Determined to be better than we've ever been.

Profit Announcement

For the half year ended 31 December 2009

Determined to be different

10 February 2010

Commonwealth Bank of Australia ACN 123 123 124

ASX Appendix 4D

Results for announcement to the market [1]

Report for the half year ended 31 December 2009	$M	
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

(1) Rule 4.2C.3

Refer to Appendix 13 ASX Appendix 4D on page 88, for disclosures required under ASX Listing Rules.

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.

Important Dates for Shareholders	
Ex-dividend Date	15 February 2010
Record Date	19 February 2010
Interim Dividend Payment Date	1 April 2010

For further information contact:

Investor Relations

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Except where otherwise stated, all figures relate 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.

Group Performance

Divisional Performance

Interim Financial Report

Basis of Preparation

Reported and Pro Forma Comparatives

On 19 December 2008, the Group acquired 100% of the share capital of Bank of Western Australia Ltd ("Bankwest") and St Andrew's Australia Pty Ltd ("St Andrew's").

To enhance the understanding and comparability of financial information between reporting periods, prior period "Pro forma" comparatives have been provided in addition to previously reported results. The below terms are used to describe the respective comparatives disclosed in this report:

- "Reported" comparatives incorporate the results of Bankwest and St Andrew's from, and including, 19 December 2008, and reflect information prepared on the same basis as the Group's Annual Report for the financial year ended 30 June 2009; and
- "Pro forma" comparatives are prepared for the half year ended 31 December 2008. This assumes the Bankwest and St Andrew's businesses formed part of the consolidated Group from 1 July 2008. The pro forma comparatives are based on the aggregation of the results for the Group, Bankwest and St Andrew's.

Pro forma comparatives are disclosed to facilitate a like-for-like comparison of the Group's financial performance for the half years ended 31 December 2009, 30 June 2009 and 31 December 2008. Commentary on the Group's financial performance included in the Group Performance and Divisional Performance sections of this report are relative to the pro forma comparatives, unless otherwise stated.

Pro forma comparatives for the half year ended 30 June 2009 have not been provided as Bankwest and St Andrew's were part of the Group throughout this period. Similarly, pro forma balance sheets as at 30 June 2009 and 31 December 2008 are also not provided.

Bankwest and St Andrew's results for the period 19 December 2008 to 31 December 2008 were reported in the Group's results for the half year ended 30 June 2009. This does not have a material impact on the reported results.

Basis of Preparation of Pro forma Comparatives

The pro forma results for the half year ended 31 December 2008 have been prepared on the basis described below:

Income Statement and Appendices

The Group's pro forma Income Statement ("cash basis") for the half year ended 31 December 2008 has been prepared assuming the Bankwest and St Andrew's businesses formed part of the consolidated Group from 1 July 2008. The Income Statement ("cash basis") is based on the aggregation of the previously reported results for the Group and the results of Bankwest and St Andrew's over the same period.

Bankwest and St Andrew's results for the period 1 July 2008 to 31 December 2008 were sourced from the respective entities' management accounts, adjusted where required to align results to the Group's accounting policies. There were no material transactions between the Group and Bankwest or St Andrew's that require elimination in the pro forma Income Statement ("cash basis").

The following Appendices also have been prepared including pro forma information:

- Net interest income;
- Net interest margin;
- Average balances and related interest;
- Operating expenses;
- Analysis template; and
- Summary.

In the Divisional Performance section of this report, Bankwest results are presented separately and St Andrew's results are consolidated into the Wealth Management results.

A reconciliation between the Group's reported and pro forma comparatives earnings ("cash basis") is included in Appendix 14 of this report.

Earnings Per Share and Return on Equity

Pro forma Earnings per share ("cash basis") and Return on equity ("cash basis") have been prepared for the half year ended 31 December 2008.

Pro forma Earnings per share ("cash basis") has been calculated by dividing the pro forma cash net profit after tax less other equity instrument distributions for the half year ended 31 December 2008 by the pro forma weighted average number of shares for the same period. Pro forma Return on equity ("cash basis") has been calculated by dividing the pro forma cash net profit after tax less other equity instrument distributions for the half year ended 31 December 2008 by the pro forma net average equity for the same period.

For the purposes of these calculations, the pro forma weighted average number of shares and net average equity have been adjusted to assume the $2,000 million of shares issued to purchase Bankwest and St Andrew's, were issued on 1 July 2008.

Capital Adequacy, Provisions for Impairment and Asset Quality

Capital Adequacy, Provisions for impairment and asset quality metrics have not been prepared on a pro forma basis, unless otherwise stated.

Additional Segment Disclosure

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

Group Performance Highlights

Net Profit after Income Tax	Half Year Ended 31/12/09 $M	30/06/09 $M	Pro forma 31/12/08 $M	As reported 31/12/08 $M
Statutory basis	**2,914**	2,150	n/a	2,573
Cash basis	**2,943**	2,402	1,906	2,013
Underlying basis	**2,834**	2,466	2,035	2,145

In order to enhance the understanding and comparability of financial information between reporting periods, commentary on business performance is compared against the pro forma comparative period, unless otherwise stated.

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.

Net profit after tax ("cash basis") for the half year was $2,943 million, which represents an increase of 54% on the prior comparative period. This result was achieved in a challenging market environment where funding costs remained high, credit growth has slowed and competition remains strong.

Cash earnings per share increased 42% on the prior comparative period to 191.7 cents per share. Return on Equity ("cash basis") for the half year ended 31 December 2009 was 18.5%, up significantly on the prior comparative period reflecting increased profitability and the impact of capital raisings in prior periods.

The Group's net profit after tax ("underlying basis") was $2,834 million, representing a 39% increase on the prior comparative period.

Despite the challenging market conditions, the Group's operating performance has been strong. Operating income growth was 10% on the prior comparative period, whilst operating expense growth was 6% on the prior comparative period. This resulted in a 160 basis point improvement in the expense to income ratio to 44.7%.

Drivers of the Group's financial performance were:

- Net interest income grew 19% on the prior comparative period, reflecting solid lending and deposit growth together with an improvement in net interest margin;
- Other banking income declined 2% on the prior comparative period, impacted by lower trading, exception fee, credit card loyalty and ATM income;
- Funds management income declined 7% 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 2% on the prior comparative period, following an 11% increase in average inforce premiums, partly offset by higher claims experience in Sovereign; and
- Operating expense grew 6% on the prior comparative period, reflecting the Group's continued investment in people and technology.

Further to this solid operating performance, impairment expense decreased 29% on the prior comparative period to $1,383 million. The prior comparative period was impacted by additional provisions taken to cover a small number of single name corporate exposures. The Group has retained its conservative approach to provisioning.

The Group's net profit after tax ("underlying basis") for the half year ended 31 December 2009 was up 15% on the prior half. This reflects robust volume growth, improved margins, lower impairment expense and a turnaround in funds management income.

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

- Gains in retail customer satisfaction;
- The successful launch of the new American Express companion card, and the Travel Money Card – 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;
- Core Banking Modernisation program ahead of schedule with three applications currently being trialled and a major roll out of deposit products scheduled for early 2010; and
- Bankwest performing well, twelve months since the acquisition.

Capital

The Group maintained its prudent approach in the current economic environment by maintaining a strong capital position. This was reflected in a Tier One capital ratio of 9.10% at 31 December 2009, representing an increase of 103 basis points since 30 June 2009.

Dividends

The interim dividend declared was $1.20 per share, up 6% on the prior comparative period. The dividend payout ratio ("cash basis") for the half year was 63.1%.

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 will be 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

Over the last six months the outlook for the global and domestic 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 our 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, 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 conservative capital and liquidity settings for the foreseeable future.

Highlights continued

Group Performance Summary	Half Year Ended 31/12/09 $M	30/06/09 $M	Pro forma 31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %	As reported 31/12/08 $M
Net interest income	**6,062**	5,643	5,073	7	19	4,543
Other banking income	**2,078**	2,140	2,119	(3)	(2)	2,036
Total banking income	**8,140**	7,783	7,192	5	13	6,579
Funds management income	**947**	808	1,015	17	(7)	1,005
Insurance income	**463**	478	453	(3)	2	432
Total operating income	**9,550**	9,069	8,660	5	10	8,016
Investment experience	**142**	(84)	(179)	large	large	(183)
Total income	**9,692**	8,985	8,481	8	14	7,833
Operating expenses	**(4,268)**	(4,214)	(4,008)	1	6	(3,551)
Impairment expense	**(1,383)**	(1,441)	(1,951)	(4)	(29)	(1,607)
Net profit before tax	**4,041**	3,330	2,522	21	60	2,675
Corporate tax expense (1)	**(1,089)**	(914)	(600)	19	82	(646)
Non-controlling interests (2)	**(9)**	(14)	(16)	(36)	(44)	(16)
Net profit after tax ("cash basis")	**2,943**	2,402	1,906	23	54	2,013
Hedging and AIFRS volatility	**177**	(237)	n/a	large	n/a	(8)
Gain on acquisition of controlled entities	**-**	65	n/a	large	n/a	547
Tax on NZ structured finance transactions	**(171)**	-	n/a	large	n/a	-
Other non-cash items (3)	**(35)**	(80)	n/a	(56)	n/a	21
Net profit after tax ("statutory basis")	**2,914**	2,150	n/a	36	n/a	2,573
Represented by:						
Retail Banking Services	**1,245**	988	1,119	26	11	1,119
Business and Private Banking	**440**	363	373	21	18	373
Institutional Banking and Markets	**545**	334	(168)	63	large	(168)
Wealth Management	**379**	111	178	large	large	175
South Pacific	**167**	173	267	(3)	(37)	267
Bankwest	**64**	113	(110)	(43)	large	-
Other (including Asia)	**103**	320	247	(68)	(58)	247
Net profit after tax ("cash basis")	**2,943**	2,402	1,906	23	54	2,013
Investment experience - after tax	**(109)**	64	129	large	large	132
Net profit after tax ("underlying basis")	**2,834**	2,466	2,035	15	39	2,145

(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 14, page 90 for details.

Shareholder Summary	Half Year Ended 31/12/09	30/06/09	Pro forma 31/12/08	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %	As reported 31/12/08
Dividends per share - fully franked (cents)	**120**	115	n/a	4	n/a	113
Dividend cover - cash (times)	**1. 6**	1. 4	n/a	14	n/a	1. 2
Earnings per share (cents) (1)						
Statutory - basic	**190. 3**	142. 2	n/a	34	n/a	188. 4
Cash basis - basic	**191. 7**	158. 5	135. 4	21	42	146. 3
Dividend payout ratio (%)						
Statutory basis (1)	**63. 7**	82. 4	n/a	large	n/a	65. 3
Cash basis (1)	**63. 1**	73. 7	n/a	large	n/a	83. 6
Weighted average no. of shares - statutory basic (M) (1)	**1,518**	1,490	n/a	2	n/a	1,352
Weighted average no. of shares - cash basic (M) (1) (2)	**1,523**	1,495	1,389	2	10	1,358
Return on equity - cash (%) (1)	**18. 5**	16. 3	13. 5	220 bpts	large	15. 0

(1) For definitions refer to Appendix 19, page 104.

(2) Fully diluted EPS and weighted average number of shares (fully diluted) are disclosed in Appendix 16, page 98.

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

Market Share Percentage [1]	As at 31/12/09 %	30/06/09 %	31/12/08 %
Home loans [2]	**26.0**	25.2	23.2
Credit cards [2] [3]	**21.9**	21.5	20.9
Personal lending (APRA and other Household) [4] [5]	**15.0**	15.7	20.2
Household deposits	**31.3**	32.3	32.6
Retail deposits [2] [6]	**26.6**	26.6	27.2
Business Lending - APRA [2]	**18.8**	19.4	18.2
Business Lending - RBA [2]	**17.1**	16.8	16.6
Business Deposits - APRA [2]	**21.7**	20.7	22.0
Asset Finance	**14.3**	13.6	12.8
Equities trading (CommSec)	**6.9**	6.4	6.0
Australian Retail - administrator view [7]	**14.5**	14.4	14.1
FirstChoice Platform [2] [7]	**10.4**	10.2	9.8
Australia (total risk) [2] [7]	**15.3**	15.6	15.5
Australia (individual risk) [2] [7]	**14.6**	14.7	14.5
NZ Lending for housing	**23.3**	23.3	23.4
NZ Retail Deposits	**21.4**	21.2	21.6
NZ Lending to business	**9.2**	8.8	8.5
NZ Retail FUM [2]	**18.0**	20.3	19.1
NZ Annual inforce premiums	**31.3**	31.7	31.7

(1) For market share definitions refer to Appendix 20, page 106.

(2) Prior periods have been restated in line with market updates.

(3) As at 30 November 2009.

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

(5) During the half year to 30 June 2009, Bankwest market share was impacted by a reclassification of balances from personal lending to home loans. The 31 December 2008 comparative has not been restated.

(6) In accordance with RBA guidelines, these measures include some products relating to both the Retail and Corporate segments.

(7) As at 30 September 2009.

Key Performance Indicators Group

	Half Year Ended					
				Dec 09 vs	Dec 09 vs	
			Pro forma	Jun 09	Dec 08	As reported
	31/12/09	30/06/09	31/12/08	%	%	31/12/08
Group						
Underlying profit after tax ($M) (1)	**2,834**	2,466	2,035	15	39	2,145
Net interest margin (%)	**2. 18**	2. 16	1. 99	2 bpts	19 bpts	2. 04
Average interest earning assets ($M) (2)	**547,379**	526,512	496,555	4	10	436,722
Average interest bearing liabilities ($M) (2)	**511,954**	496,742	467,479	3	10	410,880
Funds management income to average FUA (%)	**1. 01**	0. 98	1. 12	3 bpts	(11)bpts	1. 11
Funds Under Administration (FUA) - average ($M)	**185,392**	167,107	180,103	11	3	179,371
Insurance income to average inforce premiums (%)	**47. 0**	50. 3	50. 9	(330)bpts	(390)bpts	50. 2
Average inforce premiums ($M)	**1,953**	1,916	1,766	2	11	1,708
Operating expenses to total operating income (%)	**44. 7**	46. 5	46. 3	(180)bpts	(160)bpts	44. 3
Effective corporate tax rate (%)	**26. 9**	27. 4	23. 8	(50)bpts	310 bpts	24. 1
Retail Banking Services						
Cash net profit after tax ($M)	**1,245**	988	1,119	26	11	1,119
Operating expenses to total banking income (%)	**38. 6**	43. 4	42. 4	(480)bpts	(380)bpts	42. 4
Business and Private Banking						
Cash net profit after tax ($M)	**440**	363	373	21	18	373
Operating expenses to total banking income (%)	**44. 1**	48. 6	49. 1	(450)bpts	large	49. 1
Institutional Banking and Markets						
Cash net profit after tax ($M)	**545**	334	(168)	63	large	(168)
Operating expenses to total banking income (%)	**28. 6**	29. 5	26. 9	(90)bpts	170 bpts	26. 9
Wealth Management						
Underlying profit after tax ($M) (1)	**295**	186	328	59	(10)	328
FUA - average ($M)	**178,738**	161,080	173,733	11	3	173,001
Average inforce premiums ($M)	**1,529**	1,500	1,372	2	11	1,314
Funds management income to average FUA (%)	**1. 01**	0. 96	1. 11	5 bpts	(10)bpts	1. 11
Insurance income to average inforce premiums (%)	**45. 8**	44. 2	47. 4	160 bpts	(160)bpts	46. 3
Operating expenses to net operating income (%) (3)	**59. 4**	68. 9	57. 3	large	210 bpts	56. 3
South Pacific						
Underlying profit after tax ($M) (1)	**169**	181	259	(7)	(35)	259
FUA - average ($M)	**6,654**	6,027	6,370	10	4	6,370
Average inforce premiums ($M)	**424**	416	394	2	8	394
Funds management income to average FUA (%)	**0. 75**	0. 77	0. 81	(2)bpts	(6)bpts	0. 81
Insurance income to average inforce premiums (%)	**43. 0**	59. 6	50. 9	large	large	50. 9
Operating expenses to total operating income (%)	**51. 7**	43. 7	49. 8	large	190 bpts	49. 8
Bankwest						
Cash net profit after tax ($M)	**64**	113	(110)	(43)	large	-
Operating expenses to total banking income (%)	**52. 2**	63. 6	69. 5	large	large	-
Capital Adequacy						
Tier One (%)	**9. 10**	8. 07	n/a	103 bpts	n/a	8. 75
Total (%)	**11. 63**	10. 42	n/a	121 bpts	n/a	11. 39

(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 Appendices 3 and 4.

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

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

Group Performance Analysis

Financial Performance and Business Review

The Group's net profit after tax ("underlying basis") for the half year ended 31 December 2009 was $2,834 million, which represents a 39% increase on the prior comparative period.

The performance during the half was underpinned by:

- Solid growth in retail lending and deposit balances with home lending up 17% to $311 billion, domestic deposits up 6% to $328 billion, partly offset by lower business lending, down 5% to $156 billion since December 2008;
- 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. This was 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 6%, 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 16-34.

Net Interest Income

Net interest income increased by 19% on the prior comparative period to $6,062 million. The increase was a result of growth in average interest earning assets of 10% together with an improvement in net interest margin.

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

Average Interest Earning Assets

Average interest earning assets increased by $51 billion on the prior comparative period to $547 billion, reflecting a $53 billion increase in average lending interest earning assets and a $2 billion decrease in average non-lending interest earning assets.

Home loan average balances, excluding the impact of securitisation, increased by $50 billion or 21% since December 2008 to $290 billion, reflecting above market home lending growth.

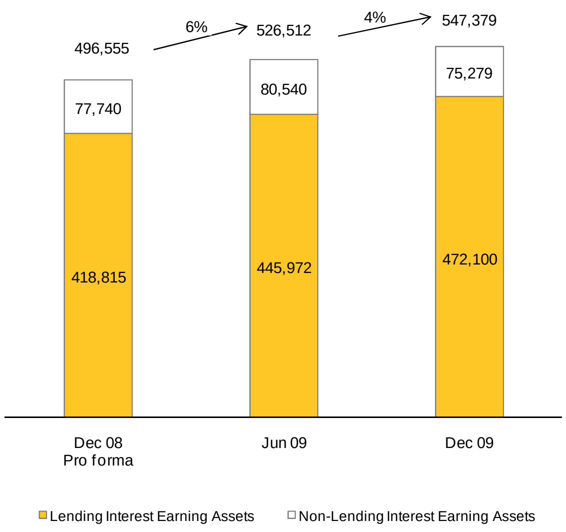
Home loan average balances, excluding the impact of securitisation, increased $27 billion or 10% since June 2009.

Average balances for business and corporate lending increased by $5 billion since December 2008 to $162 billion, largely due to growth in Business and Private Banking.

Average balances for business and corporate lending declined $2 billion since June 2009 mainly due to institutional clients deleveraging their balance sheets in response to the current economic environment.

Average non-lending interest earning assets have declined $2 billion due to higher levels of liquid assets held in the prior comparative period which were required to fund Bankwest's operations upon acquisition.

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:

<u>Asset Pricing & Mix</u>: Overall increase in margin of two basis points, reflecting the impact of repricing on home loans (five basis points) and business lending (one basis point) 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;

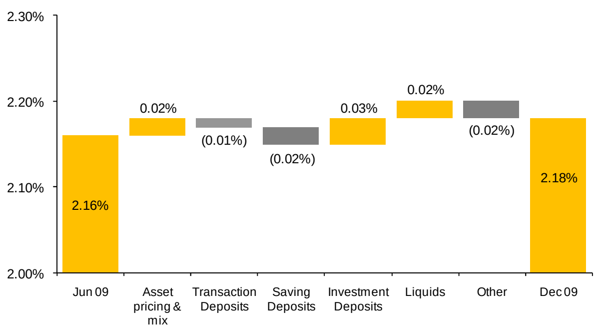
<u>Deposit Pricing</u>: Total deposit margins were unchanged during the half as lower margins on transaction and saving deposits were offset by higher investment deposit margins as the Group continues to focus on profitable growth;

<u>Liquids</u>: Average liquid asset holdings decreased $5 billion since June 2009, resulting in a two basis point improvement in margin; and

<u>Other</u>: 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 on pages 64 to 69.



Other Banking Income

	Half Year Ended			
			Pro forma	As reported
	31/12/09	30/06/09	31/12/08	31/12/08
	$M	$M	$M	$M
Commissions	**1,034**	1,050	1,024	977
Lending fees	**719**	779	649	617
Trading income	**291**	293	442	448
Other income	**157**	146	151	141
	2,201	2,268	2,266	2,183
AIFRS reclassification of net swap costs	**(123)**	(128)	(147)	(147)
Other banking income	**2,078**	2,140	2,119	2,036

Excluding the impact of AIFRS reclassification of net swap costs, Other banking income decreased 3% compared to the prior comparative period.

Factors impacting Other banking income were:

- Commissions: increased by 1% on the prior comparative period to $1,034 million. This reflects stronger CommSec brokerage commissions following improved volumes in the half partly offset by lower credit card loyalty reward and ATM income;
- Lending fees: increased by 11% on the prior comparative period to $719 million. 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 34% on the prior comparative period to $291 million. 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 benefitted from narrowing credit spreads; and
- Other income: increased by 4% on the prior comparative period to $157 million. This increase was due to gains on asset sales in Institutional Banking and Markets, partly offset by reduced fees from the repurchase of debt by investors seeking liquidity.

Funds Management Income

	Half Year Ended			
			Pro forma	As reported
	31/12/09	30/06/09	31/12/08	31/12/08
	$M	$M	$M	$M
CFS GAM	**390**	331	442	442
Colonial First State	**401**	336	376	367
CommInsure	**117**	102	158	157
South Pacific and Other	**39**	39	39	39
Funds management income	**947**	808	1,015	1,005

Funds management income decreased by 7% 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.

Funds management income to average Funds Under Administration decreased by 11 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			
			Pro forma	As reported
	31/12/09	30/06/09	31/12/08	31/12/08
	$M	$M	$M	$M
CommInsure	**353**	329	328	307
South Pacific and Asia	**110**	149	125	125
Insurance income	**463**	478	453	432

Insurance income increased by 2% on the prior comparative period to $463 million. The increase was a result of growth in average inforce premiums of 11% due to strong sales in Retail Life and General Insurance, partly offset by higher life claims in Sovereign.

Operating Expenses

Operating expenses increased by 6% over the prior comparative period to $4,268 million. The increase was driven by:

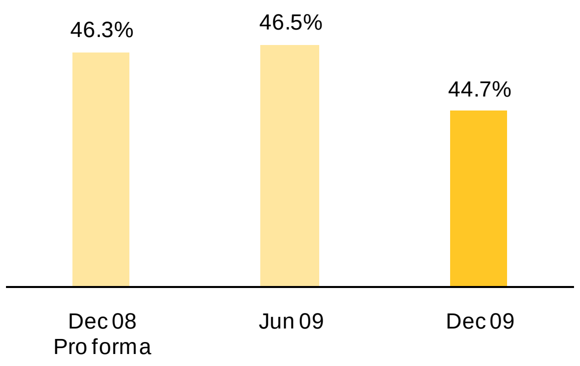
- The unfavourable impact of investment markets on the Group's defined benefit superannuation fund;
- Higher incentive provisions in line with the Group's improved financial performance compared to twelve months ago; and
- Continued investment in technology and projects to support strategic priorities and drive Group wide productivity.

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

Operating expenses increased only 1% on the prior half.

Group Expense to Income Ratio

The expense to income ratio improved by 160 basis points over the prior comparative period to 44.7%. The Group has delivered strong income growth with a continued focus on operational efficiencies.



Impairment Expense

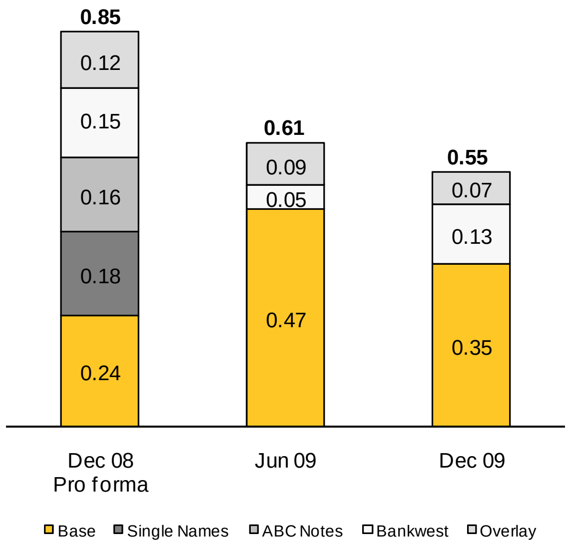
Impairment expense for the half was $1,383 million, representing 55 basis points of average gross loans and acceptances on an annualised basis. The expense reflects retail and corporate collective and individual provisioning (35 basis points), Bankwest provisioning (13 basis points) and management overlay (7 basis points). The impairment expense decreased 29% on the prior comparative period, largely due to the impact of additional provisions taken to cover a small number of single name corporate exposures in the prior comparative period.

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.

Gross impaired assets were $4,823 million as at 31 December 2009, representing an increase of 15% since June 2009. At this point in the economic cycle, this is a natural consequence of the Group's troublesome accounts developing into their respective outcomes, some recovering to performing and others migrating to impaired status.

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



Provisions for Impairment

The Group maintains a prudent and conservative approach to provisioning, with total provisions for impairment losses of $5,274 million as at 31 December 2009. This represents a $1,666 million increase since December 2008 and a $320 million increase since June 2009. The current level reflects:

- Conservative coverage of impaired loans;
- Higher collective provisioning in response to volume growth and increased arrears in the domestic retail portfolio;
- Increased Bankwest provisioning; and
- A management overlay of $1,351 million held to cover the impact of prevailing economic conditions and other risks.

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.

Integration Progress – Recent Acquisitions

The integration of Bankwest and St Andrew's into the Group is progressing smoothly. The initial phase is 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. 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.

Group Performance Analysis continued

Total Group Assets & Liabilities	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	As at				
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.

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Risk Management

Prudent Risk Management

The Group's approach to risk management has it well positioned to offer continued strength through what has been and still remains uncertain times.

This strength has been reflected in the recognition of 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 sound measures that 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 risk appetite 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 appetite, the Group requires 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 it 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 its 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 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	31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
	As at				
Gross loans and acceptances ($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 (2)	**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.

(2) Impairment expense annualised as a percentage of average gross loans and acceptances prepared on a pro forma basis as at 31 December 2008 was 0.85%.

Retail Banking Services

Financial Performance and Business Review

Retail Banking Services cash 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 volume growth and a stable 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 include:

- Product innovation with the launch of:
  - The American Express companion card, with the benefits of two credit cards but the simplicity and convenience of only one account;
  - A new Gold credit card combining greater spending power with lower fees and interest rates; and
  - The award winning Travel Money Card, the only multi currency prepaid card in the domestic market.
- Continued investment in expanding Australia's largest ATM network, with 90% of Australians now having the convenience of a CBA ATM within five kilometres of where they live;
- 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.

Further successes include:

- The Bank's website was awarded "Best in Class for Financial Services" & "Best in Class for Banking" at the 2009 Interactive Media Awards; and
- CANSTAR CANNEX awarded a 5-Star rating to the entire Retail Deposit product suite.

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 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% on the prior comparative period largely due to lower Credit Card loyalty income following the introduction of the Qantas Direct Earn program. 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 the introduction of Direct Charging. Despite aggressive price competition, the Group has maintained its number one market share position, 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% 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 19, Customer Satisfaction – external survey.

Retail Banking Services continued

	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)
Cash net profit after tax					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)
Cash net profit after tax					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)
Cash net profit after tax					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 cash 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 past six months included:

- Customer service levels remained a top priority and the gap to the number one peer bank[1] in the TNS Business Finance Monitor[2] business customer satisfaction ratings has been reduced from 9.0% at December 2008 to 6.2% at December 2009;
- 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. Commbiz was awarded “Best in Class” in the Banking category in the 2009 Interactive Media Awards;
- Promoting free “business health checks” to support small businesses in Australia during uncertain economic times;
- 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; and
- CommSec maintained its leading position in the AC Nielsen customer satisfaction rankings, and was awarded several major industry accolades including a five star rating by CANSTAR CANNEX for both its online share trading and margin lending products, together with the AFR Smart Investor Blue Ribbon Award for “Online Broker of the Year”, and “Best Feature-Packed Online Broker” in Money Magazine‘s Best of the Best awards.

Corporate Financial Services

Corporate Financial Services income increased 13% on the prior comparative period to $510 million, driven by strong growth in lending volumes.

In addition, there has been continued investment in people, systems and processes to drive improved customer service, including targeted customer contact campaigns. These initiatives contributed to reducing the gap to the number one peer customer satisfaction score (as measured by TNS Business Finance Monitor[3]) down from 13.1% at December 2008 to 3.5% at December 2009. 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 has been 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 has been driven by growth in the lending book together with increased cross sell of financial advisory services, which generated a 19% increase in Funds Under Administration.

A continued focus on customer satisfaction has seen the Private Bank being recognised in November 2009 as the number one Private Bank through the Australian Private Banking Council’s bi-annual industry survey.

Equities and Margin Lending

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

Margin lending balances have increased 10% on the prior half while CommSec cash management balances have 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 was broadly unchanged on the prior half, reflecting the high credit quality of the business lending portfolio. During the period, a number of initiatives have been introduced to further enhance the culture of proactive risk management among front line staff.

(1) Peer banks include NAB, ANZ, WBC and St George.

(2) Measured all businesses with annual turnover to $100 million (excluding agribusinesses), 12 months rolling average.

(3) Measured all businesses with annual turnover over $10 million (excluding agribusinesses), 12 months rolling average.

	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)
Cash net profit after tax							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)
Cash net profit after tax							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)
Cash net profit after tax							373

	As at				
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 %
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 cash 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 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%.

Customer service continues to be a key focus with Institutional Banking and Markets being recognised in:

- The East & Partners' semi-annual "Australian Institutional Banking & Markets" report as best in market for "Loyalty to Relationship" and "Understanding of Customer's Business";
- Named "Best in Customer Service" by the Peter Lee Relationship Banking Survey for 2009. This survey rated Institutional Banking and Markets as the "Number one for overall Customer Satisfaction among clients where they have a Lead Relationship with CBA"; and
- Being recognised in the Global Finance magazine as the Best Foreign Exchange Bank and provider in Australia.

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 driven by higher fee income, partly offset by the costs associated with hedging credit exposures.

Markets

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

Other Banking Income increased significantly on the prior comparative period, largely due to the unfavourable impact of traded market instruments and the counterparty fair value adjustments taken in the prior comparative period. In addition, the Institutional Equities and Debt Capital Markets division contributed positively to the result in the current half.

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 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 benefitted 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.

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% benefitted 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 $M	Markets $M	Total $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

	Half Year Ended 30 June 2009		
	Institutional Banking [1] $M	Markets [1] $M	Total $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

	Half Year Ended 31 December 2008		
	Institutional Banking [1] $M	Markets [1] $M	Total $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)

	As at				
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 %
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

Underlying profit after tax decreased 10% on the prior comparative period to $295 million. Underlying net profit after tax increased 59% on the prior half underpinned by the partial recovery in investment markets and strong cost management.

Funds Under Administration increased 17% 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.

Cash net profit after tax for the Wealth Management business increased significantly on the prior comparative period to $379 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.

CFS Global Asset Management (CFS GAM)

CFS Global Asset Management provides asset management services to wholesale and institutional investors. Underlying profit after tax of $121 million decreased 14% on the prior comparative period which included higher performance fees and dividends received from infrastructure assets. Underlying net profit after tax increased 81% on the prior half driven by investment market gains and net flows into equities.

Funds under Management as at 31 December 2009 was $149 billion, up 16% on the prior comparative period and up 8% on the prior half driven by improving equity markets, strong net flows and a portfolio well diversified by asset class and geography.

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

Highlights include:

- Property Investment Research (PIR) named CFS Retail Property Trust (CFX) as the A-REIT of the year;
- 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.

Cash net profit after tax increased 56% on the prior comparative period due to the adverse impact of the impairment of investments in listed vehicles and other assets in the half year ended 31 December 2008.

Colonial First State

Colonial First State provides product packaging, administration, distribution and advice to retail customers. Underlying profit after tax increased 22% on the prior comparative period to $61 million. Net operating income increased 8% on the prior comparative period to $318 million due to improved market conditions.

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. Highlights include:

- Wealth Insights awarded Colonial First State Best Fund Manager and FirstChoice was awarded Best Master Trust/Wrap provider for 2009;
- Commonwealth Financial Planning has been named the 2009 Money Management/CoreData Bank Dealer Group of the Year in the second annual awards; and
- The transfer of 37 Bankwest Financial Advisers into the CFS Advice business in order to align all advice activities across the Group.

Cash net profit after tax increased 7% on the prior comparative period to $59 million.

CommInsure

CommInsure is a provider of life and general insurance. Underlying profit after tax, which excludes unrealised annuity mark to market impacts, decreased 15% on the prior comparative period to $159 million, however increased 20% on the prior half.

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 reduced by $93 million over the half to $1.1 billion at 31 December 2009. Life Insurance planned margins were in line with 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 as a result of enhanced repricing of risks, improvements in claims management and less extreme weather experience.

Highlights include:

- Straight through processing has been fully embedded into the business with the successful launch of WriteAway in July 2009. The WriteAway solution earned a finalist nomination for Best Innovation in the Australian Banking and Finance Magazine's 2009 Insurance awards; and
- CANSTAR CANNEX awarded CommInsure's home and contents insurance package top score for outstanding value across Australia in its Home & Contents Star Ratings report for the second year running.

Cash 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 stabilise and underlying assets in the portfolio mature.

Operating Expenses

Total operating expenses of $601 million decreased 1% 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

	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

	Half Year Ended 31 December 2008 (Pro forma)				
	CFS GAM	Colonial First State	CommInsure	Other	Total
	$M	$M	$M	$M	$M
Funds management income	442	376	159	(1)	976
Insurance income	-	-	328	-	328
Total operating income	442	376	487	(1)	1,304
Volume expenses	(74)	(81)	(94)	-	(249)
Net operating income	368	295	393	(1)	1,055
Operating expenses	(180)	(224)	(140)	(61)	(605)
Net profit before tax	188	71	253	(62)	450
Corporate tax expense	(48)	(21)	(67)	14	(122)
Underlying profit after tax	140	50	186	(48)	328
Investment experience after tax	(52)	5	(117)	14	(150)
Cash net profit after tax	88	55	69	(34)	178

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

Wealth Management continued

Summary	Half Year Ended 31/12/09 $M	30/06/09 $M	Pro forma 31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
Funds under administration - average	**178,738**	161,080	173,733	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)	(952)	large	large

Funds Under Management (FUM) (1)	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
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	Half Year Ended 31/12/09 $M	30/06/09 $M	Pro forma 31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
Life insurance operating margins					
Planned profit margins	**80**	79	80	1	-
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	186	20	(15)
Investment experience after tax	**69**	(11)	(117)	large	large
Cash net profit after tax	**228**	122	69	87	large

Annual Inforce Premiums (3)	Half Year Ended 31 December 2009: Opening Balance 30/06/09 $M	Sales/New Business $M	Lapses $M	Other Movements $M	Closing Balance 31/12/09 $M
Retail life (4)	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)	Half Year Ended 30 June 2009: Opening Balance 31/12/08 $M	Sales/New Business $M	Lapses $M	Other Movements $M	Closing Balance 30/06/09 $M
Retail life (4)	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)	Half Year Ended 31 December 2008 (Pro forma): Opening Balance 30/06/08 $M	Sales/New Business $M	Lapses $M	Other Movements $M	Closing Balance 31/12/08 $M
Retail life (4)	658	118	(63)	-	713
Wholesale life	366	58	(21)	-	403
General insurance	279	72	(27)	-	324
Total	1,303	248	(111)	-	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 premiums and are included on a pro forma basis.
(5) Lapses include a $130 million reduction as a result of the loss of the wholesale portfolio for the Australian Super business.

Funds Under Adminstration	Opening Balance 30/06/09 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [6] $M	Closing Balance 31/12/09 $M
	Half Year Ended 31 December 2009					
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) [2]	24,950	2,084	(3,545)	(1,461)	2,617	26,106
Retail products [3]	66,246	9,038	(8,622)	416	8,770	75,432
Other retail [4]	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 [5]	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 Adminstration	Opening Balance 31/12/08 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [6] $M	Closing Balance 30/06/09 $M
	Half Year Ended 30 June 2009					
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) [2]	25,565	2,172	(3,275)	(1,103)	488	24,950
Retail products [3]	64,464	8,431	(8,688)	(257)	2,039	66,246
Other retail [4]	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 [5]	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 Adminstration	Opening Balance 30/06/08 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [6] $M	Closing Balance 31/12/08 $M
	Half Year Ended 31 December 2008 (Pro forma)					
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) [2]	30,774	2,514	(4,814)	(2,300)	(2,909)	25,565
Retail products [3]	75,738	9,293	(10,183)	(890)	(10,384)	64,464
Other retail [4]	1,366	29	(91)	(62)	(52)	1,252
Australian retail	77,104	9,322	(10,274)	(952)	(10,436)	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 [5]	3,248	459	(82)	377	(317)	3,308
Domestically sourced	152,938	16,611	(28,025)	(11,414)	(12,395)	129,129
Internationally sourced	32,730	3,746	(4,742)	(996)	(2,096)	29,638
Total Wealth Management	185,668	20,357	(32,767)	(12,410)	(14,491)	158,767

(1) Custom Solutions (previously known as Avanteos) includes the FirstWrap product.
(2) St Andrew's FUA balances have been included from 30 June 2008 on a pro forma basis within Standalone retail products.
(3) Retail products align to Plan for Life market release.
(4) Includes listed equity trusts and regular premium plans. These retail products are not reported in market share data.
(5) Includes life company assets sourced from retail investors but not attributable to a funds management product.
(6) Includes foreign exchange gains and losses from translation of internationally sourced business.

South Pacific

Financial Performance and Business Review

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

Cash net profit after tax for the half year ended 31 December 2009 was $167 million, a decrease of 37% on the prior comparative period. After removing the impact of realised gains and losses associated with the hedge of the New Zealand operations and other foreign exchange movements the underlying decrease was 40% on the prior comparative period. This result reflects 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 cash net profit after tax for the half year ended 31 December 2009 was $138 million, a decrease of 33% on the prior comparative period. Excluding the impact of realised gains on the hedge of New Zealand operations, profit decreased 36%. 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. The major drivers of the ASB Bank result 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, reflecting reduced trading income;
- Operating expenses decreased 8% on the prior comparative period 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.

An amount of $171 million in relation to the settlement of tax on New Zealand structured finance transactions has been included in the Group's statutory net profit after tax as a non-cash item.

Sovereign Insurance

Sovereign's cash 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 cash net profit after tax until the date of disposal was $6 million, down from $8 million in the prior comparative period. A loss on sale of $38 million, which includes realised structural foreign exchange losses, has been recorded as a non-cash item.

	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

	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

	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

South Pacific continued

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 %
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	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
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	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
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	Half Year Ended 31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %
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

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Bankwest

Financial Performance and Business Review

Bankwest's business performed strongly over the half year to 31 December 2009, with cash net profit after tax of $64 million, up significantly from the pro forma $110 million loss in the prior comparative period. This result was driven by:

- Banking income growth of 38%, supported by solid volumes and higher margins;
- Operating expense growth contained to 4%, resulting in a significant improvement in the expense to income ratio from 69.5% to 52.2% as at 31 December 2009; and
- Impairment expense for the half was $313 million, 9% lower than the prior comparative period, however, remained at an elevated level 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 have been implemented over the 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.

The success of the above initiatives has been reflected in:

- An improvement in customer satisfaction scores, up 1.9% from June 2009 to 78.1% at December 2009(1);
- Six products receiving gold awards in Money Magazine's 2010 Best of the Best Awards;
- Winning three AFR Smart Investor Blue Ribbon 2009 awards, including Savings Institution of the Year; and
- Three retail deposits receiving a five star rating from CANSTAR CANNEX, with the Smart eSaver product receiving a rising star rating.

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 have increased 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 increased 4% over the prior comparative period to $443 million. Expense management remains a key focus, with numerous expense containment and integration initiatives currently in progress. This has been reflected in the significant improvement in expense to income ratio, reducing significantly from 69.5% at 31 December 2008 to 52.2% as at 31 December 2009.

Impairment Expense

Impairment expense for the half was $313 million, down 9% on the prior comparative period. The impairment expense for the half has been unfavourably impacted by provisions recognised in relation to a small number of exposures.

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

(1) Source: Roy Morgan Research satisfaction with Main Financial Institution.

	Half Year Ended		
			Pro forma
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Net interest income	**727**	591	530
Other banking income	**121**	168	83
Total banking income	**848**	759	613
Operating expenses	**(443)**	(483)	(426)
Impairment expense	**(313)**	(113)	(344)
Net profit before tax	**92**	163	(157)
Corporate tax expense	**(28)**	(50)	47
Cash net profit after tax	**64**	113	(110)

	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.

Other (including Asia)

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 cash 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 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 cash net profit after tax decreased by 22% on the prior comparative period. 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 cash net profit after tax decreased by $95 million on the prior comparative period, largely due to a higher centralised impairment expense.

	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

	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

	Half Year Ended 31 December 2008			
		Corporate	Eliminations/	
	Asia	Centre	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

(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	Pro forma 31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %	As reported 31/12/08 $M
	Half Year Ended					
Wealth Management	**117**	(95)	(218)	large	large	(222)
South Pacific	**(2)**	(9)	15	78	large	16
Other (including Asia)	**27**	20	24	35	13	23
Investment experience before tax	**142**	(84)	(179)	large	large	(183)
Corporate tax expense	**(33)**	20	50	large	large	51
Investment experience after tax	**109**	(64)	(129)	large	large	(132)

Shareholder Investment Asset Mix (%)	As at 31 December 2009 Australia [1] %	New Zealand %	Asia %	Total %
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)	As at 31 December 2009 Australia [1] $M	New Zealand $M	Asia $M	Total $M
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.

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 cash 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 cash 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 cash 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 cash net profit after tax from Wealth Management of $379 million (December 2008: $175 million), reflects the effect of a marked improvement in Investment Experience.

The cash net profit after tax from South Pacific of $167 million (December 2008: $267 million) reflects a higher impairment expense and slowing income growth in a challenging New Zealand banking environment.

The cash net profit after tax from Bankwest of $64 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.

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

PRICEWATERHOUSECOOPERS

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Auditor's independence declaration

As lead auditor for the review of Commonwealth Bank of Australia for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

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

PricewaterhouseCoopers

Rahoul Chowdry
Partner

PricewaterhouseCoopers
Sydney, 10 February 2010

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

		As at		
		31/12/09	30/06/09	31/12/08
Assets	Notes	$M	$M	$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

		As at		
		31/12/09	30/06/09	31/12/08
Liabilities	Notes	$M	$M	$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

		As at		
		31/12/09	30/06/09	31/12/08
Shareholders' Equity	Notes	$M	$M	$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

Financial Statements continued

Consolidated Statement of Cash Flows (1)

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 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.

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

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.

Notes to the Financial Statements continued

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.

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	Half Year Ended 31 December 2008							
	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	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.

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	R J Norris
Chairman	Managing Director and Chief Executive Officer

Dated: 10 February 2010

PRICEWATERHOUSECOOPERS

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					
			Pro forma	Dec 09 vs	Dec 09 vs	As reported
	31/12/09	30/06/09	31/12/08	Jun 09	Dec 08	31/12/08
	$M	$M	$M	%	%	$M
Interest Income						
Loans and bills discounted	**14,177**	13,862	16,884	2	(16)	14,576
Other financial institutions	**82**	131	303	(37)	(73)	303
Cash and liquid assets	**96**	226	322	(58)	(70)	284
Assets at fair value through Income Statement	**368**	389	1,029	(5)	(64)	847
Available-for-sale investments	**567**	449	452	26	25	452
Total interest income	**15,290**	15,057	18,990	2	(19)	16,462
Interest Expense						
Deposits	**6,315**	6,578	8,806	(4)	(28)	7,638
Other financial institutions	**82**	106	964	(23)	(91)	403
Liabilities at fair value through Income Statement	**413**	472	549	(13)	(25)	549
Debt issues	**2,049**	1,869	3,110	10	(34)	2,898
Loan capital	**273**	274	488	-	(44)	431
Total interest expense	**9,132**	9,299	13,917	(2)	(34)	11,919
Net interest income	**6,158**	5,758	5,073	7	21	4,543

Net Interest income – reconciliation of cash to statutory basis.

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

	Half Year Ended					
			Pro forma	Dec 09 vs	Dec 09 vs	As reported
	31/12/09	30/06/09	31/12/08	Jun 09	Dec 08	31/12/08
	$M	$M	$M	%	%	$M
Total interest income ("cash basis")	**15,303**	15,043	18,990	2	(19)	16,462
Fair value adjustment interest income	**(13)**	14	n/a	large	n/a	-
Total interest income ("statutory basis")	**15,290**	15,057	n/a	2	n/a	16,462
Total interest expense ("cash basis")	**9,241**	9,400	13,917	(2)	(34)	11,919
Fair value adjustment interest expense	**(138)**	(138)	n/a	-	n/a	-
Hedging and AIFRS volatility	**29**	37	n/a	(22)	n/a	-
Total interest expense ("statutory basis")	**9,132**	9,299	n/a	(2)	n/a	11,919

2. Net Interest Margin

	Half Year Ended			
			Pro forma	As reported
	31/12/09	30/06/09	31/12/08	31/12/08
	%	%	%	%
Australia				
Interest spread (1)	**2. 08**	2. 04	1. 71	1. 79
Benefit of interest-free liabilities, provisions and equity (2)	**0. 21**	0. 17	0. 28	0. 27
Net interest margin (3)	**2. 29**	2. 21	1. 99	2. 06
Overseas				
Interest spread (1)	**1. 13**	1. 32	1. 33	1. 33
Benefit of interest-free liabilities, provisions and equity (2)	**0. 22**	0. 32	0. 48	0. 48
Net interest margin (3)	**1. 35**	1. 64	1. 81	1. 81
Total Group				
Interest spread (1)	**1. 96**	1. 95	1. 66	1. 72
Benefit of interest-free liabilities, provisions and equity (2)	**0. 22**	0. 21	0. 33	0. 32
Net interest margin (3)	**2. 18**	2. 16	1. 99	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 – pro forma

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	240,806	9,341	7. 69
Personal (1)	**19,678**	**1,137**	**11. 46**	19,284	1,131	11. 83	21,094	1,305	12. 27
Business and corporate (2)	**162,089**	**4,487**	**5. 49**	163,689	4,673	5. 76	156,915	5,624	7. 11
Loans, bills discounted and other receivables	**472,100**	**13,923**	**5. 85**	445,972	13,528	6. 12	418,815	16,270	7. 71
Cash and liquid assets	**25,579**	**178**	**1. 38**	35,578	357	2. 02	28,819	625	4. 30
Assets at fair value through Income Statement (excluding life insurance)	**22,496**	**368**	**3. 25**	23,951	389	3. 28	33,120	1,029	6. 16
Available-for-sale investments	**27,204**	**567**	**4. 13**	21,011	449	4. 31	15,801	452	5. 67
Non-lending interest earning assets	**75,279**	**1,113**	**2. 93**	80,540	1,195	2. 99	77,740	2,106	5. 37
Total interest earning assets (excluding securitisation) (3)	**547,379**	**15,036**	**5. 45**	526,512	14,723	5. 64	496,555	18,376	7. 34
Securitisation home loan assets	**11,780**	**267**	**4. 50**	13,767	320	4. 69	15,982	614	7. 62
Non-interest earning assets	**73,049**			97,585			91,473		
Total average assets	**632,208**			637,864			604,010		

	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	63,953	846	2. 62
Saving deposits	**78,419**	**1,078**	**2. 73**	72,815	992	2. 75	65,501	1,596	4. 83
Investment deposits	**139,293**	**2,669**	**3. 80**	143,248	3,336	4. 70	135,516	4,715	6. 90
Certificates of deposit and other (2)	**80,559**	**2,245**	**5. 53**	77,526	1,919	4. 99	51,563	1,649	6. 34
Total interest bearing deposits (4)	**367,652**	**6,453**	**3. 48**	359,252	6,717	3. 77	316,533	8,806	5. 52
Payables due to other financial institutions	**14,910**	**82**	**1. 09**	16,960	106	1. 26	37,097	964	5. 15
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	82,360	2,580	6. 21
Loan capital (2)	**14,193**	**277**	**3. 87**	12,604	278	4. 45	14,990	488	6. 46
Total interest bearing liabilities	**511,954**	**9,018**	**3. 49**	496,742	9,096	3. 69	467,479	13,387	5. 68
Securitisation debt issues	**12,096**	**223**	**3. 66**	14,507	304	4. 23	16,249	530	6. 47
Non-interest bearing liabilities	**75,645**			96,281			88,296		
Total average liabilities	**599,695**			607,530			572,024		

(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 – pro forma (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	496,555	18,376	7. 34
Total interest bearing liabilities excluding securitisation	**511,954**	**9,018**	**3. 49**	496,742	9,096	3. 69	467,479	13,387	5. 68
Net interest income and interest spread (excluding securitisation)		**6,018**	**1. 96**		5,627	1. 95		4,989	1. 66
Benefit of free funds			**0. 22**			0. 21			0. 33
Net interest margin			**2. 18**			2. 16			1. 99

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	356,970	13,706	7. 62
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	418,815	16,270	7. 71
Non-Lending Interest Earning Assets									
Australia	**48,525**	**897**	**3. 67**	51,655	848	3. 31	49,347	1,476	5. 93
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	77,740	2,106	5. 37
Total Interest Bearing Deposits									
Australia	**322,746**	**5,670**	**3. 48**	317,457	5,804	3. 69	276,855	7,592	5. 44
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	316,533	8,806	5. 52
Other Interest Bearing Liabilities									
Australia	**94,575**	**2,020**	**4. 24**	84,901	1,732	4. 11	99,781	3,398	6. 76
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	150,946	4,581	6. 02

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.

Appendices

4. Average Balances and Related Interest – as reported

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		
Interest Bearing	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
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.

4. Average Balances and Related Interest – as reported (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.

5. Interest Rate and Volume Analysis

	Half Year Ended Dec 09 vs Jun 09			Half Year Ended Dec 09 vs Dec 08		
	Volume	Rate	Total	Volume	Rate	Total
Interest Earning Assets	$M	$M	$M	$M	$M	$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)

	Half Year Ended Dec 09 vs Jun 09			Half Year Ended Dec 09 vs Dec 08		
	Volume	Rate	Total	Volume	Rate	Total
Interest Bearing Liabilities	$M	$M	$M	$M	$M	$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)

	Half Year Ended	
	Dec 09 vs Jun 09	Dec 09 vs Dec 08
	Increase/(Decrease)	Increase/(Decrease)
Change in Net Interest Income	$M	$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).

5. 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).

6. 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.

Other banking income – reconciliation of cash and statutory basis

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

	Half Year Ended		
	31/12/09	30/06/09	31/12/08
	$M	$M	$M
Other banking operating income ("cash basis")	**2,078**	2,140	2,036
Revenue hedge of New Zealand operations - unrealised	**(19)**	35	(34)
Loss on disposal of controlled entities/investments	**(31)**	-	-
Hedging and AIFRS volatility	**322**	(280)	17
Other banking operating income ("statutory basis")	**2,350**	1,895	2,019

7. Operating Expenses

	Half Year Ended			
			Pro forma	As reported
	31/12/09	30/06/09	31/12/08	31/12/08
	$M	$M	$M	$M
Staff expenses				
Salaries and wages	**1,946**	1,831	1,775	1,574
Share-based compensation	**51**	62	84	63
Superannuation contributions	**15**	36	23	8
Defined benefit superannuation plan expense (1)	**64**	-	-	-
Provisions for employee entitlements	**22**	22	74	66
Payroll tax	**100**	95	102	93
Fringe benefits tax	**20**	19	18	17
Other staff expenses	**71**	34	77	60
Total staff expenses	**2,289**	2,099	2,153	1,881
Occupancy and equipment expenses				
Operating lease rentals	**256**	265	254	223
Depreciation:				
Buildings	**16**	15	20	14
Leasehold improvements	**45**	45	43	40
Equipment	**47**	47	45	42
Operating lease assets	**25**	21	16	16
Repairs and maintenance	**41**	42	39	38
Other	**52**	66	46	36
Total occupancy and equipment expenses	**482**	501	463	409
Information technology services				
Application maintenance and development	**75**	105	84	62
Data processing	**104**	104	99	98
Desktop	**68**	73	70	68
Communications	**96**	100	86	79
Amortisation of software assets	**104**	73	59	49
IT equipment depreciation	**38**	38	30	24
Total information technology services	**485**	493	428	380
Other expenses				
Postage	**64**	64	64	57
Stationery	**49**	49	54	51
Fees and commissions:				
Fees payable on trust and other fiduciary activities	**253**	226	227	227
Other	**174**	196	183	163
Advertising, marketing and loyalty	**185**	298	201	177
Amortisation of intangible assets (excluding software and merger related amortisation)	**12**	9	8	8
Non-lending losses	**57**	49	41	37
Other	**218**	230	186	161
Total other expenses	**1,012**	1,121	964	881
Total expenses ("cash basis")	**4,268**	4,214	4,008	3,551
Defined benefit superannuation plan (income)/expense (1)	**-**	(4)	n/a	18
Investment and restructuring				
Integration expenses	**19**	112	n/a	-
Merger related amortisation	**37**	37	n/a	-
One-off expenses	**-**	32	n/a	-
Total investment and restructuring	**56**	181	n/a	-
Total expenses ("statutory basis")	**4,324**	4,391	n/a	3,569

(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").

7. Operating Expenses (continued)

Expenses by Segment	Half Year Ended Pro forma 31/12/09 $M	30/06/09 $M	31/12/08 $M	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %	As reported 31/12/08 $M
Operating Expenses						
Retail Banking Services	**1,380**	1,430	1,351	(3)	2	1,351
Business and Private Banking	**639**	645	627	(1)	2	627
Institutional Banking and Markets	**387**	366	313	6	24	313
Wealth Management	**851**	829	854	3	-	823
South Pacific	**337**	318	368	6	(8)	368
Bankwest	**443**	483	426	(8)	4	-
Other (including Asia)	**231**	143	69	62	large	69
Total expenses ("cash basis")	**4,268**	4,214	4,008	1	6	3,551
Defined benefit superannuation plan (income)/expense (1)	**-**	(4)	n/a	large	n/a	18
Integration expenses	**19**	112	n/a	(83)	n/a	-
Merger related amortisation	**37**	37	n/a	-	n/a	-
One-off expenses	**-**	32	n/a	large	n/a	-
Total expenses ("statutory basis")	**4,324**	4,391	n/a	(2)	n/a	3,569

(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").

Capitalisation of Computer Software Costs

Capitalised computer software costs (net of amortisation) totalled $799 million as at 31 December 2009 (June 2009: $673 million and December 2008: $571 million). Expenditure in the half year principally comprised development of customer focussed systems.

8. 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).

8. 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.

8. 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.

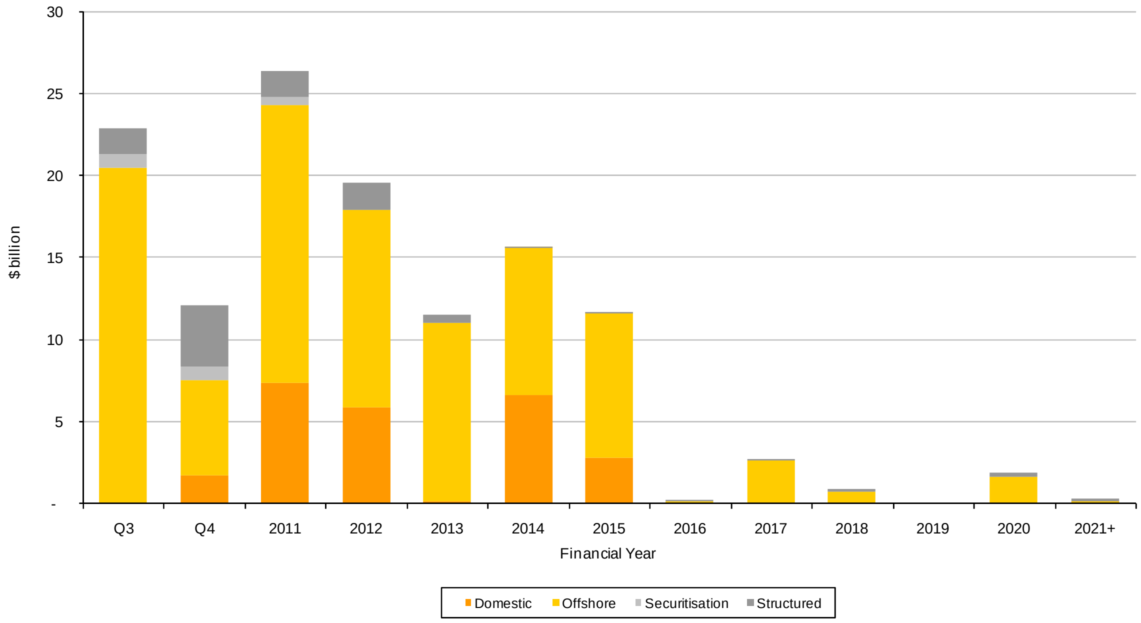
8. Integrated Risk Management (continued)

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.



9. 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.

9. 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

	Funded		Unfunded		Total	
	31/12/09	30/06/09	31/12/09	30/06/09	31/12/09	30/06/09
Exposure to securitisation SPEs	$M	$M	$M	$M	$M	$M
Residential mortgage backed securities held for potential repurchase with central banks	**45,800**	45,343	**-**	-	**45,800**	45,343
Other residential mortgage backed securities	**1,541**	1,486	**-**	-	**1,541**	1,486
Other derivatives (1)	**1,264**	1,411	**-**	-	**1,264**	1,411
Liquidity support facilities	**990**	941	**614**	798	**1,604**	1,739
Other facilities	**92**	90	**62**	220	**154**	310
Total exposure to securitisation SPEs	**49,687**	49,271	**676**	1,018	**50,363**	50,289

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

9. 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	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
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	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	**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.

9. 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	**-**	-

10. 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.

10. Capital Adequacy (continued)

	As at		
	31/12/09	30/06/09	31/12/08
	$M	$M	$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: $1,707million, 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.

10. 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.

10. 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.

11. 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 closes 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 is 15 February 2010.

12. 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.

12. 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

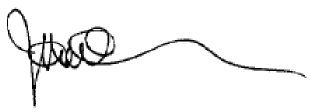
13. ASX Appendix 4D

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

13. ASX Appendix 4D (continued)

Details of entities over which control was lost during the half year (Item 4)	Date control lost	Ownership Interest Held (%)
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.

Appendices

14. Profit Reconciliation

Profit Reconciliation	Net profit after tax "cash basis" $M	Hedging and AIFRS volatility $M	Tax on New Zealand Structured Finance Transactions $M	Merger related amortisation $M	Bankwest integration expenses $M	Loss on disposal of controlled entites /investments $M	Treasury shares valuation adjustment $M	Policyholder tax $M	Investment experience $M	Net profit after tax "statutory basis" $M
	Half Year Ended 31 December 2009									
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.

14. 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.

14. Profit Reconciliation (continued)

Profit Reconciliation	Net profit after tax "cash basis" Pro forma $M	Pro forma adjustments $M	Net profit after tax "cash basis" As reported $M	Provisional gain on aquisition of controlled entities $M	Defined benefit superannuation plan expense $M	Treasury shares valuation adjustment $M	Hedging and AIFRS volatility $M	Policyholder tax $M	Investment experience $M	Net profit after tax "statutory basis" $M
	Half Year Ended 31 December 2008									
Group										
Net interest income	**5,073**	(530)	**4,543**	-	-	-	-	-	-	**4,543**
Other banking income	**2,119**	(83)	**2,036**	-	-	-	(17)	-	-	**2,019**
Total banking income	**7,192**	(613)	**6,579**	-	-	-	(17)	-	-	**6,562**
Funds management income	**1,015**	(10)	**1,005**	-	-	56	-	(138)	(66)	**857**
Insurance income	**453**	(21)	**432**	-	-	-	-	(57)	(117)	**258**
Total operating income	**8,660**	(644)	**8,016**	-	-	56	(17)	(195)	(183)	**7,677**
Provisional gain on acquisition of controlled entities	**-**	-	**-**	782						**782**
Operating expenses	**(4,008)**	457	**(3,551)**	-	(18)	-	-	-	-	**(3,569)**
Impairment expenses	**(1,951)**	344	**(1,607)**	-	-	-	-	-	-	**(1,607)**
Net profit before tax	**2,701**	157	**2,858**	782	(18)	56	(17)	(195)	(183)	**3,283**
Tax expense	**(650)**	(47)	**(697)**	(235)	5	(22)	9	195	51	**(694)**
Non-controlling interests	**(16)**	-	**(16)**	-	-	-	-	-	-	**(16)**
Underlying profit after tax	**2,035**	110	**2,145**	547	(13)	34	(8)	-	(132)	**2,573**
Investment experience after tax	**(129)**	(3)	**(132)**	-	-	-	-	-	132	**-**
Net profit after tax	**1,906**	107	**2,013**	547	(13)	34	(8)	-	-	**2,573**

15. 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	582	**6,062**
Other banking income	683	626	672	-	175	121	(199)	**2,078**
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**

(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.

15. 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	619	**5,643**
Other banking income	779	551	477	-	201	168	(36)	**2,140**
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**

(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.

15. 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 (Pro forma) $M	South Pacific $M	Bankwest (Pro forma) $M	Other (including Asia) [1] $M	Total (Pro forma) $M
Net interest income	2,412	748	690	-	409	530	284	**5,073**
Other banking income	772	529	472	-	203	83	60	**2,119**
Total banking income	**3,184**	**1,277**	**1,162**	**-**	**612**	**613**	**344**	**7,192**
Funds management income	-	-	-	976	26	-	13	**1,015**
Insurance income	-	-	-	328	101	-	24	**453**
Total operating income	**3,184**	**1,277**	**1,162**	**1,304**	**739**	**613**	**381**	**8,660**
Investment experience [2]	-	-	-	(218)	15	-	24	**(179)**
Total income	**3,184**	**1,277**	**1,162**	**1,086**	**754**	**613**	**405**	**8,481**
Operating expenses [3]	(1,351)	(627)	(313)	(854)	(368)	(426)	(69)	**(4,008)**
Impairment expense	(237)	(120)	(1,196)	-	(59)	(344)	5	**(1,951)**
Net profit before tax	**1,596**	**530**	**(347)**	**232**	**327**	**(157)**	**341**	**2,522**
Corporate tax expense	(477)	(157)	179	(54)	(60)	47	(78)	**(600)**
Non-controlling interests	-	-	-	-	-	-	(16)	**(16)**
Net profit after tax ("cash basis")	**1,119**	**373**	**(168)**	**178**	**267**	**(110)**	**247**	**1,906**

(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.

16. Analysis Template

Profit Summary - Input Schedule	Half Year Ended 31/12/09 $M	30/06/09 $M	Pro forma 31/12/08 $M	As reported 31/12/08 $M	Page References
Income - Cash Basis					
Net interest income	**6,062**	5,643	5,073	4,543	Page 4
Other banking income	**2,078**	2,140	2,119	2,036	Page 4
Total banking income	**8,140**	7,783	7,192	6,579	Page 4
Funds management income	**947**	808	1,015	1,005	Page 4
Insurance income	**463**	478	453	432	Page 4
Total operating income	**9,550**	9,069	8,660	8,016	Page 4
Investment experience	**142**	(84)	(179)	(183)	Page 4
Total income	**9,692**	8,985	8,481	7,833	Page 4
Expenses - Cash Basis					
Retail Banking Services	**(1,380)**	(1,430)	(1,351)	(1,351)	Page 17
Business and Private Banking	**(639)**	(645)	(627)	(627)	Page 19
Institutional Banking and Markets	**(387)**	(366)	(313)	(313)	Page 21
Wealth Management - operating expenses	**(601)**	(595)	(605)	(580)	Page 23
Wealth Management - volume expenses	**(250)**	(234)	(249)	(243)	Page 23
South Pacific	**(337)**	(318)	(368)	(368)	Page 27
Bankwest	**(443)**	(483)	(426)	-	Page 31
Other (including Asia)	**(231)**	(143)	(69)	(69)	Page 33
Total operating expenses [1]	**(4,268)**	(4,214)	(4,008)	(3,551)	Page 4
Profit before loan impairment expense	**5,424**	4,771	4,473	4,282	Page 4
Impairment expense	**(1,383)**	(1,441)	(1,951)	(1,607)	Page 4
Net profit before income tax	**4,041**	3,330	2,522	2,675	Page 4
Corporate tax expense	**(1,089)**	(914)	(600)	(646)	Page 4
Operating profit after tax	**2,952**	2,416	1,922	2,029	Page 4
Non-controlling interests	**(9)**	(14)	(16)	(16)	Page 4
Net profit after tax - cash basis	**2,943**	2,402	1,906	2,013	Page 4
Defined benefit superannuation plan income/(expense) [1]	**-**	3	n/a	(13)	Page 91
Treasury shares valuation adjustment	**(52)**	(62)	n/a	34	Page 90
Hedging and AIFRS volatility	**177**	(237)	n/a	(8)	Page 90
One-off expenses	**-**	(23)	n/a	-	Page 91
Loss on disposal of controlled entities/investments	**(31)**	-	n/a	-	Page 90
Tax on New Zealand structured finance transactions	**(171)**	-	n/a	-	Page 90
Acquisition related items:					
Gain on acquisition of controlled entities	**-**	65	n/a	547	Page 91
Integration expenses	**(14)**	(78)	n/a	-	Page 90
Merger related amortisation	**62**	80	n/a	-	Page 90
Net profit after tax - statutory basis	**2,914**	2,150	n/a	2,573	Page 4
Investment experience	**142**	(84)	(179)	(183)	Page 34
Tax expense on investment experience	**(33)**	20	50	51	Page 34
Investment experience - after tax	**109**	(64)	(129)	(132)	Page 34
Net profit after tax - underlying basis	**2,834**	2,466	2,035	2,145	Page 4
Total Operating Income					
Retail Banking Services	**3,571**	3,292	3,184	3,184	Page 17
Business and Private Banking	**1,448**	1,328	1,277	1,277	Page 19
Institutional Banking and Markets	**1,355**	1,240	1,162	1,162	Page 21
Wealth Management (net of volume expenses)	**1,011**	864	1,055	1,030	Page 23
South Pacific	**652**	727	739	739	Page 27
Bankwest	**848**	759	613	-	Page 31
Other (including Asia)	**415**	625	381	381	Page 33

(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").

16. Analysis Template (continued)

Profit Summary - Input Schedule	Half Year Ended 31/12/09 $M	30/06/09 $M	Pro forma 31/12/08 $M	As reported 31/12/08 $M	Page References
Other Data					
Net interest income (excluding securitisation)	**6,018**	5,627	4,989	4,501	Page 65
Average interest earning assets (excluding securitisation)	**547,379**	526,512	496,555	436,722	Page 65
Average net assets [(1)] [(2)]	**32,513**	30,715	29,336	28,062	Page 39
Average non-controlling interests [(1)]	**521**	520	519	519	Page 39
Average other equity instruments [(1)]	**939**	939	939	939	Page 39
Average treasury shares [(1)]	**(270)**	(282)	(276)	(276)	Page 85
Average defined benefit superannuation plan net surplus [(1)]	**319**	148	515	515	-
Distributions - other equity instruments	**24**	31	26	26	-
Interest expense (after tax) - Perls II	**-**	4	15	15	-
Interest expense (after tax) - Perls III	**19**	20	35	35	-
Interest expense (after tax) - Perls IV	**18**	18	31	31	-
Interest expense (after tax) - Perls V	**16**	-	-	-	-
Interest expense (after tax) - TPS	**12**	15	14	14	-
Interest expense (after tax) - Convertible notes	**13**	12	23	23	-
Weighted average number of shares - statutory basis	**1,518**	1,490	n/a	1,352	Page 5
Weighted average number of shares - fully diluted - statutory	**1,615**	1,612	n/a	1,535	-
Weighted average number of shares - cash and underlying	**1,523**	1,495	1,389	1,358	Page 5
Weighted average number of shares - fully diluted - cash and underlying	**1,619**	1,617	1,572	1,541	-
Weighted average number of shares - Perls II	**-**	8	27	27	-
Weighted average number of shares - Perls III	**22**	32	42	42	-
Weighted average number of shares - Perls IV	**28**	39	52	52	-
Weighted average number of shares - Perls V	**17**	-	-	-	-
Weighted average number of shares - TPS	**12**	19	29	29	-
Weighted average number of shares - Convertible notes	**17**	24	33	33	-
Dividends per share (cents)	**120**	115	n/a	113	Page 5
No. of shares at end of period excluding treasury shares	**1,534**	1,519	1,471	1,471	Page 85
Average funds under administration	**185,392**	167,107	180,103	179,371	Page 7
Average inforce premiums	**1,953**	1,916	1,766	1,708	Page 7
Net assets	**33,583**	31,442	29,987	29,987	Page 39
Total intangible assets	**9,322**	9,245	8,486	8,486	Page 39
Non-controlling interests	**521**	520	519	519	Page 39
Other equity instruments	**939**	939	939	939	Page 39
Total Fundamental Tier One Capital	**32,271**	30,314	n/a	28,253	Page 81

(1) Average of reporting period balances.
(2) Pro forma average net assets based on $28,684 million net assets as at 30 June 2008.

16. Analysis Template (continued)

Ratios - Output Summary	Half Year Ended 31/12/09 $M	30/06/09 $M	Pro forma 31/12/08 $M	As reported 31/12/08 $M
EPS				
Net profit after tax - cash basis	**2,943**	2,402	1,906	2,013
Less distribution - other equity instruments	**(24)**	(31)	(26)	(26)
Adjusted profit for EPS calculation	**2,919**	2,371	1,880	1,987
Average number of shares (M)	**1,523**	1,495	1,389	1,358
Earnings per share - cash basis (cents)	**191. 7**	158. 5	135. 4	146. 3
Earnings per share - dilutions				
Interest expense (after tax) - Perls II	**-**	4	15	15
Interest expense (after tax) - Perls III	**19**	20	35	35
Interest expense (after tax) - Perls IV	**18**	18	31	31
Interest expense (after tax) - Perls V	**16**	-	-	-
Interest expense (after tax) - TPS	**12**	15	14	14
Interest expense (after tax) - Convertible notes	**13**	12	23	23
Profit impact of assumed conversions (after tax)	**78**	69	118	118
Weighted average number of shares - Perls II (M)	**-**	8	27	27
Weighted average number of shares - Perls III (M)	**22**	32	42	42
Weighted average number of shares - Perls IV (M)	**28**	39	52	52
Weighted average number of shares - Perls V (M)	**17**	-	-	-
Weighted average number of shares - TPS (M)	**12**	19	29	29
Weighted average number of shares - Convertible Notes (M)	**17**	24	33	33
Weighted average number of shares - dilutive securities (M)	**96**	122	183	183
Adjusted cash profit for EPS calculation	**2,919**	2,371	1,880	1,987
Add back profit impact of assumed conversions (after tax)	**78**	69	118	118
Adjusted diluted profit for EPS calculation	**2,997**	2,440	1,998	2,105
Average number of shares (M)	**1,523**	1,495	1,389	1,358
Add back weighted average number of shares (M)	**96**	122	183	183
Diluted average number of shares (M)	**1,619**	1,617	1,572	1,541
Earnings per share diluted - cash basis (cents)	**185. 1**	150. 9	127. 1	136. 6
Net profit after tax - underlying	**2,834**	2,466	2,035	2,145
Less distribution - other equity instruments	**(24)**	(31)	(26)	(26)
Adjusted profit for EPS calculation	**2,810**	2,435	2,009	2,119
Average number of shares (M)	**1,523**	1,495	1,389	1,358
Earnings per share - underlying basis (cents)	**184. 5**	162. 8	144. 6	156. 0

16. Analysis Template (continued)

Ratios - Output Summary	Half Year Ended 31/12/09 $M	30/06/09 $M	Pro forma 31/12/08 $M	As reported 31/12/08 $M
DPS				
Dividends				
Dividends per share (cents)	**120**	115	n/a	113
No of shares at end of period (M)	**1,534**	1,519	n/a	1,471
Total dividends	**1,841**	1,747	n/a	1,662
Dividend payout ratio - cash basis				
Net profit after tax - cash basis	**2,943**	2,402	n/a	2,013
NPAT - available for distribution to ordinary shareholders	**2,919**	2,371	n/a	1,987
Total dividends	**1,841**	1,747	n/a	1,662
Payout ratio - cash basis (%)	**63. 1**	73. 7	n/a	83. 6
Dividend cover				
NPAT - available for distribution to ordinary shareholders	**2,919**	2,371	n/a	1,987
Total dividends	**1,841**	1,747	n/a	1,662
Dividend cover - cash basis	**1. 6**	1. 4	n/a	1. 2
ROE				
Return on equity - cash basis				
Average net assets (1)	**32,513**	30,715	29,336	28,062
Less:				
Average non-controlling interests	**(521)**	(520)	(519)	(519)
Average other equity instruments	**(939)**	(939)	(939)	(939)
Average equity	**31,053**	29,256	27,878	26,604
Add average treasury shares	**270**	282	276	276
Less average defined benefit superannuation plan net surplus (2)	**-**	(148)	(515)	(515)
Net average equity	**31,323**	29,390	27,639	26,365
Net profit after tax ("cash basis")	**2,943**	2,402	1,906	2,013
Less distribution - other equity instruments	**(24)**	(31)	(26)	(26)
Adjusted profit for ROE calculation	**2,919**	2,371	1,880	1,987
Return on equity - cash basis (%)	**18. 5**	16. 3	13. 5	15. 0
Return on equity - underlying basis				
Average net assets (1)	**32,513**	30,715	29,336	28,062
Less:				
Average non-controlling interests	**(521)**	(520)	(519)	(519)
Average other equity interests	**(939)**	(939)	(939)	(939)
Average equity	**31,053**	29,256	27,878	26,604
Add average treasury shares	**270**	282	276	276
Less average defined benefit superannuation plan net surplus (2)	**-**	(148)	(515)	(515)
Net average equity	**31,323**	29,390	27,639	26,365
NPAT ("underlying basis")	**2,834**	2,466	2,035	2,145
Less distribution other equity instruments	**(24)**	(31)	(26)	(26)
Adjusted profit for ROE calculation	**2,810**	2,435	2,009	2,119
Return on equity - underlying basis (%)	**17. 8**	16. 7	14. 4	15. 9
NIM				
Net interest income (excluding securitisation)	**6,018**	5,627	4,989	4,501
Average interest earning assets (excluding securitisation)	**547,379**	526,512	496,555	436,722
NIM (%pa)	**2. 18**	2. 16	1. 99	2. 04

(1) Pro forma average net assets have been adjusted to assume the $2,000 million shares issued to purchase Bankwest and St Andrew's and the $547 million gain on acquisition (recognised in the six months to 31 December 2008) were included in net assets from 1 July 2008.

(2) 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.

16. Analysis Template (continued)

Ratios - Output Summary	Half Year Ended 31/12/09 $M	30/06/09 $M	Pro forma 31/12/08 $M	As reported 31/12/08 $M
Productivity				
Group operating expenses to total operating income ratio				
Operating expenses	**4,268**	4,214	4,008	3,551
Total operating income	**9,550**	9,069	8,660	8,016
Operating expenses to total operating income (%)	**44. 7**	46. 5	46. 3	44. 3
Retail Banking Services operating expenses to total banking income ratio				
Operating expenses	**1,380**	1,430	1,351	1,351
Total banking income	**3,571**	3,292	3,184	3,184
Operating expenses to total banking income (%)	**38. 6**	43. 4	42. 4	42. 4
Business and Private Banking operating expenses to total banking income ratio				
Operating expenses	**639**	645	627	627
Total banking income	**1,448**	1,328	1,277	1,277
Operating expenses to total banking income (%)	**44. 1**	48. 6	49. 1	49. 1
Institutional Banking and Markets operating expenses to total banking income ratio				
Operating expenses	**387**	366	313	313
Total banking income	**1,355**	1,240	1,162	1,162
Operating expenses to total banking income (%)	**28. 6**	29. 5	26. 9	26. 9
Wealth Management operating expenses to net operating income ratio				
Operating expenses	**601**	595	605	580
Net operating income	**1,011**	864	1,055	1,030
Operating expenses to net operating income (%)	**59. 4**	68. 9	57. 3	56. 3
South Pacific operating expenses to total operating income ratio				
Operating expenses	**337**	318	368	368
Total operating income	**652**	727	739	739
Operating expenses to total operating income (%)	**51. 7**	43. 7	49. 8	49. 8
Bankwest operating expenses to total banking income ratio				
Operating expenses	**443**	483	426	-
Total banking income	**848**	759	613	-
Operating expenses to total banking income (%)	**52. 2**	63. 6	69. 5	-
Net Tangible Assets (NTA) per share				
Net assets	**33,583**	31,442	29,987	29,987
Less:				
Intangible assets	**(9,322)**	(9,245)	(8,486)	(8,486)
Non-controlling interests	**(521)**	(520)	(519)	(519)
Other equity instruments	**(939)**	(939)	(939)	(939)
Total net tangible assets	**22,801**	20,738	20,043	20,043
No. of shares at end of period (M)	**1,534**	1,519	1,471	1,471
Net tangible assets (NTA) per share ($)	**14. 86**	13. 65	13. 63	13. 63

17. Summary

			Half Year Ended					
					Pro forma			As reported
			31/12/09	30/06/09	31/12/08	Dec 09 vs Jun 09 %	Dec 09 vs Dec 08 %	31/12/08
Group		Page						
Net profit after tax - underlying basis	**$M**	4	**2,834**	2,466	2,035	15	39	2,145
Net profit after tax - cash basis	**$M**	4	**2,943**	2,402	1,906	23	54	2,013
Defined benefit superannuation plan income/(expense) - after tax [(1)]	**$M**	91	**-**	3	n/a	large	n/a	(13)
Treasury shares valuation adjustment - after tax	**$M**	90	**(52)**	(62)	n/a	(16)	n/a	34
Hedging and AIFRS volatility - after tax	**$M**	4	**177**	(237)	n/a	large	n/a	(8)
One-off expenses - after tax	**$M**	91	**-**	(23)	n/a	large	n/a	-
Tax on New Zealand Structured Finance transactions	**$M**	4	**(171)**	-	n/a	large	n/a	-
Acquisition - related items:	**$M**							
Gain on acquisition of controlled entities - after tax	**$M**	4	**-**	65	n/a	large	n/a	547
Bankwest integration expenses - after tax	**$M**	90	**(14)**	(78)	n/a	82	n/a	-
Merger related amortisation	**$M**	90	**62**	80	n/a	(23)	n/a	-
Net profit after tax - statutory	**$M**	4	**2,914**	2,150	n/a	36	n/a	2,573
Earnings per share - cash basis - basic	**cents**	5	**191. 7**	158. 5	135. 4	21	42	146. 3
Dividends per share	**cents**	5	**120**	115	n/a	4	n/a	113
Dividends pay-out ratio - cash basis	**%**	5	**63. 1**	73. 7	n/a	large	n/a	83. 6
Tier One Capital - Basel II	**%**	7	**9. 10**	8. 07	n/a	103 bpts	n/a	8. 75
Total Capital - Basel II	**%**	7	**11. 63**	10. 42	n/a	121 bpts	n/a	11. 39
Number of full time equivalent staff	**No.**		**43,423**	44,218	45,013	(2)	(4)	45,013
Return on equity - cash	**%**	5	**18. 5**	16. 3	13. 5	220 bpts	large	15. 0
Return on equity - underlying	**%**	99	**17. 8**	16. 7	14. 6	110 bpts	320 bpts	15. 9
Weighted average number of shares - statutory	**M**	5	**1,518**	1,490	n/a	2	n/a	1,352
Net tangible assets per share	**$**	100	**14. 86**	13. 65	13. 63	9	9	13. 63
Net interest income	**$M**	4	**6,062**	5,643	5,073	7	19	4,543
Net interest margin	**%**	7	**2. 18**	2. 16	1. 99	2 bpts	19 bpts	2. 04
Other banking income ("cash basis")	**$M**	4	**2,078**	2,140	2,119	(3)	(2)	2,036
Other banking income/total banking income	**%**		**25. 5**	27. 5	29. 5	(200)bpts	(400)bpts	30. 9
Operating expense to total operating income	**%**	7	**44. 7**	46. 5	46. 3	(180)bpts	(160)bpts	44. 3
Average interest earning assets	**$M**	7	**547,379**	526,512	496,555	4	10	436,722
Average interest earning liabilities	**$M**	7	**511,954**	496,742	467,479	3	10	410,880
Impairment expense	**$M**	4	**1,383**	1,441	1,951	(4)	(29)	1,607
Impairment expense annualised to average risk weighted assets - Basel II	**%**	15	**0. 94**	1. 03	n/a	(9)bpts	n/a	1. 43
Impairment expense annualised as a % of average gross loans and acceptances	**%**	15	**0. 55**	0. 61	0. 85	(6)bpts	(30)bpts	0. 81
Individually assessed provisions for impairment to gross impaired assets	**%**	15	**37. 8**	41. 1	n/a	(330)bpts	n/a	41. 8
Risk weighted assets	**$M**	15	**297,449**	288,836	n/a	3	n/a	239,289
Retail Banking Services								
Cash net profit after tax	**$M**	4	**1,245**	988	1,119	26	11	1,119
Operating expense to total banking income	**%**	7	**38. 6**	43. 4	42. 4	(480)bpts	(380)bpts	42. 4
Business and Private Banking								
Cash net profit after tax	**$M**	4	**440**	363	373	21	18	373
Operating expense to total banking income	**%**	7	**44. 1**	48. 6	49. 1	(450)bpts	large	49. 1
Institutional Banking and Markets								
Cash net profit after tax	**$M**	4	**545**	334	(168)	63	large	(168)
Operating expense to total banking income	**%**	7	**28. 6**	29. 5	26. 9	(90)bpts	170 bpts	26. 9

(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").

17. Summary (continued)

			Half Year Ended					
			Pro forma					As reported
			31/12/09	30/06/09	31/12/08	Dec 09 vs	Dec 09 vs	31/12/08
		Page	$M	$M	$M	Jun 09 %	Dec 08 %	$M
Wealth Management								
Cash net profit after tax	**$M**	4	**379**	111	178	large	large	175
Underlying profit after tax	**$M**	7	**295**	186	328	59	(10)	328
Investment experience after tax	**$M**	23	**84**	(75)	(150)	large	large	(153)
FUA - average	**$M**	7	**178,738**	161,080	173,733	11	3	173,001
FUA - spot	**$M**	25	**185,699**	169,210	158,767	10	17	158,026
Net funds flow	**$M**	25	**1,588**	5,625	(12,410)	(72)	large	(12,473)
Average inforce premiums	**$M**	7	**1,529**	1,500	1,372	2	11	1,314
Inforce premiums - spot	**$M**	24	**1,498**	1,560	1,440	(4)	4	1,378
Funds management income to average FUA	**%**	7	**1. 01**	0. 96	1. 11	5 bpts	(10)bpts	1. 11
Insurance income to average inforce premiums	**%**	7	**45. 8**	44. 2	47. 4	160 bpts	(160)bpts	46. 3
Operating expense to net operating income	**%**	7	**59. 4**	68. 9	57. 3	large	210 bpts	56. 3
South Pacific								
Underlying profit after tax	**$M**	7	**169**	181	259	(7)	(35)	259
FUA - average	**$M**	7	**6,654**	6,027	6,370	10	4	6,370
FUA - spot	**$M**	28	**7,062**	6,124	6,245	15	13	6,245
Average inforce premiums	**$M**	7	**424**	416	394	2	8	394
Inforce premiums - spot	**$M**	28	**433**	415	416	4	4	416
Funds management income to average FUA	**%**	7	**0. 75**	0. 77	0. 81	(2)bpts	(6)bpts	0. 81
Insurance income to average inforce premiums	**%**	7	**43. 0**	59. 6	50. 9	large	large	50. 9
Operating expense to total operating income	**%**	7	**51. 7**	43. 7	49. 8	large	190 bpts	49. 8
Bankwest								
Cash net profit after tax	**$M**	7	**64**	113	(110)	(43)	large	-
Operating expense to total banking income	**%**	7	**52. 2**	63. 6	69. 5	large	large	-

18. 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

Appendices

19. 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 profit after tax ("Underlying basis")	Represents net profit after tax ("cash basis") excluding investment experience.
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.

19. 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

20. 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.

20. 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.