Determined to be better than we've ever been.

Profit Announcement

For the full year ended 30 June 2010

CommonwealthBank

11 August 2010

Commonwealth Bank of Australia ACN 123 123 124

ASX Appendix 4E

Results for announcement to the market [(1)]

Report for the year ended 30 June 2010	**$M**	
Revenue from ordinary activities	41,785	Up 6%
Profit/(loss) from ordinary activities after tax attributable to Equity holders	5,664	Up 20%
Net profit/(loss) for the period attributable to Equity holders	5,664	Up 20%
Dividends (distributions)		
Final Dividend - fully franked (cents per share)		170
Interim Dividend - fully franked (cents per share)		120
Record date for determining entitlements to the dividend		20 August 2010

(1) Rule 4.3C.2

Refer to Appendix 18 ASX Appendix 4E for disclosures required under ASX Listing Rules.

This report should be read in conjunction with the 30 June 2010 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	
Full Year Results Announcement	11 August 2010
Ex-dividend Date	16 August 2010
Record Date	20 August 2010
Final Dividend Payment Date	1 October 2010
Annual General Meeting	26 October 2010
2011 Interim Results Date	9 February 2011

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All figures relate to the full year ended 30 June 2010 and comparatives for the pro forma full year ended 30 June 2009 unless stated otherwise. The term “prior year” refers to the pro forma full year ended 30 June 2009, while the term “prior half” refers to the half year ended 31 December 2009, unless otherwise stated.

Group Performance

Divisional Performance

Financial Statements & Appendices

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 year "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 year ended 30 June 2009. 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 year ended 30 June 2010 and 30 June 2009. 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.

Basis of Preparation of Pro forma Comparatives

The pro forma results for the year ended 30 June 2009 have been prepared on the basis described below:

Income Statement and Appendices

The Group's pro forma Income Statement ("cash basis") for the year ended 30 June 2009 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").

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.

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

- 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 19 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 year ended 30 June 2009.

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 year ended 30 June 2009 by the pro forma weighted average number of shares for the same year. 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 year ended 30 June 2009 by the pro forma net average equity for the same year.

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.

Highlights and Group Performance Analysis

Management discussion and analysis of the Group's financial performance is based on the Group's net profit after tax ("cash-basis"). This is followed by discussion of items that are not considered to be representative of the Group's ongoing financial performance. These are collectively referred to as "non-cash" items.

Refer to the Group Performance Analysis for descriptions of all "non-cash items" and Appendix 19 for a reconciliation of net profit after tax ("cash basis") to net profit after tax ("statutory basis").

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 year, unless otherwise stated.

Additional Segment Disclosure

The former International Financial Services business which incorporated the results of ASB Bank, Sovereign, Fiji and Asian businesses was restructured during the year ended 30 June 2010 as follows:

Segment disclosure at 31 December 2009

The restructure resulted in the formation of South Pacific and IFS Asia. South Pacific incorporated ASB Bank, Sovereign and Fiji businesses. IFS Asia incorporated the retail banking operations (Indonesia, Vietnam, India and Japan) investments in Chinese retail banks, and the joint venture life insurance business and life insurance operations in Indonesia. IFS Asia does not include Business and Private Banking, Institutional Banking and Markets and CFS Global Asset Management businesses in Asia.

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

Segment disclosure at 30 June 2010

Following the sale of the Fiji business on 15 December 2009, South Pacific was subsequently renamed New Zealand, with the results of Fiji being incorporated into the "Other" segment disclosure.

New Zealand results have been presented in NZD allowing for more meaningful discussion and analysis.

Group Performance Highlights

Net Profit after Income Tax	Full Year Ended 30/06/10 $M	Full Year Ended Pro forma 30/06/09 $M	Half Year Ended 30/06/10 $M	Half Year Ended 31/12/09 $M	Full Year Ended As reported 30/06/09 $M
Statutory basis	**5,664**	n/a	**2,750**	2,914	4,723
Cash basis	**6,101**	4,308	**3,158**	2,943	4,415
Underlying basis	**5,923**	4,501	**3,089**	2,834	4,611

The Group's net profit after tax ("statutory basis") for the full year ended 30 June 2010 was $5,664 million, which represents a 20% increase on the prior reported year.

Net profit after tax ("cash basis") for the full year was $6,101 million, which represents an increase of 42% on the prior year. This result was achieved in a market environment that has improved over the last 12 months, but still remains uncertain, mainly due to volatility in international markets. Domestically, credit growth has moderated, average funding costs continue to increase and competition for deposits remains intense.

Cash earnings per share increased 34% on the prior year to 395.5 cents per share. Return on Equity ("cash basis") for the year ended 30 June 2010 was 18.7%, up 370 basis points due to increasing profitability and effective capital management.

The Group's net profit after tax ("underlying basis") was $5,923 million, representing a 32% increase on the prior year.

Despite the challenging environment, the Group's operating performance has been healthy. Operating income growth of 6% and operating expense growth of 5% has resulted in a 70 basis point improvement in the expense to income ratio to 45.7%.

Drivers of the Group's financial performance were:

- Net interest income growth of 11% on the prior year reflected solid retail lending and deposit balance growth and a five basis point improvement in the full year net interest margin to 2.13%;
- Other banking income declined 3% on the prior year, impacted by lower credit card loyalty fees, exception and ATM fee income, combined with lower trading income;
- Funds management income increased by 4% on the prior year due to improved investment market returns driving higher average Funds Under Management and Funds Under Administration, partly offset by lower performance fees and dividends from infrastructure assets;
- Insurance income increased by 2% on the prior year, driven by solid inforce premium growth, partially offset by higher claims experience including significant weather events; and
- Operating expense growth of 5% on the prior year reflects the Group's continued focus on people, customers and technology, while maintaining a disciplined approach to expense management.

In addition to the healthy operating performance, there was a significant reduction in impairment expense on the prior year to $2,075 million. This was mainly due to the non-recurrence of a small number of single name corporate exposures experienced in the prior year and improved corporate portfolio credit quality. This was partly offset by additional impairment expense in Bankwest, particularly in relation to east coast property development exposures.

For the half year ended 30 June 2010, the Group's net profit after tax ("cash basis") was $3,158 million, up 7% on the prior half. While impairment expense was significantly lower than the prior half, the Group's operating performance was impacted by a ten basis point decline in net interest margin to 2.08% together with three less calendar days, lower CommSec trading volumes and retail exception fees.

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

- Retail, business and wealth customer satisfaction levels have increased;
- Successful migration of over one million term deposit accounts to the new Core Banking platform, enabling real time visibility and improved functionality for customers;
- "Bank of the Year" in the 2010 Money Magazine Awards;
- "Australian Financial Institution of the Year (Retail)" at the 2010 Australian Banking and Finance Awards;
- "Money Minder of the Year" in the 2010 Money Magazine Awards; and
- CFS won "Best Fund Manager" service level award from Wealth Insights for the 3rd year running.

Capital

The Group maintained its cautious and conservative approach in the current economic environment by maintaining a strong capital position. This was reflected in a Tier One capital ratio of 9.15% at 30 June 2010. The Bank continues to be AA rated.

Dividends

The final dividend declared was $1.70 per share, an increase of 48% on the prior year. The total dividend for the year to 30 June 2010 was $2.90, taking the dividend payout ratio ("cash basis") to 73.9%.

The final dividend payment will be fully franked and will be paid on 1 October 2010 to owners of ordinary shares on the register at the close of business on 20 August 2010 ("record date"). Shares will be quoted ex–dividend on 16 August 2010.

The Bank issued $772 million of shares to satisfy shareholder participation in the Dividend Reinvestment Plan ("DRP") in respect of the interim dividend for 2009/10.

Outlook

Despite some improvement, the global recovery remains uneven with the concerns about the advanced economies balanced out by some strength in the emerging economies.

The Australian economy remains well placed relative to most other developed countries and we are optimistic about the medium-term outlook for Australia and for the Group's ability to deliver superior returns for our shareholders.

However, recent uncertainty over the pace of recovery in the United States and Europe highlight the downside risks still in play. These risks have not helped domestic business and consumer confidence, both of which remain fragile. This fragility manifested itself in a slowing in the underlying momentum in our business at the end of the 2010 financial year.

As a result, it is appropriate to maintain a degree of caution about the prospects for our business for the coming year. The Group intends to retain conservative capital and liquidity settings for the foreseeable future in order to provide support to our customers in these uncertain times.

Highlights continued

Group Performance Summary	Full Year Ended 30/06/10 $M	Full Year Ended Pro forma 30/06/09 $M	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10 $M	Half Year Ended 31/12/09 $M	Jun 10 vs Dec 09 %	Full Year Ended As reported 30/06/09 $M
Net interest income	**11,868**	10,716	11	**5,806**	6,062	(4)	10,186
Other banking income	**4,112**	4,259	(3)	**2,034**	2,078	(2)	4,176
Total banking income	**15,980**	14,975	7	**7,840**	8,140	(4)	14,362
Funds management income	**1,898**	1,823	4	**951**	947	-	1,813
Insurance income	**945**	931	2	**482**	463	4	910
Total operating income	**18,823**	17,729	6	**9,273**	9,550	(3)	17,085
Investment experience	**236**	(263)	large	**94**	142	(34)	(267)
Total income	**19,059**	17,466	9	**9,367**	9,692	(3)	16,818
Operating expenses	**(8,601)**	(8,222)	5	**(4,333)**	(4,268)	2	(7,765)
Impairment expense	**(2,075)**	(3,392)	(39)	**(692)**	(1,383)	(50)	(3,048)
Net profit before tax	**8,383**	5,852	43	**4,342**	4,041	7	6,005
Corporate tax expense [1]	**(2,266)**	(1,514)	50	**(1,177)**	(1,089)	8	(1,560)
Non-controlling interests [2]	**(16)**	(30)	(47)	**(7)**	(9)	(22)	(30)
Net profit after tax ("cash basis")	**6,101**	4,308	42	**3,158**	2,943	7	4,415
Hedging and AIFRS volatility	**17**	n/a	n/a	**(160)**	177	large	(245)
Bankwest non-cash items	**(216)**	n/a	n/a	**(264)**	48	large	614
Tax on NZ structured finance transactions	**(171)**	n/a	n/a	**-**	(171)	large	-
Other non-cash items [3]	**(67)**	n/a	n/a	**16**	(83)	large	(61)
Net profit after tax ("statutory basis")	**5,664**	n/a	n/a	**2,750**	2,914	(6)	4,723
Represented by:							
Retail Banking Services	**2,461**	2,107	17	**1,216**	1,245	(2)	2,107
Business and Private Banking	**893**	736	21	**453**	440	3	736
Institutional Banking and Markets	**1,182**	166	large	**637**	545	17	166
Wealth Management	**718**	289	large	**339**	379	(11)	286
New Zealand	**388**	438	(11)	**227**	161	41	438
Bankwest	**60**	3	large	**(4)**	64	large	113
Other	**399**	569	(30)	**290**	109	large	569
Net profit after tax ("cash basis")	**6,101**	4,308	42	**3,158**	2,943	7	4,415
Investment experience - after tax	**(178)**	193	large	**(69)**	(109)	(37)	196
Net profit after tax ("underlying basis")	**5,923**	4,501	32	**3,089**	2,834	9	4,611

(1) For purposes of presentation, Policyholder tax expense/(benefit) components of Corporate tax expense are shown on a net basis for the years ended 30 June 2010: $130 million, 30 June 2009: ($164) million and for the half years ended 30 June 2010: ($9) million and 31 December 2009: $139 million.

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

(3) Refer to Group Performance Analysis and Appendix 19 for further details on non-cash items.

Shareholder Summary	Full Year Ended 30/06/10	Pro forma 30/06/09	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10	31/12/09	Jun 10 vs Dec 09 %	Full Year Ended As reported 30/06/09
Dividends per share - fully franked (cents)	**290**	n/a	n/a	**170**	120	42	228
Dividend cover - cash (times)	**1. 4**	n/a	n/a	**1. 2**	1. 6	(25)	1. 3
Earnings per share (cents) (1)							
Statutory basis - basic	**367. 9**	n/a	n/a	**177. 6**	190. 3	(7)	328. 5
Cash basis - basic	**395. 5**	294. 9	34	**203. 7**	191. 7	6	305. 6
Dividend payout ratio (%)							
Statutory basis (1)	**79. 7**	n/a	n/a	**96. 6**	63. 7	large	73. 1
Cash basis (1)	**73. 9**	n/a	n/a	**84. 0**	63. 1	large	78. 2
Weighted average no. of shares - statutory basic (M) (1)	**1,527**	n/a	n/a	**1,535**	1,518	1	1,420
Weighted average no. of shares - cash basic (M) (1) (2)	**1,531**	1,442	6	**1,539**	1,523	1	1,426
Return on equity - cash (%) (1)	**18. 7**	15. 0	370 bpts	**18. 9**	18. 5	40 bpts	15. 8

(1) For definitions refer to Appendix 25.

(2) Fully diluted EPS and weighted average number of shares (fully diluted) are disclosed in Appendix 22.

Balance Sheet Summary	As at 30/06/10 $M	31/12/09 $M	30/06/09 $M	Jun 10 vs Dec 09 %	Jun 10 vs Jun 09 %
Lending assets (1)	**500,760**	487,339	473,715	3	6
Total assets	**646,330**	625,476	620,372	3	4
Total liabilities	**610,760**	591,893	588,930	3	4
Shareholders' Equity	**35,570**	33,583	31,442	6	13
Assets held and Funds Under Administration (FUA)					
On Balance Sheet:					
Banking assets	**623,398**	601,560	596,919	4	4
Insurance Funds Under Administration	**14,201**	15,537	15,407	(9)	(8)
Other insurance and internal funds management assets	**8,731**	8,379	8,046	4	9
	646,330	625,476	620,372	3	4
Off Balance Sheet:					
Funds Under Administration	**172,784**	177,224	159,927	(3)	8
Total assets held and FUA	**819,114**	802,700	780,299	2	5

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

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

Highlights continued

Market Share Percentage [1]	As at 30/06/10 %	31/12/09 %	30/06/09 %
Home loans [2]	**26.2**	26.1	25.2
Credit cards [2] [3]	**22.5**	22.3	21.6
Personal lending (APRA and other Household) [4] [5]	**14.6**	15.0	15.7
Household deposits	**31.3**	31.3	32.3
Retail deposits [6]	**27.3**	26.6	26.5
Business Lending - APRA	**19.5**	18.8	19.4
Business Lending - RBA [2]	**17.6**	17.7	17.4
Business Deposits - APRA	**22.9**	21.7	20.7
Asset Finance	**14.3**	14.3	13.6
Equities trading [2]	**6.3**	6.7	6.2
Australian Retail - administrator view [2] [7]	**14.7**	14.7	14.4
FirstChoice Platform [2] [7]	**10.7**	10.5	10.2
Australia (total risk) [2] [7]	**13.8**	13.8	15.7
Australia (individual risk) [7]	**14.6**	14.6	14.7
NZ Lending for housing	**23.0**	23.3	23.3
NZ Retail Deposits	**21.6**	21.4	21.2
NZ Lending to business	**9.3**	9.2	8.8
NZ Retail FUM [2]	**17.4**	18.0	18.8
NZ Annual inforce premiums	**31.0**	31.3	31.7

(1) For market share definitions refer to Appendix 26.

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

(3) As at 31 May 2010.

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

(5) During the year ended 30 June 2009, Bankwest market share was impacted by a reclassification of balances from personal lending to home loans. The 30 June 2009 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 31 March 2010.

Key Performance Indicators	Full Year Ended 30/06/10	Full Year Ended Pro forma 30/06/09	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10	Half Year Ended 31/12/09	Jun 10 vs Dec 09 %	Full Year Ended As reported 30/06/09
Group							
Underlying profit after tax ($M) (1)	**5,923**	4,501	32	**3,089**	2,834	9	4,611
Net interest margin (%)	**2. 13**	2. 08	5 bpts	**2. 08**	2. 18	(10)bpts	2. 10
Average interest earning assets ($M) (2)	**553,735**	511,410	8	**560,197**	547,379	2	481,248
Average interest bearing liabilities ($M) (2)	**521,338**	482,790	8	**529,676**	513,136	3	454,258
Funds management income to average FUA (%)	**1. 02**	1. 05	(3)bpts	**1. 02**	1. 01	1 bpt	1. 04
Funds Under Administration (FUA) - average ($M)	**186,641**	174,266	7	**188,765**	185,392	2	173,872
Insurance income to average inforce premiums (%)	**47. 1**	51. 0	(390)bpts	**49. 0**	47. 0	200 bpts	50. 6
Average inforce premiums ($M)	**2,005**	1,825	10	**1,983**	1,953	2	1,798
Operating expenses to total operating income (%)	**45. 7**	46. 4	(70)bpts	**46. 7**	44. 7	200 bpts	45. 4
Effective corporate tax rate (%)	**27. 0**	25. 9	110 bpts	**27. 1**	26. 9	20 bpts	26. 0
Retail Banking Services							
Cash net profit after tax ($M)	**2,461**	2,107	17	**1,216**	1,245	(2)	2,107
Operating expenses to total banking income (%)	**39. 6**	42. 9	(330)bpts	**40. 6**	38. 6	200 bpts	42. 9
Business and Private Banking							
Cash net profit after tax ($M)	**893**	736	21	**453**	440	3	736
Operating expenses to total banking income (%)	**45. 3**	48. 8	(350)bpts	**46. 5**	44. 1	240 bpts	48. 8
Institutional Banking and Markets							
Cash net profit after tax ($M)	**1,182**	166	large	**637**	545	17	166
Operating expenses to total banking income (%)	**30. 9**	28. 3	260 bpts	**33. 4**	28. 6	480 bpts	28. 3
Wealth Management							
Underlying profit after tax ($M) (1)	**592**	514	15	**297**	295	1	514
FUA - average ($M)	**179,802**	168,071	7	**181,709**	178,738	2	167,677
Average inforce premiums ($M)	**1,572**	1,432	10	**1,541**	1,529	1	1,405
Funds management income to average FUA (%)	**1. 01**	1. 04	(3)bpts	**1. 02**	1. 01	1 bpt	1. 03
Insurance income to average inforce premiums (%)	**43. 5**	45. 9	(240)bpts	**43. 3**	45. 8	(250)bpts	45. 3
Operating expenses to net operating income (%) (3)	**60. 1**	62. 5	(240)bpts	**60. 8**	59. 4	140 bpts	62. 0
New Zealand							
Underlying profit after tax ($M) (1)	**387**	438	(12)	**224**	163	37	438
FUA - average ($M)	**6,839**	6,195	10	**7,056**	6,654	6	6,195
Average inforce premiums ($M)	**433**	393	10	**442**	424	4	393
Funds management income to average FUA (%)	**0. 67**	0. 79	(12)bpts	**0. 60**	0. 75	(15)bpts	0. 79
Insurance income to average inforce premiums (%)	**49. 2**	52. 7	(350)bpts	**57. 9**	40. 2	large	52. 7
Operating expenses to total operating income (%)	**53. 2**	45. 8	large	**55. 3**	51. 3	400 bpts	45. 8
Bankwest							
Cash net profit after tax ($M)	**60**	3	large	**(4)**	64	large	113
Operating expenses to total banking income (%)	**51. 2**	66. 3	large	**50. 1**	52. 2	(210)bpts	63. 6
Capital Adequacy							
Tier One (%)	**9. 15**	n/a	n/a	**9. 15**	9. 10	5 bpts	8. 07
Total (%)	**11. 49**	n/a	n/a	**11. 49**	11. 63	(14)bpts	10. 42

(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.

Group Performance Analysis

Financial Performance and Business Review

The Group's net profit after tax ("cash basis") for the full year ended 30 June 2010 was $6,101 million, which represents a 42% increase on the prior year.

The performance during the year was underpinned by:

- Solid growth in retail lending and deposit balances, with home lending up 11% to $324 billion and domestic deposits up 3% to $335 billion. Business and corporate lending was down 3% to $155 billion mainly due to deleveraging by institutional clients while small business lending remained strong;
- Full year net interest margin improved by five basis points to 2.13%;
- Higher funds management income due to 7% growth in average Funds Under Administration to $187 billion at 30 June 2010 driven by improved investment market returns. This was partly offset by lower performance fees and dividends from infrastructure assets;
- Higher insurance income driven by solid volume growth, partially offset by higher claims experience including significant weather events;
- Operating expense growth of 5%, reflecting continued investment in people, customers, technology and projects to support strategic priorities and drive Group wide productivity;
- Significantly lower impairment expense due to the non-recurrence of a small number of single name corporate exposures experienced in the prior year and improved corporate portfolio credit quality, partly offset by additional impairment expense in Bankwest, particularly in relation to east coast property development exposures; and
- Significantly higher investment experience mainly as a result of the unwinding of unrealised mark to market losses in the Guaranteed Annuities portfolio.

The Group's net profit after tax ("cash basis") for the half year ended 30 June 2010 was $3,158 million, up 7% on the prior half. While impairment expense was significantly lower than the prior half, the Group's operating performance was impacted by a ten basis point decline in net interest margin to 2.08% together with three less calendar days, lower CommSec trading volumes and retail exception fees.

More comprehensive disclosure of performance highlights by key business segments is contained on pages 16-34.

Net Interest Income

Net interest income increased by 11% on the prior year to $11,868 million. The increase was a result of solid growth in average interest earning assets of 8%, together with a five basis point improvement in net interest margin to 2.13%.

Net interest income decreased by 4% on the prior half to $5,806 million. The decrease was driven by three less calendar days compared to the first half and a ten basis point reduction in net interest margin to 2.08%, partly offset by 2% growth in average interest earning assets.

Average Interest Earning Assets

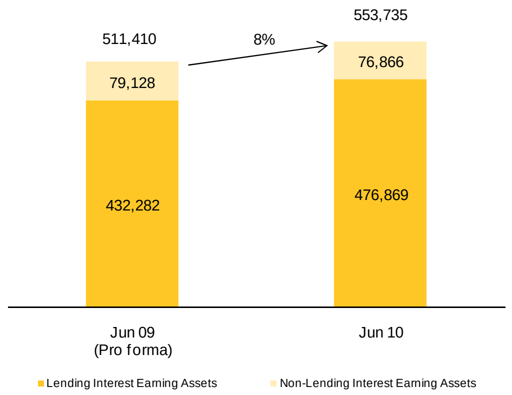
Average interest earning assets increased by $42 billion on the prior year to $554 billion, reflecting a $45 billion increase in average lending interest earning assets partly offset by a slight decrease in average non-lending interest earning assets.

Average home loan balances, excluding the impact of securitisation, increased by $46 billion since 30 June 2009 to $298 billion, driven by above market volume growth despite tightening credit standards.

Average balances for business and corporate lending decreased by $2 billion since 30 June 2009 to $159 billion primarily driven by institutional clients deleveraging in response to the current economic environment.

Average non-lending interest earning assets declined $2 billion compared to the prior year due to higher levels of liquid assets held in the prior year to fund the Bankwest operations upon acquisition.

Average Interest Earning Assets ($M)



Net Interest Margin

The net interest margin improved five basis points on the prior year to 2.13% with the key drivers including:

Deposit pricing: Deposit margins decreased ten basis points primarily driven by increased competition on savings and investment products together with the decline in average cash rates (2010: 3.7%; 2009: 4.8%).

Asset pricing: Overall increase in margin of nine basis points, reflecting the impact of repricing on home loans (two basis points), personal lending (three basis points) and business lending (four basis points) in response to higher average funding costs and increased credit risk.

Mix: Overall decrease in margin of two basis points as a result of strong growth in relatively lower margin home loans.

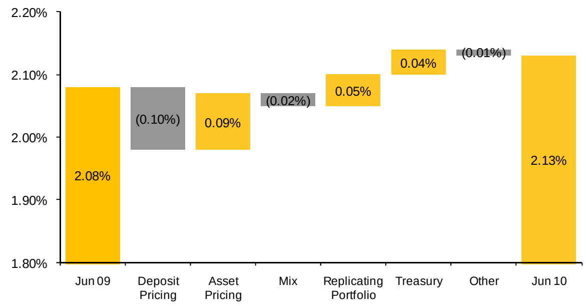
Replicating Portfolio: Increased five basis points, acting as a "buffer" to the declining deposit margins.

Treasury: Increased earnings benefiting from higher average capital (four basis points).

Other: Decrease of one basis point driven by lower margins in offshore businesses (three basis points), partly offset by a higher Bankwest margin (two basis points).

NIM movement since June 2009

Additional information, including the average balances, is set out in Appendix 3, 4 and 5.



Net Interest Margin (continued)

Net interest margin decreased ten basis points compared to the prior half to 2.08%. This result was mainly impacted by intense deposit competition, lower replicating portfolio (six basis points) and balance sheet positioning (four basis points) which is consistent with the current environment.

Other Banking Income

	Full Year Ended		Half Year Ended		Full Year Ended
		Pro forma			As reported
	30/06/10	30/06/09	30/06/10	31/12/09	30/06/09
	$M	$M	$M	$M	$M
Commissions	**2,006**	2,074	**972**	1,034	2,027
Lending fees	**1,435**	1,428	**716**	719	1,396
Trading income	**597**	735	**306**	291	741
Other income	**333**	297	**176**	157	287
	4,371	4,534	**2,170**	2,201	4,451
AIFRS reclassification of net swap costs [1]	**(259)**	(275)	**(136)**	(123)	(275)
Other banking income	**4,112**	4,259	**2,034**	2,078	4,176

(1) This reclassification from Net interest income to Other banking income relates to certain economic hedges which do not qualify for AIFRS hedge accounting.

Excluding the impact of AIFRS reclassification of net swap costs, Other banking income decreased 4% on the prior year to $4,371 million.

Factors impacting Other banking income were:

Commissions: decreased by 3% on the prior year to $2,006 million. This was primarily driven by a decrease in credit card loyalty reward income, ATM direct charging income and dishonour exception fees ($53 million). This was partly offset by increased brokerage commissions following higher trading volumes in CommSec.

Lending fees: were up slightly compared to the prior year to $1,435 million. Institutional commitment and lending fees increased together with Commercial Bill fees, following solid volume growth and improved margins. These were offset by declines in overdrawn exception fees ($97 million) and early repayment fees, after reaching highs in the prior year following rapid and significant reductions in official cash rates.

Trading income: decreased by 19% on the prior year to $597 million. This outcome was impacted by a strong trading result in the prior year due to increased financial market volatility at that time. In the current year, counterparty fair value mark to market valuations have benefited from narrowing credit spreads.

Other income: increased by 12% on the prior year to $333 million. This includes gains from asset sales in Institutional Banking and Markets.

Excluding the impact of AIFRS reclassification of net swap costs, other banking income decreased 1% on the prior half to $2,170 million. This was driven by a decrease in brokerage fee income following lower trading volumes in CommSec, and lower exception fee income.

Funds Management Income

	Full Year Ended		Half Year Ended		Full Year Ended
		Pro forma			As reported
	30/06/10	30/06/09	30/06/10	31/12/09	30/06/09
	$M	$M	$M	$M	$M
CFS GAM	**789**	773	**399**	390	773
Colonial First State	**811**	712	**410**	401	703
CommInsure	**224**	260	**107**	117	259
New Zealand and Other	**74**	78	**35**	39	78
Funds management income	**1,898**	1,823	**951**	947	1,813

Funds management income increased by 4% on the prior year to $1,898 million. The growth was attributable to a 7% increase in average Funds Under Administration to $187 billion reflecting improved investment market returns, partly offset by lower performance fees and dividends from infrastructure assets.

Funds management income to average FUA was relatively stable over the prior year.

In the half year ended 30 June 2010, funds management income was substantially in line with the prior half.

Insurance Income

	Full Year Ended		Half Year Ended		Full Year Ended
		Pro forma			As reported
	30/06/10	30/06/09	30/06/10	31/12/09	30/06/09
	$M	$M	$M	$M	$M
CommInsure	**684**	657	**331**	353	636
New Zealand and Other	**261**	274	**151**	110	274
Insurance income	**945**	931	**482**	463	910

Insurance income increased by 2% on the prior year to $945 million. The increase was driven by solid growth in inforce premiums, partially offset by higher claims experience including significant weather events.

In the half year ended 30 June 2010, insurance income increased 4% compared to the prior half to $482 million. This was mainly due to improved claims experience and the deferred tax revaluation on policy liabilities in New Zealand.

Group Performance Analysis continued

Operating Expenses

Operating expenses increased by 5% over the prior year to $8,601 million. The increase was driven by:

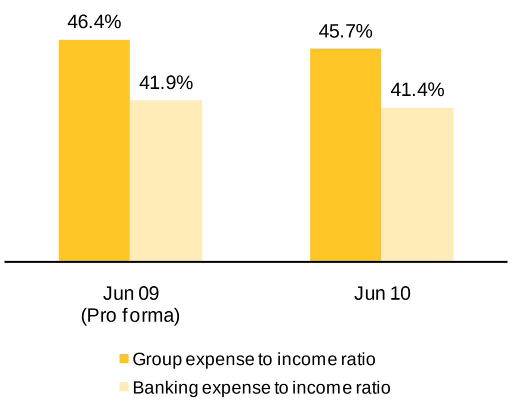
- Higher staff costs reflecting an out of cycle 2% pay rise;
- Continued investment in technology and projects to support strategic priorities and drive Group wide productivity; and
- The unfavourable impact of investment markets on the Group's defined benefit superannuation fund resulting in a $103 million expense for the current year (2009: $14 million non-cash expense).

Gross investment spend remains strong at $1,036 million. The primary focus is again on Core Banking Modernisation, with additional investment on the upgrade of Risk Management systems.

In the half year ended 30 June 2010, operating expenses increased 2% compared to the prior half to $4,333 million which included higher information technology expenses and an out of cycle 2% pay rise.

Expense to Income Ratios

The Group's expense to income ratio improved by 70 basis points over the prior year to 45.7%. The improvement reflects the Group's strong income growth, combined with a continued focus on technological and operational efficiencies.



Impairment Expense

Impairment expense for the year was $2,075 million, down significantly compared to the prior year. The reduction was driven by the non-recurrence of a small number of single name corporate exposures that impacted the prior year. Loan impairment expense in the corporate portfolio has also decreased following improved economic conditions and credit ratings.

Retail loan impairment expense however, has increased as a result of solid consumer finance volume growth and the Group continuing to support customers through difficult times. Tightening of credit policies and investment in the credit decisioning and collections capabilities have seen some improvement in arrears rates over the prior half.

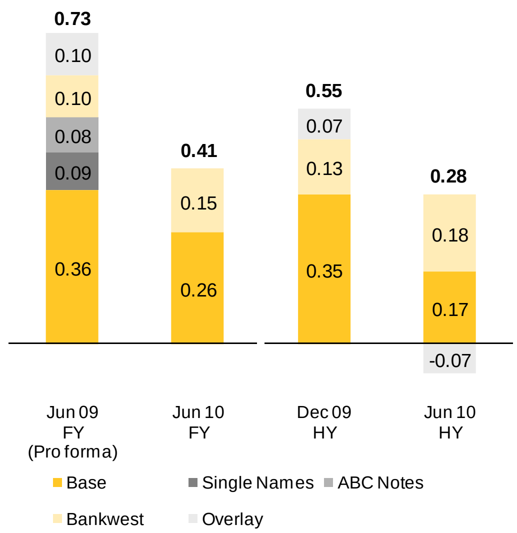
Bankwest loan impairment expense has also increased as a result of deterioration of the pre-acquisition business lending portfolio.

Since the initial review of the Bankwest portfolio, further detailed work has been undertaken into the Bankwest business banking portfolio. This comprehensive review identified pre-acquisition loans reflecting poor asset quality, high loan to value ratios and insufficient covenant coverage. This resulted in significant risk grade reassessments and security revaluations with provisioning increasing $304 million. These loans are confined to the pre-acquisition business banking portfolio.

Given the one off nature of the impairment and the fact it relates to an understatement of provisioning in the pre-acquisition portfolio, this additional amount of loan impairment expense has been recorded as a non-cash item. This is consistent with the treatment of the gain on acquisition of Bankwest.

Gross impaired assets increased to $5,216 million at 30 June 2010, a 24% increase over the prior year, including the impact of the Bankwest business banking review.

Impairment Expense ("cash basis") 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 including Bankwest at 30 June 2010 of $5,453 million. This represents a $179 million increase since December 2009 and $499 million increase since June 2009. The current level reflects:

- Increased individual and collective provisioning to cover specific pre-acquisition exposures in the Bankwest loan book;
- Reduced credit exposure in the corporate portfolio;
- Growth and higher arrears rates over the year in the retail portfolios; and
- A management overlay of $1,192 million to cover the impact of economic conditions and other risks.

Taxation Expense

The corporate tax expense for the year was $2,266 million, representing an effective tax rate of 27%.

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 earned by the offshore banking unit and offshore jurisdictions that have lower corporate tax rates.

Other non-cash items included in statutory profit

Non-cash items are excluded from net profit after tax ("cash basis"), which is Management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or not considered representative of the Group's ongoing financial performance. The impact of these items on the Group's net profit after tax ("statutory basis") are outlined below.

Hedging and AIFRS volatility

Hedging and AIFRS volatility includes unrealised fair value gains or losses on economic hedges that do not qualify for hedge accounting under AIFRS, primarily including:

- cross currency interest rate swaps hedging foreign currency denominated debt issues; and
- foreign exchange hedges relating to future New Zealand earnings.

Hedging and AIFRS volatility also includes unrealised fair value gains or losses on the ineffective portion of economic hedges that qualify for hedge accounting under AIFRS.

Fair value gains or losses on all these economic hedges are excluded from cash profit since the asymmetric recognition of the gains or losses does not affect the Group's performance over the life of the hedge. A $17 million gain was recognised in the year ended 30 June 2010 (2009: $245 million loss).

Bankwest non-cash items

Gain on acquisition: A $612 million after tax gain on the acquisition of Bankwest was recognised in the year ended 30 June 2009. This acquisition gain was measured in accordance with AIFRS purchase price accounting requirements. The gain represents the excess of the fair value of net assets acquired over the consideration paid (net of issue costs).

Loan impairment: In the year ended 30 June 2010, a $212 million after tax loan impairment expense was recognised relating to pre-acquisition loans. Refer to impairment expense commentary on page 10 for further details.

Merger related amortisation: The acquisition of Bankwest resulted in the recognition of fair value adjustments on certain financial instruments, core deposits and brand name intangible assets that will be amortised over their useful lives. A $25 million after tax gain was recognised in the year ended 30 June 2010 (2009: $80 million gain).

Integration expenses: As part of the acquisition of Bankwest, the Group expects to incur integration expenses over three years to 2012. A $29 million after tax expense was recognised in the year ended 30 June 2010 (2009: $78 million expense).

These items are not recognised in cash profit as they are not representative of the Group's expected ongoing financial performance.

Tax on NZ structured finance transactions

A $171 million tax expense on New Zealand structured finance transactions was recognised in the year ended 30 June 2010 representing a significant one-off impact of an adverse tax ruling between ASB Bank and the New Zealand Commissioner of Inland Revenue settled in December 2009. The settlement represented 80% of the amount of tax and interest in dispute.

Loss on disposal of controlled entities/investments

The net loss on disposal of the Group's Fiji operations and Visa shares are not included in cash profit as the disposals are one-off in nature and outside the Group's ordinary operations. A $23 million after tax loss was recognised in the year ended 30 June 2010 (2009: $nil).

Treasury shares valuation adjustment

Under AIFRS, CBA shares held by the Group in the managed funds and life insurance businesses are defined as treasury shares and are held at cost. Unrealised gains or losses are recognised in cash profit representing the underlying performance of the asset portfolio attributable to the wealth and life insurance businesses. These unrealised gains or losses are reversed as a non-cash item for statutory reporting purposes. A $44 million after tax gain was included in cash profit in the year ended 30 June 2010 (2009: $28 million gain).

Policyholder tax

Policyholder tax is included in the Wealth Management business results for statutory reporting purposes. This includes recognising tax expense of $130 million, funds management income of $50 million and insurance income of $80 million for the year ended 30 June 2010. The gross up of these items are excluded from cash profit as they do not reflect the underlying performance of the business which is measured on a net of policyholder tax basis.

Integration Progress – Bankwest and St Andrew's

The integration of the Bankwest and St Andrew's businesses into the Group continues to progress smoothly, focused on operational alignment through a range of initiatives, including organisational restructuring, maximising Group property/procurement opportunities and driving operational efficiencies through process automation. One of the key initiatives was the provision of fee free reciprocal ATM access to Commonwealth Bank and Bankwest customers.

The St Andrew's insurance business was sold on 1 July 2010. The sale did not include the St Andrew's investments, superannuation, retirement income and financial planning businesses which continue to be integrated into the Group's Wealth Management business. The integration of St Andrew's remaining businesses will enable existing customers to benefit from a wide range of investment platforms and product offerings.

The total integration expenditure estimate has been revised down from $313 million to $286 million following the sale of the St Andrew's insurance business. The expenditure will continue to be incurred over three years to 2012. Integration expenditure incurred since the acquisition totals $152 million.

Integration Expenditure	30/06/10 $M	Total $M
Restructuring	-	16
Property	6	13
Operations	23	47
IT expenditure	9	69
Other	2	7
Total	**40**	**152**

Targeted cost synergies of $240 million (annualised run rate by 2012) are expected, down from the $250 million indicated at the last reporting date due to the sale of the St Andrew's insurance business. Annualised run rate synergies already achieved since acquisition total approximately $178 million, including the benefits associated with restructuring and the cessation of the Bankwest east coast branch rollout. Further IT and property synergies are currently being pursued.

Group Performance Analysis continued

Review of Group Assets and Liabilities

Asset growth of $26 billion or 4% over the prior year, was driven mainly by home lending growth of $31 billion or 11%, partly offset by lower business and corporate lending balances as a result of institutional clients deleveraging, while small business lending remained strong. Asset growth was funded by an increase in customer deposits which now represents 58% of total funding at 30 June 2010 (2009: 56%). Whilst total wholesale funding was relatively stable over the prior year, the Group has increased the share of long term wholesale funding and lengthened the tenor of the long term portfolio to 3.8 years at 30 June 2010 (2009: 3.6 years).

Home loans excluding securitisation

Home loans excluding securitisation experienced strong growth through the year with balances increasing $34 billion to $314 billion as at 30 June 2010, a 12% increase on the prior year. Domestic volume growth and market share gains benefited from competitive customer rates, improved customer retention and strong growth in the first home buyer market. Growth has moderated slightly in the second half of the year in line with lower market demand for credit following recent monetary policy tightening by the RBA.

Personal loans

Personal loans including credit cards, margin lending and other personal loans increased $1 billion to $21 billion as at 30 June 2010, a 7% increase on the prior year. Growth was driven predominantly by an increase in credit card balances following the success of the Amex companion card release and targeted limit increase campaigns. Margin lending balances also increased, up 4% on the prior year to $5 billion partly due to the recovery in equity markets. Personal loan growth was relatively flat in the second half of the year including reduced margin lending balances in line with the recent volatility in equity markets.

Business and corporate loans

Business and corporate loans declined by $5 billion to $155 billion as at 30 June 2010, a 3% decrease on the prior year. This was impacted mainly by institutional clients deleveraging as a result of the economic environment (particularly in the first half of the year). This was partially offset by strong growth and market share gains in Business and Private Banking, particularly in loans to small business customers.

Non-lending interest earning assets

Non-lending interest earning assets increased $2 billion to $75 billion as at 30 June 2010 a 3% increase on the prior year, mainly driven by an increase in available for sale assets.

Other assets

Other assets including bank acceptances of customers, derivative assets, provisions for impairment, securitisation assets, insurance assets and intangibles, decreased $6 billion to $83 billion as at 30 June 2010, a 7% decrease on the prior year. This was impacted by lower securitisation and bank acceptances balances driven by lower market demand for these products. Other assets increased by 9% over the prior half due to higher derivative asset balances as a result of volatility in foreign exchange and interest rate markets, with a corresponding impact in derivative liabilities.

Interest bearing deposits

Interest bearing deposits increased by $6 billion to $366 billion as at 30 June 2010, a 2% increase on the prior year. The increase occurred predominantly in the second half of the year, driven by targeted campaigns in a highly competitive market delivering solid growth in both investment and transaction products. This was partially offset by a $18 billion decrease in certificates of deposits (included in other demand deposits) following the Group's strategy to reduce the share of short term wholesale funding. Excluding certificates of deposit, total retail and business deposits increased 8% compared to the prior year.

Debt issues

Debt issues have increased $32 billion to $121 billion as at 30 June 2010, a 35% increase on the prior year. The increase in term funding was driven by growth in lending assets and the Group's strategy to increase the share of long term wholesale funding and lengthen the tenor of the long term debt portfolio. Growth slowed in the second half in line with lower asset growth. Refer to Appendix 13 for further information on debt programs and issuance for the year ended 30 June 2010.

Other interest bearing liabilities

Other interest bearing liabilities including loan capital, liabilities at fair value through the income statement and amounts due to other financial institutions, decreased $2 billion to $41 billion as at 30 June 2010, a 5% decrease on the prior year due to lower amounts held on deposit from other financial institutions at year end.

Non-interest bearing liabilities

Non-interest bearing liabilities including derivative liabilities, insurance policy liabilities and bank acceptances, decreased $10 billion to $73 billion as at 30 June 2010, a 12% decrease on the prior year. This was driven predominantly by foreign exchange volatility impacting derivative liabilities hedging term debt and lower levels of bank acceptances. Movements through the second half of the year are consistent with derivative asset movements.

Total Group Assets & Liabilities	30/06/10 $M	31/12/09 $M	30/06/09 $M	Jun 10 vs Dec 09 %	Jun 10 vs Jun 09 %
	As at				
Interest earning assets					
Home loans including securitisation	**323,573**	310,822	292,206	4	11
Less: securitisation	**(9,696)**	(10,884)	(12,568)	(11)	(23)
Home loans excluding securitisation	**313,877**	299,938	279,638	5	12
Personal loans	**20,572**	20,552	19,260	-	7
Business and corporate loans	**154,742**	155,889	160,089	(1)	(3)
Loans, bills discounted and other receivables [1]	**489,191**	476,379	458,987	3	7
Provisions for loan impairment	**(5,428)**	(5,244)	(4,924)	4	10
Net loans, bills discounted and other receivables	**483,763**	471,135	454,063	3	7
Non-lending interest earning assets	**74,610**	73,286	72,688	2	3
Total interest earning assets	**563,801**	549,665	531,675	3	6
Other assets	**82,529**	75,811	88,697	9	(7)
Total assets	**646,330**	625,476	620,372	3	4
Interest bearing liabilities					
Transaction deposits [2]	**71,999**	69,367	66,599	4	8
Saving deposits [2]	**78,704**	77,554	77,496	1	2
Investment deposits [2]	**159,219**	145,506	139,395	9	14
Other demand deposits [2]	**55,947**	69,280	76,615	(19)	(27)
Total interest bearing deposits	**365,869**	361,707	360,105	1	2
Deposits not bearing interest	**8,794**	8,460	8,616	4	2
Deposits and other public borrowings	**374,663**	370,167	368,721	1	2
Debt issues [3]	**121,438**	109,196	89,868	11	35
Other interest bearing liabilities	**41,461**	43,858	43,744	(5)	(5)
Total interest bearing liabilities	**528,768**	514,761	493,717	3	7
Securitisation debt issues [3]	**8,772**	10,011	11,951	(12)	(27)
Non-interest bearing liabilities	**73,220**	67,121	83,262	9	(12)
Total liabilities	**610,760**	591,893	588,930	3	4
Provisions for impairment losses					
Collective provision	**3,461**	3,452	3,225	-	7
Individually assessed provisions	**1,992**	1,822	1,729	9	15
Total provisions for impairment losses	**5,453**	5,274	4,954	3	10
Less off balance sheet provisions	**(25)**	(30)	(30)	(17)	(17)
Total provisions for loan impairment	**5,428**	5,244	4,924	4	10

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

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

(3) Comparative information has been restated to conform with presentation in the current period.

Risk Management

Prudent Risk Management

The Group continues to take a prudent approach to risk management resulting in it being well positioned to offer continued strength through ongoing uncertain times.

The Group's risk management approach has contributed towards the strength of the Group's indicators of financial health. This, in turn, contributes to the Group's ability to lend to and support its creditworthy customers.

The Group's lending practices are based on a culture of understanding and appropriately pricing for risks taken, as well as understanding the nature of the uncertainties involved in its business activities. In addition, the Group remains committed to maintaining credit quality through strong lending standards and avoids any undue concentration in exposure to specific counterparties, countries, industries or sectors.

As part of the annual strategic planning process the Group undertakes a process of identifying the key risk challenges likely to face the Group over the coming years and the mitigants needed to reduce adverse impacts that may arise from them. These key challenges are re-examined on an ongoing basis.

With the Group's primary credit exposure being to the Australian economy, and with limited exposure to troubled northern hemisphere economies, the Group is well positioned to benefit from any sustained domestic economic recovery.

Principles for Risk Management

The Group's independent risk management function has a broad and deep reach that requires business areas to embed risk professionals in their areas and engage them fully when assessing new business and other risks. Risk professionals report to the Group's central risk function and, thus, 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.

Supporting this appetite, the Group requires that all 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 all risk, increasing exposure to new strategic initiatives and 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 full and careful recognition, assessment, management and pricing of risk.

Integrated Risk Management

The Group's view of risk is primarily based on an internal view of both normal losses and losses that could eventuate should extreme events happen which 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 focus on risk-adjusted return guides us to make decisions that earn appropriate rates of return on every dollar of risk taken.

In recognition of this, consideration of risk factors and behaviours has been embedded into the remuneration policy of the Group and, more specifically, into the key performance indicators of executive management. Into the future, all employees will be assessed against Group and local risk appetite principles as part of the annual remuneration review process.

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

In order to remain effective in constantly evolving economic, strategic and regulatory environments, the risk management framework and culture requires a continuous cycle of review and refinement. Over the last twelve months the Group has made the following key refinements to its framework:

- Upgraded its risk management governance structure by formalising various committees and forums across the Group and refreshing the charters for the key governance committees;
- Established formal risk appetite statements for each of the Group's major 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;
- Embedded more fully and formally considerations of risk into remuneration policy and practices;
- Further enhanced the Group's policy framework including the articulation of appropriate lower level sub-limits that are consistent with Group level limits;
- Integrated subsidiary entities more fully into the Group's risk management framework and practices to ensure a more consistent and efficient risk environment. The most significant example of this is the Group supporting Bankwest's efforts to extend the Group's accreditation to use the Advanced Internal Ratings Based approach to determine regulatory capital;
- Undertaken various risk optimisation strategies and portfolio reviews that have provided insight into key risk dependencies and resulted in adjusting risk exposure levels based on available risk-adjusted returns;
- Secured Executive and Board support and funding for projects that will substantially enhance core risk systems, data and processes. Key appointments have been made and work on delivering these projects is in train;

Risk Management Initiatives (continued)

- Strengthened the credit decisioning process, the monitoring of deteriorating credits, the provisioning process and risk-based pricing models;
- Management completed annual reviews of policies relating to Credit Risk, Market Risk, Operational Risk, Compliance Risk and the Insurance Risk Management Framework. Liquidity and Funding Risk policy was also reviewed and the main parameter settings confirmed as being appropriate for current and forecast economic conditions;
- Continued to develop the Group's risk modelling and stress testing capabilities to meet the demands of an ever-changing macroeconomic environment; and
- Monitored and responded 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. In particular, the Group has increased its participation in global financial forums and taken actions to influence regulators and Government to help shape future regulatory reform.

	Full Year Ended			Half Year Ended		
Asset Quality	30/06/10	30/06/09	Jun 10 vs Jun 09 %	30/06/10	31/12/09	Jun 10 vs Dec 09 %
Gross loans and acceptances ($M)	**512,838**	488,500	5	**512,838**	500,644	2
Risk weighted assets ("RWA") - Basel II ($M)	**290,821**	288,836	1	**290,821**	297,449	(2)
Credit risk weighted assets ($M)	**256,763**	258,453	(1)	**256,763**	258,466	(1)
Gross impaired assets ($M)	**5,216**	4,210	24	**5,216**	4,823	8
Net impaired assets ($M)	**3,224**	2,481	30	**3,224**	3,001	7
Collective provision as a % of risk weighted assets - Basel II	**1. 19**	1. 12	7 bpts	**1. 19**	1. 16	3 bpts
Collective provision as a % of credit risk weighted assets - Basel II	**1. 35**	1. 25	10 bpts	**1. 35**	1. 34	1 bpt
Collective provision as a % of gross loans and acceptances	**0. 67**	0. 66	1 bpt	**0. 67**	0. 69	(2)bpts
Individually assessed provisions for impairment as a % of gross impaired assets	**38. 2**	41. 1	(290)bpts	**38. 2**	37. 8	40 bpts
Impairment expense annualised as a % of average RWA - Basel II - cash basis (1)	**0. 71**	1. 25	(54)bpts	**0. 47**	0. 94	(47)bpts
Impairment expense annualised as a % of average gross loans and acceptances - cash basis (2) (3)	**0. 41**	0. 68	(27)bpts	**0. 28**	0. 55	(27)bpts

(1) Impairment expense annualised as a percentage of average RWA – Basel II including the Bankwest non-cash loan impairment expense of $304 million was 0.81% for the year ended 30 June 2010 and 0.68% for the half year ended 30 June 2010.

(2) Impairment expense annualised as a percentage of average gross loans and acceptances including the Bankwest non-cash loan impairment expense of $304 million was 0.48% for the year ended 30 June 2010 and 0.40% for the half year ended 30 June 2010.

(3) Impairment expense annualised as a percentage of average gross loans and acceptances prepared on a pro forma basis as at 30 June 2009 was 0.73%.

Retail Banking Services

Financial Performance and Business Review

Retail Banking Services cash net profit after tax for the year ended 30 June 2010 was $2,461 million, which represents an increase of 17% on the prior year. This result reflects strong volume growth and a continued focus on cost efficiency, partially offset by a decrease in net interest margin.

The ongoing focus on customer satisfaction has resulted in improvements to 14 year record high Main Financial Institution ("MFI") customer satisfaction scores[(1)]. Key highlights for the year include:

- Successful migration of over one million term deposit accounts to the new Core Banking platform, enabling real time visibility and improved functionality for customers;
- Continued NetBank enhancements benefiting over five million online customers, including free SMS services and new auto pay functionality;
- The introduction of Customer Service Deposit Specialists across Australia's largest branch network;
- Continued investment in Australia's leading ATM network, improving security and functionality;
- Increased efficiency and flexibility through the introduction of a paperless end to end Home Loan process;
- The launch of the market leading American Express companion card and a new low fee/low rate Gold Card;
- Continued service innovation including Online Credit Card activation, limit increase, applications and statements; and
- Supporting over 2,500 schools throughout Australia with reinvigorated School Banking and Financial Literacy programs.

Progress has been recognised through a number of awards including:

- Money Magazine "Money Minder of the Year 2010", recognising transaction, saving and cash management products;
- Third Party Banking awarded "Lender of the Year 2010" by the Mortgage and Finance Association of Australia for the second year running;
- "Australian Financial Institution of the Year (Retail)" at the 2010 Australian Banking and Finance Awards; and
- CANSTAR CANNEX awarding a 5-Star rating to the entire rated Retail Deposit product suite and an innovation award for Travel Money Card.

In addition, people engagement measures remain high.

Despite solid momentum in underlying business performance cash net profit after tax for the six months to 30 June 2010 of $1,216 million decreased 2% on the prior half. The result was impacted by the reduction in exception fees (since October 2009), margin compression from continued competition for deposits and three less calendar days compared to the first half.

Home Loans

Home Loans income increased 38% on the prior year to $2,405 million, benefiting from strong average volume growth of 18% and improved margins. Margins benefitted from a shift in portfolio mix as fixed rate loans written at historically low margins rolled off together with an increased proportion of loans written through proprietary channels. Volume growth was driven by competitive customer rates and strong growth in the first home buyer market.

Margins were relatively stable in the second half, with volume growth slowing in line with the market demand for credit. The focus remains on profitable growth through quality new business.

Consumer Finance

Consumer Finance income increased 8% on the prior year to $1,560 million, with continued focus on quality account acquisition and pricing to reflect the current risk environment.

The success of the Amex companion card and targeted limit increase campaigns have driven 11% growth in Credit Card balances. Personal Loan balances increased 2% on the prior year.

Other banking income decreased by 14% on the prior year, due to lower Credit Card loyalty income (offset in expenses). Excluding loyalty income, other banking income increased by 12% on the prior year largely due to volume growth.

Retail Deposits

Deposit income decreased by 9% on the prior year to $2,797 million. This result was significantly impacted following the introduction of ATM direct charging in March 2009, the reduction in exception fees ($137 million) from October 2009 and continued margin compression in a very competitive market. Volume growth remained robust with a 10% increase in balances on the prior year.

The Group maintained its number one market share position in deposits and continued to maintain a significant gap to the nearest competitor.

Distribution

Income associated with the sale of foreign exchange products, and commissions received from the distribution of business banking and wealth management products through the retail distribution network increased by 29% on the prior year. Growth was driven by improved cross-sell performance and new product offerings such as Travel Money Card, particularly in the second half. The Group now holds the highest number of products per customer[(2)] of the main Australian banks.

Operating Expenses

Expenses remained flat on the prior year at $2,794 million. Excluding the impact of credit card related loyalty expenses, expenses increased by 5%. This reflects continuing investment in technology, marketing, risk management and collections.

Efficiency gains have enabled a reduction in the expense to income ratio to 39.6%, down from 42.9% in 2009.

Impairment Expense

Impairment expense increased 5% on the prior year to $736 million, due to consumer finance volume growth, and increased arrears levels in the current economic environment.

Impairment expense fell by 12% over the prior half, as the effects of tighter credit policies, and results of the Group's investment in credit decisioning and collections capabilities flow into improving arrears and loss rates. Current arrears and provisioning levels reflect the Group's commitment to supporting customers through difficult times with customer assistance programs.

(1) Roy Morgan Research six months rolling average MFI score. For a definition of this measure refer to Appendix 25, Customer Satisfaction – external survey.

(2) Roy Morgan Research, Australians 14+, Banking and Finance products per Banking and Finance customers, 6 months rolling average.

	Full Year Ended 30 June 2010				
	Home Loans	Consumer Finance (1)	Retail Deposits	Distribution	Total
	$M	$M	$M	$M	$M
Net interest income	2,213	1,143	2,340	-	5,696
Other banking income	192	417	457	290	1,356
Total banking income	2,405	1,560	2,797	290	7,052
Operating expenses					(2,794)
Impairment expense					(736)
Net profit before tax					3,522
Corporate tax expense					(1,061)
Cash net profit after tax					2,461

	Full Year Ended 30 June 2009				
	Home Loans	Consumer Finance (1)	Retail Deposits	Distribution	Total
	$M	$M	$M	$M	$M
Net interest income	1,575	958	2,392	-	4,925
Other banking income	167	483	677	224	1,551
Total banking income	1,742	1,441	3,069	224	6,476
Operating expenses					(2,781)
Impairment expense					(699)
Net profit before tax					2,996
Corporate tax expense					(889)
Cash net profit after tax					2,107

	Half Year Ended 30 June 2010				
	Home Loans	Consumer Finance (1)	Retail Deposits	Distribution	Total
	$M	$M	$M	$M	$M
Net interest income	1,122	594	1,092	-	2,808
Other banking income	93	205	209	166	673
Total banking income	1,215	799	1,301	166	3,481
Operating expenses					(1,414)
Impairment expense					(345)
Net profit before tax					1,722
Corporate tax expense					(506)
Cash net profit after tax					1,216

	As at				
	30/06/10	31/12/09	30/06/09	Jun 10 vs	Jun 10 vs
Major Balance Sheet Items	$M	$M	$M	Dec 09 %	Jun 09 %
Home loans (including securitisation)	**250,428**	240,515	226,457	4	11
Consumer finance (1)	**12,961**	12,812	12,064	1	7
Total assets	**263,389**	253,327	238,521	4	10
Home loans (net of securitisation)	**243,695**	233,006	217,855	5	12
Transaction deposits	**19,050**	20,814	20,335	(8)	(6)
Savings deposits	**59,206**	55,806	55,334	6	7
Investments and other deposits	**71,719**	64,875	60,817	11	18
Deposits not bearing interest	**2,840**	2,900	2,858	(2)	(1)
Total liabilities	**152,815**	144,395	139,344	6	10

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

Business and Private Banking

Financial Performance and Business Review

Business and Private Banking delivered a strong performance, achieving 21% growth in cash net profit after tax to $893 million for the year ended 30 June 2010.

This result reflects continued momentum across all businesses with operating performance growth of 19% and total banking income growing 11%. The revenue performance was driven by strong growth in business lending balances, stable margins and improved equities trading volumes within CommSec.

Performance highlights during the past year included:

- Customer satisfaction remained a key strategic priority and the business has very strong momentum. According to the TNS Business Finance Monitor, the gap to the number one peer bank(1) has reduced to 3.3% in June 2010, down from 5.3% at June 2009(2). CBA has grown business customer satisfaction faster than any other peer bank during the past six months, and was the only one of the four major banks to improve customer satisfaction between June 2009 and June 2010. Further reinforcing the strong progress, in the recent DBM Business Financial Services Monitor(3) survey, CBA was recognised as the number one major bank across all business banking segments;
- A range of additional features were launched within CommBiz to help business customers conduct their transactions faster, including enhanced screen design and self-service capability; new online statement functionality; and reduced application turnaround times. CommBiz was also awarded “Best in Class” in the Banking category in the 2009 Interactive Media Awards;
- Private Bank was recognised in the Australian Private Banking Council Awards for 2010, winning Outstanding Private Banking Institution of the Year in the $1m to $10m category for the second year running;
- A market leading contactless card payment facility was launched in October 2009. This product is designed to speed up transaction times and reduce queues for business customers in service-based industries with over 12,000 terminals already rolled out; and
- CommSec was awarded several major industry accolades including a five star rating by CANSTAR CANNEX for both its online share trading and IRESS products, together with the AFR Smart Investor Blue Ribbon Award for “Online Broker of the Year” and “Margin Lender of the Year” in Money Magazine’s Bank of The Year awards 2010.

Compared to the prior half, cash net profit after tax increased 3%, with the first half of the year benefiting from higher equities trading volumes within CommSec and three more calendar days.

Corporate Financial Services

Corporate Financial Services income increased 11% on the prior year to $1,034 million. This was driven by business lending growth of 10%, while margins also improved. The benefit from increasing deposit balances was offset by lower deposit margins due to the impact of competitive pricing.

Continued investment in people, systems and processes, including targeted customer contact campaigns, contributed to this segment of the business achieving number one in customer satisfaction(4) among the four major banks. Specific initiatives include the establishment of a telephony-based customer service model aimed at servicing emerging commercial customers, and the newly formed Acquisition Finance and Advisory team, which provides a business wealth transition proposition to corporate customers.

Regional and Agribusiness Banking

Regional and Agribusiness Banking income increased 11% on the prior year to $374 million. This reflected a 9% increase in lending balances and improved margins. Growth in asset finance volumes also contributed to this result, partly offset by the impact of competitive pricing on deposit margins, particularly in the second half of the year.

Continued focus on enhancing customer advocacy resulted in the implementation of a number of specific initiatives in the areas of product innovation, simplified lending processes and targeted customer contact campaigns.

Local Business Banking

Local Business Banking income increased 10% on the prior year to $685 million. This was driven by growth in lending balances of 14%, with deposit income flat reflecting higher balances offset by the impact of competitive pricing on margins.

The business has continued to leverage its unique service model, based on a personalised 24 hour, 7 days a week support centre while undertaking a number of online enhancements designed to improve customer experience. In addition, the business has further embedded business bankers within the retail branch network and has performed a financial health check on more than 38,000 individual businesses.

Private Bank

Private Bank income increased 10% on the prior year to $238 million. This was driven by growth in the lending book together with increased cross sell of financial advisory services. Deposit income remained flat year on year reflecting competitive term deposit pricing, particularly in the second half of the year.

Equities and Margin Lending

Equities and Margin Lending income increased 14% on the prior year to $471 million. This was due to growth in both retail and wholesale brokerage, with CommSec daily trades increasing 20% on the prior year. Due to market volatility experienced in the first three months of the financial year, CommSec daily trading volumes were 11% higher in the first half resulting in lower second half income.

Margin lending balances increased 4% on the prior year partly due to the recovery in equity markets. CommSec cash management income increased 20% driven by continued balance growth.

Operating Expenses

Operating expenses of $1,310 million represented an increase of 3% on the prior year. This reflected a disciplined approach to expense management and ongoing productivity improvements which allowed continued investment across the business.

Impairment Expense

Impairment expense of $326 million increased 6% on the prior year, and decreased 32% on the prior half. The improving trend reflects the strong credit quality of the business lending portfolio and the ongoing initiatives introduced to further enhance the culture of proactive risk management among frontline staff.

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

(2) TNS Business Finance Monitor measured all businesses with annual turnover to $100 million (excluding agribusinesses), 6 months rolling average.

(3) DBM Business Financial Services Monitor, measured micro business with turnover up to $1 million, small business with turnover of $1 million up to $5 million, medium business with turnover of $5 million up to $50 million and large business with turnover of over $50 million, 5 month data to May 2010.

(4) TNS Business Finance Monitor, measured businesses with annual turnover between $10 and $100 million (excluding agribusinesses), 12 months rolling average.

	Full Year Ended 30 June 2010						
	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	548	236	457	123	216	63	1,643
Other banking income	486	138	228	115	255	27	1,249
Total banking income	1,034	374	685	238	471	90	2,892
Operating expenses							(1,310)
Impairment expense							(326)
Net profit before tax							1,256
Corporate tax expense							(363)
Cash net profit after tax							893

	Full 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	545	220	383	107	194	76	1,525
Other banking income	385	118	238	109	218	12	1,080
Total banking income	930	338	621	216	412	88	2,605
Operating expenses							(1,272)
Impairment expense							(309)
Net profit before tax							1,024
Corporate tax expense							(288)
Cash net profit after tax							736

	Half Year Ended 30 June 2010						
	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	269	116	242	61	108	25	821
Other banking income	255	68	112	58	113	17	623
Total banking income	524	184	354	119	221	42	1,444
Operating expenses							(671)
Impairment expense							(132)
Net profit before tax							641
Corporate tax expense							(188)
Cash net profit after tax							453

	As at				
Major Balance Sheet Items	30/06/10 $M	31/12/09 $M	30/06/09 $M	Jun 10 vs Dec 09 %	Jun 10 vs Jun 09 %
Interest earning lending assets (excluding margin loans)	**63,132**	60,073	55,042	5	15
Bank acceptances of customers	**10,155**	9,367	12,099	8	(16)
Non-lending interest earning assets	**295**	331	1,311	(11)	(77)
Margin loans	**4,771**	5,032	4,569	(5)	4
Other assets (2)	**448**	459	1,794	(2)	(75)
Total assets	**78,801**	75,262	74,815	5	5
Transaction deposits	**45,026**	41,530	39,379	8	14
Savings deposits	**4,744**	4,832	4,982	(2)	(5)
Investment deposits	**37,147**	32,972	30,243	13	23
Certificates of deposit and other	**162**	173	172	(6)	(6)
Due to other financial institutions	**895**	414	2,101	large	(57)
Other non-interest bearing liabilities (2)	**15,324**	14,181	17,922	8	(14)
Total liabilities (3)	**103,298**	94,102	94,799	10	9

(1) Prior year 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 using a relationship management model based on industry expertise and local insights. The Group's Total Capital Solutions offering includes debt and equity capital raising, financial and commodity price risk management and transaction banking capabilities. Institutional Banking and Markets has international operations in London, Malta, New York, New Zealand, Singapore, Hong Kong, Japan and Shanghai.

Institutional Banking and Markets achieved a cash net profit after tax of $1,182 million for the year ended 30 June 2010, which represented a significant increase on the prior year. The result was driven by moderate growth in operating income and a substantial decline in impairment expense, partly offset by higher staff expenses.

Operating income increased by 7% on the prior year to $2,567 million, reflecting:

- A solid 16% increase in Institutional Banking operating income as a result of good activity levels and disciplined pricing strategies, along with enhanced focus and performance in Transaction Banking including Payments and Deposits. Margins improved across the lending portfolio, of which 63% has been repriced since 1 July 2008. Operating income was impacted by a decline in Institutional lending balances of 17% as a result of the deleveraging of corporations during the year. The rate of decline in lending balances moderated through the year and had stabilised by year end; and
- Markets operating income declined by 10% following the exceptional growth of the prior year and also reflecting the strategic decision to withdraw from certain Structured Finance activities.

Operating income for the six months to 30 June 2010 decreased 11% on the prior half to $1,212 million primarily due to the impact of favourable counterparty fair value mark to market valuations recognised in the prior half and lower markets trading income.

The business continues to invest for the future, building its capacity in the Institutional Equities and Debt Capital Markets business, foreign exchange platform renewal and driving enhancements through improved information technology capabilities to enrich customer experience. Customer service continues to be a key focus with Institutional Banking and Markets, reflected in:

- East and Partners' semi-annual "Australian Institutional Banking & Markets" lists CBA as best in market for the fifth year running for "Loyalty to Relationship" and "Understanding of Customer's Business"[(1)];
- Peter Lee Relationship Banking Survey "Best in Customer Service" for 2009, rated Institutional Banking and Markets as the "Number one for overall Customer Satisfaction among clients where they have a Lead Relationship with CBA"; and
- IFR Magazine and IFR Asia awarded "Asian Securitisation Deal of the Year 2009" for the joint lead manager role and swap provider for the Members Equity Bank RMBS transaction.

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

- Euromoney FX Survey 2010 recognised CBA for achieving the highest market share gain in the Australia region amongst its major competitors;
- Euromoney awarded the Corporate Finance team the 2009 Public Private Partnership Project Finance (Asia) award for the financing arrangement entered into with the Queensland Department of Education and Training to finance, design, construct and provide facilities maintenance for seven new schools; and
- Mandated as Joint Lead Arranger on a number of ASX200 Initial Public Offerings and equity raisings, demonstrating increasing expertise in this product segment.

Institutional Banking

Net interest income increased 6% on the prior year to $1,127 million driven by higher margins 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 17% reduction in Institutional Lending balances compared to the prior year.

Other banking income increased by 34% on the prior year to $718 million driven by higher fee income and sale of equity investments, partly offset by the costs associated with hedging exposures.

Markets

Net interest income decreased by 47% on the prior year to $207 million, primarily from margin compression in offshore branches as market liquidity gradually improved. This trend continued into the second half of the year with net interest income decreasing by 18% on the prior half.

Other banking income increased by 24% on the prior year to $515 million, as the unfavourable impact of traded market instruments and the counterparty fair value mark to market valuations taken in the prior year was not repeated. In addition, the Institutional Equities and Debt Capital Markets division continued to contribute positively to the result with stronger client flows.

Other banking income decreased by 49% on the prior half due to the favourable impact of counterparty fair value mark to market valuations recognised in the prior half and lower trading income.

Operating Expenses

Operating expenses increased 17% on the prior year to $792 million. The increase is predominantly due to higher staff expenses, additional operating lease depreciation expense and the continued investment in information technology.

The expense to income ratio was 30.9%, up from 28.3% in 2009.

Impairment Expense

Impairment expense decreased significantly on the prior year to $249 million. This outcome benefitted from the improved operating environment reflected in improving customer credit ratings and the non-recurrence of a small number of large single name exposures which impacted the prior year. The decline in lending balances also led to lower levels of collective provisions.

Corporate Tax Expense

The corporate tax expense for the year ended 30 June 2010 was $344 million. The effective tax rate of 22.5% benefitted from investment allowance tax credits associated with the structured asset finance leasing business, in addition to profit generated in offshore jurisdictions that have lower corporate tax rates.

(1) Source: East & Partners Australian Institutional Banking Markets 2006, 2007, 2008, 2009 and April 2010 Reports.

Institutional Banking and Markets continued

	Full Year Ended 30 June 2010		
	Institutional Banking $M	Markets $M	Total $M
Net interest income	1,127	207	1,334
Other banking income	718	515	1,233
Total banking income	1,845	722	2,567
Operating expenses			(792)
Impairment expense			(249)
Net profit before tax			1,526
Corporate tax expense			(344)
Cash net profit after tax			1,182

	Full Year Ended 30 June 2009		
	Institutional Banking [1] $M	Markets [1] $M	Total $M
Net interest income	1,062	391	1,453
Other banking income	535	414	949
Total banking income	1,597	805	2,402
Operating expenses			(679)
Impairment expense			(1,708)
Net profit before tax			15
Corporate tax expense			151
Cash net profit after tax			166

	Half Year Ended 30 June 2010		
	Institutional Banking $M	Markets $M	Total $M
Net interest income	558	93	651
Other banking income	388	173	561
Total banking income	946	266	1,212
Operating expenses			(405)
Impairment expense			72
Net profit before tax			879
Corporate tax expense			(242)
Cash net profit after tax			637

	As at				
Major Balance Sheet Items	30/06/10 $M	31/12/09 $M	30/06/09 $M	Jun 10 vs Dec 09 %	Jun 10 vs Jun 09 %
Interest earning lending assets	**54,892**	58,387	67,213	(6)	(18)
Bank acceptances of customers	**1,414**	1,592	2,629	(11)	(46)
Non-lending interest earning assets	**29,434**	29,154	30,858	1	(5)
Other assets [2]	**8,755**	3,567	12,500	large	(30)
Total assets	**94,495**	92,700	113,200	2	(17)
Certificates of deposit and other	**12,834**	13,067	12,725	(2)	1
Investment deposits	**5,082**	6,289	9,008	(19)	(44)
Due to other financial institutions	**10,055**	10,243	11,627	(2)	(14)
Liabilities at fair value through Income Statement	**3,974**	2,622	2,598	52	53
Debt issues [3]	**2,506**	2,631	3,413	(5)	(27)
Loan capital	**627**	612	644	2	(3)
Other non-interest bearing liabilities [2]	**23,820**	20,663	33,863	15	(30)
Total liabilities	**58,898**	56,127	73,878	5	(20)

(1) Prior year comparatives have been restated for the impact of business resegmentation.
(2) Other assets include intangible assets and derivative assets, and Other non-interest bearing liabilities include derivative liabilities.
(3) 30 June 2009 comparative balances have been restated following the transfer of balances to Group Treasury.

Wealth Management

Financial Performance and Business Review

Underlying profit after tax increased 15% on the prior year to $592 million. The result was driven by solid growth in underlying volumes and improved investment markets.

Funds under Administration increased 6% on the prior year to $180 billion as at 30 June 2010. Net outflows of $3 billion for the year were impacted by the outflow of short-term cash mandates from institutional investors.

Cash net profit after tax for the Wealth Management business was up significantly on the prior year to $718 million. This outcome was driven by improved investment experience due to improved investment markets, unwinding of unrealised mark to market losses in the Guaranteed Annuities portfolio and the non-recurrence of impairments encountered in the prior year.

Cash net profit after tax in the second half decreased 11% to $339 million impacted by General Insurance weather events and stabilising credit spreads.

CFS Global Asset Management (CFS GAM)

CFS Global Asset Management provides asset management services to wholesale and institutional investors. Underlying profit after tax of $236 million was up 14% on the prior year, reflecting strong investment performance and higher base fee contribution partially offset by a strengthening Australian dollar, lower performance fees and dividends received from infrastructure assets.

Funds under Management as at 30 June 2010 was $144 billion, up 4% on the prior year. The impact of improved conditions in equity markets was partially offset by outflows in short term cash mandates.

Investment performance remains solid with 75%, 67% and 76% of funds outperforming benchmark over one, three and five year periods respectively, reflecting the success of CFS GAM's research-based investment philosophy.

Highlights include:

- First State Investments named Asia Asset Management winner in the 2009 Best of the Best Awards, in the category of "Best Performance in Global Emerging Markets" (3 and 5 year periods);
- CFS Retail Property Trust (CFX) was named "A-REIT of the year" by Property Investment Research (PIR);
- The continuing success of the First State European Diversified Infrastructure Fund (EDIF), which raised €365 million from investors;
- Launch of the first Global Agribusiness Funds to be managed by CFS GAM's Global Resources team; and
- First State Investments won Specialist Group of the year, Best Global Resources Fund, and Single Country/Specialist Regional Portfolio at the global Investment Week's Fund Manager of the Year Awards 2010.

Cash net profit after tax of $266 million was up significantly on the prior year due to improved performance and market conditions.

Cash net profit after tax of $129 million in the second half was down 6% due to increased strategic investment spend.

Colonial First State

Colonial First State provides product packaging, administration, distribution and advice to retail customers. Underlying profit after tax increased 69% on the prior year to $147 million, driven by improved net flows and market conditions.

The FirstChoice platform performed well with positive net flows of $3 billion for the year ended 30 June 2010. FirstChoice retained the number two Flagship platform position with a market share of 10.7% and captured 20.9% of net flows for the year ended March 2010[(1)].

Highlights include:

- CFS won "Best Fund Manager" service level award from Wealth Insights for the 3rd year running;
- CFS FirstWrap platform ranked 2nd in the annual Investment Trends platform benchmarking survey;
- FirstChoice Wholesale Personal Super won "Superannuation Platform of the Year" and FirstChoice Defensive was the winner of "Conservative Retail Multi-sector Funds" in the AFR Blue Ribbon Awards 2009;
- Realindex Fundamental Index fund has raised $1.6 billion in the eighteen months since inception; and
- Term Deposit and Cash accounts held with CBA exceed $3 billion.

Cash net profit after tax was up 67% on the prior year to $144 million and up 44% in the second half to $85 million reflecting increased volumes and the full impact of margin increases experienced in the first half.

CommInsure

CommInsure is a provider of life and general insurance in Australia. Underlying profit after tax declined 6% on the prior year to $299 million.

CommInsure's strategy during the year focussed on improving service, streamlining processes and enhancing core business profitability. Increasing the profitability of the insurance businesses will continue to be the core focus, in order to offset the declining contribution from the legacy funds management business, which is in long term run-off.

Retail Life insurance business performance was relatively stable over the prior year, including strong inforce premium growth of 12%, offset by higher claims experience.

Wholesale Life insurance business performance improved, despite a reduction in inforce premiums, due to improved claims management and sustainable pricing.

General Insurance business performance improved over the prior year, experiencing strong growth in inforce premiums, up 13% to $408 million, and improved loss ratios despite major weather events.

Highlights include:

- Awarded "Life Company of the Year" by Plan for Life;
- Awarded the Association of Financial Advisers "Service Quality Award 2009", recognising excellence in new business/underwriting and claims services;
- Awarded "Outstanding Value for Home and Contents Insurance" by CANSTAR CANNEX; and
- Sale of the St Andrew's insurance business to the Bank of Queensland effective, 1 July 2010.

Cash net profit after tax was up significantly on the prior year to $396 million driven by positive investment experience due to improved investment markets and the unwinding of unrealised mark to market losses in the Guaranteed Annuities portfolio.

Cash net profit after tax decreased 26% in the second half, impacted by weather events and stabilising credit spreads.

Operating Expenses

Total operating expenses of $1,210 million increased 1% on the prior year. Expenses have been managed in line with current market conditions, while maintaining strategic investment spend.

(1) Most recent market data available from Plan for Life quarterly market report.

	Full Year Ended 30 June 2010				
	CFS GAM $M	Colonial First State $M	CommInsure $M	Other $M	Total $M
Funds management income	789	811	226	(2)	1,824
Insurance income	-	-	684	-	684
Total operating income	789	811	910	(2)	2,508
Volume expenses	(126)	(160)	(209)	(1)	(496)
Net operating income	663	651	701	(3)	2,012
Operating expenses	(358)	(444)	(281)	(127)	(1,210)
Net profit before tax	305	207	420	(130)	802
Corporate tax expense	(69)	(60)	(121)	40	(210)
Underlying profit after tax	236	147	299	(90)	592
Investment experience after tax	30	(3)	97	2	126
Cash net profit after tax	266	144	396	(88)	718

	Full Year Ended 30 June 2009 (Pro forma)				
	CFS GAM $M	Colonial First State [(1)] $M	CommInsure [(1)] $M	Other [(1)] $M	Total $M
Funds management income	773	712	260	-	1,745
Insurance income	-	-	657	-	657
Total operating income	773	712	917	-	2,402
Volume expenses	(134)	(154)	(195)	-	(483)
Net operating income	639	558	722	-	1,919
Operating expenses	(353)	(435)	(283)	(129)	(1,200)
Net profit before tax	286	123	439	(129)	719
Corporate tax expense	(79)	(36)	(120)	30	(205)
Underlying profit after tax	207	87	319	(99)	514
Investment experience after tax	(114)	(1)	(128)	18	(225)
Cash net profit after tax	93	86	191	(81)	289

	Half Year Ended 30 June 2010				
	CFS GAM $M	Colonial First State $M	CommInsure $M	Other $M	Total $M
Funds management income	399	410	108	(1)	916
Insurance income	-	-	331	-	331
Total operating income	399	410	439	(1)	1,247
Volume expenses	(66)	(77)	(102)	(1)	(246)
Net operating income	333	333	337	(2)	1,001
Operating expenses	(188)	(213)	(143)	(65)	(609)
Net profit before tax	145	120	194	(67)	392
Corporate tax expense	(30)	(34)	(54)	23	(95)
Underlying profit after tax	115	86	140	(44)	297
Investment experience after tax	14	(1)	28	1	42
Cash net profit after tax	129	85	168	(43)	339

(1) Prior year comparative has been restated for the resegmentation of St Andrew's.

Wealth Management continued

Summary	Full Year Ended 30/06/10 $M	Pro forma 30/06/09 $M	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10 $M	31/12/09 $M	Jun 10 vs Dec 09 %
Funds under administration - average [1]	**179,802**	168,071	7	**181,709**	178,738	2
Funds under administration - spot [1]	**179,614**	169,210	6	**179,614**	185,699	(3)
Funds under management - average [1]	**144,624**	136,604	6	**145,469**	144,407	1
Funds under management - spot [1]	**144,298**	138,204	4	**144,298**	149,025	(3)
Retail Net funds flows (Australian Retail)	**246**	(1,301)	large	**(126)**	372	large

Funds Under Management (FUM) [1]	Full Year Ended 30/06/10 $M	Pro forma 30/06/09 $M	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10 $M	31/12/09 $M	Jun 10 vs Dec 09 %
Australian equities	**21,499**	17,741	21	**21,499**	23,009	(7)
Global equities	**45,685**	35,705	28	**45,685**	42,725	7
Cash and fixed interest	**54,180**	61,395	(12)	**54,180**	59,193	(8)
Property and Infrastructure [2]	**22,934**	23,363	(2)	**22,934**	24,098	(5)
Total	**144,298**	138,204	4	**144,298**	149,025	(3)

Sources of Profit from CommInsure	Full Year Ended 30/06/10 $M	Pro forma 30/06/09 $M	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10 $M	31/12/09 $M	Jun 10 vs Dec 09 %
Life insurance operating margins						
Planned profit margins	**166**	159	4	**86**	80	8
Experience variations	**6**	14	(57)	**(4)**	10	large
Funds management operating margins	**120**	154	(22)	**60**	60	-
General insurance operating margins	**7**	(8)	large	**(2)**	9	large
Operating margins	**299**	319	(6)	**140**	159	(12)
Investment experience after tax	**97**	(128)	large	**28**	69	(59)
Cash net profit after tax	**396**	191	large	**168**	228	(26)

Annual Inforce Premiums [3]	Full Year Ended 30 June 2010 Opening Balance 30/06/09 $M	Sales/New Business $M	Lapses $M	Closing Balance 30/06/10 $M
Retail life	765	223	(135)	853
Wholesale life [5]	435	66	(178)	323
General insurance	360	107	(59)	408
Total	1,560	396	(372)	1,584

Annual Inforce Premiums [3]	Full Year Ended 30 June 2009 (Pro forma) Opening Balance 30/06/08 $M	Sales/New Business $M	Lapses $M	Closing Balance 30/06/09 $M
Retail life [4]	658	239	(132)	765
Wholesale life	366	103	(34)	435
General insurance	279	136	(55)	360
Total	1,303	478	(221)	1,560

Annual Inforce Premiums [3]	Half Year Ended 30 June 2010 Opening Balance 31/12/09 $M	Sales/New Business $M	Lapses $M	Closing Balance 30/06/10 $M
Retail life	810	106	(63)	853
Wholesale life	297	49	(23)	323
General insurance	391	49	(32)	408
Total	1,498	204	(118)	1,584

(1) FUM & FUA do not include the Group's interest in the China Cinda JV.

(2) This asset class includes 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.

(4) St Andrew's balances are included on a pro forma basis in 2009.

(5) Lapses include a $130 million reduction as a result of the loss of the wholesale portfolio for the Australian Super business.

Funds Under Administration	Opening Balance 30/06/09 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [6] $M	Closing Balance 30/06/10 $M
	Full Year Ended 30 June 2010					
FirstChoice	35,955	12,418	(9,019)	3,399	4,286	43,640
Custom Solutions [1]	5,341	1,713	(1,497)	216	557	6,114
Standalone (including Legacy) [2]	24,950	4,021	(7,303)	(3,282)	1,274	22,942
Retail products [3]	66,246	18,152	(17,819)	333	6,117	72,696
Other retail [4]	1,154	42	(129)	(87)	86	1,153
Australian retail	67,400	18,194	(17,948)	246	6,203	73,849
Wholesale	45,092	17,638	(24,631)	(6,993)	2,951	41,050
Property	18,722	955	(1,759)	(804)	(751)	17,167
Other [5]	3,236	36	(145)	(109)	(94)	3,033
Domestically sourced	134,450	36,823	(44,483)	(7,660)	8,309	135,099
Internationally sourced	34,760	11,748	(7,275)	4,473	5,282	44,515
Total Wealth Management	169,210	48,571	(51,758)	(3,187)	13,591	179,614

Funds Under Administration	Opening Balance 30/06/08 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [6] $M	Closing Balance 30/06/09 $M
	Full Year Ended 30 June 2009 (Pro forma)					
FirstChoice	38,707	10,862	(8,617)	2,245	(4,997)	35,955
Custom Solutions [1]	6,257	2,176	(2,165)	11	(927)	5,341
Standalone (including Legacy) [2]	30,774	4,686	(8,089)	(3,403)	(2,421)	24,950
Retail products [3]	75,738	17,724	(18,871)	(1,147)	(8,345)	66,246
Other retail [4]	1,366	54	(208)	(154)	(58)	1,154
Australian retail	77,104	17,778	(19,079)	(1,301)	(8,403)	67,400
Wholesale	52,376	21,457	(27,089)	(5,632)	(1,652)	45,092
Property	20,210	1,281	(2,336)	(1,055)	(433)	18,722
Other [5]	3,248	508	(165)	343	(355)	3,236
Domestically sourced	152,938	41,024	(48,669)	(7,645)	(10,843)	134,450
Internationally sourced	32,730	9,588	(8,728)	860	1,170	34,760
Total Wealth Management	185,668	50,612	(57,397)	(6,785)	(9,673)	169,210

Funds Under Administration	Opening Balance 31/12/09 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [6] $M	Closing Balance 30/06/10 $M
	Half Year Ended 30 June 2010					
FirstChoice	43,179	6,267	(4,693)	1,574	(1,113)	43,640
Custom Solutions [1]	6,147	910	(746)	164	(197)	6,114
Standalone (including Legacy) [2]	26,106	1,937	(3,758)	(1,821)	(1,343)	22,942
Retail products [3]	75,432	9,114	(9,197)	(83)	(2,653)	72,696
Other retail [4]	1,222	21	(64)	(43)	(26)	1,153
Australian retail	76,654	9,135	(9,261)	(126)	(2,679)	73,849
Wholesale	47,372	7,262	(13,039)	(5,777)	(545)	41,050
Property	17,924	115	(821)	(706)	(51)	17,167
Other [5]	3,068	18	(70)	(52)	17	3,033
Domestically sourced	145,018	16,530	(23,191)	(6,661)	(3,258)	135,099
Internationally sourced	40,681	5,614	(3,728)	1,886	1,948	44,515
Total Wealth Management	185,699	22,144	(26,919)	(4,775)	(1,310)	179,614

(1) Custom Solutions includes the FirstWrap product.
(2) Includes cash management trusts.
(3) This is an estimate of the Retail Funds that align to Plan for Life market share releases.
(4) Includes 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.

New Zealand

Financial Performance and Business Review

New Zealand cash net profit after tax[(1)] for the year ended 30 June 2010 was NZ$461 million, a decrease of 14% on the prior year. The result reflects the impact of tightening credit markets, which has led to increased funding costs, along with the recession in New Zealand impacting the banking and insurance businesses.

New Zealand cash net profit after tax[(1)] for the half year ended 30 June 2010 was NZ$275 million, a 48% increase on the prior half driven mainly by lower impairment expense in ASB and improved claims experience and deferred tax revaluation on policy liabilities in Sovereign.

ASB Bank

ASB Bank cash net profit after tax [(1)] for the year ended 30 June 2010 was NZ$354 million, a decrease of 13% on the prior year. This was achieved in a very challenging environment for the New Zealand banking industry. The key drivers of the ASB underlying result for the year were:

- A continued change in portfolio mix from fixed rate to higher margin floating rate home loans, offset by lower margins on deposits in an extremely competitive market;
- Retail deposits grew 3% to NZ$31 billion as at 30 June 2010 as ASB offered competitive term investments rates to customers, as part of its strategy to grow local funding and reduce reliance on the wholesale funding market. Market share for retail deposits improved slightly to 21.6% over the prior year;
- Home loan market share decreased marginally to 23.0% with a 2% increase in balances over the prior year to NZ$38 billion;
- Business lending market share increased to 9.3% with a decline of 1% in balances over the prior year;
- Other banking income decreased 33% on the prior year to NZ$342 million reflecting reduced trading income as markets stabilised during the year. In addition, early repayment adjustment fees relating to customers breaking fixed rate mortgages decreased compared to the prior year. Early repayment adjustment fees have continued to decline in the second half of the year to more normal levels; and
- Impairment expense has decreased 47% on the prior year due to a continuing improvement in the underlying economy, including lower unemployment and stronger business sentiment. There has also been a focus on collections and recoveries procedures.

ASB Bank cash net profit after tax[(1)] for the half year ended 30 June 2010 was NZ$197 million, a 25% increase on the prior half driven mainly by lower impairment expense.

An amount of NZ$209 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 in the first half.

Sovereign Insurance

Sovereign's cash net profit after tax[(1)] for the full year ended 30 June 2010 was NZ$103 million, a decrease of 13% on the prior year. The key drivers of the Sovereign underlying result were:

- Claims volumes increased significantly in the current year, particularly in the first half, primarily in the health, trauma and disability income areas;
- One-off NZ$18 million gain recognised in the second half of the year due to the revaluation of deferred tax on policy liabilities driven by the reduction in New Zealand corporate tax rate from 30% to 28% on 1 July 2011;
- Valuation gains on policy liabilities were recognised in the prior year, driven by lower New Zealand bond rates. This gain has partially reversed this year as bond rates recovered;
- Inforce premiums increased by 7% over the prior year with market share of 31%[(2)] and persistency remaining superior to the rest of the New Zealand market; and
- Despite a fall in share of new business sales to 27%[(2)], Sovereign continues to lead the market in new business sales.

Sovereign's cash net profit after tax[(1)] for the half year ended 30 June 2010 was NZ$76 million, significantly up on the first half result of NZ$27 million due to improved claims experience and the deferred tax revaluation on policy liabilities.

(1) Includes the underlying ASB and Sovereign results, capital charges and other costs allocated to ASB and Sovereign.

(2) As at 31 March 2010.

	Full Year Ended 30 June 2010				
	ASB NZ$M	Sovereign NZ$M	Other [1] NZ$M	Total NZ$M	Total A$M
Net interest income	908	-	(9)	899	716
Other banking income [2]	342	-	(31)	311	278
Total banking income	1,250	-	(40)	1,210	994
Funds management income	61	-	(3)	58	46
Insurance income	-	251	15	266	213
Total operating income	1,311	251	(28)	1,534	1,253
Operating expenses	(666)	(205)	42	(829)	(667)
Impairment expense	(125)	-	-	(125)	(100)
Net profit before tax	520	46	14	580	486
Corporate tax expense	(166)	45	1	(120)	(99)
Underlying profit after tax	354	91	15	460	387
Investment experience after tax	-	12	(11)	1	1
Cash net profit after tax	354	103	4	461	388

	Full Year Ended 30 June 2009				
	ASB NZ$M	Sovereign NZ$M	Other [1] NZ$M	Total NZ$M	Total A$M
Net interest income	905	-	24	929	756
Other banking income [2]	509	-	(16)	493	404
Total banking income	1,414	-	8	1,422	1,160
Funds management income	65	-	(5)	60	49
Insurance income	-	269	(15)	254	207
Total operating income	1,479	269	(12)	1,736	1,416
Operating expenses	(634)	(200)	41	(793)	(649)
Impairment expense	(238)	-	-	(238)	(194)
Net profit before tax	607	69	29	705	573
Corporate tax expense	(200)	27	4	(169)	(135)
Underlying profit after tax	407	96	33	536	438
Investment experience after tax	-	22	(22)	-	-
Cash net profit after tax	407	118	11	536	438

	Half Year Ended 30 June 2010				
	ASB NZ$M	Sovereign NZ$M	Other [1] NZ$M	Total NZ$M	Total A$M
Net interest income	468	-	(5)	463	365
Other banking income [2]	135	-	(16)	119	106
Total banking income	603	-	(21)	582	471
Funds management income	28	-	(2)	26	21
Insurance income	-	150	10	160	127
Total operating income	631	150	(13)	768	619
Operating expenses	(343)	(105)	20	(428)	(342)
Impairment expense	2	-	-	2	2
Net profit before tax	290	45	7	342	279
Corporate tax expense	(93)	22	1	(70)	(55)
Underlying profit after tax	197	67	8	272	224
Investment experience after tax	-	9	(6)	3	3
Cash net profit after tax	197	76	2	275	227

(1) Other includes ASB and Sovereign funding entities and elimination entries between Sovereign and ASB.
(2) Total Other banking income disclosed in AUD includes realised gains or losses associated with the hedge of the New Zealand operations.

New Zealand continued

Major Balance Sheet Items	As at 30/06/10 NZ$M	31/12/09 NZ$M	30/06/09 NZ$M	Jun 10 vs Dec 09 %	Jun 10 vs Jun 09 %
Home lending	**37,778**	37,593	36,991	-	2
Assets at fair value through Income Statement	**5,815**	5,600	7,429	4	(22)
Other lending assets	**15,960**	16,188	16,327	(1)	(2)
Non-lending interest earning assets	**1,543**	2,855	1,522	(46)	1
Other assets	**4,723**	4,712	5,198	-	(9)
Total assets	**65,819**	66,948	67,467	(2)	(2)
Deposits	**30,889**	30,449	29,892	1	3
Liabilities at fair value through Income Statement	**13,261**	15,222	16,535	(13)	(20)
Debt issues	**3,805**	3,670	3,564	4	7
Due to other financial institutions (1)	**6,488**	6,500	5,048	-	29
Other liabilities	**6,640**	6,660	8,066	-	(18)
Total liabilities	**61,083**	62,501	63,105	(2)	(3)
Assets					
ASB Bank	**63,557**	64,648	65,230	(2)	(3)
Other	**2,262**	2,300	2,237	(2)	1
Total assets	**65,819**	66,948	67,467	(2)	(2)
Liabilities					
ASB Bank	**60,010**	61,327	62,072	(2)	(3)
Other	**1,073**	1,174	1,033	(9)	4
Total liabilities	**61,083**	62,501	63,105	(2)	(3)

(1) Includes deposits due to Group companies.

Sources of Profit from Insurance Activities	Full Year Ended 30/06/10 NZ$M	30/06/09 NZ$M	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10 NZ$M	31/12/09 NZ$M	Jun 10 vs Dec 09 %
The Margin on Services profit from ordinary activities after income tax is represented by:						
Planned profit margins	**81**	84	(4)	**48**	33	45
Experience variations	**10**	12	(17)	**19**	(9)	large
Operating margins	**91**	96	(5)	**67**	24	large
Investment experience after tax	**12**	22	(45)	**9**	3	large
Cash net profit after tax	**103**	118	(13)	**76**	27	large

New Zealand - Funds Under Administration	Full Year Ended 30/06/10 NZ$M	30/06/09 NZ$M	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10 NZ$M	31/12/09 NZ$M	Jun 10 vs Dec 09 %
Opening balance	**7,611**	8,001	(5)	**8,717**	7,611	15
Inflows	**3,339**	2,173	54	**1,777**	1,562	14
Outflows	**(2,462)**	(1,925)	28	**(1,338)**	(1,124)	19
Net Flows	**877**	248	large	**439**	438	-
Investment income & other	**590**	(638)	large	**(78)**	668	large
Closing balance	**9,078**	7,611	19	**9,078**	8,717	4

New Zealand - Annual Inforce Premiums	Full Year Ended 30/06/10 NZ$M	30/06/09 NZ$M	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10 NZ$M	31/12/09 NZ$M	Jun 10 vs Dec 09 %
Opening balance	**516**	468	10	**535**	516	4
Sales/New business (1)	**97**	100	(3)	**48**	49	(2)
Lapses (1)	**(59)**	(52)	13	**(28)**	(31)	(10)
Other movements (1)	**-**	-	-	**(1)**	1	large
Closing balance	**554**	516	7	**554**	535	4

(1) Prior year comparatives have been restated to conform to the presentation in the Wealth Management business.

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Bankwest

Financial Performance and Business Review

Bankwest cash net profit after tax for the year ended 30 June 2010 was $60 million, up from the pro forma profit of $3 million in the prior year. The result reflected a strong operating performance, partly offset by higher loan impairment expense.

Key highlights of the operating performance were:

- Banking income increased by 25% to $1,720 million, supported by strong retail lending volume growth and higher margins;
- Operating expenses decreased by 3% to $880 million, driven by efficiency gains and a continued focus on discretionary expenditure; and
- The expense to income ratio decreased from 66% to 51%.

The cash net profit after tax was unfavourably impacted by loan impairment expense of $754 million, up 65% on the prior year. The increase in impairment expense was mainly due to property related exposures, primarily in Queensland and New South Wales.

Deposit balances increased 9% over the prior year in a highly competitive market, with more pronounced growth in the second half driven by attractive product offerings and a strong focus on sales.

Lending balances increased 10% over the prior year, driven by growth in home loans, with lending growth moderating in the second half.

Bankwest retains an absolute focus on customer satisfaction, with a commitment to value, innovation and service. A number of initiatives have been implemented during the year to meet this vision. These include:

- The introduction of e-statements for Retail Customers, with over 140,000 customers converting from paper to e-statements in the four months since the initiative was launched in February 2010;
- Continuing to introduce late night and weekend trading across the branch network, particularly to stores located in metropolitan, high density areas;
- A re-invigoration of the brand in Western Australia to embed the market leading position on the West Coast; and
- Continued investment in the customer network, which now includes 138 branches, 742 ATMs and phone and internet banking platforms.

The success of the above initiatives has been reflected in:

- An improvement in customer satisfaction scores, up 2.7% from June 2009 to 78.9% at June 2010[(1)];
- An increase in home loan market share, up 0.45% to 3.62% as at 30 June 2010;
- Six products receiving gold awards in Money Magazine's 2010 Best of the Best Awards, including Best Everyday Branch Access account and Best Kid's Savings account; and
- Three retail deposits receiving a five star rating from CANSTAR CANNEX.

In addition, the annual Gallup People & Culture Survey was completed in February with results showing a significant increase in the level of staff engagement across the business.

Retail

Home loan balances increased 19% on the prior year to $42 billion, driven by improved customer retention rates, competitive loan rates and an increased number of branches on the East Coast. Margins improved in the first half due to repricing for the current risk environment and increasing funding costs.

Retail deposit balances decreased 9% on the prior year and margins remained relatively stable reflecting the highly competitive market.

Other banking income decreased 3% on the prior year. The reduction in ATM and exception fees was partially offset by higher activity fees from increased credit card usage.

Business

Business lending balances decreased 3% on the prior year to $24 billion due to weaker market demand and a strategic shift in focus away from the property sector. Lending margins were broadly in line with the prior year.

Business deposits increased 19% on the prior year due to strong demand for money market products and a focus on sales. This compares to system growth of 2%. Business deposit margins increased due to a focus on profitable growth.

Other banking income decreased 10% on the prior year as lower capital markets volatility resulted in less client demand for trading and risk products.

Operating Expenses

Operating expenses decreased 3% over the prior year to $880 million. Expense management remains a key focus, with numerous expense containment and integration initiatives currently in progress.

Impairment Expense

Impairment expense for the year was $754 million, up 65% from the prior year. The increase in impairment expense was mainly due to property related exposures, primarily in Queensland and New South Wales.

Arrears levels have improved during the year, with greater than 90 day rates declining across the entire retail portfolio, in particular credit cards.

The Group has also included $304 million of loan impairment expense as a non-cash item which relates specifically to the Bankwest pre-acquisition loan portfolio.

Since the initial review of the Bankwest portfolio, further detailed work has been undertaken into the Bankwest business banking portfolio. This comprehensive review identified many pre-acquisition loans reflecting poor asset quality, high loan to value ratios and insufficient covenant coverage. This resulted in significant risk grade reassessments and security revaluations with loan impairment expense increasing $304 million. These loans are confined to the pre-acquisition business banking book.

Given the one off nature of the impairment and the fact it relates to an understatement of the provisioning on the pre-acquisition portfolio, this additional amount of loan impairment expense has been recorded as a non-cash item. This is consistent with the treatment of the gain on acquisition of Bankwest.

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

	Full Year Ended		Half Year Ended	
	30/06/10	Pro forma 30/06/09	30/06/10	31/12/09
	$M	$M	$M	$M
Net interest income	**1,487**	1,121	**760**	727
Other banking income	**233**	251	**112**	121
Total banking income	**1,720**	1,372	**872**	848
Operating expenses	**(880)**	(909)	**(437)**	(443)
Impairment expense	**(754)**	(457)	**(441)**	(313)
Net profit before tax	**86**	6	**(6)**	92
Corporate tax expense	**(26)**	(3)	**2**	(28)
Cash net profit after tax	**60**	3	**(4)**	64

	As at				
Major Balance Sheet Items	30/06/10 $M	31/12/09 $M	30/06/09 $M	Jun 10 vs Dec 09 %	Jun 10 vs Jun 09 %
Home lending (including securitisation)	**41,681**	39,131	35,048	7	19
Other lending assets	**25,975**	26,214	26,366	(1)	(1)
Assets at fair value through Income Statement	**2**	13	48	(85)	(96)
Other assets	**7,026**	7,083	6,865	(1)	2
Total assets	**74,684**	72,441	68,327	3	9
Transaction deposits	**4,854**	4,619	4,803	5	1
Savings deposits	**7,514**	8,204	8,708	(8)	(14)
Investment deposits	**29,106**	25,882	24,639	12	18
Certificates of deposit and other	**130**	51	157	large	(17)
Debt issues	**10,211**	8,843	4,903	15	large
Due to other financial institutions (1)	**15,382**	17,700	19,119	(13)	(20)
Other liabilities	**2,671**	2,089	2,059	28	30
Total liabilities (2)	**69,868**	67,388	64,388	4	9

(1) Includes amounts due to Group companies (30 June 2010: $15.4 billion, 31 December 2009: $16.7 billion, 30 June 2009: $19.1 billion).

(2) 30 June 2009 comparative liability balances have been restated following alignment of product classifications with the Group.

Other

Financial Performance and Business Review

IFS Asia

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

IFS Asia cash net profit after tax for the year ended 30 June 2010 was $45 million, an increase of 50% over the prior year. The result was underpinned by strong income growth from the Chinese retail banks and Indonesian life insurance business, partially offset by an increase in impairment expense.

IFS Asia cash net profit after tax for the half year ended 30 June 2010 was $23 million, an increase of 5% over the prior half driven by strong banking income, offset by increased impairment expense.

The key activities in IFS Asia during the year were:

- The Group entered into a strategic partnership (15% ownership) with Vietnam International Bank (VIB) in April 2010 and settlement is anticipated post year end. The Group's Ho Chi Minh City branch which opened in August 2008 has had strong customer growth over the year and opened 19 ATM's across the City;
- The Group entered into a new strategic partnership (38% ownership) with Bank of Communications (BoCom) for the life insurance joint venture in Shanghai. BoCom is China's fifth largest bank. The life insurance joint venture was renamed to BoCommLife Insurance Company Limited and commenced operations in January 2010. BocommLife was ranked 1st of 14 foreign and joint venture companies for Bancassurance new business premium in Shanghai in quarter one 2010;
- The Group's first branches in India and Shanghai were opened in the second half of the year;
- Participated in the Bank of Hangzhou and Qilu Bank equity raisings to maintain the Group's 20% shareholding in each of the Banks. The equity raisings were to strengthen capital ratios and support growth. Bank of Hangzhou was ranked number one among all City Commercial Banks in a review by Chinese Banker magazine;
- PT Bank Commonwealth in Indonesia maintained its number one ranking among foreign banks for customer service as rated by Synovate and opened 20 new branches; and
- Development of the Bancassurance model between PT Bank Commonwealth and PT Commonwealth Life in Indonesia. 27% of new business sales in PT Commonwealth Life for the period were sourced via the PT Bank Commonwealth branch network (increased from 3% last year).

Fiji

Fiji cash net profit after tax until the date of disposal on 15 December 2009 was $6 million, up from $2 million in the prior year. A loss on sale of $30 million, which includes realised structural foreign exchange losses, has been recorded as a non-cash item.

Corporate Centre

Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Strategy, Secretariat and Treasury. Operating income in the Corporate Centre represents the business activities of the Group's Treasury function.

Treasury is primarily focussed on the management of the Group's interest rate risk, funding and liquidity requirements, and management of the Group's capital. The Treasury function includes:

- Asset & Liability Management: manages the interest rate risk of the Group's non-traded balance sheet using transfer pricing to consolidate risk into Treasury and hedging the residual mismatch between assets and liabilities using swaps, futures and options;
- Liquidity Operations: manages the Group's short term wholesale funding and prudential liquidity requirements;
- Group Funding: manages the Group's long term wholesale funding requirements; and
- Capital Management: manages the Group's capital requirements.

Corporate Centre cash net profit after tax for the year ended 30 June 2010 was $445 million, a 31% decrease on the prior year.

Total banking income decreased 6% to $884 million driven by:

- Lower Asset & Liability Management income from the management of short dated interest rate risk exposures; partially offset by
- Increased Capital Management income due to the benefit of higher earnings on capital following capital raisings in the prior year.

Operating expenses increased significantly to $276 million due to the unfavourable impact of investment market performance on the Group's defined benefit superannuation fund ($103 million) and an increase in Group provisions for staff costs.

Corporate Centre cash profit after tax for the half year ended 30 June 2010 was $231 million, an 8% increase on the prior half. The increase was driven by lower defined benefit superannuation fund expense.

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 for the year ended 30 June 2010 was a $97 million loss, representing a $14 million improvement on the prior year. The result included the release of central impairment provisions.

	Full Year Ended 30 June 2010				
	IFS Asia	Fiji	Corporate Centre	Eliminations/ Unallocated	Total
	$M	$M	$M	$M	$M
Net interest income [1]	62	9	883	(221)	733
Other banking income [1]	124	3	1	(106)	22
Total banking income	186	12	884	(327)	755
Funds management income	-	-	-	28	28
Insurance income	40	6	-	2	48
Total operating income	226	18	884	(297)	831
Operating expenses	(164)	(12)	(276)	-	(452)
Impairment expense	(11)	1	-	100	90
Net profit before tax	51	7	608	(197)	469
Corporate tax expense	(7)	(1)	(163)	66	(105)
Non-controlling interests	(2)	-	-	(14)	(16)
Underlying profit after tax	42	6	445	(145)	348
Investment experience after tax	3	-	-	48	51
Cash net profit after tax	45	6	445	(97)	399

	Full Year Ended 30 June 2009				
	IFS Asia	Fiji	Corporate Centre	Eliminations/ Unallocated	Total
	$M	$M	$M	$M	$M
Net interest income [1]	59	33	710	(141)	661
Other banking income [1]	102	-	230	(33)	299
Total banking income	161	33	940	(174)	960
Funds management income	-	-	-	29	29
Insurance income	37	17	-	13	67
Total operating income	198	50	940	(132)	1,056
Operating expenses	(157)	(37)	(55)	-	(249)
Impairment expense	(4)	(4)	-	(17)	(25)
Net profit before tax	37	9	885	(149)	782
Corporate tax expense	(7)	(7)	(237)	36	(215)
Non-controlling interests	(3)	-	-	(27)	(30)
Underlying profit after tax	27	2	648	(140)	537
Investment experience after tax	3	-	-	29	32
Cash net profit after tax	30	2	648	(111)	569

	Half Year Ended 30 June 2010				
	IFS Asia	Fiji	Corporate Centre	Eliminations/ Unallocated	Total
	$M	$M	$M	$M	$M
Net interest income [1]	32	-	370	(137)	265
Other banking income [1]	66	-	67	(38)	95
Total banking income	98	-	437	(175)	360
Funds management income	-	-	-	14	14
Insurance income	21	-	-	3	24
Total operating income	119	-	437	(158)	398
Operating expenses	(85)	-	(124)	-	(209)
Impairment expense	(8)	-	-	160	152
Net profit before tax	26	-	313	2	341
Corporate tax expense	(4)	-	(82)	18	(68)
Non-controlling interests	(1)	-	-	(6)	(7)
Underlying profit after tax	21	-	231	14	266
Investment experience after tax	2	-	-	22	24
Cash net profit after tax	23	-	231	36	290

(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 (June 2010: $259 million; June 2009: $275 million; half year to 30 June 2010: $136 million).

Investment Experience

Investment Experience	Full Year Ended 30/06/10 $M	Full Year Ended Pro forma 30/06/09 $M	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10 $M	Half Year Ended 31/12/09 $M	Jun 10 vs Dec 09 %	Full Year Ended As reported 30/06/09 $M
Wealth Management	**183**	(313)	large	**66**	117	(44)	(317)
New Zealand	**1**	6	(83)	**3**	(2)	large	8
Other	**52**	44	18	**25**	27	(7)	42
Investment experience before tax	**236**	(263)	large	**94**	142	(34)	(267)
Corporate tax expense	**(58)**	70	large	**(25)**	(33)	(24)	71
Investment experience after tax	**178**	(193)	large	**69**	109	(37)	(196)

Shareholder Investment Asset Mix (%)	As at 30 June 2010 Australia [1] %	New Zealand %	Asia %	Total %
Local equities	1	-	-	1
International equities	-	1	-	-
Property	14	-	2	10
Sub-total	15	1	2	11
Fixed interest	24	51	97	32
Cash	61	48	1	57
Sub-total	85	99	98	89
Total	100	100	100	100

Shareholder Investment Asset Mix ($M)	As at 30 June 2010 Australia [1] $M	New Zealand $M	Asia $M	Total $M
Local equities	11	1	-	12
International equities	-	1	-	1
Property	268	-	2	270
Sub-total	279	2	2	283
Fixed interest	462	283	77	822
Cash	1,201	266	1	1,468
Sub-total	1,663	549	78	2,290
Total	1,942	551	80	2,573

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

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Financial Statements

Consolidated Income Statements

For the year ended 30 June 2010

	Appendix	Full Year Ended 30/06/10 $M	Full Year Ended 30/06/09 $M	Half Year Ended 30/06/10 $M	Half Year Ended 31/12/09 $M
Interest income	1	**32,215**	31,519	**16,925**	15,290
Interest expense	1	**(20,293)**	(21,218)	**(11,161)**	(9,132)
Net interest income	1	**11,922**	10,301	**5,764**	6,158
Other operating income	6	**4,208**	3,914	**1,858**	2,350
Net banking operating income		**16,130**	14,215	**7,622**	8,508
Funds management income		**1,906**	1,618	**958**	948
Investment revenue/(expense)		**975**	(859)	**(71)**	1,046
Claims and policyholder liability (expense)/revenue		**(953)**	731	**69**	(1,022)
Net funds management operating income		**1,928**	1,490	**956**	972
Premiums from insurance contracts	12	**1,794**	1,651	**896**	898
Investment revenue/(expense)		**687**	(232)	**190**	497
Claims and policyholder liability expense from insurance contracts		**(1,251)**	(650)	**(506)**	(745)
Net insurance operating income		**1,230**	769	**580**	650
Total net operating income		**19,288**	16,474	**9,158**	10,130
Gain on acquisition of controlled entities		**-**	983	**-**	-
Impairment expense		**(2,379)**	(3,048)	**(996)**	(1,383)
Operating expenses	7	**(8,716)**	(7,960)	**(4,392)**	(4,324)
Net profit before income tax	8	**8,193**	6,449	**3,770**	4,423
Corporate tax expense	8	**(2,383)**	(1,860)	**(1,022)**	(1,361)
Policyholder tax (expense)/benefit	8	**(130)**	164	**9**	(139)
Net profit after income tax	12	**5,680**	4,753	**2,757**	2,923
Non-controlling interests	12	**(16)**	(30)	**(7)**	(9)
Net profit attributable to Equity holders of the Bank	12	**5,664**	4,723	**2,750**	2,914

	Full Year Ended 30/06/10	Full Year Ended 30/06/09	Half Year Ended 30/06/10	Half Year Ended 31/12/09
	Cents per Share			
Earnings per share:				
Statutory basic	**367. 9**	328. 5	**177. 6**	190. 3
Statutory diluted	**354. 2**	313. 4	**171. 0**	183. 8

Consolidated Statements of Comprehensive Income

For the year ended 30 June 2010

	Full Year Ended		Half Year Ended	
	30/06/10	30/06/09	30/06/10	31/12/09
	$M	$M	$M	$M
Profit from ordinary activities after income tax for the period	**5,680**	4,753	**2,757**	2,923
Other comprehensive income/(expense):				
Actuarial gains and losses from defined benefit superannuation plans	**(64)**	(739)	**(162)**	98
Gains and losses on cash flow hedging instruments:				
Recognised in equity	**(239)**	(1,630)	**(191)**	(48)
Transferred to Income Statement	**828**	(21)	**513**	315
Gains and losses on available-for-sale investments:				
Recognised in equity	**327**	10	**168**	159
Transferred to Income Statement on disposal	**(24)**	(24)	**(15)**	(9)
Transferred to Income Statement on impairment	**2**	37	**2**	-
Revaluation of properties	**50**	(25)	**50**	-
Foreign currency translation reserve	**(19)**	168	**80**	(99)
Income tax on items transferred directly to/from equity:				
Foreign currency translation reserve	**(1)**	94	**-**	(1)
Available-for-sale investments revaluation reserve	**(77)**	(37)	**(32)**	(45)
Revaluation of properties	**(9)**	9	**(9)**	-
Cash flow hedge reserve	**(193)**	497	**(114)**	(79)
Other comprehensive income/(expense) net of income tax	**581**	(1,661)	**290**	291
Total comprehensive income for the period	**6,261**	3,092	**3,047**	3,214
Total comprehensive income for the period is attributable to:				
Equity holders of the Bank	**6,245**	3,062	**3,040**	3,205
Non-controlling interests	**16**	30	**7**	9
Total comprehensive income for the period	**6,261**	3,092	**3,047**	3,214

Financial Statements continued

Consolidated Balance Sheets

As at 30 June 2010

Assets	Appendix	As at 30/06/10 $M	31/12/09 $M	30/06/09 $M
Cash and liquid assets		**10,119**	11,686	11,340
Receivables due from other financial institutions		**10,072**	11,923	14,421
Assets at fair value through Income Statement:				
Trading		**22,851**	21,711	25,401
Insurance		**15,940**	17,554	17,260
Other		**654**	642	1,677
Derivative assets		**27,689**	20,237	26,358
Available-for-sale investments		**32,915**	29,573	21,504
Loans, bills discounted and other receivables	9	**493,459**	482,019	466,631
Bank acceptances of customers		**11,569**	10,960	14,728
Property, plant and equipment		**2,351**	2,367	2,472
Investment in associates		**1,490**	1,339	1,047
Intangible assets	17	**9,420**	9,322	9,245
Deferred tax assets		**1,270**	315	1,653
Other assets		**6,482**	5,601	6,070
		646,281	625,249	619,807
Assets held for sale		**49**	227	565
Total assets		**646,330**	625,476	620,372

Liabilities	Appendix	As at 30/06/10 $M	31/12/09 $M	30/06/09 $M
Deposits and other public borrowings	11	**374,663**	370,167	368,721
Payables due to other financial institutions		**12,608**	13,675	15,109
Liabilities at fair value through Income Statement		**15,342**	15,735	16,596
Derivative liabilities		**24,884**	21,874	32,134
Bank acceptances		**11,569**	10,960	14,728
Current tax liabilities		**1,056**	193	883
Deferred tax liabilities		**221**	-	168
Other provisions		**1,197**	1,106	1,243
Insurance policy liabilities		**14,592**	16,272	16,056
Debt issues		**130,210**	119,207	101,819
Managed funds units on issue		**880**	1,082	914
Bills payable and other liabilities		**10,025**	7,174	8,520
		597,247	577,445	576,891
Loan capital		**13,513**	14,448	12,039
Total liabilities		**610,760**	591,893	588,930
Net assets		**35,570**	33,583	31,442

Shareholders' Equity	Appendix	As at 30/06/10 $M	31/12/09 $M	30/06/09 $M
Share capital:				
Ordinary share capital	16	**23,081**	22,344	21,642
Other equity instruments		**939**	939	939
Reserves		**1,089**	459	516
Retained profits	18	**9,938**	9,320	7,825
Shareholders' equity attributable to Equity holders of the Bank		**35,047**	33,062	30,922
Non-controlling interests		**523**	521	520
Total Shareholders' equity		**35,570**	33,583	31,442

Consolidated Statements of Changes in Equity

For the year ended 30 June 2010

	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
Opening Balance							
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:							
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**
Total comprehensive income for the period	-	-	452	2,588	**3,040**	7	**3,047**
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(1,857)	**(1,857)**	-	**(1,857)**
Dividend reinvestment plan (net of issue costs)	772	-	-	-	**772**	-	**772**
Other equity movements:							
Share based payments	1	-	140	-	**141**	-	**141**
(Purchase)/sale and vesting of treasury shares	(36)	-	-	-	**(36)**	-	**(36)**
Other changes	-	-	38	(113)	**(75)**	(5)	**(80)**
As at 30 June 2010	23,081	939	1,089	9,938	**35,047**	523	**35,570**

	Full Year Ended 30/06/10	Full Year Ended 30/06/09	Half Year Ended 30/06/10	Half Year Ended 31/12/09
	Cents per Share			
Dividends per share attributable to shareholders of the Bank:				
Ordinary Shares	**290**	228	**170**	120
Trust preferred securities (TPS) issued 15 March 2006	**6,715**	8,142	**3,291**	3,424

Financial Statements continued

Consolidated Statement of Cash Flows [1]

For the year ended 30 June 2010

	Appendix	Full Year Ended 30/06/10 $M	30/06/09 $M
Cash flows from operating activities			
Interest received		**31,663**	31,745
Interest paid		**(19,387)**	(20,986)
Other operating income received		**5,573**	5,551
Expenses paid		**(7,766)**	(7,334)
Income taxes paid		**(2,022)**	(2,043)
Net (increase)/decrease in assets at fair value through Income Statement (excluding life insurance)		**(2,466)**	4,864
Net increase/(decrease) in liabilities at fair value through Income Statement:			
Life insurance:			
Investment income		**335**	275
Premiums received [2]		**2,094**	2,063
Policy payments [2]		**(3,901)**	(3,144)
Other liabilities at fair value through Income Statement		**(1,200)**	287
Cash flows from operating activities before changes in operating assets and liabilities		**2,923**	11,278
Changes in operating assets and liabilities arising from cash flow movements			
Movement in available-for-sale investments:			
Purchases		**(60,021)**	(37,200)
Proceeds from sale		**4,107**	4,996
Proceeds at or close to maturity		**44,201**	22,189
Net change in deposits with regulatory authorities		**-**	25
Net (increase) in loans, bills discounted and other receivables		**(28,999)**	(52,878)
Net decrease/(increase) in receivables due from other financial institutions not at call		**2,725**	(5,575)
Net decrease/(increase) in securities purchased under agreements to resell		**776**	(507)
Life insurance business:			
Purchase of insurance assets at fair value through Income Statement		**(5,660)**	(11,950)
Proceeds from sale/maturity of insurance assets at fair value through Income Statement		**8,384**	14,478
Net increase in deposits and other public borrowings		**8,852**	47,394
Net proceeds from issuance of debt securities		**30,128**	10,253
Net (decrease) in payables due to other financial institutions not at call		**(1,157)**	(8,012)
Net (decrease)/increase in securities sold under agreements to repurchase		**(2,814)**	6,985
Changes in operating assets and liabilities arising from cash flow movements		**522**	(9,802)
Net cash provided by/(used in) operating activities	21 (a)	**3,445**	1,476
Cash flows from investing activities			
Receipts/(payments) for acquisition of controlled entities	21 (e)	**-**	(1,741)
Net proceeds from disposal of controlled entities	21 (c)	**(11)**	-
Proceeds from disposal of entities and businesses (net of cash disposals)		**(22)**	-
Dividends received		**71**	76
Proceeds from sale of property, plant and equipment		**70**	9
Purchases of property, plant and equipment		**(293)**	(987)
Payments for acquistions of investments in associates/joint ventures		**(414)**	(144)
Purchase of intangible assets		**(454)**	(405)
Sale/(purchase) of assets held for sale		**542**	(22)
Net decrease/(increase) in other assets		**254**	(77)
Net cash (used in)/provided by investing activities		**(257)**	(3,291)

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

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

Consolidated Statement of Cash Flows [1] (continued)

For the year ended 30 June 2010

		Full Year Ended	
		30/06/10	30/06/09
	Appendix	$M	$M
Cash flows from financing activities			
Proceeds from the issue of shares (net of issue costs)		**2**	4,830
Dividends paid (excluding Dividend Reinvestment Plan)		**(2,149)**	(2,620)
Net movement in other liabilities		**(240)**	344
Net sale/(purchase) of treasury shares		**(20)**	(14)
Issue of loan capital		**3,707**	500
Redemption of loan capital		**(1,760)**	(1,250)
Other		**3**	(54)
Net cash (used in)/provided by financing activities		**(457)**	1,736
Net increase/(decrease) in cash and cash equivalents		**2,731**	(79)
Cash and cash equivalents at beginning of period		**2,186**	2,265
Cash and cash equivalents at end of period [2]	21 (b)	**4,917**	2,186

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

(2) 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.

Appendices

1. Net Interest Income

	Full Year Ended			Half Year Ended		
	30/06/10 $M	30/06/09 $M	Jun 10 vs Jun 09 %	30/06/10 $M	31/12/09 $M	Jun 10 vs Dec 09 %
Interest Income						
Loans and bills discounted	**29,849**	28,438	5	**15,672**	14,177	11
Other financial institutions	**141**	434	(68)	**59**	82	(28)
Cash and liquid assets	**192**	510	(62)	**96**	96	-
Assets at fair value through Income Statement	**793**	1,236	(36)	**425**	368	15
Available-for-sale investments	**1,240**	901	38	**673**	567	19
Total interest income	**32,215**	31,519	2	**16,925**	15,290	11
Interest Expense						
Deposits	**13,970**	14,216	(2)	**7,655**	6,315	21
Other financial institutions	**164**	509	(68)	**82**	82	-
Liabilities at fair value through Income Statement	**624**	1,021	(39)	**211**	413	(49)
Debt issues	**4,920**	4,767	3	**2,871**	2,049	40
Loan capital	**615**	705	(13)	**342**	273	25
Total interest expense	**20,293**	21,218	(4)	**11,161**	9,132	22
Net interest income	**11,922**	10,301	16	**5,764**	6,158	(6)

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.

	Full Year Ended			Half Year Ended		
	30/06/10 $M	30/06/09 $M	Jun 10 vs Jun 09 %	30/06/10 $M	31/12/09 $M	Jun 10 vs Dec 09 %
Total interest income ("cash basis")	**32,242**	31,505	2	**16,939**	15,303	11
Fair value adjustment interest income	**(27)**	14	large	**(14)**	(13)	8
Total interest income ("statutory basis")	**32,215**	31,519	2	**16,925**	15,290	11
Total interest expense ("cash basis")	**20,374**	21,319	(4)	**11,133**	9,241	20
Fair value adjustment interest expense	**(138)**	(138)	-	**-**	(138)	large
Hedging and AIFRS volatility	**57**	37	54	**28**	29	(3)
Total interest expense ("statutory basis")	**20,293**	21,218	(4)	**11,161**	9,132	22

2. Net Interest Margin

	Full Year Ended		Half Year Ended		Full Year Ended
		Pro forma			As reported
	30/06/10	30/06/09	30/06/10	31/12/09	30/06/09
	%	%	%	%	%
Australia					
Interest spread (1)	**2.04**	1.89	**1.99**	2.08	1.93
Benefit of interest-free liabilities, provisions and equity (2)	**0.19**	0.21	**0.19**	0.21	0.21
Net interest margin (3)	**2.23**	2.10	**2.18**	2.29	2.14
Overseas (4)					
Interest spread (1)	**1.09**	1.32	**1.04**	1.13	1.32
Benefit of interest-free liabilities, provisions and equity (2)	**0.27**	0.40	**0.34**	0.22	0.40
Net interest margin (3)	**1.36**	1.72	**1.38**	1.35	1.72
Total Group					
Interest spread (1)	**1.91**	1.81	**1.85**	1.96	1.84
Benefit of interest-free liabilities, provisions and equity (2)	**0.22**	0.27	**0.23**	0.22	0.26
Net interest margin (3)	**2.13**	2.08	**2.08**	2.18	2.10

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

(2) A portion of the Group's interest earning assets are funded by net 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 year or for the half year annualised.

(4) The Overseas component comprises overseas branches of the Group and overseas domiciled controlled entities.

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 the years ended 30 June 2010 and 30 June 2009. 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 Group 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 150 basis points during the year while rates in New Zealand increased by 25 basis points.

Average Balances

	Full Year Ended 30/06/10			Full Year Ended 30/06/09		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Earning Assets	$M	$M	%	$M	$M	%
Home loans excluding securitisation	**298,085**	**17,883**	**6. 00**	251,811	17,065	6. 78
Personal loans [1]	**20,146**	**2,376**	**11. 79**	20,196	2,436	12. 06
Business and corporate loans [2]	**158,638**	**9,083**	**5. 73**	160,275	10,297	6. 42
Loans, bills discounted and other receivables	**476,869**	**29,342**	**6. 15**	432,282	29,798	6. 89
Cash and other liquid assets	**25,216**	**333**	**1. 32**	32,171	982	3. 05
Assets at fair value through Income Statement (excluding life insurance)	**22,805**	**793**	**3. 48**	28,573	1,418	4. 96
Available-for-sale investments	**28,845**	**1,240**	**4. 30**	18,384	901	4. 90
Non-lending interest earning assets	**76,866**	**2,366**	**3. 08**	79,128	3,301	4. 17
Total interest earning assets (excluding securitisation) [3]	**553,735**	**31,708**	**5. 73**	511,410	33,099	6. 47
Securitisation home loan assets	**10,967**	**534**	**4. 87**	14,884	934	6. 28
Non-interest earning assets	**75,715**			94,504		
Total average assets	**640,417**			620,798		

	Full Year Ended 30/06/10			Full Year Ended 30/06/09		
Interest Bearing	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Liabilities	$M	$M	%	$M	$M	%
Transaction deposits	**70,010**	**1,103**	**1. 58**	64,801	1,316	2. 03
Saving deposits	**77,668**	**2,373**	**3. 06**	69,128	2,588	3. 74
Investment deposits	**146,443**	**6,266**	**4. 28**	139,350	8,051	5. 78
Certificates of deposit and other [2]	**72,443**	**4,367**	**6. 03**	64,438	3,568	5. 54
Total interest bearing deposits [4]	**366,564**	**14,109**	**3. 85**	337,717	15,523	4. 60
Payables due to other financial institutions	**14,744**	**164**	**1. 11**	27,111	1,070	3. 95
Liabilities at fair value through Income Statement	**16,074**	**624**	**3. 88**	17,426	1,021	5. 86
Debt issues [2] [5]	**109,901**	**4,396**	**4. 00**	86,729	4,103	4. 73
Loan capital [2]	**14,055**	**622**	**4. 43**	13,807	766	5. 55
Total interest bearing liabilities	**521,338**	**19,915**	**3. 82**	482,790	22,483	4. 66
Securitisation debt issues [5]	**9,927**	**459**	**4. 62**	14,585	834	5. 72
Non-interest bearing liabilities	**75,618**			92,256		
Total average liabilities	**606,883**			589,631		

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

(2) Comparisons between reporting periods are impacted by the reclassification 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.

(5) Comparative information has been restated to conform with presentation in the current period.

3. Average Balances and Related Interest – pro forma (continued)

Net Interest Margin	Full Year Ended 30/06/10 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30/06/09 Avg Bal $M	Interest $M	Yield %
Total interest earning assets excluding securitisation	**553,735**	**31,708**	**5. 73**	511,410	33,099	6. 47
Total interest bearing liabilities excluding securitisation [1]	**521,338**	**19,915**	**3. 82**	482,790	22,483	4. 66
Net interest income and interest spread (excluding securitisation)		**11,793**	**1. 91**		10,616	1. 81
Benefit of free funds			**0. 22**			0. 27
Net interest margin			**2. 13**			2. 08

Geographical analysis of key categories

	Full Year Ended 30/06/10 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30/06/09 Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables						
Australia	**419,667**	**25,826**	**6. 15**	370,729	25,214	6. 80
Overseas	**57,202**	**3,516**	**6. 15**	61,553	4,584	7. 45
Total	**476,869**	**29,342**	**6. 15**	432,282	29,798	6. 89
Non-Lending Interest Earning Assets						
Australia	**49,991**	**1,972**	**3. 94**	50,491	2,324	4. 60
Overseas	**26,875**	**394**	**1. 47**	28,637	977	3. 41
Total	**76,866**	**2,366**	**3. 08**	79,128	3,301	4. 17
Total Interest Bearing Deposits						
Australia	**324,095**	**12,393**	**3. 82**	296,989	13,396	4. 51
Overseas	**42,469**	**1,716**	**4. 04**	40,728	2,127	5. 22
Total	**366,564**	**14,109**	**3. 85**	337,717	15,523	4. 60
Other Interest Bearing Liabilities						
Australia [1]	**109,469**	**4,904**	**4. 48**	93,202	5,130	5. 50
Overseas	**45,305**	**902**	**1. 99**	51,871	1,830	3. 53
Total [1]	**154,774**	**5,806**	**3. 75**	145,073	6,960	4. 80

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

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 vehicles have been excluded. This has been done to more accurately reflect the Group's underlying net margin.

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 the years ended 30 June 2010 and 30 June 2009 as well as half years ended 30 June 2010, 31 December 2009 and 30 June 2009. 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 Group 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 150 basis points during the year while rates in New Zealand increased by 25 basis points.

Average Balances

	Full Year Ended 30/06/10			Full Year Ended 30/06/09		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Earning Assets	$M	$M	%	$M	$M	%
Home loans excluding securitisation	**298,085**	**17,883**	**6. 00**	237,772	16,035	6. 74
Personal loans (1)	**20,146**	**2,376**	**11. 79**	19,407	2,356	12. 14
Business and corporate loans (2)	**158,638**	**9,083**	**5. 73**	148,908	9,291	6. 24
Loans, bills discounted and other receivables	**476,869**	**29,342**	**6. 15**	406,087	27,682	6. 82
Cash and other liquid assets	**25,216**	**333**	**1. 32**	31,479	944	3. 00
Assets at fair value through Income Statement (excluding life insurance)	**22,805**	**793**	**3. 48**	25,298	1,236	4. 89
Available-for-sale investments	**28,845**	**1,240**	**4. 30**	18,384	901	4. 90
Non-lending interest earning assets	**76,866**	**2,366**	**3. 08**	75,161	3,081	4. 10
Total interest earning assets (excluding securitisation) (3)	**553,735**	**31,708**	**5. 73**	481,248	30,763	6. 39
Securitisation home loan assets	**10,967**	**534**	**4. 87**	12,279	742	6. 04
Non-interest earning assets	**75,715**			93,701		
Total average assets	**640,417**			587,228		

	Full Year Ended 30/06/10			Full Year Ended 30/06/09		
Interest Bearing	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Liabilities	$M	$M	%	$M	$M	%
Transaction deposits	**70,010**	**1,103**	**1. 58**	62,690	1,271	2. 03
Saving deposits	**77,668**	**2,373**	**3. 06**	65,178	2,349	3. 60
Investment deposits	**146,443**	**6,266**	**4. 28**	127,004	7,190	5. 66
Certificates of deposit and other (2)	**72,443**	**4,367**	**6. 03**	64,146	3,545	5. 53
Total interest bearing deposits (4)	**366,564**	**14,109**	**3. 85**	319,018	14,355	4. 50
Payables due to other financial institutions	**14,744**	**164**	**1. 11**	18,845	509	2. 70
Liabilities at fair value through Income Statement	**16,074**	**624**	**3. 88**	17,426	1,021	5. 86
Debt issues (2) (5)	**109,901**	**4,396**	**4. 00**	85,872	4,041	4. 71
Loan capital (2)	**14,055**	**622**	**4. 43**	13,097	709	5. 41
Total interest bearing liabilities	**521,338**	**19,915**	**3. 82**	454,258	20,635	4. 55
Securitisation debt issues (5)	**9,927**	**459**	**4. 62**	12,042	684	5. 68
Non-interest bearing liabilities	**75,618**			91,739		
Total average liabilities	**606,883**			558,039		

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

(2) Comparisons between reporting periods are impacted by the reclassification 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.

(5) Comparative information has been restated to conform with presentation in the current period.

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

Average Balances

	Half Year Ended 30/06/10			Half Year Ended 31/12/09			Half Year Ended 30/06/09		
	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	**305,967**	**9,584**	**6. 32**	290,333	8,299	5. 67	262,999	7,724	5. 92
Personal loans [1]	**20,622**	**1,239**	**12. 12**	19,678	1,137	11. 46	19,284	1,131	11. 83
Business and corporate loans [2]	**155,129**	**4,596**	**5. 97**	162,089	4,487	5. 49	163,689	4,673	5. 76
Loans, bills discounted and other receivables	**481,718**	**15,419**	**6. 45**	472,100	13,923	5. 85	445,972	13,528	6. 12
Cash and liquid assets	**24,847**	**155**	**1. 26**	25,579	178	1. 38	35,578	357	2. 02
Assets at fair value through Income Statement (excluding life insurance)	**23,120**	**425**	**3. 71**	22,496	368	3. 25	23,951	389	3. 28
Available-for-sale investments	**30,512**	**673**	**4. 45**	27,204	567	4. 13	21,011	449	4. 31
Non-lending interest earning assets	**78,479**	**1,253**	**3. 22**	75,279	1,113	2. 93	80,540	1,195	2. 99
Total interest earning assets (excluding securitisation) [3]	**560,197**	**16,672**	**6. 00**	547,379	15,036	5. 45	526,512	14,723	5. 64
Securitisation home loan assets	**10,141**	**267**	**5. 31**	11,780	267	4. 50	13,767	320	4. 69
Non-interest earning assets	**78,422**			73,049			97,585		
Total average assets	**648,760**			632,208			637,864		

	Half Year Ended 30/06/10			Half Year Ended 31/12/09			Half Year Ended 30/06/09		
Interest Bearing	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Liabilities	$M	$M	%	$M	$M	%	$M	$M	%
Transaction deposits	**70,649**	**642**	**1. 83**	69,381	461	1. 32	65,663	470	1. 44
Saving deposits	**76,904**	**1,295**	**3. 40**	78,419	1,078	2. 73	72,815	992	2. 75
Investment deposits	**153,712**	**3,597**	**4. 72**	139,293	2,669	3. 80	143,248	3,336	4. 70
Certificates of deposit and other [2]	**64,192**	**2,122**	**6. 67**	80,559	2,245	5. 53	77,526	1,919	4. 99
Total interest bearing deposits [4]	**365,457**	**7,656**	**4. 22**	367,652	6,453	3. 48	359,252	6,717	3. 77
Payables due to other financial institutions	**14,575**	**82**	**1. 13**	14,910	82	1. 09	16,960	106	1. 26
Liabilities at fair value through Income Statement	**15,352**	**211**	**2. 77**	16,784	413	4. 88	18,368	472	5. 18
Debt issues [2] [5]	**120,377**	**2,603**	**4. 36**	99,597	1,793	3. 57	90,357	1,523	3. 40
Loan capital [2]	**13,915**	**345**	**5. 00**	14,193	277	3. 87	12,604	278	4. 45
Total interest bearing liabilities	**529,676**	**10,897**	**4. 15**	513,136	9,018	3. 49	497,541	9,096	3. 69
Securitisation debt issues [5]	**8,924**	**236**	**5. 33**	10,914	223	4. 05	13,708	304	4. 47
Non-interest bearing liabilities	**75,590**			75,645			96,281		
Total average liabilities	**614,190**			599,695			607,530		

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

(2) Comparisons between reporting periods are impacted by the reclassification 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.

(5) Comparative information has been restated to conform with presentation in the current period.

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

Net Interest Margin	Full Year Ended 30/06/10 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30/06/09 Avg Bal $M	Interest $M	Yield %
Total interest earning assets excluding securitisation	**553,735**	**31,708**	**5. 73**	481,248	30,763	6. 39
Total interest bearing liabilities excluding securitisation [1]	**521,338**	**19,915**	**3. 82**	454,258	20,635	4. 55
Net interest income and interest spread (excluding securitisation)		**11,793**	**1. 91**		10,128	1. 84
Benefit of free funds			**0. 22**			0. 26
Net interest margin			**2. 13**			2. 10

Geographical analysis of key categories

	Full Year Ended 30/06/10 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30/06/09 Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables						
Australia	**419,667**	**25,826**	**6. 15**	344,534	23,098	6. 70
Overseas	**57,202**	**3,516**	**6. 15**	61,553	4,584	7. 45
Total	**476,869**	**29,342**	**6. 15**	406,087	27,682	6. 82
Non-Lending Interest Earning Assets						
Australia	**49,991**	**1,972**	**3. 94**	46,524	2,104	4. 52
Overseas	**26,875**	**394**	**1. 47**	28,637	977	3. 41
Total	**76,866**	**2,366**	**3. 08**	75,161	3,081	4. 10
Total Interest Bearing Deposits						
Australia	**324,095**	**12,393**	**3. 82**	278,290	12,228	4. 39
Overseas	**42,469**	**1,716**	**4. 04**	40,728	2,127	5. 22
Total	**366,564**	**14,109**	**3. 85**	319,018	14,355	4. 50
Other Interest Bearing Liabilities						
Australia [1]	**109,469**	**4,904**	**4. 48**	83,369	4,450	5. 34
Overseas	**45,305**	**902**	**1. 99**	51,871	1,830	3. 53
Total [1]	**154,774**	**5,806**	**3. 75**	135,240	6,280	4. 64

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

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 vehicles have been excluded. This has been done to more accurately reflect the Group's underlying net margin.

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

Net Interest Margin	Half Year Ended 30/06/10 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31/12/09 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30/06/09 Avg Bal $M	Interest $M	Yield %
Total interest earning assets excluding securitisation	**560,197**	**16,672**	**6. 00**	547,379	15,036	5. 45	526,512	14,723	5. 64
Total interest bearing liabilities excluding securitisation (1)	**529,676**	**10,897**	**4. 15**	513,136	9,018	3. 49	497,541	9,096	3. 69
Net interest income and interest spread (excluding securitisation)		**5,775**	**1. 85**		6,018	1. 96		5,627	1. 95
Benefit of free funds			**0. 23**			0. 22			0. 21
Net interest margin			**2. 08**			2. 18			2. 16

Geographical analysis of key categories

	Half Year Ended 30/06/10 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31/12/09 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30/06/09 Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables									
Australia	**426,505**	**13,695**	**6. 48**	412,941	12,132	5. 83	384,716	11,508	6. 03
Overseas	**55,213**	**1,724**	**6. 30**	59,159	1,791	6. 01	61,256	2,020	6. 65
Total	**481,718**	**15,419**	**6. 45**	472,100	13,923	5. 85	445,972	13,528	6. 12
Non-Lending Interest Earning Assets									
Australia	**51,484**	**1,075**	**4. 21**	48,525	897	3. 67	51,655	848	3. 31
Overseas	**26,995**	**178**	**1. 33**	26,754	216	1. 60	28,885	347	2. 42
Total	**78,479**	**1,253**	**3. 22**	75,279	1,113	2. 93	80,540	1,195	2. 99
Total Interest Bearing Deposits									
Australia	**325,465**	**6,723**	**4. 17**	322,746	5,670	3. 48	317,457	5,804	3. 69
Overseas	**39,992**	**933**	**4. 70**	44,906	783	3. 46	41,795	913	4. 41
Total	**365,457**	**7,656**	**4. 22**	367,652	6,453	3. 48	359,252	6,717	3. 77
Other Interest Bearing Liabilities									
Australia (1)	**123,410**	**2,883**	**4. 71**	95,757	2,020	4. 18	85,700	1,732	4. 08
Overseas	**40,809**	**358**	**1. 77**	49,727	545	2. 17	52,589	647	2. 48
Total (1)	**164,219**	**3,241**	**3. 98**	145,484	2,565	3. 50	138,289	2,379	3. 47

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

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 vehicles have been excluded. This has been done to more accurately reflect the Group's underlying net margin.

5. Interest Rate and Volume Analysis

Interest Earning Assets	Full Year Ended Jun 10 vs Jun 09 Volume $M	Rate $M	Total $M	Full Year Ended Jun 09 vs Jun 08 Volume $M	Rate $M	Total $M
Home Loans	3,843	(1,995)	1,848	3,449	(1,968)	1,481
Personal loans	89	(69)	20	(116)	153	37
Business and corporate loans	582	(790)	(208)	1,997	(343)	1,654
Loans, bills discounted and other receivables	4,590	(2,930)	1,660	5,593	(2,421)	3,172
Cash and liquid assets	(135)	(476)	(611)	612	(615)	(3)
Assets at fair value through Income Statement (excluding life insurance)	(104)	(339)	(443)	(187)	(510)	(697)
Available-for-sale investments	481	(142)	339	343	(198)	145
Non-lending interest earning assets	61	(776)	(715)	899	(1,454)	(555)
Total interest earning assets	4,392	(3,447)	945	6,543	(3,926)	2,617
Securitisation home loan assets	(72)	(136)	(208)	(81)	(265)	(346)

Interest Bearing Liabilities	Full Year Ended Jun 10 vs Jun 09 Volume $M	Rate $M	Total $M	Full Year Ended Jun 09 vs Jun 08 Volume $M	Rate $M	Total $M
Transaction deposits	132	(300)	(168)	94	(410)	(316)
Saving deposits	416	(392)	24	444	(688)	(244)
Investment deposits	967	(1,891)	(924)	2,476	(1,294)	1,182
Certificates of deposit and other	479	343	822	1,322	18	1,340
Total interest bearing deposits	1,985	(2,231)	(246)	3,766	(1,804)	1,962
Payables due to other financial institutions	(79)	(266)	(345)	(22)	(458)	(480)
Liabilities at fair value through Income Statement	(66)	(331)	(397)	161	(269)	(108)
Debt issues	1,046	(691)	355	612	(1,627)	(1,015)
Loan capital	47	(134)	(87)	33	(116)	(83)
Total interest bearing liabilities	2,804	(3,524)	(720)	4,629	(4,353)	276
Securitisation debt issues	(109)	(116)	(225)	(76)	(208)	(284)

5. Interest Rate and Volume Analysis (continued)

Change in Net Interest Income	Full Year Ended Jun 10 vs Jun 09 Increase/(Decrease) $M	Jun 09 vs Jun 08 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	1,535	1,971
Due to changes in interest margin	130	370
Change in net interest income (excluding securitisation)	1,665	2,341

"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).

Geographical analysis of key categories	Full Year Ended Jun 10 vs Jun 09 Volume $M	Rate $M	Total $M	Full Year Ended Jun 09 vs Jun 08 Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	4,830	(2,102)	2,728	5,014	(1,963)	3,051
Overseas	(296)	(772)	(1,068)	535	(414)	121
Total	4,590	(2,930)	1,660	5,593	(2,421)	3,172
Non-Lending Interest Earning Assets						
Australia	147	(279)	(132)	583	(776)	(193)
Overseas	(43)	(540)	(583)	316	(678)	(362)
Total	61	(776)	(715)	899	(1,454)	(555)
Total Interest Bearing Deposits						
Australia	1,882	(1,717)	165	3,175	(1,347)	1,828
Overseas	81	(492)	(411)	593	(459)	134
Total	1,985	(2,231)	(246)	3,766	(1,804)	1,962
Other Interest Bearing Liabilities						
Australia	1,281	(827)	454	460	(1,297)	(837)
Overseas	(181)	(747)	(928)	263	(1,112)	(849)
Total	820	(1,294)	(474)	732	(2,418)	(1,686)

5. Interest Rate and Volume Analysis (continued)

	Half Year Ended Jun 10 vs Dec 09			Half Year Ended Jun 10 vs Jun 09		
	Volume	Rate	Total	Volume	Rate	Total
Interest Earning Assets	$M	$M	$M	$M	$M	$M
Home Loans	469	816	1,285	1,304	556	1,860
Personal loans	56	46	102	80	28	108
Business and corporate loans	(199)	308	109	(249)	172	(77)
Loans, bills discounted and other receivables	296	1,200	1,496	1,114	777	1,891
Cash and liquid assets	(5)	(18)	(23)	(87)	(115)	(202)
Assets at fair value through Income Statement (excluding life insurance)	11	46	57	(14)	50	36
Available-for-sale investments	71	35	106	206	18	224
Non-lending interest earning assets	49	91	140	(32)	90	58
Total interest earning assets	367	1,269	1,636	972	977	1,949
Securitisation home loan assets	(40)	40	-	(90)	37	(53)

	Half Year Ended Jun 10 vs Dec 09			Half Year Ended Jun 10 vs Jun 09		
	Volume	Rate	Total	Volume	Rate	Total
Interest Bearing Liabilities	$M	$M	$M	$M	$M	$M
Transaction deposits	10	171	181	40	132	172
Saving deposits	(23)	240	217	62	241	303
Investment deposits	307	621	928	245	16	261
Certificates of deposit and other	(499)	376	(123)	(385)	588	203
Total interest bearing deposits	(42)	1,245	1,203	123	816	939
Payables due to other financial institutions	(2)	2	-	(15)	(9)	(24)
Liabilities at fair value through Income Statement	(27)	(175)	(202)	(59)	(202)	(261)
Debt issues	412	398	810	578	502	1,080
Loan capital	(6)	74	68	30	37	67
Total interest bearing liabilities	315	1,564	1,879	624	1,177	1,801
Securitisation debt issues	(47)	60	13	(116)	48	(68)

5. Interest Rate and Volume Analysis (continued)

Change in Net Interest Income	Half Year Ended Jun 10 vs Dec 09 Increase/(Decrease) $M	Half Year Ended Jun 10 vs Jun 09 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	135	354
Due to changes in interest margin	(280)	(206)
Due to variation in time period	(98)	-
Change in net interest income (excluding securitisation)	(243)	148

"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).

Geographical analysis of key categories	Half Year Ended Jun 10 vs Dec 09			Half Year Ended Jun 10 vs Jun 09		
	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	417	1,146	1,563	1,297	890	2,187
Other overseas	(122)	55	(67)	(195)	(101)	(296)
Total	296	1,200	1,496	1,114	777	1,891
Non-Lending Interest Earning Assets						
Australia	58	120	178	(3)	230	227
Other overseas	2	(40)	(38)	(18)	(151)	(169)
Total	49	91	140	(32)	90	58
Total Interest Bearing Deposits						
Australia	52	1,001	1,053	156	763	919
Other overseas	(100)	250	150	(40)	60	20
Total	(42)	1,245	1,203	123	816	939
Other Interest Bearing Liabilities						
Australia	614	249	863	821	330	1,151
Other overseas	(88)	(99)	(187)	(125)	(164)	(289)
Total	350	326	676	478	384	862

These volume and rate analyses were for half year periods. The calculations were 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

	Full Year Ended			Half Year Ended		
	30/06/10	30/06/09	Jun 10 vs	30/06/10	31/12/09	Jun 10 vs
	$M	$M	Jun 09 %	$M	$M	Dec 09 %
Loan service fees:						
From financial assets	**1,387**	1,351	3	**687**	700	(2)
Other	**48**	45	7	**29**	19	53
Commission and other fees:						
From financial liabilities	**568**	531	7	**280**	288	(3)
Other	**1,438**	1,496	(4)	**692**	746	(7)
Trading income	**597**	741	(19)	**306**	291	5
Net gains/(losses) on disposal of available-for-sale investments	**27**	(12)	large	**21**	6	large
Net losses on disposal of other non-fair valued financial instruments	**(52)**	(9)	large	**6**	(58)	large
Dividends	**5**	14	(64)	**3**	2	50
Net losses on sale of property, plant and equipment	**(4)**	(11)	(64)	**(2)**	(2)	-
Other	**290**	314	(8)	**151**	139	9
	4,304	4,460	(3)	**2,173**	2,131	2
Net hedging ineffectiveness	**(62)**	(18)	large	**(21)**	(41)	(49)
Net gains/(losses) on other fair valued financial instruments:						
Fair value through Income Statement	**8**	(66)	large	**3**	5	(40)
Reclassification of net interest on swaps	**(259)**	(275)	(6)	**(136)**	(123)	11
Non-trading derivatives	**217**	(187)	large	**(161)**	378	large
Total other banking operating income	**4,208**	3,914	8	**1,858**	2,350	(21)

Other banking operating 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.

	Full Year Ended			Half Year Ended		
	30/06/10	30/06/09	Jun 10 vs	30/06/10	31/12/09	Jun 10 vs
	$M	$M	Jun 09 %	$M	$M	Dec 09 %
Other banking operating income ("cash basis")	**4,112**	4,176	(2)	**2,034**	2,078	(2)
Revenue hedge of New Zealand operations - unrealised	**(25)**	1	large	**(6)**	(19)	(68)
Loss on disposal of controlled entities/investments	**(23)**	-	large	**8**	(31)	large
Hedging and AIFRS volatility	**144**	(263)	large	**(178)**	322	large
Other banking operating income ("statutory basis")	**4,208**	3,914	8	**1,858**	2,350	(21)

7. Operating Expenses

Expenses by Segment	Full Year Ended 30/06/10 $M	Full Year Ended Pro forma 30/06/09 $M	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10 $M	Half Year Ended 31/12/09 $M	Jun 10 vs Dec 09 %	Full Year Ended As reported 30/06/09 $M
Operating Expenses							
Retail Banking Services	**2,794**	2,781	-	**1,414**	1,380	2	2,781
Business and Private Banking	**1,310**	1,272	3	**671**	639	5	1,272
Institutional Banking and Markets	**792**	679	17	**405**	387	5	679
Wealth Management	**1,706**	1,683	1	**855**	851	-	1,652
New Zealand	**667**	649	3	**342**	325	5	649
Bankwest	**880**	909	(3)	**437**	443	(1)	483
Other	**452**	249	82	**209**	243	(14)	249
Total expenses ("cash basis")	**8,601**	8,222	5	**4,333**	4,268	2	7,765
Defined benefit superannuation plan (income)/expense (1)	**-**	n/a	n/a	**-**	-	-	14
Integration expenses	**40**	n/a	n/a	**21**	19	11	112
Merger related amortisation	**75**	n/a	n/a	**38**	37	3	37
One-off expenses	**-**	n/a	n/a	**-**	-	-	32
Total expenses ("statutory basis")	**8,716**	n/a	n/a	**4,392**	4,324	2	7,960

(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") and is recorded in the Corporate Centre's results included in the Other segment.

Capitalisation of Computer Software Costs

Capitalised computer software costs (net of amortisation) totalled $950 million as at 30 June 2010 (December 2009: $799 million and June 2009: $673 million). Expenditure in the year principally comprised development of customer focussed systems.

7. Operating Expenses (continued)

	Full Year Ended			Half Year Ended			Full Year Ended
		Pro forma					As reported
	30/06/10	30/06/09	Jun 10 vs	30/06/10	31/12/09	Jun 10 vs	30/06/09
	$M	$M	Jun 09 %	$M	$M	Dec 09 %	$M
Staff expenses							
Salaries and wages	**3,845**	3,606	7	**1,899**	1,946	(2)	3,405
Share-based compensation	**130**	146	(11)	**79**	51	55	125
Superannuation contributions	**48**	59	(19)	**33**	15	large	44
Defined benefit superannuation plan expense (1)	**103**	-	large	**39**	64	(39)	-
Provisions for employee entitlements	**58**	96	(40)	**36**	22	64	88
Payroll tax	**202**	197	3	**102**	100	2	188
Fringe benefits tax	**40**	37	8	**20**	20	-	36
Other staff expenses	**157**	111	41	**86**	71	21	94
Total staff expenses	**4,583**	4,252	8	**2,294**	2,289	-	3,980
Occupancy and equipment expenses							
Operating lease rentals	**527**	519	2	**271**	256	6	488
Depreciation:							
Buildings	**30**	35	(14)	**14**	16	(13)	29
Leasehold improvements	**98**	88	11	**53**	45	18	85
Equipment	**90**	92	(2)	**43**	47	(9)	89
Operating lease assets	**45**	37	22	**20**	25	(20)	37
Repairs and maintenance	**84**	81	4	**43**	41	5	80
Other	**103**	112	(8)	**51**	52	(2)	102
Total occupancy and equipment expenses	**977**	964	1	**495**	482	3	910
Information technology services							
Application maintenance and development	**209**	189	11	**134**	75	79	167
Data processing	**227**	203	12	**123**	104	18	202
Desktop	**141**	143	(1)	**73**	68	7	141
Communications	**199**	186	7	**103**	96	7	179
Amortisation of software assets	**178**	132	35	**74**	104	(29)	122
IT equipment depreciation	**75**	68	10	**37**	38	(3)	62
Total information technology services	**1,029**	921	12	**544**	485	12	873
Other expenses							
Postage	**115**	128	(10)	**51**	64	(20)	121
Stationery	**97**	103	(6)	**48**	49	(2)	100
Fees and commissions:							
Fees payable on trust and other fiduciary activities	**497**	453	10	**244**	253	(4)	453
Other	**367**	379	(3)	**193**	174	11	359
Advertising, marketing and loyalty	**398**	499	(20)	**213**	185	15	475
Amortisation of intangible assets (excluding software and merger related amortisation) (2)	**27**	17	59	**15**	12	25	17
Non-lending losses	**103**	90	14	**46**	57	(19)	86
Other	**408**	416	(2)	**190**	218	(13)	391
Total other expenses	**2,012**	2,085	(4)	**1,000**	1,012	(1)	2,002
Total expenses ("cash basis")	**8,601**	8,222	5	**4,333**	4,268	2	7,765
Defined benefit superannuation plan (income)/expense (1)	**-**	n/a	n/a	**-**	-	-	14
Investment and restructuring							
Integration expenses	**40**	n/a	n/a	**21**	19	11	112
Merger related amortisation (2)	**75**	n/a	n/a	**38**	37	3	37
One-off expenses	**-**	n/a	n/a	**-**	-	-	32
Total investment and restructuring	**115**	n/a	n/a	**59**	56	5	181
Total expenses ("statutory basis")	**8,716**	n/a	n/a	**4,392**	4,324	2	7,960

(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").

(2) Merger related amortisation relates to Bankwest core deposits and customer lists.

8. Income Tax Expense

	Full Year Ended		Half Year Ended	
	30/06/10	30/06/09	30/06/10	31/12/09
	$M	$M	$M	$M
Profit before income tax	**8,193**	6,449	**3,770**	4,423
Prima facie income tax at 30%	**2,458**	1,935	**1,131**	1,327
Effect of amounts which are non deductible/(assessable) in calculating taxable profit:				
Taxation offsets and other dividend adjustments	**(18)**	(59)	**(3)**	(15)
Tax adjustment referable to policyholder income	**91**	(115)	**(7)**	98
Bankwest - gain on acquisition	**-**	76	**-**	-
Tax losses not previously brought to account	**(4)**	-	**-**	(4)
Offshore tax rate differential	**(66)**	(55)	**(40)**	(26)
Offshore banking unit	**(32)**	(56)	**(17)**	(15)
Investment allowance	**(57)**	(28)	**(16)**	(41)
Effect of changes in tax rates (1)	**(12)**	-	**(12)**	-
Income tax under/(over) provided in prior year (2)	**164**	5	**2**	162
Other	**(11)**	(7)	**(25)**	14
Total income tax expense	**2,513**	1,696	**1,013**	1,500
Corporate tax expense	**2,383**	1,860	**1,022**	1,361
Policyholder tax expense/(benefit)	**130**	(164)	**(9)**	139
Total income tax expense	**2,513**	1,696	**1,013**	1,500
Effective Tax Rate	%	%	%	%
Total – corporate (2)	**29. 6**	28. 1	**27. 0**	31. 8
Retail Banking Services – corporate	**30. 1**	29. 7	**29. 4**	30. 8
Business and Private Banking – corporate	**28. 9**	28. 1	**29. 3**	28. 5
Institutional Banking and Markets – corporate	**22. 5**	large	**27. 5**	15. 8
Wealth Management – corporate	**28. 0**	30. 1	**27. 4**	28. 6
New Zealand - corporate (1) (2)	**56. 9**	23. 8	**20. 5**	large
Bankwest - corporate (3)	**18. 0**	35. 4	**25. 2**	38. 8

(1) The New Zealand corporate tax rate will reduce from 30% to 28% effective 1 April 2011.

(2) The full year ended 30 June 2010 and the half year ended 31 December 2009 includes the impact of the tax on New Zealand structured finance transactions of $171 million.

(3) The effective tax rate for the year ended 30 June 2010 has been impacted by the unwind of fair value adjustments on Bankwest issued RMBS that does not have an associated impact on tax expense.

Taxation of Financial Arrangements "TOFA"

The new tax regime for financial instruments TOFA began to apply to the Tax Consolidated Group from 1 July 2010. The regime aims to align the tax and accounting recognition and measurement of financial arrangements and their related flows. Upon adoption, deferred tax balances from financial instruments will progressively reverse over a four year period.

9. Loans, Bills Discounted and Other Receivables

	As at		
	30/06/10	31/12/09	30/06/09
	$M	$M	$M
Australia			
Overdrafts	**19,924**	18,040	17,829
Home loans (including securitisation)	**292,140**	279,653	261,504
Credit card outstandings	**10,200**	9,877	9,055
Lease financing	**4,657**	4,789	4,572
Bills discounted	**14,379**	15,499	10,936
Term loans	**101,794**	102,866	107,337
Other lending	**1,288**	1,535	1,616
Other securities	**564**	520	524
Total Australia	**444,946**	432,779	413,373
Overseas			
Overdrafts	**652**	627	744
Home loans	**31,433**	31,169	30,702
Credit card outstandings	**589**	604	573
Lease financing	**570**	523	541
Term loans	**23,052**	23,981	27,079
Redeemable preference share financing	**-**	-	744
Other lending	**27**	1	16
Total Overseas	**56,323**	56,905	60,399
Gross loans, bills discounted and other receivables	**501,269**	489,684	473,772
Less:			
Provisions for loan impairment:			
Collective provision	**(3,436)**	(3,422)	(3,195)
Individually assessed provisions	**(1,992)**	(1,822)	(1,729)
Unearned income:			
Term loans	**(1,213)**	(1,197)	(1,134)
Lease financing	**(1,169)**	(1,224)	(1,083)
	(7,810)	(7,665)	(7,141)
Net loans, bills discounted and other receivables	**493,459**	482,019	466,631

10. Provisions for Impairment and Asset Quality

	As at 30 June 2010				
	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither Past Due nor Impaired					
Investment Grade	202,699	2,297	978	76,082	282,056
Pass Grade	101,364	10,569	7,886	60,126	179,945
Weak	8,584	2,440	241	8,518	19,783
Total loans which were neither Past Due nor Impaired	312,647	15,306	9,105	144,726	481,784
Loans which were Past Due but not Impaired (1)					
Past due 1 - 29 days	4,815	895	118	1,573	7,401
Past due 30 - 59 days	1,881	214	43	249	2,387
Past due 60 - 89 days	895	121	20	201	1,237
Past due 90 - 179 days	1,284	202	15	226	1,727
Past due 180 days or more	1,382	43	13	184	1,622
Total loans past due but not impaired	10,257	1,475	209	2,433	14,374

	As at 30 June 2009				
	Home 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	7,625	18,074
Total loans which were neither Past Due nor Impaired	282,758	14,430	8,109	150,696	455,993
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

(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.

10. Provisions for Impairment and Asset Quality (continued)

	Full Year Ended		Half Year Ended	
	30/06/10	30/06/09	30/06/10	31/12/09
	$M	$M	$M	$M
Movement in Impaired Asset Balances				
Gross impaired assets - opening balance	**4,210**	683	**4,823**	4,210
New and increased	**5,455**	4,374	**2,753**	2,702
Acquisitions	**-**	770	**-**	-
Balances written off	**(1,904)**	(1,056)	**(825)**	(1,079)
Returned to performing or repaid	**(2,545)**	(561)	**(1,535)**	(1,010)
Gross impaired assets - closing balance (1)	**5,216**	4,210	**5,216**	4,823

(1) Gross Impaired Assets at 30 June 2010 includes $5,111 million of loans and advances and $105 million of other financial assets (30 June 2009: $4,188 million of loans and advances and $22 million of other financial assets).

	As at	
	30/06/10	30/06/09
	$M	$M
Impaired Assets by Size of Asset		
Less than $1 million	**732**	665
$1 million to $10 million	**1,573**	1,014
Greater than $10 million	**2,911**	2,531
Gross impaired assets	**5,216**	4,210
Less individually assessed provisions for impairment	**(1,992)**	(1,729)
Net impaired assets	**3,224**	2,481

	As at	
	30/06/10	30/06/09
	%	%
Asset Quality Ratios		
Gross impaired assets as a percentage of gross loans and acceptances	**1. 02**	0. 86
Loans 90 or more days past due but not impaired as a percentage of gross loans and acceptances	**0. 65**	0. 53

10. 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.

	Full Year Ended		Half Year Ended	
	30/06/10	30/06/09	30/06/10	31/12/09
	$M	$M	$M	$M
Provisions for impairment losses				
Collective provision				
Opening Balance	**3,225**	1,466	**3,452**	3,225
Acquisitions	**-**	250	**-**	-
Net collective provision funding	**901**	1,176	**403**	498
Impairment losses written off	**(734)**	(472)	**(426)**	(308)
Impairment losses recovered	**77**	73	**36**	41
Fair value and other (1)	**(8)**	732	**(4)**	(4)
Closing balance	**3,461**	3,225	**3,461**	3,452
Individually assessed provisions				
Opening Balance	**1,729**	279	**1,822**	1,729
Acquisitions	**-**	380	**-**	-
Net new and increased individual provisioning	**1,862**	1,686	**873**	989
Net write-back of provisions no longer required	**(384)**	(179)	**(280)**	(104)
Discount unwind to interest income	**(169)**	(45)	**(85)**	(84)
Fair value and other (2)	**293**	279	**150**	143
Impairment losses written off	**(1,339)**	(671)	**(488)**	(851)
Closing balance	**1,992**	1,729	**1,992**	1,822
Total provisions for impairment losses	**5,453**	4,954	**5,453**	5,274
Less: Off balance sheet provisions	**(25)**	(30)	**(25)**	(30)
Total provisions for loan impairment	**5,428**	4,924	**5,428**	5,244

(1) The year ended 30 June 2009 includes fair value adjustments related to the Bankwest acquisition of $723 million. At 30 June 2010, $132 million remains.

(2) The year ended 30 June 2009 includes fair value adjustments related to the Bankwest acquisition of $180 million. At 30 June 2010, $nil remains.

	Full Year Ended		Half Year Ended	
	30/06/10	30/06/09	30/06/10	31/12/09
	%	%	%	%
Provision Ratios				
Collective provision as a % of gross loans and acceptances	**0. 67**	0. 66	**0. 67**	0. 69
Collective provision as a % of risk weighted assets - Basel II	**1. 19**	1. 12	**1. 19**	1. 16
Individually assessed provisions for impairment as a % of gross impaired assets	**38. 2**	41. 1	**38. 2**	37. 8
Total provisions for impairment losses as a % of gross loans and acceptances	**1. 06**	1. 01	**1. 06**	1. 05

	Full Year Ended		Half Year Ended	
	30/06/10	30/06/09	30/06/10	31/12/09
Impairment Expense	$M	$M	$M	$M
Loan Impairment Expense				
Net collective provisioning funding	**901**	1,176	**403**	498
Net new and increased individual provisioning	**1,862**	1,686	**873**	989
Write-back of individually assessed provisions	**(384)**	(179)	**(280)**	(104)
Total loan impairment expense	**2,379**	2,683	**996**	1,383
Available-for-sale investment impairment expense	**-**	365	**-**	-
Total impairment expense (1)	**2,379**	3,048	**996**	1,383

(1) The full year and half year ended June 2010 includes $304 million of Bankwest loan impairment expense recognised as a non-cash item.

11. Deposits and Other Public Borrowings

	As at		
	30/06/10 $M	31/12/09 $M	30/06/09 $M
Australia			
Certificates of deposit	**40,891**	54,818	56,735
Term deposits (1)	**122,712**	108,716	99,177
On demand and short term deposits (1)	**158,874**	154,087	153,382
Deposits not bearing interest	**7,236**	6,839	7,135
Securities sold under agreements to repurchase	**5,440**	3,816	8,413
Total Australia	**335,153**	328,276	324,842
Overseas			
Certificates of deposit	**7,849**	9,824	9,960
Term deposits	**20,119**	20,485	22,517
On demand and short term deposits	**9,664**	9,799	9,760
Deposits not bearing interest	**1,558**	1,621	1,481
Securities sold under agreements to repurchase	**320**	162	161
Total Overseas	**39,510**	41,891	43,879
Total deposits and other public borrowings	**374,663**	370,167	368,721

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

12. 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 profit and loss accounts by segment.

	Full Year Ended 30 June 2010							
Business Segment Information	Retail Banking Services	Business and Private Banking	Institutional Banking and Markets	Wealth Management	New Zealand	Bankwest	Other	Total
Income Statement	$M	$M	$M	$M	$M	$M	$M	$M
Interest income	15,797	2,969	3,303	-	3,171	4,299	2,676	**32,215**
Insurance premium and related revenue	-	-	-	1,358	324	-	112	**1,794**
Other income	1,222	1,445	1,106	3,308	432	239	24	**7,776**
Total revenue	17,019	4,414	4,409	4,666	3,927	4,538	2,812	**41,785**
Equity accounted earnings	12	12	17	-	-	-	93	**134**
Revenue from external customers	17,142	3,794	4,795	4,666	3,926	4,485	2,843	**41,651**
Revenue from other operating segments	(135)	608	(403)	-	1	53	(124)	**-**
Interest expense	(4,928)	(2,337)	(513)	-	(2,332)	(2,757)	(7,426)	**(20,293)**
Segment result before income tax	3,522	1,256	1,526	1,015	510	(255)	619	**8,193**
Income tax expense	(1,061)	(363)	(344)	(341)	(312)	46	(138)	**(2,513)**
Segment result after income tax	2,461	893	1,182	674	198	(209)	481	**5,680**
Non-controlling interests	-	-	-	-	-	-	(16)	**(16)**
Segment result after income tax and non-controlling interests	2,461	893	1,182	674	198	(209)	465	**5,664**
Non-Cash items	-	-	-	44	190	269	(66)	**437**
Net profit after tax ("cash basis")	2,461	893	1,182	718	388	60	399	**6,101**
Additional Information								
Intangible asset amortisation	(25)	(71)	(10)	(5)	(27)	(91)	(51)	**(280)**
Impairment expense	(736)	(326)	(249)	-	(100)	(1,058)	90	**(2,379)**
Depreciation	(10)	(24)	(46)	(4)	(29)	(34)	(191)	**(338)**
Defined benefit superannuation plan expense	-	-	-	-	-	-	(103)	**(103)**
Bankwest integration	-	-	-	-	-	(24)	(16)	**(40)**
Other	(12)	(4)	(2)	(5)	(3)	(6)	(26)	**(58)**
Balance Sheet								
Total assets	263,639	78,801	94,495	21,689	53,433	74,684	59,589	**646,330**
Acquisition of property, plant and equipment, intangibles and other non–current assets	16	14	39	4	22	43	182	**320**
Investments in associates	76	26	2	783	-	-	603	**1,490**
Total liabilities	155,334	103,298	58,898	19,349	49,591	69,868	154,422	**610,760**

12. Financial Reporting by Segments (continued)

Business Segment Information / Income Statement	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	Other $M	Total $M
	Full Year Ended 30 June 2009							
Interest income	14,859	3,144	4,713	-	3,872	2,053	2,878	**31,519**
Insurance premium and related revenue	-	-	-	1,259	356	-	36	**1,651**
Other income	1,551	752	1,278	2,236	404	192	(150)	**6,263**
Total revenue	16,410	3,896	5,991	3,495	4,632	2,245	2,764	**39,433**
Equity accounted earnings	6	3	-	41	-	-	91	**141**
Revenue from external customers	16,290	4,283	5,537	3,515	4,567	2,124	2,976	**39,292**
Revenue from other operating segments	114	(390)	454	(61)	65	121	(303)	**-**
Interest expense	(5,769)	(2,616)	(1,835)	-	(3,029)	(1,347)	(6,622)	**(21,218)**
Segment result before income tax	2,996	1,024	(17)	170	565	189	1,522	**6,449**
Income tax expense	(889)	(288)	160	88	(161)	(67)	(539)	**(1,696)**
Segment result after income tax	2,107	736	143	258	404	122	983	**4,753**
Non-controlling interests	-	-	-	-	-	-	(30)	**(30)**
Segment result after income tax and non-controlling interests	2,107	736	143	258	404	122	953	**4,723**
Non-Cash items	-	-	23	28	34	(9)	(384)	**(308)**
Net profit after tax ("cash basis")	2,107	736	166	286	438	113	569	**4,415**
Additional Information								
Intangible asset amortisation	(8)	(44)	(7)	(1)	(22)	(49)	(45)	**(176)**
Impairment expense	(699)	(309)	(1,708)	-	(194)	(113)	(25)	**(3,048)**
Depreciation	(11)	(24)	(38)	(5)	(31)	(19)	(174)	**(302)**
Defined benefit superannuation plan expense	-	-	-	-	-	-	(14)	**(14)**
Gain on acquisition of controlled entities	-	-	-	-	-	-	983	**983**
Bankwest integration	-	-	-	-	-	(76)	(36)	**(112)**
Other	(23)	(9)	(36)	(9)	(2)	(1)	(55)	**(135)**
Balance Sheet								
Total assets	237,862	74,815	113,200	22,706	54,874	68,327	48,588	**620,372**
Acquisition of property, plant and equipment, intangibles and other non–current assets	5	1	615	21	53	36	1,333	**2,064**
Investments in associates	71	15	3	640	-	-	318	**1,047**
Total liabilities	141,324	94,799	73,878	19,714	47,228	64,388	147,599	**588,930**

12. Financial Reporting by Segments (continued)

Geographical Information Financial Performance and Position	Full Year Ended 30/06/10 $M	%	30/06/09 $M	%
Revenue				
Australia	**35,906**	**85. 9**	32,498	82. 4
New Zealand	**4,208**	**10. 1**	4,904	12. 4
Other locations (1)	**1,671**	**4. 0**	2,031	5. 2
	41,785	**100. 0**	39,433	100. 0
Non-Current Assets				
Australia	**12,654**	**90. 5**	11,909	89. 8
New Zealand	**1,009**	**7. 2**	1,005	7. 6
Other locations (1)	**315**	**2. 3**	343	2. 6
	13,978	**100. 0**	13,257	100. 0

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

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

13. 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 risks.

Credit Risk

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

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

By Industry	30/06/10 %	31/12/09 %	30/06/09 %
Agriculture, forestry and fishing	**2.4**	2.4	2.4
Banks	**10.2**	9.8	10.4
Business services	**0.9**	1.0	1.0
Construction	**1.0**	1.0	1.1
Culture and recreational services	**0.7**	0.8	0.9
Energy	**1.1**	1.3	1.5
Finance - Other	**4.1**	4.3	5.0
Health and community service	**0.9**	0.9	0.9
Manufacturing	**2.3**	2.4	2.7
Mining	**0.7**	0.7	1.0
Property	**6.9**	7.4	7.8
Retail trade and wholesale trade	**2.4**	2.6	2.6
Sovereign	**4.9**	4.3	4.0
Transport and storage	**1.4**	1.5	1.5
Other	**5.3**	5.5	5.7
Consumer	**54.8**	54.1	51.5
	100.0	100.0	100.0

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

By Region	30/06/10 %	31/12/09 %	30/06/09 %
Australia	**80.6**	80.2	78.5
New Zealand	**9.1**	10.1	10.3
Europe	**5.4**	6.0	6.9
Americas	**2.7**	2.3	2.3
Asia	**2.0**	1.3	1.8
Other	**0.2**	0.1	0.2
	100.0	100.0	100.0

Commercial Portfolio Quality	30/06/10 %	31/12/09 %	30/06/09 %
AAA/AA	**27**	25	25
A	**19**	18	17
BBB	**15**	16	18
Other	**39**	41	40
	100	100	100

As a measure of individually risk-rated commercial portfolio exposure (including finance and insurance), the Group has 61% of commercial exposures at investment grade quality.

13. Integrated Risk Management (continued)

Market Risk

Market risk in the Balance Sheet is discussed within Note 40 of the 2010 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 banking book interest rate risk and insurance business market risk.

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

	Average VaR			
	Jun 2010	Dec 2009	Jun 2009	Dec 2008
Traded Market Risk (1)	$M	$M	$M	$M
Risk Type				
Interest rate risk	**4.8**	3.7	4.7	4.1
Exchange rate risk	**1.1**	2.1	3.2	2.0
Implied volatility risk	**1.5**	1.5	2.1	1.4
Equities risk	**1.5**	1.8	0.9	1.0
Commodities risk	**0.9**	0.8	0.9	0.8
Credit spread risk	**4.0**	4.6	2.6	3.1
Diversification benefit	**(7.2)**	(7.4)	(6.7)	(5.8)
Total general market risk	**6.6**	7.1	7.7	6.6
Undiversified risk	**3.7**	3.6	1.4	2.1
ASB Bank	**1.8**	1.5	1.1	1.3
Bankwest	**0.2**	0.2	0.1	0.2
Total	**12.3**	12.4	10.3	10.2

(1) Average VaR is at 1 day 97.5% confidence, and is calculated for each six month period.

13. Integrated Risk Management (continued)

Non-Traded VaR in Australian Life Insurance Business (20 day 97.5% confidence) [1]	Average VaR [3] Jun 2010 $M	Dec 2009 $M	Jun 2009 $M	Dec 2008 $M
Shareholder funds [1]	**26. 1**	24. 5	23. 4	28. 2
Guarantees (to Policyholders) [2]	**23. 5**	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) Half year ended.

Non-Traded Equity Risk VaR (20 day 97.5% confidence)	As at VaR Jun 2010 $M	VaR Dec 2009 $M	VaR Jun 2009 $M	VaR Dec 2008 $M
VaR	**140. 0**	139. 0	171. 0	168. 0

Interest Rate Risk in the Banking Book

Interest rate risk in the Banking Book is discussed within Note 40 of the 2010 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 the price of assets and liabilities held for purposes other than trading is as follows:

Net Interest Earnings at Risk [1]		Jun 2010 $M	Dec 2009 $M	Jun 2009 $M	Dec 2008 $M
Average monthly exposure	AUD	**203. 5**	169. 6	151. 4	161. 1
	NZD	**6. 3**	4. 7	11. 0	19. 9
High month exposure	AUD	**299. 9**	257. 1	174. 3	209. 9
	NZD	**12. 6**	11. 5	19. 2	29. 0
Low month exposure	AUD	**139. 3**	72. 1	63. 5	91. 1
	NZD	**1. 5**	1. 7	4. 8	12. 3

(1) Half year ended.

(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 [3] Jun 2010 $M	Dec 2009 $M	Jun 2009 $M	Dec 2008 $M
AUD Interest rate risk	**96. 3**	58. 0	81. 2	72. 8
NZD Interest rate risk [2]	**4. 0**	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.
(3) Half year ended.

13. Integrated Risk Management (continued)

Liquidity and Funding Policies and Management

The Group's liquidity and funding policies provide that:

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

The Group's key liquidity tools include:

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

The Group's key funding tools include:

- Its consumer, small business and institutional deposit base;
- Its consumer retail funding base includes a wide range of retail transaction accounts, investment accounts, term deposits and retirement style accounts for individual consumers; and
- Its wholesale international and domestic funding programs which includes its: Australian dollar Negotiable Certificates of Deposit; Australian dollar bank bill; Asian Transferable Certificates of Deposit program; Australian, U.S. and Euro Commercial Paper Programs; Bankwest Euro Commercial Paper Program; U.S. Extendible Notes program; Australian dollar Domestic Debt Program; U.S. Medium Term Note Program; Euro Medium Term Note Program and its Medallion and Swan securitisation programs.

Recent Market Environment

The incremental cost of liquidity and funding has moderated from last year's peak but remains high. The Group has managed its liquidity to avoid concentrations such as dependence on single sources of funding and has taken advantage of its diversified funding base and significant funding capacity in the global unsecured debt markets.

During the year several regulatory bodies have released consultative documents. Australian Prudential Regulation Authority ("APRA") and the Basel Committee on Banking Supervision review of liquidity standards have yet to be finalised while the Financial Services Authority ("FSA") and Reserve Bank of New Zealand ("RBNZ") have released new standards.

The final impact of new liquidity and funding regulations on the Group is still uncertain though it is likely that they will require increased long term debt issuance and higher holdings of liquid assets. The Group continues to monitor developments in this area and will update its liquidity and funding policies as appropriate.

Details of the Group's regulatory capital position and capital management activities are disclosed in Appendix 15.

Funding sources

The following table provides the funding sources for the Group including customer deposits, short term wholesale funding, long term funding with less than one year residual maturity and long term funding greater than one year residual maturity. Shareholders' equity is excluded from this view of funding sources other than the USD trust preferred securities which are classified as other equity instruments in the statutory balance sheet.

13. Integrated Risk Management (continued)

	As at				
	30/06/10 $M	31/12/09 $M	30/06/09 $M	Jun 10 vs Dec 09 %	Jun 10 vs Jun 09 %
Customer deposits	**323,653**	305,141	297,482	6	9
Wholesale funding					
Short term					
Certificates of deposit	**31,454**	48,738	54,551	(35)	(42)
Bank acceptances	**10,389**	9,780	13,548	6	(23)
ECP commercial paper program	**11,282**	8,224	4,324	37	large
US commercial paper program	**23,022**	26,871	24,308	(14)	(5)
Securities sold under agreements to repurchase	**5,760**	3,978	8,574	45	(33)
Other (1)	**18,994**	19,088	21,089	-	(10)
Total short term funding	**100,901**	116,679	126,394	(14)	(20)
Total long term funding - less than one year residual maturity (2)	**30,950**	24,325	26,313	27	18
Long term - greater than one year residual maturity (2)					
Transferable certificates of deposit (3)	**15,505**	16,187	12,634	(4)	23
Euro medium term note program	**34,695**	33,976	31,291	2	11
US medium term note program	**31,204**	27,214	13,226	15	large
Other debt issues (4)	**2,573**	5,370	6,199	(52)	(58)
Securitisation	**6,389**	7,721	9,186	(17)	(30)
Loan capital	**12,194**	11,417	8,824	7	38
Other (5)	**780**	(2,899)	(1,598)	large	large
Total long term funding - greater than one year residual maturity	**103,340**	98,986	79,762	4	30
Total wholesale funding	**235,191**	239,990	232,469	(2)	1
Total funding	**558,844**	545,131	529,951	3	5
Reported as					
Deposits and other public borrowings	**374,663**	370,167	368,721	1	2
Payables due to other financial institutions	**12,608**	13,675	15,109	(8)	(17)
Liabilities at fair value through Income Statement	**15,342**	15,735	16,596	(2)	(8)
Bank acceptances	**11,569**	10,960	14,728	6	(21)
Debt issues	**130,210**	119,207	101,819	9	28
Loan capital	**13,513**	14,448	12,039	(6)	12
Share capital - other equity interests	**939**	939	939	-	-
Total funding	**558,844**	545,131	529,951	3	5

(1) Includes short sales, due to other financial institutions, debt issues with original maturity/call date less than one year.

(2) Residual maturity of long term wholesale funding included in Debt issues, Loan capital and Share capital – other equity interests, is the earlier of the next call date or final maturity.

(3) Includes long term domestic debt program (included within certificates of deposit, refer to Appendix 11).

(4) Includes debt included in liabilities at fair value through income statement.

(5) Includes AIFRS MTM adjustments on debt carried at amortised cost and internal derivative FX revaluation.

Customer deposits accounted for 58% of total funding at 30 June 2010, a 200 basis point increase over 30 June 2009. The remaining 42% of total funding comprised various wholesale debt issuance. The Group's total wholesale funding was $235 billion at 30 June 2010, a 1% increase over 30 June 2009.

Short term wholesale funding, being debt with an original maturity or call date of less than 12 months, includes Certificates of deposit and Bank acceptances, debt issued under Euro and US Commercial paper programs by CBA, Bankwest and ASB. Short term wholesale funding of $101 billion at 30 June 2010 decreased 20% over the prior year and represented 43% of total wholesale funding as at 30 June 2010 compared to 54% at 30 June 2009. The reduction in short term wholesale debt funding partly reflects the Group's strategy to increase the share of long term wholesale debt funding.

The Group issues long term wholesale debt under its domestic debt, Euro and US medium term note programs.

Long term wholesale funding of $103 billion as at 30 June 2010 increased by 30% over the prior year. The Group maintained strong access to domestic and international wholesale debt markets raising $54 billion of term funding across a wide range of currencies and tenors with the objective of maintaining a diversified investor base and a prudent debt maturity profile while minimising funding costs.

The use of the Australian Government guarantee for wholesale funding reduced during the year with no such issuance in the second half of the year. Whilst the Australian and New Zealand wholesale debt guarantee programs ceased during the financial year, this did not cause any significant impact in meeting Group funding targets. Existing debt issues remain covered by the guarantee until maturity.

The Group increased the Weighted Average Maturity ("WAM") of long term wholesale debt over the year to 3.8 years as at 30 June 2010, increasing from 3.6 years at 30 June 2009. The WAM of newly issued long term wholesale funding was 4.6 years for the year ended 30 June 2010, and 5.0 years for the half year ended 30 June 2010.

14. 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. The main type of SPEs are securitisation vehicles and structured finance entities.

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 2010 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.

The main types of 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. This appendix reflects the nature of the Group's SPEs with securitisation exposures and accordingly does not include every transaction with an SPE that the Group has entered into.

Securitisation vehicles

- Reason for establishment – Securitisation is a financing technique whereby assets are transferred to a SPE, which funds the purchase of assets by issuing securities to investors. The Group has a policy of funding diversification and assets are 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 are 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 acquires 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 provides secured debt financing for the acquisition of companies by private equity firms. These acquisitions are typically highly leveraged. Target businesses are those with operations in Australia and New Zealand 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

As at 30 June 2010 the Group had a net uncollateralised exposure of $2 million (June 2009: $5 million) to hedge funds.

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 $32 million from Genworth and $5 million from QBE.

Monoline insurers

At 30 June 2010 the Group had $159 million (June 2009: $343 million) in exposures to securities wrapped by monoline insurers. The underlying debt instruments are predominantly Australian, ranging in rating from BBB- to A-.

14. Counterparty and Other Credit Risk Exposures (continued)

Securitisation vehicles

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

Total securitisation assets of SPEs (1)	Australia		New Zealand		Total	
	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09
	$M	$M	$M	$M	$M	$M
Residential mortgages - Group originated mortgage-backed securities held	**42,519**	43,575	**3,154**	3,068	**45,673**	46,643
Residential mortgages - Group originated	**9,696**	12,568	**-**	-	**9,696**	12,568
Residential mortgages - Non-Group originated	**-**	-	**-**	-	**-**	-
Commercial mortgages	**-**	-	**-**	-	**-**	-
Other	**-**	-	**175**	231	**175**	231
Total securitisation assets of SPEs	**52,215**	56,143	**3,329**	3,299	**55,544**	59,442

Exposure to securitisation SPEs (1)	Funded		Unfunded		Total	
	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09
	$M	$M	$M	$M	$M	$M
Residential mortgage backed securities held for potential repurchase with central banks	**45,169**	46,550	**-**	-	**45,169**	46,550
Other residential mortgage backed securities	**3,567**	3,595	**-**	-	**3,567**	3,595
Other derivatives (2)	**1,011**	1,434	**37**	43	**1,048**	1,477
Liquidity support facilities	**916**	942	**787**	798	**1,703**	1,740
Other facilities	**98**	90	**62**	220	**160**	310
Total exposure to securitisation SPEs	**50,761**	52,611	**886**	1,061	**51,647**	53,672

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

(2) Derivatives are measured on the basis of Potential Credit Exposure (PCE), a credit risk measurement of maximum risk over the term of the transaction or current fair value where PCE is not available.

14. Counterparty and Other Credit Risk Exposures (continued)

Asset-backed securities

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

	Carrying Amount	
	30/06/10	30/06/09
Summary of asset-backed securities	$M	$M
Commercial mortgage backed securities	**90**	98
Residential mortgage backed securities	**1,832**	2,763
Other asset-backed securities	**-**	1
Total	**1,922**	2,862

Asset-backed securities by underlying asset

	Trading portfolio		AFS portfolio (1)		Other		Total	
	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09
	$M	$M	$M	$M	$M	$M	$M	$M
Sub-prime	**-**	-	**-**	-	**-**	-	**-**	-
Non-conforming (Alt-A)	**1**	1	**16**	34	**-**	-	**17**	35
Prime mortgages	**144**	81	**1,401**	1,601	**271**	1,046	**1,816**	2,728
Other assets	**-**	-	**89**	99	**-**	-	**89**	99
Total	**145**	82	**1,506**	1,734	**271**	1,046	**1,922**	2,862

Asset-backed securities by credit rating and geography

	AAA & AA		A		BBB		BB and below including not rated		Total	
	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia	**1,588**	1,755	**14**	10	**-**	-	**-**	1	**1,602**	1,766
New Zealand	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Europe	**271**	1,046	**-**	-	**-**	-	**-**	-	**271**	1,046
UK	**49**	50	**-**	-	**-**	-	**-**	-	**49**	50
Total	**1,908**	2,851	**14**	10	**-**	-	**-**	1	**1,922**	2,862

	Funded Commitments		Unfunded Commitments		Total	
	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09
Warehousing financing facilities	$M	$M	$M	$M	$M	$M
Australia	**4,017**	4,819	**948**	2,774	**4,965**	7,593
New Zealand	**607**	388	**32**	13	**639**	401
Europe	**381**	346	**-**	-	**381**	346
Canada	**5**	4	**-**	-	**5**	4
Total	**5,010**	5,557	**980**	2,787	**5,990**	8,344

	Funded Commitments		Unfunded Commitments		Total	
Commercial paper standby liquidity facilities (2)	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09
	$M	$M	$M	$M	$M	$M
Standby liquidity facilities	**35**	297	**339**	381	**374**	678

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

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

14. Counterparty and Other Credit Risk Exposures (continued)

Leveraged finance

The tables below are an analysis of the credit exposures arising from providing leverage finance to entities acquired by private equity firms.

Exposure by industry [1] [2]

	Funded exposure		Unfunded commitments		Total gross exposure		Individual provision		Net exposure	
	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Retail	**119**	147	**25**	28	**144**	175	**-**	-	**144**	175
Manufacturing	**181**	221	**27**	17	**208**	238	**-**	-	**208**	238
Media	**139**	144	**12**	7	**151**	151	**-**	-	**151**	151
Healthcare	**77**	94	**6**	8	**83**	102	**-**	-	**83**	102
Equipment hire	**74**	77	**8**	7	**82**	84	**-**	-	**82**	84
Financial services	**33**	39	**3**	4	**36**	43	**-**	-	**36**	43
Other	**169**	112	**30**	27	**199**	139	**-**	-	**199**	139
Total	**792**	834	**111**	98	**903**	932	**-**	-	**903**	932

Exposure by geography [1] [2]

	Funded exposure		Unfunded commitments		Total gross exposure		Individual provision		Net exposure	
	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09	30/06/10	30/06/09
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia	**649**	707	**102**	94	**751**	801	**-**	-	**751**	801
New Zealand	**143**	127	**9**	4	**152**	131	**-**	-	**152**	131
Total	**792**	834	**111**	98	**903**	932	**-**	-	**903**	932

(1) Excludes derivative exposures of $83 million (June 2009: $126 million).
(2) Certain comparative information has been restated to conform to presentation in the current period.

	As at	
	30/06/10	30/06/09
Movements in individual provisions	$M	$M
Opening balance	**-**	-
Impairment expense	**-**	-
Exposures written off	**-**	-
Total individual provisions	**-**	-

15. Capital Adequacy

Risk Weighted Capital Ratios	As at 30/06/10 %	31/12/09 %	30/06/09 %
Tier One	**9. 15**	9. 10	8. 07
Tier Two	**2. 34**	2. 53	2. 35
Capital Base	**11. 49**	11. 63	10. 42

Regulatory Capital	As at 30/06/10 $M	31/12/09 $M	30/06/09 $M
Tier One Capital			
Ordinary Share Capital	**23,081**	22,344	21,642
Treasury shares (1)	**298**	262	278
Ordinary Share Capital and Treasury Shares	**23,379**	22,606	21,920
Other Equity Instruments	**939**	939	939
Trust Preferred Securities 2006 (2)	**(939)**	(939)	(939)
Reserves (3)	**1,089**	459	516
Cash flow hedge reserve	**417**	625	813
Employee compensation reserve	**(125)**	15	-
Asset revaluation reserve	**(194)**	(169)	(173)
Available-for-sale investments reserve	**(173)**	(50)	55
Foreign currency translation reserve related to non-consolidated subsidiaries	**8**	21	12
Total Reserves	**1,022**	901	1,223
Retained Earnings and current period profits	**9,938**	9,320	7,825
Expected dividend (4)	**(2,633)**	(1,841)	(1,747)
Estimated reinvestment under Dividend Reinvestment Plan (5)	**-**	608	507
Retained earnings adjustment for non-consolidated subsidiaries (6)	**392**	752	752
Other	**(52)**	(91)	(181)
Net Retained Earnings	**7,645**	8,748	7,156
Non-controlling Interest (7)	**523**	521	520
ASB Perpetual Preference Shares (7)	**(505)**	(505)	(505)
Non-controlling interests less ASB Perpetual Preference Shares	**18**	16	15
Total Fundamental Tier One Capital	**32,064**	32,271	30,314

(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) The 30 June 2010 capital position assumes that the Bank's Dividend Reinvestment Plan (DRP) in respect of the June 2010 final dividend will be satisfied in full by an on market purchase of shares. The DRP in respect of the December 2009 interim dividend and the June 2009 final dividend were satisfied through the issue of shares.

(6) Represents retained earnings adjustment for non-consolidated subsidiaries. This includes adjustments to the extent to which profits from non-consolidated subsidiaries are not repatriated to the Bank in dividends (June 2010: $360 million, December 2009: nil, June 2009: nil). The retention of these profits will be used to fund the future growth of these operations. This has been offset by the one-off write back adjustments upon adoption of AIFRS of $752 million.

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

15. Capital Adequacy (continued)

	As at		
	30/06/10	31/12/09	30/06/09
	$M	$M	$M
Residual Tier One Capital			
Innovative Tier One Capital			
Non-cumulative preference shares [1]	**2,728**	2,699	2,762
Non-controlling Interests [2]	**505**	505	505
Eligible loan capital	**236**	225	248
Total Innovative Tier One Capital	**3,469**	3,429	3,515
Non-Innovative Residual Tier One Capital [3]	**3,407**	3,407	1,443
Less: Residual capital in excess of prescribed limits transferred to Upper Tier Two Capital [4]	**(225)**	(73)	-
Total Residual Tier One Capital	**6,651**	6,763	4,958
Tier One Capital Deductions - 100%			
Goodwill and other intangibles (excluding software) [5]	**(8,470)**	(8,523)	(8,572)
Capitalised expenses	**(288)**	(283)	(257)
Capitalised computer software costs	**(950)**	(799)	(673)
Defined benefit superannuation plan surplus [6]	**(221)**	(411)	(347)
General reserve for credit losses top up [7]	**(90)**	-	-
Deferred tax	**(96)**	(34)	(257)
	(10,115)	(10,050)	(10,106)
Tier One Capital Deductions - 50% [8]			
Equity investments in other companies and trusts [9]	**(323)**	(315)	(422)
Equity investments in non-consolidated subsidiaries (net of intangibles) [10]	**(518)**	(600)	(529)
Expected impairment losses (before tax) in excess of eligible credit provisions (net of deferred tax) [11]	**(830)**	(727)	(654)
Other deductions	**(328)**	(277)	(250)
	(1,999)	(1,919)	(1,855)
Total Tier One Capital Deductions	**(12,114)**	(11,969)	(11,961)
Total Tier One Capital	**26,601**	27,065	23,311

(1) APRA approved Innovative Tier One Capital instruments (PERLS III and Trust Preferred Securities 2003 and 2006).

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

(3) 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.

(4) 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.

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

(6) 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.

(7) Capital deduction at 30 June 2010 of $90 million (after tax) to ensure the Group has sufficient provisions and capital to cover credit losses estimated to arise over the full life of the individual facilities, as required by APS 220.

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

(9) Represents the Group's non-controlling interest in major infrastructure assets and unit trusts. During the half year ended 30 June 2010 the Bank sold its remaining interest in ENW Limited to the First State European Diversified Infrastructure Fund ("EDIF") and acquired a 10% interest in Air Lease Corporation, a US based aircraft leasing business. The Bank's holding in AWG plc was sold to EDIF in the half year ended 31 December 2009.

(10) 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 $1,495 million in Non-Recourse Debt issued by Colonial Finance Limited (December 2009: $1,538 million, June 2009: $1,707 million) and the Colonial Hybrid Issue $700 million (December 2009: $700 million, June 2009: $700 million).

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

15. Capital Adequacy (continued)

Regulatory Capital	30/06/10 $M	31/12/09 $M	30/06/09 $M
	As at		
Tier Two Capital			
Upper Tier Two Capital			
Residual capital in excess of prescribed limits transferred from Tier One Capital (1)	**225**	73	-
Prudential general reserve for credit losses (net of tax) (2)	**603**	603	590
Asset revaluation reserve (3)	**87**	76	78
Upper Tier Two note and bond issues	**382**	350	373
Other	**83**	64	56
Total Upper Tier Two Capital	**1,380**	1,166	1,097
Lower Tier Two Capital			
Lower Tier Two note and bond issues (4) (5)	**7,454**	8,299	7,561
Holding of own Lower Tier Two Capital	**(16)**	(17)	(19)
Total Lower Tier Two Capital	**7,438**	8,282	7,542
Tier Two Capital Deductions			
50% Deductions from Tier Two Capital (6)	**(1,999)**	(1,919)	(1,855)
Total Tier Two Capital	**6,819**	7,529	6,784
Total Capital	**33,420**	34,594	30,095

(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.

15. Capital Adequacy (continued)

Risk Weighted Assets	30/06/10 $M	31/12/09 $M	30/06/09 $M
	As at		
Credit Risk			
Subject to Advanced IRB approach			
Corporate	**44,252**	43,031	54,242
SME Corporate	**26,216**	25,322	31,222
SME Retail	**5,170**	4,765	4,925
Sovereign	**2,800**	1,956	1,713
Bank	**7,492**	6,745	8,040
Residential mortgage	**55,882**	56,909	54,841
Qualifying revolving retail	**6,772**	6,292	5,698
Other retail	**6,322**	6,315	6,336
Impact of the regulatory scaling factor (1)	**9,294**	9,079	10,021
Total risk weighted assets subject to Advanced IRB approach	**164,200**	160,414	177,038
Specialised lending (SL) exposures subject to slotting criteria	**35,483**	38,678	22,627
Subject to Standardised approach			
Corporate	**8,872**	10,053	11,094
SME Corporate	**7,746**	7,540	7,455
SME Retail	**4,684**	4,505	4,469
Sovereign	**215**	233	282
Bank	**1,136**	1,206	170
Residential mortgage	**22,436**	22,531	20,576
Other retail	**2,530**	2,411	2,398
Other	**5,472**	6,405	7,517
Total risk weighted assets subject to standardised approach	**53,091**	54,884	53,961
Securitisation	**1,569**	1,962	2,724
Equity exposures	**2,420**	2,528	2,103
Total risk weighted assets for credit risk exposures	**256,763**	258,466	258,453
Market risk	**3,503**	4,033	3,450
Interest rate risk in the banking book	**10,272**	16,601	8,944
Operational risk	**20,283**	18,349	17,989
Total risk weighted assets (2)	**290,821**	297,449	288,836

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

(2) 30 June 2010, 31 December 2009 and 30 June 2009 Risk Weighted Assets ("RWA") include the consolidation of Bankwest which operates under the Basel II Standardised methodology.

Capital Management

The Group maintains 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 levels at all times throughout the year ended 30 June 2010.

The Tier One Capital and Total Capital ratios as at 30 June 2010 were 9.15% and 11.49% respectively.

Tier One Capital increased by five basis points over the prior half, reflecting strong profit growth and a net reduction in Risk Weighted Assets ("RWA"), partially offset by the provision for final dividend. No allowance has been taken into account in the capital ratios for the Dividend Reinvestment Plan ("DRP") in respect of the 30 June 2010 final dividend, as it has been assumed the DRP will be satisfied in full by an on market purchase of shares.

The Group's Total Capital ratio decreased 14 basis points over the half to 11.49% with the benefits from the improvement in Tier One Capital offset by the planned redemptions of Lower Tier Two Capital.

RWA were $291 billion at 30 June 2010, a decrease of $7 billion since 31 December 2009, primarily influenced by a $6 billion decrease in Interest Rate Risk in the Banking Book ("IRRBB") RWA, reflecting a change in repricing and yield curve risk.

During the year ended 30 June 2010, Tier One Capital increased by 108 basis points reflecting the impact of the strong profit performance and the issue of Perpetual Exchangeable Resalable Listed Securities ("PERLS V"). Total Capital increased by 107 basis points since June 2009, benefitting from the improvement in Tier One Capital and a major Lower Tier Two Capital issue, partially offset by planned redemption of Lower Tier Two Capital. Further details on PERLS V and Lower Tier Two Capital are provided in the capital initiatives section.

15. Capital Adequacy (continued)

Capital Initiatives

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

Tier One Capital

- The allocation of $685 million of ordinary shares in order to satisfy the DRP in respect of the final dividend for the 2008/2009 financial year, representing a DRP participation rate of 39%, inclusive of DRP discount of 1.5%;
- The allocation of $772 million of ordinary shares in order to satisfy the DRP, in respect of the interim dividend for the 2009/2010 financial year, representing a participation rate of 42%, inclusive of DRP discount of 1.5%; 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
- Redemption of subordinated Lower Tier Two debt including $615 million (USD 500 million) in August 2009, $300 million in February 2010 and a further $450 million (EUR 300 million) in March 2010.

Banking Regulatory Framework

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 operates under the standardised Basel II methodology. There is a program to extend the Group's advanced accreditation to determine regulatory capital to Bankwest.

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 implemented transitional capital floors based on 90% of the capital required under Basel I. As at 30 June 2010 these transitional floors did not have any impact on the Group's capital levels.

Insurance and Funds Management Business

The Group's insurance and funds management companies held assets in excess of regulatory capital requirements at 30 June 2010. The Group's Australian and New Zealand insurance and funds management businesses held $1,007 million of assets in excess of regulatory solvency requirements at 30 June 2010 (31 December 2009: $1,048 million, 30 June 2009: $1,036 million).

Proposed Regulatory Changes

In the current environment, regulatory reform is expected to continue to evolve as global regulators seek to address risks highlighted through the global financial crisis.

Basel Committee proposal

On 17 December 2009 the Basel Committee on Banking Supervision ("BCBS") 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. Subsequent to this, BCBS has issued more details with respect to specific areas addressed in the original proposals. This includes a refinement of the definition of capital and the leverage ratio and a proposal for the introduction of a counter cyclical capital buffer.

Delivery of a fully calibrated and finalised package of capital reforms is expected by the end of 2010 with implementation due to commence from 2012. The leverage ratio is set to be phased in over a more extended time period including parallel reporting undertaken between 2013 and 2017 with a view to migrating to Pillar 1 in 2018.

Basel II enhancements announced in July 2009, relating to securitisation and market risk, intended for introduction by the end of 2010 have been deferred until the end of 2011.

Supervision of conglomerate groups

On 18 March 2010, APRA released a Discussion Paper titled "Supervision of Conglomerate Groups". The proposal aims to extend APRA's current prudential supervision framework to conglomerate groups that have material operations in more than one APRA regulated industry and/or have one or more material unregulated entities. The aims of the Level 3 proposal are to ensure that a conglomerate group holds adequate capital to protect the APRA regulated entities from potential contagion and other risks within the group. APRA is expected to conduct a Quantitative Impact Study ("QIS") in the second half of 2010, prior to finalising the standards in 2011 and implementation of the Level 3 supervision framework in 2012.

Capital standards for general insurers and life insurers

On 13 May 2010, APRA released a Discussion Paper titled "Review of capital standards for general insurers and life insurers" and more detailed technical papers in July 2010. APRA proposes introducing a common framework for required capital and eligible capital across general insurers and life insurers. APRA is conducting a QIS on the proposed changes in the second half of 2010 calendar year. The final capital standards are expected to be released in mid 2011 and to take effect in 2012.

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.

Annual Report Disclosures

A more comprehensive discussion on Capital is provided in the Capital Management section of the Annual Report.

16. Share Capital

Ordinary Share Capital	Full Year Ended 30/06/10 $M	30/06/09 $M	Half Year Ended 30/06/10 $M	31/12/09 $M
Opening balance (excluding Treasury Shares deduction)	**21,920**	15,991	**22,606**	21,920
Dividend reinvestment plan: Final dividend prior year (1)	**685**	694	**-**	685
Dividend reinvestment plan: Interim dividend (1)	**772**	405	**772**	-
Share issue - net of issue costs	**-**	4,829	**-**	-
Exercise of executive options	**2**	1	**1**	1
Closing balance (excluding Treasury Shares deduction)	**23,379**	21,920	**23,379**	22,606
Less: Treasury Shares	**(298)**	(278)	**(298)**	(262)
Closing balance	**23,081**	21,642	**23,081**	22,344

(1) The declared dividend includes an amount attributable to the dividend reinvestment plan (DRP) of $774 million (interim 2009/2010) and $688 million (final 2008/2009). Of these amounts $772 million (interim 2009/2010) and $685 million (final 2008/2009) have been issued in ordinary shares due to rounding under the plan rules. The rounding amount will be included in the next DRP allocations.

Shares on Issue	Full Year Ended 30/06/10 Number	30/06/09 Number	Half Year Ended 30/06/10 Number	31/12/09 Number
Opening balance (excluding Treasury Shares deduction)	**1,518,801,069**	1,326,130,877	**1,534,246,082**	1,518,801,069
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**	-	**-**	15,412,513
2009/2010 Interim dividend fully paid ordinary shares $53.56	**14,421,452**	-	**14,421,452**	-
Issue of shares	**-**	161,983,643	**-**	-
Exercise of executive option plan	**102,340**	30,000	**69,840**	32,500
Closing balance (excluding Treasury Shares deduction)	**1,548,737,374**	1,518,801,069	**1,548,737,374**	1,534,246,082
Less: Treasury Shares	**(6,647,087)**	(7,192,560)	**(6,647,087)**	(6,259,487)
Closing balance	**1,542,090,287**	1,511,608,509	**1,542,090,287**	1,527,986,595

Terms and Conditions of Ordinary Share Capital

Ordinary shares have the right to receive dividends as declared and in the event of winding up 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 final dividend to be paid for the financial year ended 30 June 2010, the amount of credits available as at 30 June 2010 to frank dividends for subsequent financial years was $446 million (June 2009: $758 million). This figure is based on the combined franking accounts of the Bank at 30 June 2010, which have been adjusted for franking credits that will arise from the payment of income tax payable on profits for the year ended 30 June 2010, 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 30 June 2010.

Dividends

The Directors have declared a fully franked final dividend of 170 cents per share amounting to $2,633 million. The dividend will be payable on 1 October 2010 to shareholders on the register at 5:00 pm EST on 20 August 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 Dividend Reinvestment Plan for the final dividend for the 2010 financial year is assumed to be satisfied in full by an on market purchase of shares.

Record Date

The register closes for determination of dividend entitlement and for participation in the DRP at 5:00pm EST on 20 August 2010 at Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235.

Ex-Dividend Date

The ex-dividend date is 16 August 2010.

17. Intangible Assets

	As at		
	30/06/10	31/12/09	30/06/09
	$M	$M	$M
Total Intangible Assets			
Goodwill	**7,473**	7,473	7,473
Computer software costs	**950**	799	673
Core deposits (1)	**388**	424	460
Management fee rights (2)	**311**	311	311
Brand name (3)	**186**	186	186
Other	**112**	129	142
Total intangible assets	**9,420**	9,322	9,245
Goodwill			
Purchased goodwill	**7,473**	7,473	7,484
Accumulated impairment	**-**	-	(11)
Total goodwill	**7,473**	7,473	7,473
Computer Software Costs			
Cost	**1,551**	1,300	1,085
Accumulated amortisation	**(562)**	(462)	(373)
Accumulated impairment	**(39)**	(39)	(39)
Total computer software costs	**950**	799	673
Core Deposits (1)			
Cost	**495**	495	495
Accumulated amortisation	**(107)**	(71)	(35)
Total core deposits	**388**	424	460
Management Fee Rights (2)			
Cost	**311**	311	311
Total management fee rights	**311**	311	311
Brand Name (3)			
Cost	**186**	186	186
Total brand name	**186**	186	186
Other (4)			
Cost	**203**	206	210
Accumulated amortisation	**(91)**	(77)	(68)
Total other	**112**	129	142

(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 names represent 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, as there is no foreseeable limit to the period over which the brand name is expected to generate cash flows. The asset is not subject to amortisation, but is subjected to annual impairment testing. No impairment was required as a result of this test.

(4) Other includes $38 million for the value of credit card relationships acquired from Bankwest. 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.

17. Intangible Assets (continued)

	Full Year Ended		Half Year Ended	
	30/06/10	30/06/09	30/06/10	31/12/09
	$M	$M	$M	$M
Goodwill				
Opening balance	**7,473**	7,484	**7,473**	7,473
Impairment	**-**	(11)	**-**	-
Total goodwill	**7,473**	7,473	**7,473**	7,473
Computer Software Costs				
Opening balance	**673**	353	**799**	673
Additions:				
From purchases	**28**	120	**2**	26
From internal development (1)	**427**	352	**223**	204
Amortisation	**(178)**	(122)	**(74)**	(104)
Impairment	**-**	(30)	**-**	-
Total computer software costs	**950**	673	**950**	799
Core Deposits				
Opening balance	**460**	-	**424**	460
Additions:				
From acquisitions	**-**	495	**-**	-
Amortisation	**(72)**	(35)	**(36)**	(36)
Total core deposits	**388**	460	**388**	424
Management Fee Rights				
Opening balance	**311**	311	**311**	311
Total management fee rights	**311**	311	**311**	311
Brand Name				
Opening balance	**186**	-	**186**	186
Additions:				
From acquisitions	**-**	186	**-**	-
Total brand name	**186**	186	**186**	186
Other				
Opening balance	**142**	110	**129**	142
Addtions:				
From acquisitions	**-**	51	**-**	-
Amortisation	**(30)**	(19)	**(17)**	(13)
Total other	**112**	142	**112**	129

(1) Due primarily to the Core Banking Modernisation project.

18. ASX Appendix 4E

Cross Reference Index

Consolidated retained profits reconciliation (Rule 4.3A Item No. 8)

	Full Year Ended	
	30/06/10	30/06/09
	$M	$M
Retained Profits		
Opening balance	**7,825**	7,747
Actuarial (losses)/gains from defined benefit superannuation plans	**(64)**	(739)
Realised gains and dividend income on treasury shares (1)	**30**	18
Operating profit attributable to Equity holders of the Bank	**5,664**	4,723
Total available for appropriation	**13,455**	11,749
Transfers from/(to) general reserve	**197**	(193)
Transfers from employee compensation reserve (2)	**(93)**	-
Interim dividend - cash component	**(1,067)**	(1,257)
Interim dividend - dividend reinvestment plan (3)	**(774)**	(405)
Final dividend - cash component	**(1,058)**	(1,335)
Final dividend - dividend reinvestment plan (3)	**(688)**	(694)
Other dividends	**(34)**	(40)
Closing balance	**9,938**	7,825

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

(2) Relates to $93 million (2009: $nil) transferred from employee compensation reserve in respect of extinguished schemes.

(3) The declared dividend includes an amount attributable to the dividend reinvestment plan (DRP) of $774 million (interim 2009/2010) and $688 million (final 2008/2009). Of these amounts $772 million (interim 2009/2010) and $685 million (final 2008/2009) have been issued in ordinary shares due to rounding under the plan rules. The rounding amount will be included in the next DRP allocations.

Details of entities over which control was lost during the year (Rule 4.3A Item No. 10)

	Date control lost	Ownership Interest Held (%)
Colonial Fiji Life Limited	15 December 2009	100%
National Bank of Fiji Limited	15 December 2009	100%

18. ASX Appendix 4E (continued)

Details of associates and joint ventures (Rule 4.3A Item No. 11)

As at 30 June 2010	Ownership interest held (%)
Acadian Asset Management (Australia) Limited	50%
Aegis Correctional Partnership Pty Limited	50%
Aspire Schools Financing (Qld) Pty Limited	50%
Aspire Schools (Qld) Holdings Limited	50%
CIPL SA Schools Pty Limited	50%
Equigroup Pty Limited	50%
Forth Health Holdings Limited	50%
John Laing Health (Pembury) Limited	50%
First State Cinda Fund Management Company Limited	46%
Cardlink Services Limited	44%
First State European Diversified Investment Fund	39%
BoCommLife Insurance Company Limited (1)	38%
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%
Bank of Hangzhou Co. Ltd.	20%
Qilu Bank Co., Ltd.	20%
Interchange and Settlement Limited	11%
CFS Retail Property Trust	9%
Commonwealth Property Office Fund	7%

(1) Formally known as China Life CMG Life Assurance Company Limited.

Other significant information (Rule 4.3A Item No. 12)

On 2 July 2010, class action proceedings were commenced against the Group in relation to Storm Financial. At this stage the size of the class action has not been defined and damages sought have not been quantified. The Group is also aware from media reports and other public announcements that class action proceedings may be commenced against it and other Australian banks with respect to exception fees. At this stage such proceedings have not been commenced.

There are no other significant events since 30 June 2010 that have materially affected the financial position or performance of the Group.

Foreign Entities (Rule 4.3A Item No. 13)

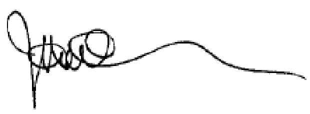
Not Applicable.

Compliance Statement

This preliminary final report for the year ended 30 June 2010 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 final report has been prepared in accordance with Accounting Standards in Australia.

The Financial Statements of the Group have been audited.



John Hatton

Company Secretary

11 August 2010

19. Profit Reconciliation

Profit Reconciliation	Full Year Ended 30 June 2010								
	Net profit after tax "cash basis"	Hedging and AIFRS volatility	Bankwest non-cash items (1)	Tax on New Zealand Structured Finance Transactions	Loss on disposal of controlled entities/ investments	Treasury shares valuation adjustment	Policyholder tax	Investment experience	Net profit after tax "statutory basis"
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Group									
Net interest income	**11,868**	(57)	111	-	-	-	-	-	**11,922**
Other banking income	**4,112**	119	-	-	(23)	-	-	-	**4,208**
Total banking income	**15,980**	62	111	-	(23)	-	-	-	**16,130**
Funds management income	**1,898**	-	-	-	-	(51)	50	31	**1,928**
Insurance income	**945**	-	-	-	-	-	80	205	**1,230**
Total operating income	**18,823**	62	111	-	(23)	(51)	130	236	**19,288**
Operating expenses	**(8,601)**	-	(115)	-	-	-	-	-	**(8,716)**
Gain on acquisition of controlled entities	**-**	-	-	-	-	-	-	-	**-**
Impairment expenses	**(2,075)**	-	(304)	-	-	-	-	-	**(2,379)**
Net profit before tax	**8,147**	62	(308)	-	(23)	(51)	130	236	**8,193**
Tax expense	**(2,208)**	(45)	92	(171)	-	7	(130)	(58)	**(2,513)**
Non-controlling interests	**(16)**	-	-	-	-	-	-	-	**(16)**
Underlying profit after tax	**5,923**	17	(216)	(171)	(23)	(44)	-	178	**5,664**
Investment experience after tax	**178**	-	-	-	-	-	-	(178)	**-**
Net profit after tax	**6,101**	17	(216)	(171)	(23)	(44)	-	-	**5,664**

(1) Includes Merger related net interest income amortisation of $111 million and Merger related operating expense amortisation of $75 million; Integration expenses of $40 million; Loan impairment expense of $304 million and Income tax benefit of $92 million.

19. Profit Reconciliation (continued)

Profit Reconciliation	Full Year Ended 30 June 2009										
	Net profit after tax "cash basis" Pro forma	Pro forma adjust-ments	Net profit after tax "cash basis" As reported	One-off expenses [1]	Bankwest non-cash items [2]	Defined benefit super-annuation plan expense	Treasury shares valuation adjust-ment	Hedging and AIFRS volatility	Policyholder tax	Investment experience	Net profit after tax "statutory basis"
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Group											
Net interest income	**10,716**	(530)	10,186	-	152	-	-	(37)	-	-	**10,301**
Other banking income	**4,259**	(83)	4,176	-	-	-	-	(262)	-	-	**3,914**
Total banking income	**14,975**	(613)	14,362	-	152	-	-	(299)	-	-	**14,215**
Funds management income	**1,823**	(10)	1,813	-	-	-	(33)	-	(139)	(151)	**1,490**
Insurance income	**931**	(21)	910	-	-	-	-	-	(25)	(116)	**769**
Total operating income	**17,729**	(644)	17,085	-	152	-	(33)	(299)	(164)	(267)	**16,474**
Operating expenses [3]	**(8,222)**	457	(7,765)	(32)	(149)	(14)	-	-	-	-	**(7,960)**
Gain on acquisition of controlled entities	**-**		-	-	983	-	-	-	-	-	**983**
Impairment expenses	**(3,392)**	344	(3,048)	-	-	-	-	-	-	-	**(3,048)**
Net profit before tax	**6,115**	157	6,272	(32)	986	(14)	(33)	(299)	(164)	(267)	**6,449**
Tax expense	**(1,584)**	(47)	(1,631)	9	(372)	4	5	54	164	71	**(1,696)**
Non-controlling interests	**(30)**	-	(30)	-	-	-	-	-	-	-	**(30)**
Underlying profit after tax	**4,501**	110	4,611	(23)	614	(10)	(28)	(245)	-	(196)	**4,723**
Investment experience after tax	**(193)**	(3)	(196)	-	-	-	-	-	-	196	**-**
Net profit after tax	**4,308**	107	4,415	(23)	614	(10)	(28)	(245)	-	-	**4,723**

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

(2) Includes Gain on acquisition of $983 million; Merger related net interest income amortisation of $152 million and Merger related operating expense amortisation of $37 million; Integration expenses of $112 million and Income tax expense of $372 million.

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

19. Profit Reconciliation (continued)

Profit Reconciliation	Net profit after tax "cash basis"	Hedging and AIFRS volatility	Bankwest non-cash items [1]	Gain on disposal of controlled entities/ investments [2]	Treasury shares valuation adjustment	Policyholder tax	Investment experience	Net profit after tax "statutory basis"
	Half Year Ended 30 June 2010							
	$M	$M	$M	$M	$M	$M	$M	$M
Group								
Net interest income	**5,806**	(28)	(14)	-	-	-	-	**5,764**
Other banking income	**2,034**	(184)	-	8	-	-	-	**1,858**
Total banking income	**7,840**	(212)	(14)	8	-	-	-	**7,622**
Funds management income	**951**	-	-	-	18	(34)	21	**956**
Insurance income	**482**	-	-	-	-	25	73	**580**
Total operating income	**9,273**	(212)	(14)	8	18	(9)	94	**9,158**
Gain on acquisition of controlled entities	**-**	-	-	-	-	-	-	**-**
Operating expenses	**(4,333)**	-	(59)	-	-	-	-	**(4,392)**
Impairment expenses	**(692)**	-	(304)	-	-	-	-	**(996)**
Net profit before tax	**4,248**	(212)	(377)	8	18	(9)	94	**3,770**
Tax expense	**(1,152)**	52	113	-	(10)	9	(25)	**(1,013)**
Non-controlling interests	**(7)**	-	-	-	-	-	-	**(7)**
Underlying profit after tax	**3,089**	(160)	(264)	8	8	-	69	**2,750**
Investment experience after tax	**69**	-	-	-	-	-	(69)	**-**
Net profit after tax	**3,158**	(160)	(264)	8	8	-	-	**2,750**

(1) Includes Merger related net interest income amortisation of $14 million and Merger related operating expense amortisation of $38 million; Integration expenses of $21 million; Loan impairment expense of $304 million and Income tax benefit of $113 million.
(2) Sale price adjustment as part of the finalisation of the sale of the Fiji business.

20. Divisional Performance Summary

	Full Year Ended 30 June 2010							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	Other [1] $M	Total $M
Net interest income	5,696	1,643	1,334	-	716	1,487	992	**11,868**
Other banking income	1,356	1,249	1,233	-	278	233	(237)	**4,112**
Total banking income	7,052	2,892	2,567	-	994	1,720	755	**15,980**
Funds management income	-	-	-	1,824	46	-	28	**1,898**
Insurance income	-	-	-	684	213	-	48	**945**
Total operating income	7,052	2,892	2,567	2,508	1,253	1,720	831	**18,823**
Investment experience [2]	-	-	-	183	1	-	52	**236**
Total income	7,052	2,892	2,567	2,691	1,254	1,720	883	**19,059**
Operating expenses [3]	(2,794)	(1,310)	(792)	(1,706)	(667)	(880)	(452)	**(8,601)**
Impairment expense	(736)	(326)	(249)	-	(100)	(754)	90	**(2,075)**
Net profit before income tax	3,522	1,256	1,526	985	487	86	521	**8,383**
Corporate tax expense	(1,061)	(363)	(344)	(267)	(99)	(26)	(106)	**(2,266)**
Non-controlling interests	-	-	-	-	-	-	(16)	**(16)**
Net profit after tax ("cash basis")	2,461	893	1,182	718	388	60	399	**6,101**

(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 $259 million.

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

(3) Operating expenses include volume related expenses.

20. Divisional Performance Summary (continued)

	Full Year Ended 30 June 2009							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management (Pro forma) $M	New Zealand $M	Bankwest (Pro forma) $M	Other [(1)] $M	Total (Pro forma) $M
Net interest income	4,925	1,525	1,453	-	756	1,121	936	**10,716**
Other banking income	1,551	1,080	949	-	404	251	24	**4,259**
Total banking income	6,476	2,605	2,402	-	1,160	1,372	960	**14,975**
Funds management income	-	-	-	1,745	49	-	29	**1,823**
Insurance income	-	-	-	657	207	-	67	**931**
Total operating income	6,476	2,605	2,402	2,402	1,416	1,372	1,056	**17,729**
Investment experience [(2)]	-	-	-	(313)	6	-	44	**(263)**
Total income	6,476	2,605	2,402	2,089	1,422	1,372	1,100	**17,466**
Operating expenses [(3)]	(2,781)	(1,272)	(679)	(1,683)	(649)	(909)	(249)	**(8,222)**
Impairment expense	(699)	(309)	(1,708)	-	(194)	(457)	(25)	**(3,392)**
Net profit before income tax	2,996	1,024	15	406	579	6	826	**5,852**
Corporate tax expense	(889)	(288)	151	(117)	(141)	(3)	(227)	**(1,514)**
Non-controlling interests	-	-	-	-	-	-	(30)	**(30)**
Net profit after tax ("cash basis")	2,107	736	166	289	438	3	569	**4,308**

(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 $275 million.

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

(3) Operating expenses include volume related expenses.

20. Divisional Performance Summary (continued)

	Half Year Ended 30 June 2010							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	Other [1] $M	Total $M
Net interest income	2,808	821	651	-	365	760	401	**5,806**
Other banking income	673	623	561	-	106	112	(41)	**2,034**
Total banking income	3,481	1,444	1,212	-	471	872	360	**7,840**
Funds management income	-	-	-	916	21	-	14	**951**
Insurance income	-	-	-	331	127	-	24	**482**
Total operating income	3,481	1,444	1,212	1,247	619	872	398	**9,273**
Investment experience [2]	-	-	-	66	3	-	25	**94**
Total income	3,481	1,444	1,212	1,313	622	872	423	**9,367**
Operating expenses [3]	(1,414)	(671)	(405)	(855)	(342)	(437)	(209)	**(4,333)**
Impairment expense	(345)	(132)	72	-	2	(441)	152	**(692)**
Net profit before income tax	1,722	641	879	458	282	(6)	366	**4,342**
Corporate tax expense	(506)	(188)	(242)	(119)	(55)	2	(69)	**(1,177)**
Non-controlling interests	-	-	-	-	-	-	(7)	**(7)**
Net profit after tax ("cash basis")	1,216	453	637	339	227	(4)	290	**3,158**

(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 $136 million.

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

(3) Operating expenses include volume related expenses.

21. Notes to the Statement of Cash Flows

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

	Full Year Ended	
	30/06/10	30/06/09
	$M	$M
Net profit after income tax	**5,680**	4,753
(Increase)/decrease in interest receivable	**(551)**	301
Increase/(decrease) in interest payable	**889**	(54)
Net decrease in assets at fair value through Income Statement (excluding life insurance)	**3,301**	690
Net gain on sale of investments	**(4)**	(1)
Net increase in derivative assets	**(1,331)**	(8,358)
Net loss on sale of property, plant and equipment	**4**	11
Equity accounting profit	**(116)**	(141)
Gain on acquisition of controlled entities	**-**	(983)
Impairment expense	**2,379**	3,048
Depreciation and amortisation (including asset write downs)	**618**	519
(Decrease)/increase in liabilities at fair value through Income Statement (excluding life insurance)	**(1,254)**	661
(Decrease)/increase in derivative liabilities	**(9,804)**	13,361
(Decrease)/increase in other provisions	**46**	60
(Decrease)/increase in income taxes payable	**(150)**	521
Increase/(decrease) in deferred income taxes payable	**53**	(355)
Decrease/(increase) in deferred tax assets	**383**	(967)
Decrease/(increase) in accrued fees/reimbursements receivable	**44**	41
(Decrease)/increase in accrued fees and other items payable	**302**	178
Increase/(decrease) in life insurance contract policy liabilities	**853**	(1,025)
Increase/(decrease) in cash flow hedge reserve	**589**	(1,651)
Increase/(decrease) in fair value on hedged items	**838**	569
Changes in operating assets and liabilities arising from cash flow movements	**522**	(9,802)
Other	**154**	100
Net cash provided by/(used in) operating activities	**3,445**	1,476

(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.

	Full Year Ended	
	30/06/10	30/06/09
	$M	$M
Notes, coins and cash at banks	**5,285**	3,755
Other short term liquid assets	**1,153**	3,128
Receivables due from other financial institutions – at call (1)	**5,012**	1,889
Payables due to other financial institutions – at call (1)	**(6,533)**	(6,586)
Cash and cash equivalents at end of year	**4,917**	2,186

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

21. Notes to the Statement of Cash Flows (continued)

(c) Disposal of Controlled Entities – Fair value of asset disposal

During the current year the Group disposed of its banking and insurance operations in Fiji.

	Full Year Ended	
	30/06/10	30/06/09
	$M	$M
Net assets	**77**	-
Gain on sale (excluding realised foreign exchange losses and other related costs) [1]	**1**	-
Cash consideration received	**78**	-
Less cash and cash equivalents disposed	**(89)**	-
Net cash outflow on disposal	**(11)**	-

(1) The loss on sale of $30 million is inclusive of realised structural foreign exchange losses.

(d) Non-Cash Financing and Investing Activities

	Full Year Ended	
	30/06/10	30/06/09
	$M	$M
Shares issued under the Dividend Reinvestment Plan	**1,457**	1,099

(e) Acquisition of controlled entities

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

During the prior year 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.

(f) Financing Facilities

Standby funding lines are immaterial.

Appendices

22. Analysis Template

Profit Summary - Input Schedule	Full Year Ended		Half Year Ended		Full Year Ended	
		Pro forma			As reported	
	30/06/10	30/06/09	30/06/10	31/12/09	30/06/09	Page
	$M	$M	$M	$M	$M	References
Income - Cash Basis						
Net interest income	**11,868**	10,716	**5,806**	6,062	10,186	Page 4
Other banking income	**4,112**	4,259	**2,034**	2,078	4,176	Page 4
Total banking income	**15,980**	14,975	**7,840**	8,140	14,362	Page 4
Funds management income	**1,898**	1,823	**951**	947	1,813	Page 4
Insurance income	**945**	931	**482**	463	910	Page 4
Total operating income	**18,823**	17,729	**9,273**	9,550	17,085	Page 4
Investment experience	**236**	(263)	**94**	142	(267)	Page 4
Total income	**19,059**	17,466	**9,367**	9,692	16,818	Page 4
Expenses - Cash Basis						
Retail Banking Services	**(2,794)**	(2,781)	**(1,414)**	(1,380)	(2,781)	Page 56
Business and Private Banking	**(1,310)**	(1,272)	**(671)**	(639)	(1,272)	Page 56
Institutional Banking and Markets	**(792)**	(679)	**(405)**	(387)	(679)	Page 56
Wealth Management - operating expenses	**(1,210)**	(1,200)	**(609)**	(601)	(1,175)	Page 56
Wealth Management - volume expenses	**(496)**	(483)	**(246)**	(250)	(477)	Page 56
New Zealand	**(667)**	(649)	**(342)**	(325)	(649)	Page 56
Bankwest	**(880)**	(909)	**(437)**	(443)	(483)	Page 56
Other	**(452)**	(249)	**(209)**	(243)	(249)	Page 56
Total operating expenses	**(8,601)**	(8,222)	**(4,333)**	(4,268)	(7,765)	Page 4
Profit before loan impairment expense	**10,458**	9,244	**5,034**	5,424	9,053	
Impairment expense	**(2,075)**	(3,392)	**(692)**	(1,383)	(3,048)	Page 4
Net profit before income tax	**8,383**	5,852	**4,342**	4,041	6,005	Page 4
Corporate tax expense	**(2,266)**	(1,514)	**(1,177)**	(1,089)	(1,560)	Page 4
Operating profit after tax	**6,117**	4,338	**3,165**	2,952	4,445	
Non-controlling interests	**(16)**	(30)	**(7)**	(9)	(30)	Page 4
Net profit after tax - cash basis	**6,101**	4,308	**3,158**	2,943	4,415	Page 4
Defined benefit superannuation plan income/(expense) (1)	**-**	n/a	**-**	-	(10)	Page 87
Treasury shares valuation adjustment	**(44)**	n/a	**8**	(52)	(28)	Page 86
Hedging and AIFRS volatility	**17**	n/a	**(160)**	177	(245)	Page 86
One-off expenses	**-**	n/a	**-**	-	(23)	Page 87
Loss on disposal of controlled entities/investments	**(23)**	n/a	**8**	(31)	-	Page 86
Tax on New Zealand structured finance transactions	**(171)**	n/a	**-**	(171)	-	Page 86
Bankwest non-cash items	**(216)**	n/a	**(264)**	48	614	Page 86
Net profit after tax - statutory basis	**5,664**	n/a	**2,750**	2,914	4,723	Page 4
Investment experience	**236**	(263)	**94**	142	(267)	Page 34
Tax expense on investment experience	**(58)**	70	**(25)**	(33)	71	Page 34
Investment experience - after tax	**178**	(193)	**69**	109	(196)	Page 34
Net profit after tax - underlying basis	**5,923**	4,501	**3,089**	2,834	4,611	Page 4
Total Operating Income						
Retail Banking Services	**7,052**	6,476	**3,481**	3,571	6,476	Page 17
Business and Private Banking	**2,892**	2,605	**1,444**	1,448	2,605	Page 19
Institutional Banking and Markets	**2,567**	2,402	**1,212**	1,355	2,402	Page 21
Wealth Management (net of volume expenses)	**2,012**	1,919	**1,001**	1,011	1,894	Page 23
New Zealand	**1,253**	1,416	**619**	634	1,416	Page 27
Bankwest	**1,720**	1,372	**872**	848	759	Page 31
Other	**831**	1,056	**398**	433	1,056	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").

22. Analysis Template (continued)

Profit Summary - Input Schedule	Full Year Ended		Half Year Ended		Full Year Ended	
		Pro forma			As reported	
	30/06/10	30/06/09	30/06/10	31/12/09	30/06/09	Page
	$M	$M	$M	$M	$M	References
Other Data						
Net interest income (excluding securitisation)	**11,793**	10,616	**5,775**	6,018	10,128	Page 46
Average interest earning assets (excluding securitisation)	**553,735**	511,410	**560,197**	547,379	481,248	Page 46
Average net assets [(1) (2)]	**33,532**	30,038	**34,577**	32,513	29,189	Page 38
Average non-controlling interests [(1)]	**521**	519	**522**	521	519	Page 38
Average other equity instruments [(1)]	**939**	939	**939**	939	939	Page 38
Average treasury shares [(1)]	**(279)**	(276)	**(280)**	(270)	(276)	Page 81
Average defined benefit superannuation plan net surplus [(1)]	**382**	439	**368**	319	439	-
Distributions - other equity instruments	**47**	57	**23**	24	57	-
Interest expense (after tax) - Perls II	**-**	19	**-**	-	19	-
Interest expense (after tax) - Perls III	**42**	55	**23**	19	55	-
Interest expense (after tax) - Perls IV	**38**	49	**20**	18	49	-
Interest expense (after tax) - Perls V	**57**	-	**41**	16	-	-
Interest expense (after tax) - TPS	**25**	29	**13**	12	29	-
Interest expense (after tax) - Convertible notes	**28**	35	**15**	13	35	-
Weighted average number of shares - basic - statutory	**1,527**	n/a	**1,535**	1,518	1,420	Page 5
Weighted average number of shares - fully diluted - statutory	**1,640**	n/a	**1,659**	1,615	1,548	-
Weighted average number of shares - basic - cash and underlying	**1,531**	1,442	**1,539**	1,523	1,426	Page 5
Weighted average number of shares - fully diluted - cash and underlying	**1,644**	1,570	**1,663**	1,619	1,554	-
Weighted average number of shares - Perls II	**-**	14	**-**	-	14	-
Weighted average number of shares - Perls III	**23**	32	**23**	22	32	-
Weighted average number of shares - Perls IV	**29**	39	**29**	28	39	-
Weighted average number of shares - Perls V	**29**	-	**40**	17	-	-
Weighted average number of shares - TPS	**13**	19	**13**	12	19	-
Weighted average number of shares - Convertible notes	**18**	24	**18**	17	24	-
Weighted average number of shares - Executive options	**1**	-	**1**	-	-	-
Dividends per share (cents)	**290**	n/a	**170**	120	228	Page 5
No. of shares at end of period excluding treasury shares (M)	**1,549**	1,519	**1,549**	1,534	1,519	Page 81
Average Funds Under Administration	**186,641**	174,266	**188,765**	185,392	173,872	Page 7
Average inforce premiums	**2,005**	1,825	**1,983**	1,953	1,798	Page 7
Net assets	**35,570**	31,442	**35,570**	33,583	31,442	Page 38
Total intangible assets	**9,420**	9,245	**9,420**	9,322	9,245	Page 38
Non-controlling interests	**523**	520	**523**	521	520	Page 38
Other equity instruments	**939**	939	**939**	939	939	Page 38
Total Fundamental Tier One Capital	**32,064**	30,314	**32,064**	32,271	30,314	Page 76

(1) Average of reporting period balances.

(2) Pro forma average net assets based on $28,684 million net asset as at 30 June 2008.

22. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30/06/10 $M	Full Year Ended Pro forma 30/06/09 $M	Half Year Ended 30/06/10 $M	Half Year Ended 31/12/09 $M	Full Year Ended As reported 30/06/09 $M
EPS					
Net profit after tax - cash basis	**6,101**	4,308	**3,158**	2,943	4,415
Less distribution - other equity instruments	**(47)**	(57)	**(23)**	(24)	(57)
Adjusted profit for EPS calculation	**6,054**	4,251	**3,135**	2,919	4,358
Average number of shares (M)	**1,531**	1,442	**1,539**	1,523	1,426
Earnings per share basic - cash basis (cents) [1]	**395. 5**	294. 9	**203. 7**	191. 7	305. 6
Earnings per share - dilutions					
Interest expense (after tax) - Perls II	**-**	19	**-**	-	19
Interest expense (after tax) - Perls III	**42**	55	**23**	19	55
Interest expense (after tax) - Perls IV	**38**	49	**20**	18	49
Interest expense (after tax) - Perls V	**57**	-	**41**	16	-
Interest expense (after tax) - TPS	**25**	29	**13**	12	29
Interest expense (after tax) - Convertible notes	**28**	35	**15**	13	35
Profit impact of assumed conversions (after tax)	**190**	187	**112**	78	187
Weighted average number of shares - Perls II (M)	**-**	14	**-**	-	14
Weighted average number of shares - Perls III (M)	**23**	32	**23**	22	32
Weighted average number of shares - Perls IV (M)	**29**	39	**29**	28	39
Weighted average number of shares - Perls V (M)	**29**	-	**40**	17	-
Weighted average number of shares - TPS (M)	**13**	19	**13**	12	19
Weighted average number of shares - Convertible Notes (M)	**18**	24	**18**	17	24
Weighted average number of shares - Executive Options (M)	**1**	-	**1**	-	-
Weighted average number of shares - dilutive securities (M)	**113**	128	**124**	96	128
Adjusted cash profit for EPS calculation	**6,054**	4,251	**3,135**	2,919	4,358
Add back profit impact of assumed conversions (after tax)	**190**	187	**112**	78	187
Adjusted diluted profit for EPS calculation	**6,244**	4,438	**3,247**	2,997	4,545
Average number of shares (M)	**1,531**	1,442	**1,539**	1,523	1,426
Add back weighted average number of shares (M)	**113**	128	**124**	96	128
Diluted average number of shares (M)	**1,644**	1,570	**1,663**	1,619	1,554
Earnings per share diluted - cash basis (cents) [1]	**379. 8**	282. 8	**195. 1**	185. 1	292. 4
Net profit after tax - underlying	**5,923**	4,501	**3,089**	2,834	4,611
Less distribution - other equity instruments	**(47)**	(57)	**(23)**	(24)	(57)
Adjusted profit for EPS calculation	**5,876**	4,444	**3,066**	2,810	4,554
Average number of shares (M)	**1,531**	1,442	**1,539**	1,523	1,426
Earnings per share basic - underlying basis (cents) [1]	**383. 9**	308. 3	**199. 3**	184. 5	319. 3

(1) EPS calculations based on actual NPAT, interest expense, distributions and number of shares prior to rounding to the nearest million.

22. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30/06/10 $M	Full Year Ended Pro forma 30/06/09 $M	Half Year Ended 30/06/10 $M	Half Year Ended 31/12/09 $M	Full Year Ended As reported 30/06/09 $M
DPS					
Dividends					
Dividends per share (cents)	**290**	n/a	**170**	120	228
No of shares at end of period (M)	**1,549**	n/a	**1,549**	1,534	1,519
Total dividends	**4,474**	n/a	**2,633**	1,841	3,409
Dividend payout ratio - cash basis					
Net profit after tax - cash basis	**6,101**	n/a	**3,158**	2,943	4,415
NPAT - available for distribution to ordinary shareholders	**6,054**	n/a	**3,135**	2,919	4,358
Total dividends	**4,474**	n/a	**2,633**	1,841	3,409
Payout ratio - cash basis (%)	**73. 9**	n/a	**84. 0**	63. 1	78. 2
Dividend cover					
NPAT - available for distribution to ordinary shareholders	**6,054**	n/a	**3,135**	2,919	4,358
Total dividends	**4,474**	n/a	**2,633**	1,841	3,409
Dividend cover - cash basis (times)	**1. 4**	n/a	**1. 2**	1. 6	1. 3
ROE					
Return on equity - cash basis					
Average net assets (1)	**33,532**	30,038	**34,577**	32,513	29,189
Less:					
Average non-controlling interests	**(521)**	(519)	**(522)**	(521)	(519)
Average other equity instruments	**(939)**	(939)	**(939)**	(939)	(939)
Average equity	**32,072**	28,580	**33,116**	31,053	27,731
Add average treasury shares	**279**	276	**280**	270	276
Less average defined benefit superannuation plan net surplus (2)	**-**	(439)	**-**	-	(439)
Net average equity	**32,351**	28,417	**33,396**	31,323	27,568
NPAT ("cash basis")	**6,101**	4,308	**3,158**	2,943	4,415
Less distribution - other equity instruments	**(47)**	(57)	**(23)**	(24)	(57)
Adjusted profit for ROE calculation	**6,054**	4,251	**3,135**	2,919	4,358
Return on equity - cash basis (%)	**18. 7**	15. 0	**18. 9**	18. 5	15. 8
Return on equity - underlying basis					
Average net assets (1)	**33,532**	30,038	**34,577**	32,513	29,189
Less:					
Average non-controlling interests	**(521)**	(519)	**(522)**	(521)	(519)
Average other equity interests	**(939)**	(939)	**(939)**	(939)	(939)
Average equity	**32,072**	28,580	**33,116**	31,053	27,731
Add average treasury shares	**279**	276	**280**	270	276
Less average defined benefit superannuation plan net surplus (2)	**-**	(439)	**-**	-	(439)
Net average equity	**32,351**	28,417	**33,396**	31,323	27,568
NPAT ("underlying basis")	**5,923**	4,501	**3,089**	2,834	4,611
Less distribution other equity instruments	**(47)**	(57)	**(23)**	(24)	(57)
Adjusted profit for ROE calculation	**5,876**	4,444	**3,066**	2,810	4,554
Return on equity - underlying basis (%)	**18. 2**	15. 6	**18. 5**	17. 8	16. 5
NIM					
Net interest income (excluding securitisation)	**11,793**	10,616	**5,775**	6,018	10,128
Average interest earning assets (excluding securitisation)	**553,735**	511,410	**560,197**	547,379	481,248
NIM (%pa)	**2. 13**	2. 08	**2. 08**	2. 18	2. 10

(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 or 30 June 2010. This is consistent with the inclusion of the defined benefit superannuation expense within net profit after tax ("cash basis") from 1 July 2009.

22. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30/06/10 $M	Full Year Ended Pro forma 30/06/09 $M	Half Year Ended 30/06/10 $M	Half Year Ended 31/12/09 $M	Full Year Ended As reported 30/06/09 $M
Productivity					
Group operating expenses to total operating income ratio					
Operating expenses	**8,601**	8,222	**4,333**	4,268	7,765
Total operating income	**18,823**	17,729	**9,273**	9,550	17,085
Operating expenses to total operating income (%)	**45. 7**	46. 4	**46. 7**	44. 7	45. 4
Retail Banking Services operating expenses to total banking income ratio					
Operating expenses	**2,794**	2,781	**1,414**	1,380	2,781
Total banking income	**7,052**	6,476	**3,481**	3,571	6,476
Operating expenses to total banking income (%)	**39. 6**	42. 9	**40. 6**	38. 6	42. 9
Business and Private Banking operating expenses to total banking income ratio					
Operating expenses	**1,310**	1,272	**671**	639	1,272
Total banking income	**2,892**	2,605	**1,444**	1,448	2,605
Operating expenses to total banking income (%)	**45. 3**	48. 8	**46. 5**	44. 1	48. 8
Institutional Banking and Markets operating expenses to total banking income ratio					
Operating expenses	**792**	679	**405**	387	679
Total banking income	**2,567**	2,402	**1,212**	1,355	2,402
Operating expenses to total banking income (%)	**30. 9**	28. 3	**33. 4**	28. 6	28. 3
Wealth Management operating expenses to net operating income ratio					
Operating expenses	**1,210**	1,200	**609**	601	1,175
Net operating income	**2,012**	1,919	**1,001**	1,011	1,894
Operating expenses to net operating income (%)	**60. 1**	62. 5	**60. 8**	59. 4	62. 0
New Zealand operating expenses to total operating income ratio					
Operating expenses	**667**	649	**342**	325	649
Total operating income	**1,253**	1,416	**619**	634	1,416
Operating expenses to total operating income (%)	**53. 2**	45. 8	**55. 3**	51. 3	45. 8
Bankwest operating expenses to total banking income ratio					
Operating expenses	**880**	909	**437**	443	483
Total banking income	**1,720**	1,372	**872**	848	759
Operating expenses to total banking income (%)	**51. 2**	66. 3	**50. 1**	52. 2	63. 6
Net Tangible Assets (NTA) per share					
Net assets	**35,570**	31,442	**35,570**	33,583	31,442
Less:					
Intangible assets	**(9,420)**	(9,245)	**(9,420)**	(9,322)	(9,245)
Non-controlling interests	**(523)**	(520)	**(523)**	(521)	(520)
Other equity instruments	**(939)**	(939)	**(939)**	(939)	(939)
Total net tangible assets	**24,688**	20,738	**24,688**	22,801	20,738
No. of shares at end of period excluding treasury shares (M)	**1,549**	1,519	**1,549**	1,534	1,519
Net tangible assets (NTA) per share ($)	**15. 94**	13. 65	**15. 94**	14. 86	13. 65

23. Summary

Group		Page	Full Year Ended 30/06/10	Pro forma 30/06/09	Jun 10 vs Jun 09 %	Half Year Ended 30/06/10	31/12/09	Jun 10 vs Dec 09 %	Full Year Ended As reported 30/06/09
Net profit after tax - underlying basis	$M	4	**5,923**	4,501	32	**3,089**	2,834	9	4,611
Net profit after tax - cash basis	$M	4	**6,101**	4,308	42	**3,158**	2,943	7	4,415
Defined benefit superannuation plan income/(expense) - after tax [(1)]	$M	87	**-**	n/a	n/a	**-**	-	-	(10)
Treasury shares valuation adjustment - after tax	$M	86	**(44)**	n/a	n/a	**8**	(52)	large	(28)
Hedging and AIFRS volatility - after tax	$M	4	**17**	n/a	n/a	**(160)**	177	large	(245)
One-off expenses - after tax	$M	87	**-**	n/a	n/a	**-**	-	-	(23)
Gain/(loss) on disposal of controlled entities/investments	$M	86	**(23)**	n/a	n/a	**8**	(31)	large	-
Tax on New Zealand Structured Finance transactions	$M	4	**(171)**	n/a	n/a	**-**	(171)	large	-
Bankwest non-cash items	$M	4	**(216)**	n/a	n/a	**(264)**	48	large	614
Net profit after tax - statutory basis	$M	4	**5,664**	n/a	n/a	**2,750**	2,914	(6)	4,723
Earnings per share - cash basis - basic	cents	5	**395. 5**	294. 9	34	**203. 7**	191. 7	6	305. 6
Dividends per share	cents	5	**290**	n/a	n/a	**170**	120	42	228
Dividends pay-out ratio - cash basis	%	5	**73. 9**	n/a	n/a	**84. 0**	63. 1	large	78. 2
Tier One Capital - Basel II	%	7	**9. 15**	n/a	n/a	**9. 15**	9. 10	5 bpts	8. 07
Total Capital - Basel II	%	7	**11. 49**	n/a	n/a	**11. 49**	11. 63	(14)bpts	10. 42
Number of full time equivalent staff	No.		**45,025**	44,218	2	**45,025**	43,423	4	44,218
Return on equity - cash basis	%	5	**18. 7**	15. 0	370 bpts	**18. 9**	18. 5	40 bpts	15. 8
Return on equity - underlying basis	%	97	**18. 2**	15. 6	260 bpts	**18. 5**	17. 8	70 bpts	16. 5
Weighted average number of shares - statutory basic	M	5	**1,527**	n/a	n/a	**1,535**	1,518	1	1,420
Net tangible assets per share	$	98	**15. 94**	13. 65	17	**15. 94**	14. 86	7	13. 65
Net interest income ("cash basis")	$M	4	**11,868**	10,716	11	**5,806**	6,062	(4)	10,186
Net interest margin	%	7	**2. 13**	2. 08	5 bpts	**2. 08**	2. 18	(10)bpts	2. 10
Other banking income ("cash basis")	$M	4	**4,112**	4,259	(3)	**2,034**	2,078	(2)	4,176
Other banking income/total banking income	%		**25. 7**	28. 4	(270)bpts	**25. 9**	25. 5	40 bpts	29. 1
Operating expenses to total operating income	%	7	**45. 7**	46. 4	(70)bpts	**46. 7**	44. 7	200 bpts	45. 4
Average interest earning assets	$M	7	**553,735**	511,410	8	**560,197**	547,379	2	481,248
Average interest bearing liabilities	$M	7	**521,338**	482,790	8	**529,676**	513,136	3	454,258
Impairment expense - cash basis	$M	4	**2,075**	3,392	(39)	**692**	1,383	(50)	3,048
Impairment expense annualised as a % of average RWA - Basel II - cash basis [(2)]	%	15	**0. 71**	n/a	n/a	**0. 47**	0. 94	(47)bpts	1. 25
Impairment expense annualised as a % of average gross loans and acceptances - cash basis [(3)]	%	15	**0. 41**	0. 73	(32)bpts	**0. 28**	0. 55	(27)bpts	0. 68
Individually assessed provisions for impairment as a % of gross impaired assets	%	15	**38. 2**	n/a	n/a	**38. 2**	37. 8	40 bpts	41. 1
Risk weighted assets ("RWA")	$M	15	**290,821**	n/a	n/a	**290,821**	297,449	(2)	288,836
Retail Banking Services									
Cash net profit after tax	$M	4	**2,461**	2,107	17	**1,216**	1,245	(2)	2,107
Operating expenses to total banking income	%	7	**39. 6**	42. 9	(330)bpts	**40. 6**	38. 6	200 bpts	42. 9
Business and Private Banking									
Cash net profit after tax	$M	4	**893**	736	21	**453**	440	3	736
Operating expenses to total banking income	%	7	**45. 3**	48. 8	(350)bpts	**46. 5**	44. 1	240 bpts	48. 8
Institutional Banking and Markets									
Cash net profit after tax	$M	4	**1,182**	166	large	**637**	545	17	166
Operating expenses to total banking income	%	7	**30. 9**	28. 3	260 bpts	**33. 4**	28. 6	480 bpts	28. 3

(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 the total expenses ("cash basis").

(2) Impairment expense annualised as a percentage of average RWA – Basel II including the Bankwest non-cash loan impairment expense of $304 million was 0.81% for the year ended 30 June 2010 and 0.68% for the half year ended 30 June 2010.

(3) Impairment expense annualised as a percentage of average gross loans and acceptances including the Bankwest non-cash loan impairment expense of $304 million was 0.48% for the year ended 30 June 2010 and 0.40% for the half year ended 30 June 2010.

23. Summary (continued)

			Full Year Ended			Half Year Ended			Full Year Ended
				Pro forma	Jun 10 vs			Jun 10 vs	As reported
		Page	30/06/10	30/06/09	Jun 09 %	30/06/10	31/12/09	Dec 09 %	30/06/09
Wealth Management									
Cash net profit after tax	$M	4	**718**	289	large	**339**	379	(11)	286
Underlying profit after tax	$M	7	**592**	514	15	**297**	295	1	514
Investment experience after tax	$M	23	**126**	(225)	large	**42**	84	(50)	(228)
FUA - average	$M	7	**179,802**	168,071	7	**181,709**	178,738	2	167,677
FUA - spot	$M	25	**179,614**	169,210	6	**179,614**	185,699	(3)	169,210
Net funds flow	$M	25	**(3,187)**	(6,785)	(53)	**(4,775)**	1,588	large	(6,847)
Average inforce premiums	$M	7	**1,572**	1,432	10	**1,541**	1,529	1	1,405
Inforce premiums - spot	$M	24	**1,584**	1,560	2	**1,584**	1,498	6	1,560
Funds management income to average FUA	%	7	**1. 01**	1. 04	(3)bpts	**1. 02**	1. 01	1 bpt	1. 03
Insurance income to average inforce premiums	%	7	**43. 5**	45. 9	(240)bpts	**43. 3**	45. 8	(250)bpts	45. 3
Operating expenses to net operating income	%	7	**60. 1**	62. 5	(240)bpts	**60. 8**	59. 4	140 bpts	62. 0
New Zealand									
Cash net profit after tax	$M	27	**388**	438	(11)	**227**	161	41	438
Underlying profit after tax	$M	7	**387**	438	(12)	**224**	163	37	438
FUA - average	$M	7	**6,839**	6,195	10	**7,056**	6,654	6	6,195
FUA - spot	$M		**7,371**	6,124	20	**7,371**	7,062	4	6,124
Average inforce premiums	$M	7	**433**	393	10	**442**	424	4	393
Inforce premiums - spot	$M		**450**	415	8	**450**	433	4	415
Funds management income to average FUA	%	7	**0. 67**	0. 79	(12)bpts	**0. 60**	0. 75	(15)bpts	0. 79
Insurance income to average inforce premiums	%	7	**49. 2**	52. 7	(350)bpts	**57. 9**	40. 2	large	52. 7
Operating expenses to total operating income	%	7	**53. 2**	45. 8	large	**55. 3**	51. 3	400 bpts	45. 8
Bankwest									
Cash net profit after tax	$M	4	**60**	3	large	**(4)**	64	large	113
Operating expense to total banking income	%	7	**51. 2**	66. 3	large	**50. 1**	52. 2	(210)bpts	63. 6

24. Foreign Exchange Rates

Exchange Rates Utilised		As at		
		30/06/10	31/12/09	30/06/09
AUD 1.00 =	USD	**0.8559**	0.8970	0.8129
	GBP	**0.5686**	0.5579	0.4862
	JPY	**75.9067**	82.9084	77.6450
	NZD	**1.2318**	1.2343	1.2430
	HKD	**6.6631**	6.9566	6.2999
	EUR	**0.6996**	0.6244	0.5755
	CAD	**0.8987**	0.9449	0.9366
	CHF	**0.9271**	0.9285	0.8777
	ILS	**3.3142**	3.4065	3.1865
	SGD	**1.1968**	1.2594	1.1762

25. Definitions

Term	Description
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 Centre 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 months rolling averages and are based on respondents aged 14+. The measure is the percentage of customers who answered as being either “very satisfied” or “fairly satisfied” with their MFI.
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 income.
Institutional Banking and Markets	Institutional Banking and Markets services the Group’s major corporate, institutional and government clients using a relationship management model based on industry expertise and local insights. The Total Capital Solutions offering includes debt and equity capital raising, financial and commodities price risk management and transactional banking capabilities. Institutional Banking and Markets has international operations in London, Malta, New York, New Zealand, Singapore, Hong Kong, Japan and Shanghai.
Interest Rate Risk in the Banking Book	Interest rate risk in the banking book is the risk that the Bank’s profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted from changes in interest rates. This is measured from two perspectives; firstly by quantifying the change in the net present value of the balance sheet’s future earnings potential and secondly, as the anticipated change to the Net Interest Income which is reported in the Bank’s Income Statement.
IFS Asia (previously Asia)	IFS Asia incorporates the Asian retail banking operations (Indonesia, Vietnam, India and Japan), investments in Chinese retail banks and the joint venture life insurance business and life insurance operations in Indonesia. It does not include Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.
Net profit after tax (“Cash basis”)	Represents net profit after tax and non-controlling interests before Bankwest non-cash items, the tax on New Zealand structured finance transactions, the gain/loss on 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 net profit after tax, Bankwest non-cash items, the tax on New Zealand structured finance transactions, the gain/loss on acquisition/disposal of controlled entities/investments, non-controlling interests, 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.
New Zealand	New Zealand includes the Banking, Funds Management and Insurance businesses operating in New Zealand (excluding the international business of Institutional Banking and Markets).
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.

25. 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.
Staff numbers	Staff numbers include the full time equivalent number of 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 exclude "Treasury Shares" related to 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.

26. Market Share Definitions

Retail Banking Services

Home Loans	CBA Total Housing Loans (APRA) + CBA Securitised Housing Loans (APRA) + Home Path Balance	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	Total transaction and investment account deposit balances recorded on the domestic books of CBA from individual Australian residents excluding self-managed superannuation funds (as per APRA definitions)	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	Twelve months rolling average of total value of equities trades	Twelve months rolling average of total value of equities market trades as measured by ASX

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)

(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.

Appendices

26. Market Share Definitions (continued)

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)
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)
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)
Retail FUM	Total ASB FUM + Sovereign FUM	Total Market net Retail Funds under Management (from Fund Source Research Limited)
Inforce Premiums	Total Sovereign inforce premiums excluding health (inforce annual premium income + new business – exits – other)	Total inforce premium for New Zealand (from ISI statistics)

Bankwest

Home Loans	Bankwest Total Housing Loans (APRA) + Bankwest Securitised Housing loans (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
Business Lending (RBA)	Bankwest 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]
Credit Cards	Bankwest 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)	Bankwest Term Personal Lending + Margin Lending net balances + Personal Leasing + Revolving credit	Other Loans to Households (APRA)
Household Deposits	Total transaction and investment account deposit balances recorded on the domestic books of Bankwest from individual Australian residents excluding self-managed superannuation funds (as per APRA definitions)	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.