corporation's (as per deposit balances submitted to APRA in ARF 320.0) / Total transaction and non-transaction deposit balances from the non-financial corporation's sector for all licensed banks that submit to APRA
Equities Trading (CommSec)	Twelve months rolling average of total value of CommSec equities trades / Twelve 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.

19. Market Share Definitions (continued)

Wealth Management

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

South Pacific

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 Lending to Business	All New Zealand dollar claims on ASB Balance Sheet excluding agriculture, Finance, Insurance, Government, Household and Non-Resident sector loans.	Total New Zealand dollar credit to the resident business sector, based on Australia New Zealand Standard Industrial Classification (ANZSIC) excluding the following: Agriculture, Finance, Insurance, General Government, Household and Non-Resident sector loans. (from New Zealand Reserve Bank)
New Zealand Retail Deposits	All New Zealand dollar retail deposits on ASB Balance Sheet	Total New Zealand dollar retail 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)

Bankwest

Home Loans	Bankwest Total Household Loans (APRA) + Bankwest Securitised Assets (APRA)	Total Housing Loans (incl securitisations) (from RBA which includes NBFI's unlike APRA) (1)
Business Lending (APRA)	Loans and advances to residents that are recorded on the domestic books of Bankwest 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
Credit Cards	Bankwest 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)	Bankwest 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	Bankwest Household Deposits (as reported to APRA)	Total Bank Household Deposits (from APRA monthly banking statistics)
Business Deposits (APRA)	Total transaction and non-transaction account deposit balances recorded on the domestic books of Bankwest 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

(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.