PROFIT ANNOUNCEMENT

FOR THE FULL YEAR ENDED
30 JUNE 2015

CommonwealthBank

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 12 AUGUST 2015

ASX Appendix 4E

Results for announcement to the market [1]

Report for the year ended 30 June 2015	$M	
Revenue from ordinary activities	45,310	Up 2%
Profit/(loss) from ordinary activities after tax attributable to Equity holders	9,063	Up 5%
Net profit/(loss) for the period attributable to Equity holders	9,063	Up 5%
Dividends (distributions)		
Final dividend - fully franked (cents per share)		222
Interim dividend - fully franked (cents per share)		198
Record date for determining entitlements to the dividend		20 August 2015

(1) Rule 4.3A.

This preliminary final report is provided to the ASX under Rule 4.3A. Refer to Appendix 17 ASX Appendix 4E for disclosures required under ASX Listing Rules.

This report should be read in conjunction with the 30 June 2015 Annual Financial Report of the Commonwealth Bank of Australia 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	12 August 2015
Ex-dividend date	18 August 2015
Record date	20 August 2015
Final dividend payment date	1 October 2015
2016 interim results date	10 February 2016

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All figures relate to the full year ended 30 June 2015 and comparative information to the full year ended 30 June 2014 unless stated otherwise. The term “prior year” refers to the full year ended 30 June 2014, while the term “prior half” refers to the half year ended 31 December 2014.

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MEDIA RELEASE

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Long-term strategy delivers continuing customer satisfaction and profit growth

Highlights of 2015 Result

- Statutory net profit after tax (NPAT) of $9,063 million – up 5 per cent on prior year[(1) (2)];
- Cash NPAT up 5 per cent to $9,137 million;
- Return on equity (cash basis) of 18.2 per cent;
- Earnings per share (cash basis) up 5 per cent to 560.8 cents;
- Fully franked final dividend of $2.22 per share, taking total for the year to $4.20, up 5 per cent on prior year;
- Improvement in Group cost to income ratio of 10 bpts to 42.8 per cent, underpinned by continued focus on productivity;
- Capital position remained strong, with a Basel III Common Equity Tier 1 (CET1) ratio of 12.7 per cent on an internationally comparable basis[(3)], and 9.1 per cent on an APRA basis as at 30 June 2015;
- Capital raising through approximately $5 billion pro rata renounceable entitlement offer which further strengthens the Group's internationally comparable capital ratios and places the Group in the top quartile of international peers as recommended by the Financial System Inquiry;
- 7 per cent increase in average interest earning assets to $755 billion;
- Liquidity of $132 billion – representing a Liquidity Coverage Ratio of 120 per cent, $22 billion above regulatory requirements;
- Customer deposits up $39 billion to $478 billion – representing 63 per cent of the Group's total funding; and
- Continued investment in the future ($1.2 billion in the 2015 financial year) with particular focus on technology and productivity.

(1) Except where otherwise stated, all figures relate to the full year ended 30 June 2015. The term "prior year" refers to the full year ended 30 June 2014, while the term "prior half" refers to the half year ended 31 December 2014. Unless otherwise indicated, all comparisons are to "prior full year".

(2) For an explanation of, and reconciliation between, Statutory and Cash NPAT refer to pages 2, 3 and 15 of the Group's Profit Announcement for the full year ended 30 June 2015, which is available at www.commbank.com.au/shareholders.

(3) Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".

MEDIA RELEASE

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Wednesday, 12 August 2015: The Commonwealth Bank of Australia ("the Group") today announced its results for the financial year ended 30 June 2015. The Group's statutory NPAT was $9,063 million, which represents a 5 per cent increase on the prior year. Cash NPAT was $9,137 million, also up 5 per cent. The Group also announced the launch of a $5 billion pro rata renounceable entitlement offer for all shareholders.

The Board declared a final dividend of $2.22 per share – an increase of 2 per cent on the 2014 final dividend. Total dividend for the year was $4.20 – an increase of 5 per cent. The cash dividend payout ratio for full year was 75.1 per cent of cash NPAT, which was in line with the prior year and within the Board's target range of 70 to 80 per cent. The final dividend will be fully franked and will be paid on 1 October 2015. The ex-dividend date is 18 August 2015.

The Group maintained a strong balance sheet throughout the year, including high levels of capital with all ratios well in excess of regulatory minimum capital adequacy requirements. The Group is raising capital to meet future requirements including the change to average mortgage risk weights for Australian residential mortgages announced by APRA in July 2015. This further strengthens the Group's internationally comparable capital ratios and places the Group in the top quartile of its international peers in relation to its capital levels.

Commenting on the result, Group Chief Executive Officer, Ian Narev said: "Over many years now we have pursued a simple, consistent strategy. This result shows that execution of that strategy continues to deliver well for our customers and our shareholders. This financial year saw all-time highs in retail customer satisfaction, with the Group returning to the number one position at year-end, and ongoing high levels of customer satisfaction in our other businesses. As a result, our balance sheet continued to grow, and combined with ongoing margin discipline, this resulted in good levels of revenue growth given market conditions. We also maintained our focus on productivity, which is particularly important given increasing levels of regulatory and compliance costs.

Technology again featured strongly in the high levels of investment that we maintained throughout this financial year. Our focus remains on the use of technology to improve all our channels, and to underpin continuous process improvement, to simplify our customers' experience with us. The impact of our technology focus is particularly clear in transaction banking and deposits in this result.

Maintaining a flexible and strong balance sheet, including a strong capital position, continues to be a strategic focus for the Group. We now have greater certainty regarding the key requirements of global relativity and mortgage risk weights. Our announcement today strengthens our position in response to those requirements. This will provide us with on-going flexibility so we can continue to support our customers.

These results can only be achieved by the hard work and dedication of our people. Their commitment to enhancing the financial wellbeing of people, businesses and communities benefits a wide range of stakeholders. These include more than 15 million customers, and nearly 800,000 Australian households who directly own our shares and the millions more who own their shares through their superannuation funds. This year we paid over $6.8 billion in dividends to our shareholders and they saw the value of their investment grow by $9 billion(1). Beyond our customers and shareholders, our performance has benefited a broader group of stakeholders including our 52,000 people, more than 6,000 small businesses which supply goods and services to us, and the broader communities in which we operate, particularly the education sector in which we have recently announced significant new initiatives."

Key components of the result include:

- Aligned with the Group's strategic focus on the customer, the Group regained the number one position in customer satisfaction among the major Australian banks in its Australian retail banking business(2), while maintaining equal first position in business customer satisfaction;
- Group net interest income increased by 5 per cent, with average interest earning assets up $50 billion to $755 billion and retail and business average interest bearing deposits(3) – up $32 billion to $445 billion;
- Net interest margin (NIM) decreased by 5 basis points to 2.09 per cent year on year driven by the negative impacts of the falling cash rate environment and an increase in liquid assets. Excluding treasury and markets, Group NIM was down 1 basis point over the year, with continued sound management of the volume/margin trade-off during the period in a highly competitive, low-rate environment;
- Other banking income increased 12 per cent due to increased commissions, higher trading income, which was driven by strong Markets sales and trading performance and a favourable counterparty valuation adjustment. This was partly offset by the implementation of a new derivative valuation methodology, Funding Valuation Adjustment (FVA), which resulted in an initial cost of $81 million;
- Funds management income was flat on a "headline" basis at $1,938 million. Excluding the impact of Property transactions and businesses from the comparative results, income increased 8 per cent, driven by a 14 per cent increase in average Funds Under Administration;
- Insurance income decreased 3 per cent due to an unusually large number of weather event claims during the year in New South Wales and Queensland;
- Expense growth was higher, increasing 5 per cent on the prior year, due to staff expenses and the impact of the lower Australian dollar. The major driver of expense growth was growing regulatory, compliance and remediation costs, including those associated with a number of legislative reforms (FATCA, FoFA, Stronger Super), provisioning for the costs of the Advice Review program and ongoing regulatory engagement;
- The Group improved its cost-to-income ratio by 10 basis points to 42.8 per cent, assisted by the continued focus on productivity initiatives which delivered savings of $260 million over the past 12 months. Our focus on productivity continues to deliver both revenue and cost benefits;
- In a relatively stable credit environment, the ratio of cash loan impairment expense (LIE) to gross loans and acceptances remained unchanged at 16 basis points;

(1) Increase in the Group's market capitalisation.

(2) Results for the Roy Morgan retail MFI Satisfaction survey. Based on six month rolling average up to and including June 2015.

(3) Includes transactions, savings and investment average interest bearing deposits.

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- Conservative provisioning was maintained, with total loan impairment provisions of $3.6 billion, and the ratio of provisions to credit risk weighted assets at 1.14 per cent. Collective provisions included a management overlay of $755 million including an increased economic overlay;
- The Group continued to satisfy a significant portion of lending growth from customer deposits, now accounting for 63 per cent of total funding. During the year, the Group issued $31 billion of long-term wholesale debt in multiple currencies;
- The Group continued to invest in the long-term growth of the business, with $1.2 billion invested on initiatives including risk and compliance projects, technology and productivity;
- Ongoing organic capital generation delivered a Basel III CET1 ratio of 12.7 per cent on an internationally comparable basis(1) and 9.1 per cent on an APRA basis; and
- The Group remained one of only a limited number of global banks in the 'AA-' ratings category.

Capital raising through $5 billion pro rata renounceable entitlement offer

The Group will offer entitlements to CBA ordinary shares pro rata to all eligible shareholders, which can be exercised to buy 1 new share for every 23 shares held on the record date for the offer at an offer price of $71.50 per new share ("Entitlements"). This represents a 10.5 per cent discount to the dividend adjusted closing price on the ASX on 11 August 2015. Eligible Retail Shareholders who do not exercise, sell or transfer their Entitlements will have their Entitlements sold on their behalf through a bookbuild process and any sale proceeds will be paid to them.

The offer will be fully underwritten to raise approximately $5 billion. Approximately 71 million new fully paid CBA ordinary shares will be issued (approximately 4.3 per cent of shares on issue).

Following the capital raising, the Group's pro forma CET1 ratio will be 14.3 per cent on an internationally comparable basis (which assumes full implementation of the Basel III reforms), and 10.4 per cent on an APRA basis. You should refer to the results presentation for the full year ended 30 June 2015 for further information on the offer and its financial impact on the Group.

New shares acquired through the offer will not receive the dividend payable for the full year ended 30 June 2015. New shares will rank equally with existing shares in all other respects.

On the outlook for the next 12 months, Ian Narev said: "The Australian economy has some good foundations. The RBA's monetary policy settings have stimulated residential construction activity, which has aided the economy's transition from its dependence on mining investment. The Federal Budget's small business measures have had a discernible impact. Business credit quality is generally very good, while in the household sector savings rates are solid. Household credit quality remains high, though the banking sector and our regulators are conscious of the potential impacts of a sustained period of low interest rates, and are therefore taking measured action.

Risks remain in the near-term resulting from some ongoing volatility in parts of the global economy. One important factor to watch over the next year will be whether the lower dollar stimulates investment by export-sensitive industries, to create jobs and stimulate consumer demand.

(1) Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".

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In the longer term, we have a positive view of the Australian economy. In growing markets in our region, there is a high demand from people who want to buy Australian goods and services, invest in Australia, educate their children in Australia, visit Australia and in some cases move to Australia. Australia's exceptional natural and human resources position us well. But we must ensure that our policy environment positions our economy to benefit from its strengths. Businesses and all sides of politics must work together towards a goal of a more diverse and productive economy. We need particular focus on a more efficient and fair tax system, building of high-quality and well-prioritised infrastructure, and trade and foreign investment settings.

At CBA we will continue our significant investment in our long-term strategic priorities. Our ongoing goal is to have highly motivated people putting the customer at the centre of everything we do, and focusing on deploying leading technology to simplify our customers' dealings with us, and to continuously make the organisation more productive."

Ends

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APPENDIX: SUMMARY TABLE OF KEY FINANCIAL INFORMATION

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Represented by:						
Retail Banking Services	**3,867**	3,678	5	**1,875**	1,992	(6)
Business and Private Banking	**1,459**	1,321	10	**716**	743	(4)
Institutional Banking and Markets	**1,268**	1,252	1	**615**	653	(6)
Wealth Management	**650**	789	(18)	**303**	347	(13)
New Zealand	**865**	742	17	**430**	435	(1)
Bankwest	**752**	675	11	**374**	378	(1)
IFS and Other	**276**	223	24	**201**	75	large
Net profit after tax ("cash basis")(1)	**9,137**	8,680	5	**4,514**	4,623	(2)
Net profit after tax ("statutory basis")(2)	**9,063**	8,631	5	**4,528**	4,535	-

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Key Shareholder Ratios						
Earnings per share ("cash basis") - basic (cents)	**560.8**	535.9	5	**276.7**	284.1	(3)
Return on equity ("cash basis") (%)	**18.2**	18.7	(50)bpts	**17.8**	18.6	(80)bpts
Return on assets ("cash basis") (%)	**1.1**	1.1	-	**1.1**	1.1	-
Dividend per share - fully franked (cents)	**420.0**	401	5	**222**	198	12
Dividend payout ratio ("cash basis") (%)	**75.1**	75.1	-	**80.5**	69.8	large
Other Performance Indicators						
Total average interest earning assets ($M)	**754,872**	705,371	7	**771,364**	738,648	4
Funds Under Administration - average ($M)	**287,136**	263,860	9	**298,882**	274,923	9
Net interest margin (%)	**2.09**	2.14	(5)bpts	**2.07**	2.12	(5)bpts
Operating expenses to total operating income (%)	**42.8**	42.9	(10)bpts	**43.3**	42.2	110bpts

(1) Net Profit after income tax ("cash basis") – represents net profit after tax and non-controlling interests before Bankwest non-cash items, the gain on sale of management rights, treasury shares valuation adjustment, Bell Group litigation and unrealised gains and losses related to hedging and IFRS volatility. This is Management's preferred measure of the Group's financial performance.

(2) Net Profit after income tax ("statutory basis") – represents net profit after tax and non-controlling interests, Bankwest non-cash items, the gain on sale of management rights, treasury shares valuation adjustment, Bell Group litigation expense and unrealised gains and losses related to hedging and IFRS volatility. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank".

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Important Information

The pro forma historical financial information included in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to persons acting for the account or benefit of persons in the United States. Neither the entitlements nor the new shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements and the new shares may not be offered or sold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States, unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Neither this announcement nor any other documents relating to the offer of entitlements or new shares may be sent or distributed to persons in the United States.

This announcement contains forward-looking statements, which can usually be identified by the use of words such as such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of CBA, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this announcement. Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are based on information available to CBA as of the date of this announcement. Except as required by law or regulation (including ASX Listing Rules) CBA undertakes no obligation to update these forward-looking statements.

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Highlights

Group Performance Highlights

	Full Year Ended ("statutory basis")		Full Year Ended ("cash basis")			Half Year Ended ("cash basis")		
	30 Jun 15	Jun 15 vs Jun 14 %	30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Net profit after tax ($M)	**9,063**	5	**9,137**	8,680	5	**4,514**	4,623	(2)
Return on equity (%)	**18.2**	(50)bpts	**18.2**	18.7	(50)bpts	**17.8**	18.6	(80)bpts
Earnings per share - basic (cents)	**557.0**	4	**560.8**	535.9	5	**276.7**	284.1	(3)
Dividends per share (cents)	**420**	5	**420**	401	5	**222**	198	12

Financial Performance

The Group's net profit after tax ("statutory basis") for the year ended 30 June 2015 increased 5% on the prior year to $9,063 million.

Return on equity ("statutory basis") was 18.2% and Earnings per share ("statutory basis") was 557.0 cents, an increase of 4% on the prior year.

The Management Discussion and Analysis discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared and reviewed in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Group's underlying operating results, excluding items that introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from statutory profit is provided in the reconciliation of the Net profit after tax ("cash basis") on page 3 and described in greater detail on page 15.

The Group's vision is to excel at securing and enhancing the financial well-being of people, businesses and communities. The long-term strategies that the Group has pursued to achieve this vision have continued to deliver high levels of customer satisfaction across all businesses and another solid financial result.

Operating income growth was solid across all businesses, relative to the prior year.

Operating expenses increased due to underlying inflationary pressures, the impact of foreign exchange and the cost of growing regulatory, compliance and remediation programs, partly offset by the incremental benefit generated from productivity initiatives.

Loan impairment expense increased in line with portfolio growth in a relatively stable economic environment. Provisioning levels remain prudent and overlays remain largely unchanged on the prior year.

Net profit after tax ("cash basis") for the year ended 30 June 2015 increased 5% on the prior year to $9,137 million. Cash earnings per share increased 5% to 560.8 cents per share.

Return on equity ("cash basis") for the year ended 30 June 2015 was 18.2%, a decrease of 50 basis points on the prior year.

Capital

The Group continued to maintain its strong capital position under the Basel III regulatory capital framework. As at 30 June 2015, the Basel III Common Equity Tier 1 (CET1) ratio was 12.7% on an internationally comparable basis and 9.1% on an APRA basis.

The internationally comparable basis aligns with the 13 July 2015 APRA study titled "International capital comparison study". This continues to place the Group in a strong position relative to our peers, and is well above the regulatory minimum levels.

Funding

The Group continued to maintain conservative Balance Sheet settings, with a considerable portion of the Group's lending growth funded by growth in customer deposits, which increased to $478 billion as at 30 June 2015, up $39 billion on the prior year.

Dividends

The final dividend declared was $2.22 per share, bringing the total dividend for the year ended 30 June 2015 to $4.20 per share, an increase of 5% on the prior year. This represents a dividend payout ratio ("cash basis") of 75%.

The final dividend payment will be fully franked and paid on 1 October 2015 to owners of ordinary shares at the close of business on 20 August 2015 (record date). Shares will be quoted ex–dividend on 18 August 2015.

Outlook

The Australian economy has some good foundations. Risks remain in the near-term resulting from some ongoing volatility in parts of the global economy. One important factor to watch over the next year will be whether the lower dollar stimulates investment by export-sensitive industries, to create jobs and stimulate consumer demand.

In the longer term, we have a positive view of the Australian economy. Australia's exceptional natural and human resources position us well. But we must ensure that our policy environment positions our economy to benefit from its strengths. Businesses and all sides of politics must work together towards a goal of a more diverse and productive economy. We need particular focus on a more efficient and fair tax system, building of high-quality and well-prioritised infrastructure, and trade and foreign investment settings.

At CBA we will continue our significant investment in our long-term strategic priorities. Our ongoing goal is to have highly motivated people putting the customer at the centre of everything we do, and focusing on deploying leading technology to simplify our customers' dealings with us, and to continuously make the organisation more productive.

Group Performance Summary	Full Year Ended ("cash basis") 30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	Half Year Ended ("cash basis") 30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %	Full Year Ended ("statutory basis") 30 Jun 15 $M	Jun 15 vs Jun 14 %
Net interest income	**15,799**	15,091	5	**7,908**	7,891	-	**15,795**	5
Other banking income	**4,839**	4,323	12	**2,469**	2,370	4	**4,856**	12
Total banking income	**20,638**	19,414	6	**10,377**	10,261	1	**20,651**	6
Funds management income	**1,938**	1,933	-	**968**	970	-	**2,003**	(2)
Insurance income	**792**	819	(3)	**376**	416	(10)	**1,014**	(2)
Total operating income	**23,368**	22,166	5	**11,721**	11,647	1	**23,668**	5
Investment experience	**210**	235	(11)	**130**	80	63	**n/a**	n/a
Total income	**23,578**	22,401	5	**11,851**	11,727	1	**23,668**	5
Operating expenses	**(9,993)**	(9,499)	5	**(5,079)**	(4,914)	3	**(10,068)**	5
Loan impairment expense	**(988)**	(953)	4	**(548)**	(440)	25	**(988)**	8
Net profit before tax	**12,597**	11,949	5	**6,224**	6,373	(2)	**12,612**	5
Corporate tax expense (1)	**(3,439)**	(3,250)	6	**(1,699)**	(1,740)	(2)	**(3,528)**	5
Non-controlling interests (2)	**(21)**	(19)	11	**(11)**	(10)	10	**(21)**	11
Net profit after tax ("cash basis")	**9,137**	8,680	5	**4,514**	4,623	(2)	**n/a**	n/a
Hedging and IFRS volatility (3)	**6**	6	-	**48**	(42)	large	**n/a**	n/a
Other non-cash items (3)	**(80)**	(55)	45	**(34)**	(46)	(26)	**n/a**	n/a
Net profit after tax ("statutory basis")	**9,063**	8,631	5	**4,528**	4,535	-	**9,063**	5
Represented by: (4)								
Retail Banking Services	**3,867**	3,678	5	**1,875**	1,992	(6)		
Business and Private Banking	**1,459**	1,321	10	**716**	743	(4)		
Institutional Banking and Markets	**1,268**	1,252	1	**615**	653	(6)		
Wealth Management (5)	**650**	789	(18)	**303**	347	(13)		
New Zealand	**865**	742	17	**430**	435	(1)		
Bankwest	**752**	675	11	**374**	378	(1)		
IFS and Other	**276**	223	24	**201**	75	large		
Net profit after tax ("cash basis")	**9,137**	8,680	5	**4,514**	4,623	(2)		
Investment experience - after tax	**(150)**	(197)	(24)	**(93)**	(57)	63		
Net profit after tax ("underlying basis")	**8,987**	8,483	6	**4,421**	4,566	(3)		

(1) For the purposes of presentation, policyholder tax expense components of corporate tax expense are shown on a net basis (30 June 2015: $99 million and 30 June 2014: $126 million, and for the half years ended 30 June 2015: $38 million and 31 December 2014: $61 million).

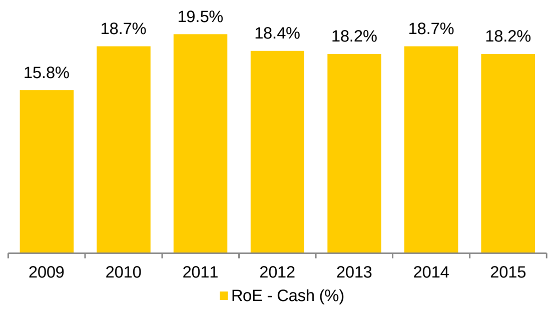
(2) Non-controlling interests include preference dividends paid to holders of preference shares in ASB Capital Limited and ASB Capital No.2 Limited.

(3) Refer to page 15 for details.

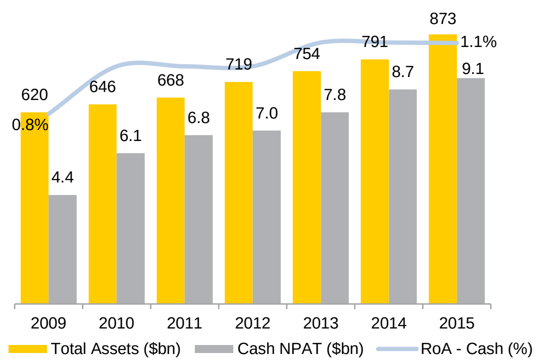
(4) During the prior half, comparative information was restated to reflect the creation of a Small Business customer channel within Retail Banking Services, and minor refinements to the allocation of customer balances and associated revenue and expenses between business segments.

(5) In the prior year, the Property transactions were completed and the businesses were exited. Excluding this contribution, cash net profit after tax decreased 6% on the prior year.

Group Return on Equity



Group Return on Assets



Highlights

Key Performance Indicators (1)	Full Year Ended 30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Group						
Statutory net profit after tax ($M)	**9,063**	8,631	5	**4,528**	4,535	-
Cash net profit after tax ($M)	**9,137**	8,680	5	**4,514**	4,623	(2)
Net interest margin (%)	**2. 09**	2. 14	(5)bpts	**2. 07**	2. 12	(5)bpts
Net interest margin excluding Treasury and Markets (%)	**2. 03**	2. 04	(1)bpt	**2. 01**	2. 04	(3)bpts
Average interest earning assets ($M)	**754,872**	705,371	7	**771,364**	738,648	4
Average interest bearing liabilities ($M)	**714,159**	661,733	8	**733,232**	695,400	5
Funds Under Administration (FUA) - average ($M)	**287,136**	263,860	9	**298,882**	274,923	9
Average inforce premiums ($M)	**3,259**	3,068	6	**3,332**	3,234	3
Funds management income to average FUA (%)	**0. 67**	0. 73	(6)bpts	**0. 65**	0. 70	(5)bpts
Insurance income to average inforce premiums (%)	**24. 3**	26. 7	(240)bpts	**22. 8**	25. 5	(270)bpts
Operating expenses to total operating income (%)	**42. 8**	42. 9	(10)bpts	**43. 3**	42. 2	110 bpts
Effective corporate tax rate ("cash basis") (%)	**27. 3**	27. 2	10 bpts	**27. 3**	27. 3	-
Retail Banking Services						
Cash net profit after tax ($M)	**3,867**	3,678	5	**1,875**	1,992	(6)
Operating expenses to total banking income (%)	**34. 9**	35. 2	(30)bpts	**35. 3**	34. 5	80 bpts
Business and Private Banking						
Cash net profit after tax ($M)	**1,459**	1,321	10	**716**	743	(4)
Operating expenses to total banking income (%)	**38. 4**	38. 7	(30)bpts	**38. 6**	38. 2	40 bpts
Institutional Banking and Markets						
Cash net profit after tax ($M)	**1,268**	1,252	1	**615**	653	(6)
Operating expenses to total banking income (%)	**35. 9**	35. 4	50 bpts	**38. 8**	33. 1	large
Wealth Management (2)						
Cash net profit after tax ($M)	**650**	789	(18)	**303**	347	(13)
FUA - average ($M) (2)	**273,800**	241,405	13	**284,686**	262,409	8
Average inforce premiums ($M)	**2,388**	2,237	7	**2,424**	2,345	3
Funds management income to average FUA (%) (2)	**0. 67**	0. 70	(3)bpts	**0. 66**	0. 69	(3)bpts
Insurance income to average inforce premiums (%)	**21. 1**	25. 7	(460)bpts	**19. 1**	23. 2	(410)bpts
Operating expenses to total operating income (%) (2)	**73. 5**	66. 9	large	**81. 4**	65. 7	large
New Zealand						
Cash net profit after tax ($M)	**865**	742	17	**430**	435	(1)
FUA - average ($M)	**13,336**	10,877	23	**14,196**	12,514	13
Average inforce premiums ($M)	**638**	590	8	**658**	656	-
Funds management income to average FUA (%) (3)	**0. 53**	0. 55	(2)bpts	**0. 52**	0. 55	(3)bpts
Insurance income to average inforce premiums (%) (3)	**35. 5**	33. 2	230 bpts	**37. 0**	33. 8	320 bpts
Operating expenses to total operating income (%) (3)	**40. 6**	42. 0	(140)bpts	**40. 8**	40. 4	40 bpts
Bankwest						
Cash net profit after tax ($M)	**752**	675	11	**374**	378	(1)
Operating expenses to total banking income (%)	**43. 3**	45. 2	(190)bpts	**43. 2**	43. 5	(30)bpts
Capital (Basel III)						
Common Equity Tier 1 (Internationally Comparable) (%) (4)	**12. 7**	n/a	n/a	**12. 7**	n/a	n/a
Common Equity Tier 1 (APRA) (%)	**9. 1**	9. 3	(20)bpts	**9. 1**	9. 2	(10)bpts

(1) During the prior half, comparative information has been restated to reflect the creation of a Small Business customer channel within Retail Banking Services, and minor refinements to the allocation of customer balances and associated revenue and expenses between business segments.
(2) In the prior year, the Property transactions were completed and the businesses were exited. Excluding this contribution, cash net profit after tax decreased 6% on the prior year.
(3) Key financial metrics are calculated in New Zealand dollar terms.
(4) Analysis aligns with the 13 July 2015 APRA study titled “International capital comparison study”.

Shareholder Summary	Full Year Ended 30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Dividends per share - fully franked (cents)	**420**	401	5	**222**	198	12
Dividend cover - cash (times)	**1. 3**	1. 3	-	**1. 2**	1. 4	(0. 2)
Earnings Per Share (EPS) (cents) (1)						
Statutory basis - basic	**557. 0**	533. 8	4	**277. 9**	279. 1	-
Cash basis - basic	**560. 8**	535. 9	5	**276. 7**	284. 1	(3)
Dividend payout ratio (%) (1)						
Statutory basis	**75. 7**	75. 5	20 bpts	**80. 3**	71. 2	large
Cash basis	**75. 1**	75. 1	-	**80. 5**	69. 8	large
Weighted average no. of shares - "statutory basis" - basic (M) (1) (2)	**1,618**	1,608	1	**1,620**	1,616	-
Weighted average no. of shares - "cash basis" - basic (M) (1) (2)	**1,620**	1,611	1	**1,622**	1,619	-
Return on equity - "statutory basis" (%) (1)	**18. 2**	18. 7	(50)bpts	**18. 0**	18. 4	(40)bpts
Return on equity - "cash basis" (%) (1)	**18. 2**	18. 7	(50)bpts	**17. 8**	18. 6	(80)bpts

(1) For definitions refer to Appendix 23.
(2) Diluted EPS and weighted average number of shares are disclosed in Appendix 20.

Market Share (1)	As at 30 Jun 15 %	31 Dec 14 %	30 Jun 14 %	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Home loans	**25. 1**	25. 1	25. 3	-	(20)bpts
Credit cards - RBA (2)	**24. 5**	25. 1	24. 7	(60)bpts	(20)bpts
Other household lending (3)	**19. 8**	20. 2	20. 3	(40)bpts	(50)bpts
Household deposits (4)	**29. 5**	29. 1	29. 0	40 bpts	50 bpts
Business lending - RBA	**17. 2**	17. 1	17. 7	10 bpts	(50)bpts
Business lending - APRA	**18. 9**	18. 6	18. 8	30 bpts	10 bpts
Business deposits - APRA	**20. 3**	20. 4	21. 1	(10)bpts	(80)bpts
Asset Finance	**13. 2**	13. 4	13. 2	(20)bpts	-
Equities trading	**6. 0**	5. 8	5. 2	20 bpts	80 bpts
Australian Retail - administrator view (5)	**16. 0**	16. 1	16. 0	(10)bpts	-
FirstChoice Platform (5)	**11. 4**	11. 4	11. 5	-	(10)bpts
Australia life insurance (total risk) (5)	**12. 3**	12. 1	12. 4	20 bpts	(10)bpts
Australia life insurance (individual risk) (5)	**11. 7**	11. 9	12. 3	(20)bpts	(60)bpts
NZ home loans	**21. 7**	21. 7	21. 9	-	(20)bpts
NZ retail deposits	**21. 4**	20. 6	20. 6	80 bpts	80 bpts
NZ business lending	**11. 6**	11. 5	11. 0	10 bpts	60 bpts
NZ retail FUA	**16. 2**	16. 5	16. 1	(30)bpts	10 bpts
NZ annual inforce premiums (5)	**28. 8**	29. 0	29. 1	(20)bpts	(30)bpts

(1) Prior periods have been restated in line with market updates.
(2) As at 31 May 2015.
(3) Other household lending market share includes personal loans, margin loans and other forms of lending to individuals.
(4) Comparatives have not been restated to include the impact of new market entrants in the current period.
(5) As at 31 March 2015.

Credit Ratings	Long-term	Short-term	Outlook
Fitch Ratings	AA-	F1+	Stable
Moody's Investors Service	Aa2	P-1	Stable
Standard & Poor's	AA-	A-1+	Stable

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Financial Performance and Business Review

Year Ended June 2015 versus June 2014

The Group's net profit after tax ("cash basis") increased 5% on the prior year to $9,137 million.

Earnings per share ("cash basis") increased 5% on the prior year to 560.8 cents per share and return on equity ("cash basis") decreased 50 basis points on the prior year to 18.2%.

The key components of the Group result were:

- **Net interest income** increased 5% to $15,799 million. This reflects 7% growth in average interest earning assets, partly offset by a five basis point decrease in net interest margin. Net interest margin excluding Treasury and Markets decreased one basis point to 2.03%;
- **Other banking income** increased 12% to $4,839 million, including a 1% benefit from the lower Australian dollar. This reflects volume driven growth in commissions, higher trading income driven by a strong Markets sales and trading performance, a favourable counterparty valuation adjustment of $42 million, and the impact of the impairment of the investment in Vietnam International Bank (VIB) in the prior year. This was partly offset by lower lending fees, and the implementation of a funding valuation adjustment to the fair value of derivatives, which resulted in an initial cost of $81 million;
- **Funds management income** was flat at $1,938 million. Excluding the impact of the Property transactions and businesses from comparative results, Funds management income increased 8%, driven by a 14% increase in average Funds Under Administration (FUA) from positive net flows, a strong investment performance and a 3% benefit from the lower Australian dollar. The increase was partly offset by provisioning for customer remediation;
- **Insurance income** decreased 3% to $792 million, due to deterioration in claims experience, partly offset by average inforce premium growth of 6% as a result of improved pricing and lapse rates. This increase includes a 1% benefit from the lower Australian dollar;
- **Operating expenses** increased 5% to $9,993 million, including a 1% impact from the lower Australian dollar. This reflects higher staff costs from inflation-related salary increases, and the cost of growing regulatory, compliance and remediation programs. This was partly offset by the continued realisation of operational efficiencies from productivity initiatives; and
- **Loan impairment expense** increased 4% to $988 million, due to higher arrears in the unsecured portfolio in Retail Banking Services, and an increase in a small number of large individual provisions and lending volume growth in Institutional Banking and Markets.

Half Year Ended June 2015 versus December 2014

The Group's net profit after tax ("cash basis") decreased 2% on the prior half to $4,514 million.

Earnings per share ("cash basis") decreased 3% on the prior half to 276.7 cents per share, whilst return on equity ("cash basis") decreased 80 basis points to 17.8%.

It should be noted when comparing current half financial performance to the prior half that there are three fewer calendar days, impacting revenue in the current half. Key points of note in the result included the following:

- **Net interest income** was flat at $7,908 million, reflecting 4% growth in average interest earning assets, partly offset by a five basis point decrease in net interest margin. Net interest margin excluding Treasury and Markets decreased three basis points to 2.01%;
- **Other banking income** increased 4% to $2,469 million, due to increased share of profits from associates, and a 1% benefit from the lower Australian dollar. This was partly offset by the initial cost of implementing a funding valuation adjustment to the fair value of derivatives of $81 million, a less favourable counterparty valuation adjustment in the half of $12 million, and lower commissions and lending fees;
- **Funds management income** was flat at $968 million, including a 6% benefit from the lower Australian dollar. This reflects a 9% increase in average FUA, partly offset by lower margins and provisioning for customer remediation;
- **Insurance income** decreased 10% to $376 million due to a deterioration in claims experience, partly offset by average inforce premium growth of 3% as a result of improved pricing and lapse rates;
- **Operating expenses** increased 3% to $5,079 million, including a 1% impact from the lower Australian dollar and the cost of growing regulatory, compliance and remediation programs. This was partly offset by the continued realisation of incremental benefits from productivity initiatives; and
- **Loan impairment expense** increased 25% to $548 million due to higher provisioning in Retail Banking Services, New Zealand and Business and Private Banking.

Net Interest Income

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Net interest income - "cash basis"	**15,799**	15,091	5	**7,908**	7,891	-
Average interest earning assets						
Home loans	**410,306**	386,160	6	**416,761**	403,956	3
Personal loans	**23,481**	22,499	4	**23,722**	23,244	2
Business and corporate loans	**190,537**	177,249	7	**195,518**	185,637	5
Total average lending interest earning assets	**624,324**	585,908	7	**636,001**	612,837	4
Non-lending interest earning assets	**130,548**	119,463	9	**135,363**	125,811	8
Total average interest earning assets	**754,872**	705,371	7	**771,364**	738,648	4
Net interest margin (%)	**2.09**	2.14	(5)bpts	**2.07**	2.12	(5)bpts
Net interest margin excluding Treasury and Markets (%)	**2.03**	2.04	(1)bpt	**2.01**	2.04	(3)bpts

Year Ended June 2015 versus June 2014

Net interest income increased 5% on the prior year to $15,799 million. The result was driven by growth in average interest earning assets of 7%, partly offset by a five basis point decrease in net interest margin.

Average Interest Earning Assets

Average interest earning assets increased $50 billion on the prior year to $755 billion, reflecting:

- Home loan average balances increased $24 billion or 6% on the prior year to $410 billion. The growth in home loan balances was largely driven by domestic banking growth.
- Average balances for business and corporate lending increased $13 billion on the prior year to $191 billion driven by growth in institutional and business banking lending balances.
- Average non-lending interest earning assets increased $11 billion on the prior year due to higher cash and liquid assets and trading assets.

Net Interest Margin

The Group's net interest margin decreased five basis points on the prior year to 2.09%. The key drivers of the movement were:

Asset pricing: Decreased margin of eight basis points reflecting competitive pricing.

Funding costs: Increased margin of six basis points reflecting lower wholesale funding costs of five basis points and a one basis point decrease in deposit costs.

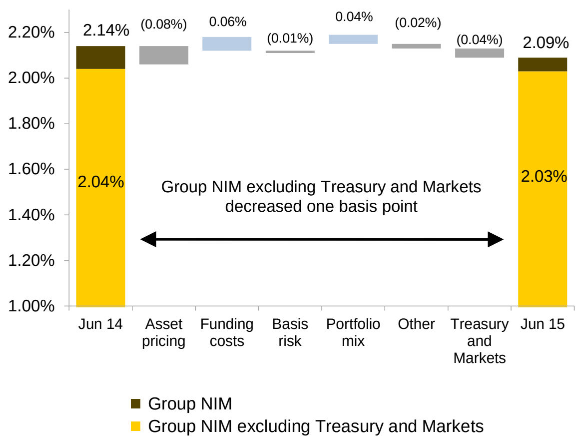
Basis risk: Basis risk arises from funding assets which are priced relative to the cash rate with liabilities priced relative to the bank bill swap rate. The margin decreased one basis point as a result of an increase in the spread between the cash rate and the bank bill swap rate during the year.

Portfolio mix: Increased margin of four basis points from strong growth in higher margin portfolios and favourable funding mix.

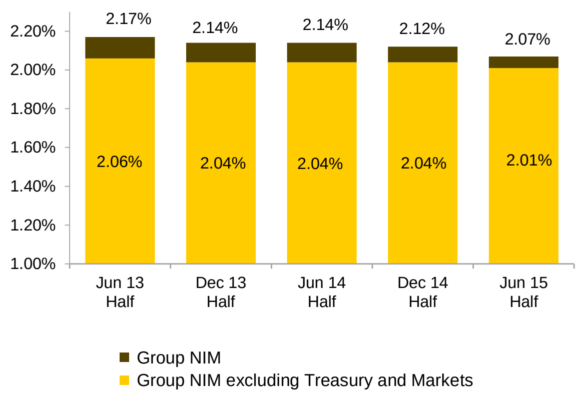
Other: Decreased margin of two basis points, primarily driven by the impact of the falling cash rate environment on free equity funding.

Treasury and Markets: Decreased margin of four basis points, primarily driven by the increased holdings of liquid assets.

NIM movement since June 2014



Group NIM (Half Year Ended)



Net Interest Income (continued)

Half Year Ended June 2015 versus December 2014

Net interest income was flat on the prior half driven by growth in average interest earning assets of 4%, partly offset by a five basis point decrease in net interest margin to 2.07%.

Average Interest Earning Assets

Average interest earning assets increased $33 billion on the prior half to $771 billion, reflecting:

- Home loan average balances increased $13 billion or 3% on the prior half to $417 billion, primarily driven by growth in the domestic banking businesses.
- Average balances for business and corporate lending increased $10 billion on the prior half to $196 billion driven by growth in institutional and business banking lending balances.
- Average non-lending interest earning assets increased $10 billion on the prior half from higher cash and liquid assets and trading assets.

Net Interest Margin

The Group's net interest margin decreased five basis points on the prior half to 2.07%. The key drivers were:

Asset pricing: Decreased margin of one basis point, reflecting competitive pricing.

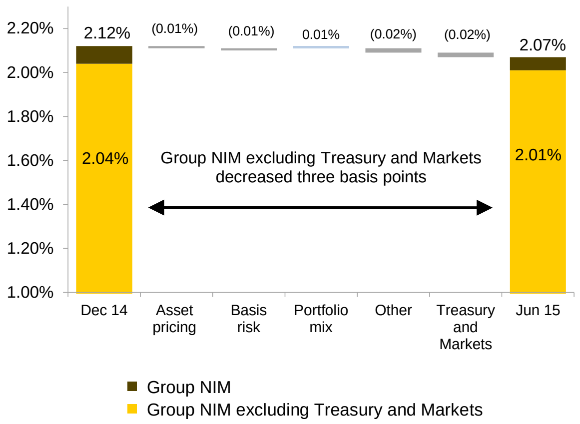
Basis risk: Basis risk arises from funding assets which are priced relative to the cash rate with liabilities priced relative to the bank bill swap rate. The margin decreased by one basis point as a result of an increase in the spread between the cash rate and the bank bill swap rate during the year.

Portfolio mix: Increased margin of one basis point from favourable funding mix.

Other: Decreased margin of two basis points, primarily driven by the impact of the falling cash rate environment on free equity funding.

Treasury and Markets: Decreased margin of two basis points, primarily driven by increased holdings of liquid assets.

NIM movement since December 2014



Other Banking Income

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Commissions	**2,226**	2,130	5	**1,099**	1,127	(2)
Lending fees	**1,050**	1,083	(3)	**522**	528	(1)
Trading income	**1,005**	922	9	**492**	513	(4)
Other income	**558**	188	large	**356**	202	76
Other banking income - "cash basis"	**4,839**	4,323	12	**2,469**	2,370	4

Year Ended June 2015 versus June 2014

Other banking income increased 12% on the prior year to $4,839 million, driven by the following revenue items:

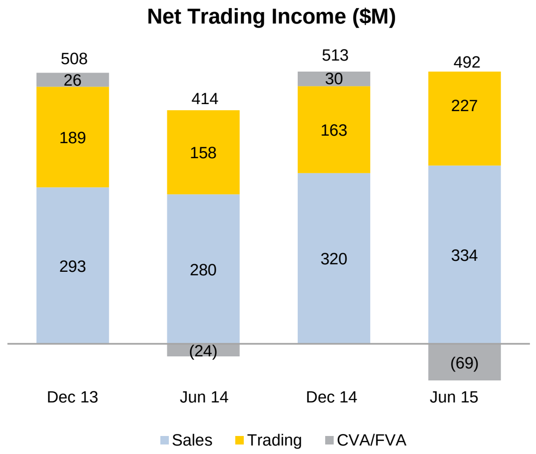
Commissions increased 5% on the prior year to $2,226 million, driven by higher card interchange income, increased home loan fee income from higher volumes, and higher equities trading volumes;

Lending fees decreased 3% on the prior year to $1,050 million due to lower line fees, reflecting competitive pressures;

Trading income increased 9% on the prior year to $1,005 million. This was primarily driven by a strong Markets sales and trading performance, and favourable counterparty valuation adjustments of $42 million, partly offset by the initial cost of implementing a funding valuation adjustment to the fair value of derivatives of $81 million; and

Other income increased on the prior year to $558 million, due to a reduced loss on the hedge of New Zealand earnings, higher structured asset finance income, gain on sale of investments, as well as the impairment of the investment in Vietnam International Bank in the prior year.

Other Banking Income (continued)



Half Year Ended June 2015 versus December 2014

Other banking income increased 4% on the prior half to $2,469 million, driven by the following revenue items:

Commissions decreased 2% on the prior half to $1,099 million due to seasonally higher home loan sales in the prior half, and a decrease in consumer finance fees, reflecting seasonally lower purchases and an increase in loyalty points issued in the half;

Lending fees decreased 1% on the prior half to $522 million, driven by lower commitment fees, reflecting competitive pressure;

Trading income decreased 4% on the prior half to $492 million, with a solid sales and trading performance more than offset by the initial cost of implementing a funding valuation adjustment to the fair value of derivatives of $81 million, and a less favourable counterparty valuation adjustment in the half of $12 million; and

Other income increased on the prior half to $356 million, due to a higher contribution of profits from associates and gain on sale of investments.

Funds Management Income

	Full Year Ended (1)			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Colonial First State	**866**	828	5	**415**	451	(8)
CFS Global Asset Management	**847**	739	15	**445**	402	11
CommInsure	**133**	132	1	**69**	64	8
New Zealand	**71**	60	18	**37**	34	9
Other	**21**	37	(43)	**2**	19	(89)
Funds management income (excluding Property)	**1,938**	1,796	8	**968**	970	-
Property (2)	**-**	137	large	**-**	-	-
Funds management income (including Property)	**1,938**	1,933	-	**968**	970	-

(1) Comparative information has been reclassified to conform to presentation in the current year.
(2) The Property transactions were completed and the businesses exited during the 30 June 2014 financial year.

Year Ended June 2015 versus June 2014

Funds management income was flat on the prior year at $1,938 million. Excluding the contribution from the Property businesses exited in the prior year, Funds management income increased 8% on the prior year, driven by:

- A 14% increase in average FUA reflecting favourable equity markets and investment performance, with strong growth in the ASB Aegis fund and KiwiSaver scheme; and
- Positive net flows and the benefit of the lower Australian dollar; partly offset by
- A four basis points decline in Funds management margin as a result of lower Advice revenue, continued run-off in the legacy investment business, and provisioning for customer remediation.

Half Year Ended June 2015 versus December 2014

Funds management income was flat on the prior half at $968 million driven by:

- A 9% increase in average FUA from growth in equity markets and ongoing investment outperformance in Australia and continued strong growth in New Zealand funds; and
- The benefit from foreign sourced income as a result of the lower Australian dollar; offset by
- A five basis point decline in Funds management margin as a result of the continued run-off in the legacy investment business, and provisioning for customer remediation.

Group Performance Analysis

Insurance Income

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
CommInsure	503	575	(13)	229	274	(16)
New Zealand	232	202	15	123	109	13
IFS	42	36	17	21	21	-
Other	15	6	large	3	12	(75)
Insurance income - "cash basis"	**792**	819	(3)	**376**	416	(10)

Year Ended June 2015 versus June 2014

Insurance income decreased 3% on the prior year to $792 million impacted by:

- A deterioration in claims experience from a number of severe weather events across New South Wales and Queensland during the year; partly offset by
- An increase in average inforce premiums of 6% to $3,259 million, across CommInsure and New Zealand;
- Reduced reserve strengthening in the year and improved pricing in CommInsure Wholesale Life; and
- An improvement in lapse rates in CommInsure, as well as favourable claims and lapse experience in New Zealand.

Half Year Ended June 2015 versus December 2014

Insurance income decreased 10% on the prior half to $376 million impacted by:

- Significant weather events; partly offset by
- Improved CommInsure Wholesale Life insurance income from repricing; and
- Continued lower lapse rates across New Zealand and CommInsure.

Operating Expenses

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Staff expenses	5,816	5,542	5	2,910	2,906	-
Occupancy and equipment expenses	1,086	1,053	3	547	539	1
Information technology services expenses	1,292	1,337	(3)	664	628	6
Other expenses	1,799	1,567	15	958	841	14
Operating expenses - "cash basis"	**9,993**	9,499	5	**5,079**	4,914	3
Operating expenses to total operating income (%)	42. 8	42. 9	(10)bpts	43. 3	42. 2	110 bpts
Banking expense to operating income (%)	39. 1	39. 7	(60)bpts	39. 0	39. 3	(30)bpts

Year Ended June 2015 versus June 2014

Operating expenses increased 5% on the prior year to $9,993 million. The key drivers were:

Staff expenses increased 5% to $5,816 million, including a 1% impact from the lower Australian dollar, inflation-related salary increases;

Occupancy and equipment expenses increased 3% to $1,086 million, primarily due to rental reviews;

Information technology services expenses decreased by 3% to $1,292 million, driven by lower amortisation expenses and software write-offs;

Other expenses increased 15% to $1,799 million, driven by increased credit card loyalty redemption, and the cost of growing regulatory, compliance and remediation programs; and

Group expense to income ratio improved ten basis points on the prior year to 42.8%, reflecting higher revenues and productivity initiatives. The banking expense to income ratio improved 60 basis points on the prior year to 39.1%.

Half Year Ended June 2015 versus December 2014

Operating expenses increased 3% on the prior half to $5,079 million. The key drivers were:

Staff expenses were flat at $2,910 million, driven by 1% impact from the Australian dollar, offset by timing of provisions for employee entitlements;

Occupancy and equipment expenses increased 1% to $547 million, primarily due to rental reviews;

Information technology services expenses increased 6% to $664 million, driven by higher amortisation expenses, maintenance costs and data processing volumes;

Other expenses increased 14% to $958 million, driven by increased credit card loyalty redemption, and the cost of growing regulatory, compliance and remediation programs; and

Group expense to income ratio increased 110 basis points on the prior half to 43.3% reflecting lower relative income growth, partly offset by productivity initiatives. The banking expense to income ratio improved 30 basis points on the prior half to 39.0%.

Operating Expenses (continued)

Investment Spend

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Expensed investment spend (1)	539	598	(10)	284	255	11
Capitalised investment spend	707	584	21	367	340	8
Investment spend	1,246	1,182	5	651	595	9
Comprising:						
Productivity and growth	728	774	(6)	370	358	3
Risk and compliance	378	280	35	211	167	26
Branch refurbishment and other	140	128	9	70	70	-
Investment spend	1,246	1,182	5	651	595	9

(1) Included within Operating Expenses disclosure on page 12.

The Group has continued to invest strongly to deliver on the strategic priorities of the business with $1,246 million incurred in the full year to 30 June 2015, an increase of 5% on the prior year.

The increase is largely due to increased spend on risk and compliance initiatives, branch refurbishment, and other projects, partly offset by reduced spend on productivity and growth initiatives.

Significant spend on risk and compliance projects has continued as systems are implemented to assist in satisfying new regulatory obligations, including Stronger Super, Future of Financial Advice (FOFA) reforms, and the Foreign Account Tax Compliance Act (FATCA). In addition, the Group further invested in safeguarding the Group's information security to mitigate risks and provide greater stability for customers.

Spend on branch refurbishment and other costs increased from prior year, largely driven by increased spend on the refreshing of branches and ATMs.

Spend on productivity and growth continued to focus on delivering further enhancements to the Group's sales management capabilities, product systems across retail, business and institutional segments, digital channels and customer data insights.

Several initiatives are ongoing to deliver on the Group's One Commbank strategy, focused on better understanding customer needs and developing deeper customer relationships.

Loan Impairment Expense

	Full Year Ended (1)			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Retail Banking Services	626	582	8	358	268	34
Business and Private Banking	152	237	(36)	89	63	41
Institutional Banking and Markets	167	61	large	70	97	(28)
New Zealand	83	51	63	49	34	44
Bankwest	(50)	11	large	(24)	(26)	(8)
IFS and Other	10	11	(9)	6	4	50
Loan impairment expense "cash basis"	988	953	4	548	440	25

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

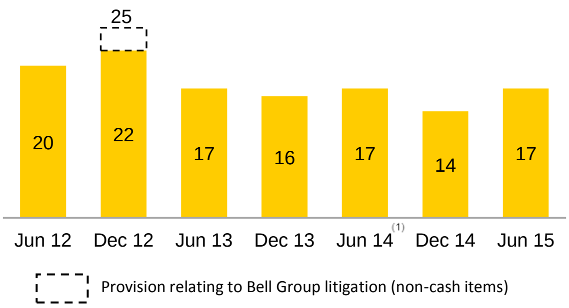
Year Ended June 2015 versus June 2014

Loan impairment expense increased 4% on the prior year to $988 million. The increase is driven by:

- An increase in Retail Banking Services as a result of higher arrears in the unsecured portfolios and some portfolio growth;
- An increase in Institutional Banking and Markets due to a small number of large individual provisions and growth in client exposures; and
- An increase in New Zealand due to higher rural lending and unsecured retail provisions; partly offset by
- Fewer individual provisions in Business and Private Banking; and
- Reduced levels of individual provisions in Bankwest.

Loan Impairment Expense (continued)

Half Year Loan Impairment Expense (Annualised) as a % of Average Gross Loans and Acceptances (bpts)



(1) 16 basis points, including the Bell Group write-back (non-cash item).

Half Year Ended June 2015 versus December 2014

Loan impairment expense increased 25% on the prior half to $548 million mainly driven by:

- Higher arrears predominantly in the unsecured portfolio in Retail Banking Services;
- Increased credit exposures, partly offset by lower individual provisions in Business and Private Banking;
- An increase in the New Zealand rural lending portfolio; partly offset by
- A lower collective provision requirement and increased write-backs in Institutional Banking and Markets.

Taxation Expense

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Corporate tax expense ($M)	**3,439**	3,250	6	**1,699**	1,740	(2)
Effective tax rate (%)	**27. 3**	27. 2	10 bpts	**27. 3**	27. 3	-

Year Ended June 2015 versus June 2014

Corporate tax expense for the year ended 30 June 2015 increased 6% on the prior year representing a 27.3% effective tax rate.

The effective tax rate is below the Australian company tax rate of 30% primarily as a result of the profit earned by the offshore banking unit and offshore jurisdictions that have lower corporate tax rates.

Half Year Ended June 2015 versus December 2014

Corporate tax expense for the half year ended 30 June 2015 decreased 2% on the prior half representing a 27.3% effective tax rate.

The effective tax rate is below the Australian company tax rate of 30% primarily as a result of the profit earned by the offshore banking unit and offshore jurisdictions that have lower corporate tax rates.

Non-Cash Items Included in Statutory Profit

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Hedging and IFRS volatility	**6**	6	-	**48**	(42)	large
Bankwest non-cash items	**(52)**	(56)	(7)	**(26)**	(26)	-
Treasury shares valuation adjustment	**(28)**	(41)	(32)	**(8)**	(20)	(60)
Bell Group litigation	**-**	25	large	**-**	-	-
Gain on sale of management rights	**-**	17	large	**-**	-	-
Other non-cash items	**(80)**	(55)	45	**(34)**	(46)	(26)
Total non-cash items (after tax)	**(74)**	(49)	51	**14**	(88)	large

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 are 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") is outlined below and treated consistently with prior comparative period and prior half disclosures. Refer to Appendix 18 for the detailed profit reconciliation.

Hedging and IFRS volatility

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

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

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

Fair value gains or losses on all of these economic hedges were 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 $6 million after tax gain was recognised in statutory profit for the year ended 30 June 2015 (30 June 2014: $6 million after tax gain).

Bankwest non-cash items

The acquisition of Bankwest resulted in the recognition of assets at fair value, representing certain financial instruments, core deposits and brand name totalling $463 million that are being amortised over their useful lives. This resulted in amortisation charges of $52 million after tax in the year ended 30 June 2015 (30 June 2014: $56 million).

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

Treasury shares valuation adjustment

Under IFRS, Commonwealth Bank of Australia shares held by the Group in the managed funds and life insurance businesses are defined as treasury shares and are held at cost. Distributions, realised and unrealised gains and losses were recognised in cash profit representing the underlying performance of the asset portfolio attributable to the wealth and life insurance businesses. These distributions, gains and losses are reversed as non-cash items for statutory reporting purposes. A $28 million after tax loss was included in statutory profit in the year ended 30 June 2015 (30 June 2014: $41 million after tax loss).

Bell Group litigation

Proceedings were brought by the liquidators of the Bell Group of companies against the consortium of banks that restructured its facilities on 26 January 1990. The Supreme Court of Western Australia Court of Appeal ruling on 17 August 2012 was adverse for the consortium of banks and resulted in an additional provision being raised by the Group. Settlement was reached during the prior year, resulting in a partial write-off and release of the remaining provision. This was reported as a non-cash item due to its historic and one-off nature.

Gain on sale of management rights

During the prior year, the Group successfully completed the internalisation of the management of CFS Retail Property Trust (CFX) and Kiwi Income Property Trust (KIP), which resulted in a gain (net of transaction costs and indemnities) of $17 million for the year ended 30 June 2014.

Policyholder tax

Policyholder tax is included in the Wealth Management business results for statutory reporting purposes. In the year ended 30 June 2015, tax expense of $99 million (30 June 2014: $126 million), funds management income of $21 million (30 June 2014: $59 million) and insurance income of $78 million (30 June 2014: $67 million) was recognised. 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.

Investment experience

Investment experience primarily included the returns on shareholder capital invested in the wealth management and insurance businesses, as well as the volatility generated through the economically hedged guaranteed annuity portfolio held by the Group's Wealth Management division. This item is classified separately within cash profit.

Group Performance Analysis

Review of Group Assets and Liabilities

Total Group Assets and Liabilities	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
	As at				
Interest earning assets					
Home loans	**422,851**	411,305	399,685	3	6
Consumer finance	**23,497**	23,706	23,058	(1)	2
Business and corporate loans	**198,476**	191,203	183,930	4	8
Loans, bills discounted and other receivables (1)	**644,824**	626,214	606,673	3	6
Non-lending interest earning assets	**136,643**	127,312	119,699	7	14
Total interest earning assets	**781,467**	753,526	726,372	4	8
Other assets (1)	**91,979**	97,188	65,079	(5)	41
Total assets	**873,446**	850,714	791,451	3	10
Interest bearing liabilities					
Transaction deposits (2)	**90,589**	81,866	76,947	11	18
Savings deposits (2)	**176,497**	163,477	155,142	8	14
Investment deposits (2)	**195,065**	197,569	192,956	(1)	1
Other demand deposits	**67,074**	65,867	60,832	2	10
Total interest bearing deposits	**529,225**	508,779	485,877	4	9
Debt issues	**156,372**	155,275	147,246	1	6
Other interest bearing liabilities	**57,523**	52,638	42,079	9	37
Total interest bearing liabilities	**743,120**	716,692	675,202	4	10
Non-interest bearing liabilities	**77,333**	82,991	66,901	(7)	16
Total liabilities	**820,453**	799,683	742,103	3	11

(1) Loans, bills discounted and other receivables exclude provisions for impairment which are included in Other assets.
(2) Comparative information has been restated to conform to presentation in the current year.

Year Ended June 2015 versus June 2014

Asset growth of $82 billion or 10% on the prior year was due to increased home lending, business and corporate lending, and higher cash and liquid asset balances and derivative assets.

The Group continued to satisfy a significant portion of lending growth from customer deposits. Customer deposits now represent 63% of total funding (30 June 2014: 64%).

Home loans

Home loan balances increased $23 billion to $423 billion, reflecting a 6% increase on the prior year. Growth in Retail Banking Services and Bankwest was slightly below system growth, within a competitive market environment.

Consumer finance

Personal loans, including credit cards and margin lending increased 2% on the prior year to $23 billion with solid growth in personal lending and credit cards in Retail Banking Services, Business and Private Banking and New Zealand.

Business and corporate loans

Business and corporate loans increased $15 billion to $198 billion, an 8% increase on the prior year, including a 1% benefit from the lower Australian dollar. This was driven by strong growth in commercial and institutional lending balances, higher leasing balances, and above system growth in New Zealand. This was partly offset by the continued reduction in higher risk pre-acquisition exposures in Bankwest.

Non-lending interest earning assets

Non-lending interest earning assets increased $17 billion to $137 billion reflecting a 14% increase on the prior year, including a 3% benefit from the lower Australian dollar. This was driven by higher liquid asset balances held as a result of Balance Sheet growth and regulatory requirements.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, increased $27 billion to $92 billion, a 41% increase on the prior year. This increase reflected higher derivative asset balances due to foreign exchange volatility.

Interest bearing deposits

Interest bearing deposits increased $43 billion to $529 billion, a 9% increase on the prior year. This was driven by growth of $21 billion in savings deposits, a $14 billion increase in transaction deposits, a $6 billion increase in other demand deposits, and a $2 billion increase in investment deposits.

Debt issues

Debt issues increased $9 billion to $156 billion, a 6% increase on the prior year.

Refer to page 25 for further information on debt programs and issuance for the year ended 30 June 2015.

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, increased $15 billion to $57 billion, a 37% increase on the prior year.

Non-interest bearing liabilities

Non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, increased $10 billion to $77 billion, a 16% increase on the prior year.

Review of Group Assets and Liabilities (continued)

Half Year Ended June 2015 versus December 2014

Asset growth of $23 billion or 3% on the prior half was driven by increased home lending, business and corporate lending and liquid asset balances.

Continued deposits growth allowed the Group to satisfy a significant portion of lending growth through customer deposits. Customer deposits made up 63% of total funding as at 30 June 2015, consistent with the prior half.

Home loans

Home loan balances increased $12 billion to $423 billion, a 3% increase on the prior half. Excluding the impact of the Australian dollar, home loan balances increased 4%. Growth in Retail Banking Services and New Zealand was broadly in line with system growth within a competitive market environment.

Consumer finance

Personal loans, including credit cards and margin lending decreased 1% on the prior half to $23 billion due to seasonality and increased competition.

Business and corporate loans

Business and corporate loans increased $7 billion to $198 billion. This was largely due to solid business lending growth in both Australia and New Zealand.

Non-lending interest earning assets

Non-lending interest earning assets increased $9 billion to $137 billion, a 7% increase on the prior half, including a 1% benefit from the lower Australian dollar. This was driven by higher liquid asset balances held as a result of Balance Sheet growth and regulatory requirements.

Other assets

Other assets, including derivative assets, insurance assets and intangibles decreased 5% on the prior half to $92 billion. This decrease reflected lower derivative asset balances.

Interest bearing deposits

Interest bearing deposits increased $20 billion to $529 billion, reflecting a 4% increase on the prior half.

This was driven by growth of $13 billion in savings deposits, a $9 billion increase in transaction deposits, and a $1 billion increase in other demand deposits. This was partly offset by a $3 billion decrease in investment deposits.

Debt issues

Debt issues increased $1 billion to $156 billion reflecting a 1% increase on the prior half.

Refer to page 25 for further information on debt programs and issuance for the half year ended 30 June 2015.

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, increased 9% on the prior half to $58 billion.

Non-interest bearing liabilities

Non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, decreased $6 billion to $77 billion. This decrease reflected lower derivative liability balances.

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Loan Impairment Provisions and Credit Quality

Provisions for Impairment

	As at				
	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Provisions for impairment losses					
Collective provision	**2,762**	2,763	2,779	-	(1)
Individually assessed provisions	**887**	1,116	1,127	(21)	(21)
Total provisions for impairment losses	**3,649**	3,879	3,906	(6)	(7)
Less: Provision for Off Balance Sheet exposures	**(31)**	(19)	(40)	63	(23)
Total provisions for loan impairment	**3,618**	3,860	3,866	(6)	(6)

Year Ended June 2015 versus June 2014

Total provisions for impairment losses decreased 7% on the prior year to $3,649 million. The movement in the level of provisioning reflects:

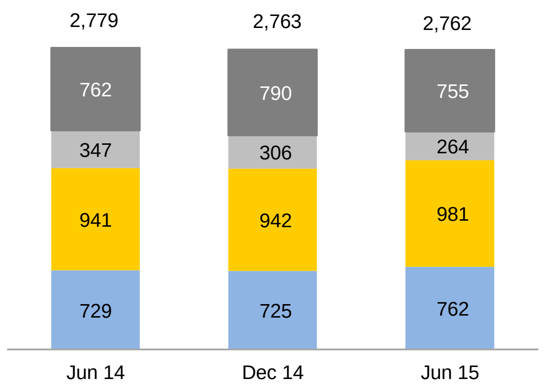
- A reduction in individually assessed provisions, as the level of impaired assets continued to reduce;
- A reduction of Bankwest collective provisions as troublesome loans continued to be refinanced or repaid; partly offset by
- An increase in collective provisioning in the Consumer portfolios, reflecting higher volume of loans and higher arrears;
- An increase in collective provisioning in the Commercial portfolios, resulting from the annual review of provisioning factors; and
- Overlays remain largely unchanged on the prior year.

Half Year Ended June 2015 versus December 2014

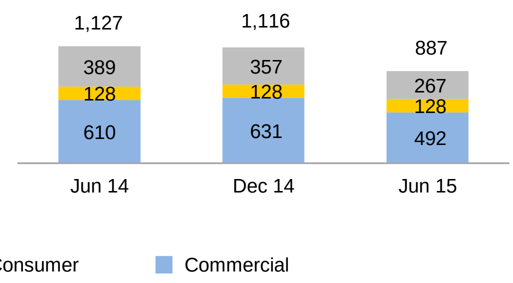
Total provisions for impairment losses decreased 6% on the prior half. The movement in the level of provisioning reflects:

- A reduction in individually assessed provisions as the level of impaired assets continued to reduce;
- A reduction in Bankwest collective provisions as troublesome loans continued to be refinanced or repaid;
- Utilisation of management overlays set aside for factor changes; partly offset by
- An increase in collective provisions in the Commercial portfolios, as a result of the annual review of provisioning factors;
- An increase in collective provisions in the Consumer portfolio, reflecting higher volume of loans and higher arrears; and
- An increase in economic overlay.

Collective Provisions ($M)



Individually Assessed Provisions ($M)



Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

Credit Quality Metrics	Full Year Ended 30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Gross loans and acceptances (GLAA) ($M)	**646,172**	608,127	6	**646,172**	627,698	3
Risk weighted assets (RWA) ($M) - Basel III	**368,721**	337,715	9	**368,721**	353,048	4
Credit RWA ($M) - Basel III	**319,174**	289,138	10	**319,174**	311,524	2
Gross impaired assets ($M)	**2,855**	3,367	(15)	**2,855**	3,360	(15)
Net impaired assets ($M)	**1,829**	2,101	(13)	**1,829**	2,116	(14)
Provision Ratios						
Collective provision as a % of credit RWA - Basel III	**0. 87**	0. 96	(9)bpts	**0. 87**	0. 89	(2)bpts
Total provision as a % of credit RWA - Basel III	**1. 14**	1. 35	(21)bpts	**1. 14**	1. 25	(11)bpts
Total provisions for impaired assets as a % of gross impaired assets	**35. 94**	37. 60	(166)bpts	**35. 94**	37. 02	(108)bpts
Total provisions for impairment losses as a % of GLAA's	**0. 56**	0. 64	(8)bpts	**0. 56**	0. 62	(6)bpts
Asset Quality Ratios						
Gross impaired assets as a % of GLAA's	**0. 44**	0. 55	(11)bpts	**0. 44**	0. 54	(10)bpts
Loans 90+ days past due but not impaired as a % of GLAA's	**0. 36**	0. 39	(3)bpts	**0. 36**	0. 34	2 bpts
Loan impairment expense ("cash basis") annualised as a % of average GLAA's	**0. 16**	0. 16	-	**0. 17**	0. 14	3 bpts

Provision Ratios

Provision coverage ratios remain prudent with collective provisions to Credit Risk Weighted Assets at 0.87% and Total Provisions to Credit Risk Weighted Assets at 1.14%.

Asset Quality

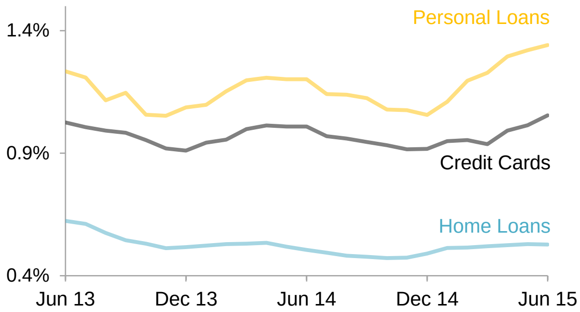
The low interest rate environment means that troublesome and impaired assets have continued to reduce, and while arrears for the retail portfolios have increased marginally, they remain relatively low.

Retail Portfolios – Arrears Rates

Retail arrears across all products increased marginally above seasonal expectations.

Home loan arrears were mixed over the year, with 30+ day arrears flat at 1.25% and 90+ day arrears increasing marginally from 0.50% to 0.52%. Credit card arrears deteriorated with 30+ day arrears increasing from 2.46% to 2.66%, and 90+ day arrears increasing marginally from 1.01% to 1.05%. Personal loan arrears increased, with 30+ day arrears increasing from 3.03% to 3.28%, and 90+ day arrears increasing from 1.20% to 1.34%.

90+ Days Arrears Ratios (%) (1)

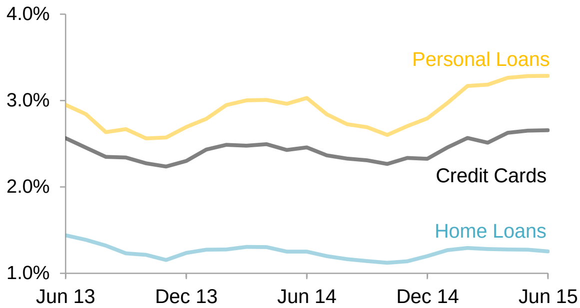


Troublesome and Impaired Assets

Commercial troublesome assets reduced 15% during the year to $3,059 million.

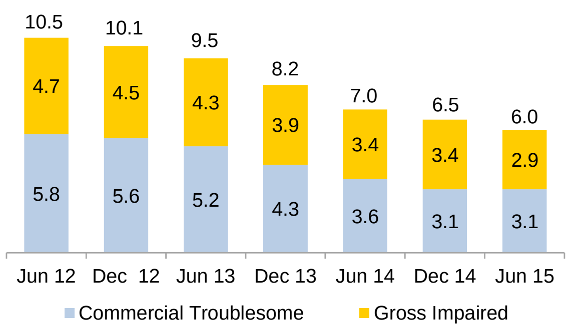
Gross impaired assets decreased 15% on the prior year to $2,855 million. Gross impaired assets as a proportion of gross loans and acceptances of 0.44% decreased 11 basis points on the prior year, reflecting the improving quality of the corporate portfolios.

30+ Days Arrears Ratios (%) (1)



(1) Includes retail portfolios of Retail Banking Services, Bankwest and New Zealand.

Troublesome and Impaired Assets ($B)



Group Operations and Business Settings

Capital

Basel Regulatory Framework

Background

As a result of the issues which led to the Global Financial Crisis, the Basel Committee on Banking Supervision (BCBS) has implemented a set of capital, liquidity and funding reforms known as “Basel III”. The objectives of the capital reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk. The major reforms are being implemented on a phased approach to 1 January 2019.

The Basel III capital reforms were implemented in Australia on 1 January 2013. APRA has adopted a more conservative approach than the minimum standards published by the BCBS and also adopted an accelerated timetable for implementation.

The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5%, inclusive of a Domestic Systemically Important Bank (DSIB) requirement of 1%, will be implemented on 1 January 2016, bringing the CET1 requirement for the Group to 8%.

Financial System Inquiry

In December 2014, the Government released the final report of the Financial System Inquiry (FSI). The key recommendations from the report included:

- Setting capital standards such that Australian Authorised Deposit-taking Institution (ADI) capital ratios are unquestionably strong;
- Raising the average Internal Ratings-Based (IRB) mortgage risk weight for ADIs using IRB risk-weight models;
- Implementing a framework for minimum loss absorbing and recapitalisation capacity in line with emerging international practice, sufficient to facilitate the orderly resolution of ADIs and minimise taxpayer support;
- Introducing a leverage ratio, in line with the Basel Committee, that acts as a backstop to the capital position of ADIs; and
- Developing a reporting template to improve the transparency and comparability of capital ratios.

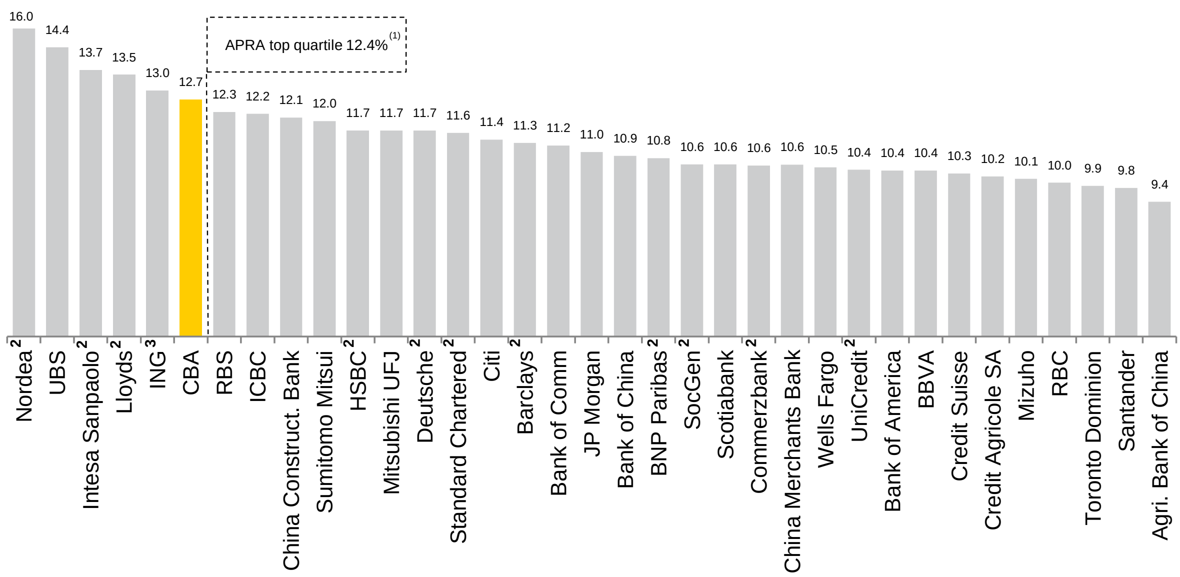
In July 2015, in connection with the FSI recommendations, APRA released the following:

- Information paper; “International capital comparison study” (APRA study), which endorsed the FSI recommendation that the capital of Australian ADIs should be unquestionably strong. However, APRA did not confirm the definition of “unquestionably strong”. Nevertheless, the report confirmed that the major banks are well-capitalised and compared the major banks’ capital ratios against a set of international peers; and
- An announcement in relation to increases in the capital requirements under the IRB approach for Australian residential mortgages, which will increase the average risk weighting for a mortgage portfolio to approximately 25%, effective from 1 July 2016.

Internationally Comparable Capital Position

The Group maintained a strong capital position with CET1 as measured on an internationally comparable basis of 12.7% as at 30 June 2015. This analysis aligns with the APRA study. This compares with a CET1 ratio of 9.1% under APRA’s prudential standards and places the Group amongst the top quartile of international peer banks.

International Peer Basel III CET1



Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 5 August 2015 assuming Basel III capital reforms fully implemented.

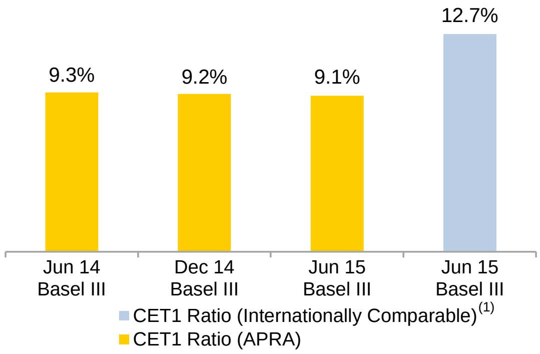
Peer group comprises listed commercial banks with total assets in excess of $700 billion and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate.

(1) Figure 2 per the APRA Information paper “International capital comparison study”.
(2) Includes deduction for accrued expected future dividends.
(3) Interim profit not included in CET1 capital, has been added back.

Capital (continued)

Capital Position

The Group maintained a strong capital position with capital ratios well in excess of regulatory minimum capital adequacy requirements at all times throughout the year ended 30 June 2015.



(1) Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".

The Group's CET1 ratio as measured on an APRA basis was 9.1% at 30 June 2015, compared with 9.2% at 31 December 2014 and 9.3% at 30 June 2014.

The decrease in capital across the June 2015 half and full year reflects capital generated from earnings, more than offset by the impact of dividend payments, higher Risk Weighted Assets (RWA) and the first reduction in the capital benefits arising from the debt issued by the Colonial Group.

Capital Initiatives

The following significant CET1 capital initiatives were undertaken during the year:

- The Dividend Reinvestment Plan (DRP) in respect of the 2014 final dividend was satisfied in full by the on-market purchase of shares. The participation rate for the DRP was 19.9%; and
- The DRP in respect of the 2015 interim dividend was satisfied by the allocation of approximately $571 million of ordinary shares. The participation rate for the DRP was 17.9%.

Further details on the Group's current regulatory capital position are included in Appendix 15.

Pillar 3 Disclosures

Details on the market disclosures required under Pillar 3, per prudential standard APS 330 "Public Disclosure", are provided on the Group's website at:

www.commbank.com.au/about-us/shareholders.

Other Regulatory Changes

Basel Committee on Banking Supervision

During the second half of the 2014 calendar year, the BCBS issued a number of consultation documents including:

- "Capital Floors: The Design of a Framework based on Standardised Approaches";
- "Revisions to the Standardised Approach for Credit Risk";
- "Fundamental Review of the Trading Book: Outstanding Issues"; and
- "Revisions to the Simpler Approaches" – Operational Risk.

Finalisation of all of the above proposals is expected by the end of 2015.

In June 2015, the BCBS issued a consultation document "Interest Rate Risk in the Banking Book", which is open for consultation until September 2015.

Composition of Level 2 ADI Groups

In May 2014, APRA provided more clarity on the definition of the Level 2 Banking Group. Subsidiary intermediate holding companies are considered part of the Level 2 Group, regardless of the nature of any activity undertaken by their operating subsidiaries. As a result, capital benefits arising from the debt issued by the Colonial Group will be phased out.

APRA granted transition arrangements on these changes, in line with the maturity profile of the debt.

Leverage Ratio

The leverage ratio is defined as Tier 1 Capital as a percentage of exposures. Public disclosure of the leverage ratio by Australian ADIs is to commence from 1 July 2015.

The BCBS has advised that any adjustments to the definition and calibration of the ratio will be made by 2017 with migration to a Pillar 1 (minimum capital requirement) expected from 1 January 2018.

Conglomerate Groups

APRA has proposed extending its 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. APRA released revised conglomerate standards in August 2014. However, a decision on the implementation date has yet to be provided. APRA has confirmed that a minimum transition period of 12 months will apply before the implementation date.

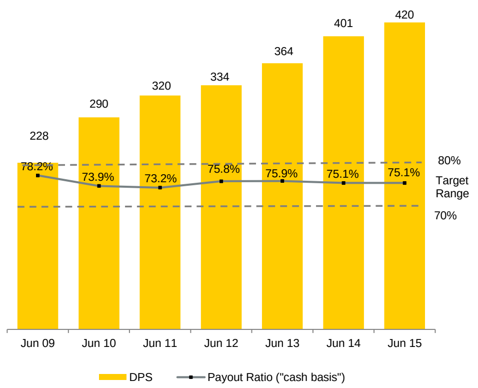
Dividends

Final Dividend for the Year Ended 30 June 2015

The final dividend declared was $2.22 per share, bringing the total dividend for the year ended 30 June 2015 to $4.20 per share. This represents a dividend payout ratio ("cash basis") of 75% and is 5% above the prior full year dividend.

The final dividend will be fully franked and will be paid on 1 October 2015 to owners of ordinary shares at the close of business on 20 August 2015 (record date). Shares will be quoted ex-dividend on 18 August 2015.

Full Year Dividend History (cents per share)



Dividend Reinvestment Plan (DRP)

The DRP will continue to be offered to shareholders but no discount will be applied to shares allocated under the plan for the final dividend.

Dividend Policy

The Group will seek to:

- Pay cash dividends at strong and sustainable levels;
- Target a full-year payout ratio of 70% to 80%; and
- Maximise the use of its franking account by paying fully franked dividends.

Liquidity

Level 2	As at 30 Jun 15 $M	As at 31 Dec 14 $M	Jun 15 vs Dec 14 %
Liquidity Coverage Ratio (LCR)			
High Quality Liquid Assets (HQLA) (1)	**65,940**	65,818	-
Committed Liquidity Facility (CLF)	**66,000**	70,000	(6)
Total LCR liquid assets	**131,940**	135,818	(3)
Net Cash Outflows			
Customer deposits	**65,832**	78,901	(17)
Wholesale funding (2)	**30,753**	24,635	25
Other net cash outflows (3)	**13,819**	13,903	(1)
Total net cash outflows	**110,404**	117,439	(6)
Liquidity Coverage Ratio (%)	**120**	116	400 bpts
LCR surplus	**21,536**	18,379	17

(1) Includes all repo-eligible securities with the Reserve Bank of New Zealand. The Exchange Settlement Account (ESA) cash balance is netted down by the Reserve Bank of Australia open-repo of internal RMBS.

(2) Includes all interbank deposits that are included as short-term wholesale funding on page 25.

(3) Includes cash inflows.

Year Ended June 2015 versus June 2014

The Group holds high quality, well diversified liquid assets to meet Balance Sheet liquidity needs and regulatory requirements. From 1 January 2015, the Group is subject to APRA's LCR, which requires LCR liquid assets to exceed net cash outflows projected under a prescribed 30 day stress scenario. As at 30 June 2015, the LCR was 120% with LCR liquid assets of $132 billion, including a $66 billion CLF from the Reserve Bank of Australia.

In the six months to June 2015, the LCR increased from 116% to 120%, with a $7 billion decrease in net cash outflows, more than offsetting a $4 billion decrease in LCR liquid assets, due to a $4 billion reduction in the CLF to $66 billion from 1 April 2015. The introduction of a 31 day notice period for early withdrawals of term deposits and other liquidity management measures taken contributed to the reduction in net cash outflows.

For further information on the Group's liquidity management please see Note 34 of the Annual Report.

Funding

Group Funding (1)	As at 30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Customer deposits	477,811	458,428	438,890	4	9
Short-term wholesale funding	131,837	124,945	109,318	6	21
Short sales	4,437	3,584	4,103	24	8
Long-term wholesale funding - less than one year residual maturity	27,479	28,302	30,892	(3)	(11)
Long-term wholesale funding - more than one year residual maturity (2)	105,055	105,888	102,163	(1)	3
IFRS MTM and derivative FX revaluations	11,657	10,403	3,251	12	large
Total wholesale funding	280,465	273,122	249,727	3	12
Total funding	758,276	731,550	688,617	4	10

(1) 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.

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

Year Ended June 2015 versus June 2014

Customer Deposits

Customer deposits accounted for 63% of total funding at 30 June 2015, compared to 64% in the prior year. Deposit growth has seen the Group satisfy a significant proportion of lending growth from customer deposits. The remaining 37% of total funding comprised various wholesale debt issuances.

Short-Term Wholesale Funding

Short-term wholesale funding includes debt with an original maturity or call date of less than 12 months, and consists of Certificates of Deposit and Bank Acceptances, as well as debt issued under domestic, Euro and US Commercial paper programs by the Commonwealth Bank of Australia and ASB. Short-term funding (including short sales) accounted for 49% of total wholesale funding at 30 June 2015, up from 45% in the prior year, largely driven by the impact of the lower Australian dollar.

Long-Term Wholesale Funding

Long-term wholesale funding includes debt with an original maturity or call date of greater than 12 months. Long-term wholesale funding conditions remained stable over the year compared to the previous 12 months with continued central bank stimulus. During the year, the Group issued $31 billion of long-term wholesale debt transactions in multiple currencies including AUD, USD, EUR, and GBP. Given steady funding conditions, most issuances were in senior unsecured format, although the Group also used Residential Mortgage-Backed Securities (RMBS) and its covered bond program to provide cost, tenor and diversification benefits. The Weighted Average Maturity (WAM) of new long-term wholesale debt issued in the year was 4.2 years. The WAM of outstanding long-term wholesale debt was 3.8 years at 30 June 2015.

Long-term wholesale funding (including adjustment for IFRS Mark-to-market (MTM) and derivative FX revaluations) accounted for 51% of total wholesale funding at 30 June 2015, compared to 55% in the prior year.

Half Year Ended June 2015 versus December 2014

Customer Deposits

Customer deposits accounted for 63% of total funding at 30 June 2015, consistent with the prior half. Deposit growth has seen the Group satisfy a significant proportion of lending growth from customer deposits. The remaining 37% of total funding comprised various wholesale debt issuances.

Short-Term Wholesale Funding

Short-term wholesale funding includes debt with an original maturity or call date of less than 12 months, and consists of Certificates of Deposit and Bank Acceptances, as well as debt issued under domestic, Euro and US Commercial paper programs by Commonwealth Bank of Australia and ASB. Short-term funding (including short sales) accounted for 49% of total wholesale funding at 30 June 2015, compared to 47% in the prior half.

Long-Term Wholesale Funding

Long-term funding (including adjustment for IFRS MTM and derivative FX revaluations) accounted for 51% of total wholesale funding at 30 June 2015, compared to 53% in the prior half.

For further information on Funding risk, please refer to Appendix 13.

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Retail Banking Services

	Full Year Ended [1]			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Net interest income	**7,691**	7,307	5	**3,833**	3,858	(1)
Other banking income	**1,746**	1,695	3	**858**	888	(3)
Total banking income	**9,437**	9,002	5	**4,691**	4,746	(1)
Operating expenses	**(3,293)**	(3,173)	4	**(1,658)**	(1,635)	1
Loan impairment expense	**(626)**	(582)	8	**(358)**	(268)	34
Net profit before tax	**5,518**	5,247	5	**2,675**	2,843	(6)
Corporate tax expense	**(1,651)**	(1,569)	5	**(800)**	(851)	(6)
Cash net profit after tax	**3,867**	3,678	5	**1,875**	1,992	(6)
Income analysis						
Net interest income						
Home loans	**3,462**	3,465	-	**1,699**	1,763	(4)
Consumer finance [2]	**1,870**	1,782	5	**950**	920	3
Retail deposits	**2,289**	1,964	17	**1,152**	1,137	1
Other [3]	**70**	96	(27)	**32**	38	(16)
Total net interest income	**7,691**	7,307	5	**3,833**	3,858	(1)
Other banking income						
Home loans	**214**	211	1	**102**	112	(9)
Consumer finance [2]	**586**	545	8	**287**	299	(4)
Retail deposits	**460**	455	1	**232**	228	2
Distribution [4]	**395**	393	1	**194**	201	(3)
Other [3]	**91**	91	-	**43**	48	(10)
Total other banking income	**1,746**	1,695	3	**858**	888	(3)
Total banking income	**9,437**	9,002	5	**4,691**	4,746	(1)

	As at				
Balance Sheet	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Home loans	**290,222**	279,877	271,244	4	7
Consumer finance [2]	**16,892**	16,910	16,387	-	3
Other interest earning assets	**2,130**	2,256	2,303	(6)	(8)
Total interest earning assets	**309,244**	299,043	289,934	3	7
Other assets	**1,069**	883	839	21	27
Total assets	**310,313**	299,926	290,773	3	7
Transaction deposits [5]	**25,811**	23,436	18,750	10	38
Savings deposits	**108,238**	99,374	88,434	9	22
Investment deposits and other	**78,530**	86,186	88,978	(9)	(12)
Total interest bearing deposits	**212,579**	208,996	196,162	2	8
Non-interest bearing liabilities	**8,439**	7,481	7,222	13	17
Total liabilities	**221,018**	216,477	203,384	2	9

	Full Year Ended [1]			Half Year Ended		
Key Financial Metrics	30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Performance indicators						
Return on assets (%)	**1. 2**	1. 3	(10)bpts	**1. 2**	1. 3	(10)bpts
Impairment expense annualised as a % of average GLAA's (%)	**0. 21**	0. 21	-	**0. 24**	0. 18	6 bpts
Operating expenses to total banking income (%)	**34. 9**	35. 2	(30)bpts	**35. 3**	34. 5	80 bpts
Other asset/liability information						
Average interest earning assets ($M)	**298,055**	281,676	6	**302,049**	294,126	3
Average interest bearing liabilities ($M)	**206,038**	191,866	7	**209,409**	202,721	3

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Consumer finance includes personal loans and credit cards.
(3) Other includes asset finance, merchants and business lending.
(4) Distribution includes income associated with the sale of foreign exchange products, and income received from the distribution of wealth management products through the retail network.
(5) Includes 'Everyday Offset' accounts.

Financial Performance and Business Review

Year Ended June 2015 versus June 2014

Retail Banking Services' cash net profit after tax for the full year ended 30 June 2015 was $3,867 million, an increase of 5% on the prior year. The result was driven by continued solid growth in total banking income, partly offset by higher expenses due to inflation and investment in distribution, and increased loan impairment expense. As at June 2015, the Retail bank ranked number one in customer satisfaction amongst its peers(1).

Net Interest Income

Net interest income was $7,691 million, an increase of 5% on the prior year. This was supported by solid volume growth across all key product areas.

Balance Sheet growth included:

- Home loan growth of 7%, with a growing contribution from the broker channel in line with the broader market;
- Consumer finance growth of 3%, due to increased credit card spend and solid growth in personal lending; and
- Deposit balance growth of 8%, driven by strong growth in savings and transaction accounts with customer preference for at-call deposits.

Net interest margin decreased, reflecting:

- Reduced margins across the lending portfolio driven by intense pricing competition; partly offset by
- Improved margins for deposits, driven by higher investment margins, partly offset by the reduction in the cash rate.

Other Banking Income

Other banking income was $1,746 million, an increase of 3% on the prior year, reflecting:

- Growth in consumer finance fees of 8% primarily driven by strong credit card purchase volumes;
- Higher deposit fee income due to increased interchange revenue; and
- Home loan fee income up 1% from higher volumes.

Operating Expenses

Operating expenses for the year were $3,293 million, an increase of 4% on the prior year. The key drivers were inflation, higher credit card loyalty redemption activity and ongoing investment in technology and frontline capabilities, partly offset by productivity savings.

The operating expense to total banking income ratio was 34.9%, a decrease of 30 basis points on the prior year.

Loan Impairment Expense

Loan impairment expense was $626 million, an increase of 8% on the prior year. This result was mainly driven by higher unsecured portfolio arrears.

Half Year Ended June 2015 versus December 2014

Cash net profit after tax for the half year ended 30 June 2015 was $1,875 million, a decrease of 6% on the prior half. The result was driven by lower total banking income, higher expenses and higher loan impairment expense.

Net Interest Income

Net interest income decreased 1% on the prior half, reflecting intense lending competition and three fewer calendar days than the prior half, partly offset by solid balance growth.

Balance Sheet growth included:

- Home loan growth of 4%, broadly in line with system, in a competitive environment;
- Consumer finance balances were in line with the prior half, impacted by seasonality and increased competition; and
- Deposit growth of 2%, primarily driven by solid growth in transaction and savings accounts, partly offset by lower investment deposits.

Net interest margin decreased, reflecting:

- Reduced margins in home loans driven by higher cash basis risk and competitive market pressures; and
- Stable margins across deposits, with higher investment margins offset by the lower cash rate environment.

Other Banking Income

Other banking income decreased 3% on the prior half. Key factors driving the result included:

- Home loan income decreased 9%, driven by seasonally higher sales in the prior half; and
- A decrease in consumer finance fees of 4%, driven by seasonally lower purchases in the half and an increase in loyalty points issued; partly offset by
- Deposits fees up 2% due to an increase in customer accounts.

Operating Expenses

Operating expenses increased 1% on the prior half, due to ongoing investment in technology and frontline capabilities, partly offset by productivity initiatives.

Loan Impairment Expense

Loan impairment expense increased $90 million on the prior half, driven by higher arrears predominantly in the unsecured portfolio.

(1) Roy Morgan Research. Retail Main Financial Institution (MFI) Customer Satisfaction, Australians 14+, % "Very Satisfied" or "Fairly Satisfied" with relationship with that MFI. Six month rolling average to June 2015. Rank based on the major four Australian banks.

Business and Private Banking

	Full Year Ended (1)			Half Year Ended (1)		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Net interest income	**2,827**	2,695	5	**1,409**	1,418	(1)
Other banking income	**809**	764	6	**403**	406	(1)
Total banking income	**3,636**	3,459	5	**1,812**	1,824	(1)
Operating expenses	**(1,397)**	(1,338)	4	**(700)**	(697)	-
Loan impairment expense	**(152)**	(237)	(36)	**(89)**	(63)	41
Net profit before tax	**2,087**	1,884	11	**1,023**	1,064	(4)
Corporate tax expense	**(628)**	(563)	12	**(307)**	(321)	(4)
Cash net profit after tax	**1,459**	1,321	10	**716**	743	(4)
Income analysis						
Net interest income						
Corporate Financial Services	**985**	918	7	**490**	495	(1)
Regional and Agribusiness	**555**	549	1	**274**	281	(2)
Local Business Banking	**879**	841	5	**440**	439	-
Private Bank	**265**	245	8	**135**	130	4
CommSec	**143**	142	1	**70**	73	(4)
Total net interest income	**2,827**	2,695	5	**1,409**	1,418	(1)
Other banking income						
Corporate Financial Services	**293**	281	4	**145**	148	(2)
Regional and Agribusiness	**92**	88	5	**44**	48	(8)
Local Business Banking	**169**	178	(5)	**84**	85	(1)
Private Bank	**60**	52	15	**30**	30	-
CommSec	**195**	165	18	**100**	95	5
Total other banking income	**809**	764	6	**403**	406	(1)
Total banking income	**3,636**	3,459	5	**1,812**	1,824	(1)
Income by product						
Business products	**2,148**	2,093	3	**1,063**	1,085	(2)
Retail products	**995**	918	8	**507**	488	4
Equities and margin lending	**316**	277	14	**160**	156	3
Markets	**130**	123	6	**61**	69	(12)
Other	**47**	48	(2)	**21**	26	(19)
Total banking income	**3,636**	3,459	5	**1,812**	1,824	(1)

	As at				
Balance Sheet	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Home loans	**31,990**	31,008	31,238	3	2
Consumer finance	**756**	762	722	(1)	5
Business loans	**62,225**	60,597	59,414	3	5
Margin loans	**2,676**	2,706	2,714	(1)	(1)
Total interest earning assets	**97,647**	95,073	94,088	3	4
Non-lending interest earning assets	**233**	265	176	(12)	32
Other assets (2)	**512**	106	191	large	large
Total assets	**98,392**	95,444	94,455	3	4
Transaction deposits	**12,516**	11,324	10,795	11	16
Savings deposits	**27,703**	25,104	23,693	10	17
Investment deposits and other	**25,090**	24,725	22,566	1	11
Total interest bearing deposits	**65,309**	61,153	57,054	7	14
Non-interest bearing liabilities (2)	**5,829**	5,253	5,081	11	15
Total liabilities	**71,138**	66,406	62,135	7	14

(1) Comparative information has been restated to conform to presentation in the current year.
(2) Other assets include Intangible assets and Non-interest bearing liabilities include Non-interest bearing deposits.

Key Financial Metrics	Full Year Ended [1] 30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Performance indicators						
Return on assets (%)	**1. 5**	1. 4	10 bpts	**1. 5**	1. 6	(10)bpts
Impairment expense annualised as a % of average GLAA's (%)	**0. 16**	0. 26	(10)bpts	**0. 19**	0. 13	6 bpts
Operating expenses to total banking income (%)	**38. 4**	38. 7	(30)bpts	**38. 6**	38. 2	40 bpts
Other asset/liability information						
Average interest earning assets ($M)	**95,906**	91,900	4	**96,766**	95,059	2
Average interest bearing liabilities ($M)	**63,066**	55,817	13	**65,797**	60,379	9

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

Financial Performance and Business Review

Year Ended June 2015 versus June 2014

Business and Private Banking's cash net profit after tax for the full year ended 30 June 2015 was $1,459 million, an increase of 10% on the prior year. The result was driven by strong growth in deposit and business lending income, reflecting above system balance growth in key product lines, and lower loan impairment expense. This was partly offset by growth in expenses of 4%.

Net Interest Income

Net interest income was $2,827 million, an increase of 5% on the prior year. This reflected strong growth in deposit and business lending balances with a continued focus on meeting more customer needs, and higher margins.

Balance Sheet growth included:

- An increase of 14% in customer deposits with strong growth across all products;
- Business lending growth of 5% reflecting continued demand; and
- Home Loan increase of 2%, with subdued growth in new business volumes, partly offset by higher levels of repayments.

Net interest margin increased reflecting higher deposit margins.

Other Banking Income

Other banking income was $809 million, an increase of 6% on the prior year, due to:

- An increase of 13% in equities trading volumes;
- Higher revenue from increased equity capital markets activity; and
- Higher revenue from the sale of interest rate risk management products.

Operating Expenses

Operating expenses were $1,397 million, an increase of 4% on the prior year, reflecting investment in frontline and technology-related initiatives, partly offset by reduced amortisation and a continued focus on productivity.

Loan Impairment Expense

Loan impairment expense was $152 million, a decrease of 36% on the prior year, reflecting fewer individual provisions. The quality of the underlying portfolio remains stable, due in part to a low interest rate environment.

Loan impairment expense as a percentage of average gross loans and acceptances, decreased 10 basis points to 16 basis points.

Half Year Ended June 2015 versus December 2014

Cash net profit after tax for the half year ended 30 June 2015 was $716 million, a decrease of 4% on the prior half. The result was driven in part by lower interest rate risk management related income, the impact of three fewer calendar days in the half, and higher Loan impairment expense. Expenses were flat on the prior half.

Net Interest Income

Net interest income decreased 1% on the prior half. This reflected a decrease in net interest margin, partly offset by strong volume growth in deposits, and modest lending balance growth.

Balance Sheet growth included:

- Growth in customer deposits of 7%, particularly in savings and transaction accounts;
- Business lending growth of 3%; and
- Home Loan growth of 3%, with subdued growth in new business volumes, partly offset by higher levels of repayments.

Net interest margin decreased due to competitive pressures on new business lending, partly offset by higher deposit margins.

Other Banking Income

Other banking income decreased 1% on the prior half due to:

- Lower income from the sale of interest rate risk management related products; and
- Lower equity capital markets activity; partly offset by
- An increase of 14% in equities trading volumes.

Operating Expenses

Operating expenses were flat on the prior half, due to investment in the frontline, digital infrastructure and mandatory regulatory projects, offset by productivity initiatives.

Loan Impairment Expense

Loan impairment expense was $89 million, an increase of $26 million on the prior half. The increase was driven by increased credit exposures, partly offset by lower individual provisions.

Institutional Banking and Markets

	Full Year Ended [1]			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Net interest income	**1,452**	1,404	3	**742**	710	5
Other banking income	**1,367**	1,262	8	**643**	724	(11)
Total banking income	**2,819**	2,666	6	**1,385**	1,434	(3)
Operating expenses	**(1,013)**	(943)	7	**(538)**	(475)	13
Loan impairment expense	**(167)**	(61)	large	**(70)**	(97)	(28)
Net profit before tax	**1,639**	1,662	(1)	**777**	862	(10)
Corporate tax expense	**(371)**	(410)	(10)	**(162)**	(209)	(22)
Cash net profit after tax	**1,268**	1,252	1	**615**	653	(6)
Income analysis						
Net interest income						
Institutional Banking	**1,278**	1,248	2	**646**	632	2
Markets	**174**	156	12	**96**	78	23
Total net interest income	**1,452**	1,404	3	**742**	710	5
Other banking income						
Institutional Banking	**829**	782	6	**428**	401	7
Markets	**538**	480	12	**215**	323	(33)
Total other banking income	**1,367**	1,262	8	**643**	724	(11)
Total banking income	**2,819**	2,666	6	**1,385**	1,434	(3)
Income by product						
Institutional products	**1,716**	1,741	(1)	**859**	857	-
Asset leasing	**302**	238	27	**178**	124	44
Markets	**712**	636	12	**311**	401	(22)
Other	**89**	51	75	**37**	52	(29)
Total banking income	**2,819**	2,666	6	**1,385**	1,434	(3)

	As at				
Balance Sheet	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Interest earning lending assets	**98,400**	92,547	87,882	6	12
Non-lending interest earning assets	**49,730**	46,700	43,348	6	15
Other assets [2]	**33,789**	40,389	18,270	(16)	85
Total assets	**181,919**	179,636	149,500	1	22
Transaction deposits	**36,749**	34,031	35,517	8	3
Savings deposits	**8,070**	6,832	10,624	18	(24)
Investment deposits	**40,761**	36,139	35,194	13	16
Certificates of deposit and other	**17,920**	15,659	12,495	14	43
Total interest bearing deposits	**103,500**	92,661	93,830	12	10
Due to other financial institutions	**21,970**	20,141	19,835	9	11
Debt issues and other [3]	**9,588**	7,455	11,076	29	(13)
Non-interest bearing liabilities [2]	**26,996**	36,856	21,741	(27)	24
Total liabilities	**162,054**	157,113	146,482	3	11

	Full Year Ended [1]			Half Year Ended		
Key Financial Metrics	30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Performance indicators						
Return on assets (%)	**0. 7**	0. 8	(10)bpts	**0. 7**	0. 7	-
Impairment expense annualised as a % of average GLAA's (%)	**0. 18**	0. 07	11 bpts	**0. 15**	0. 22	(7)bpts
Operating expenses to total banking income (%)	**35. 9**	35. 4	50 bpts	**38. 8**	33. 1	large
Other asset/liability information						
Average interest earning assets ($M)	**140,659**	127,754	10	**145,980**	135,425	8
Average interest bearing liabilities ($M)	**125,611**	124,820	1	**126,857**	124,386	2

(1) Comparative information has been restated to conform to presentation in the current year.
(2) Other assets include Intangible assets and Derivative assets. Non-interest bearing liabilities include Derivative liabilities.
(3) Debt issues and other includes Bank acceptances, Liabilities at fair value and Loan capital.

Financial Performance and Business Review

Year Ended June 2015 versus June 2014

Institutional Banking and Markets' cash net profit after tax for the full year ended 30 June 2015 was $1,268 million, an increase of 1% on the prior year. The result was driven by strong growth in both institutional lending and asset leasing volumes, and positive sales and trading revenues in Markets. This was partly offset by the implementation of a new derivative valuation methodology in the second half of the financial year, lower lending margins, increased operating expenses and a higher loan impairment expense.

Net Interest Income

Net interest income was $1,452 million, an increase of 3% on the prior year. This was driven by strong growth in lending volumes more than offsetting the impact of lower margins, and an increase in Markets' financing activities supporting clients' working capital needs.

Average balance growth included:

- A 10% increase in average lending balances, including a 2% benefit from the lower Australian dollar, primarily reflecting above-system domestic growth, as well as targeted international growth in strategic focus industries;
- Average asset leasing balances increased 20% with growth mainly in the Transport industry; and
- Average interest bearing deposit balance growth of 2% driven by growth in transaction deposits.

Net interest margin decreased reflecting:

- Continued competitive pressure on lending margins;
- Lower amortisation of deferred fees; and
- Declining deposit margins due to a low rate environment and competition.

Other Banking Income

Other banking income was $1,367 million, an increase of 8% on the prior year, reflecting:

- A strong Markets sales and trading performance due to increased client hedging activities as a result of ongoing market volatility. This resulted in a 19% increase in income mainly for Rates and Commodities; partly offset by
- An unfavourable derivative valuation adjustment following the implementation of a new funding valuation adjustment, which resulted in an initial cost of $81 million, partly offset by a favourable counterparty valuation adjustment of $47 million.

Operating Expenses

Operating expenses were $1,013 million, an increase of 7% on the prior year. Excluding the impact of the lower Australian dollar, operating expenses increased 6%.

The increase reflects investment in technology and people in targeted industry and product areas, and higher compliance-related project costs, partly offset by the ongoing realisation of productivity benefits.

Loan Impairment Expense

Loan impairment expense was $167 million, an increase of $106 million on the prior year, following a particularly benign level of loan losses in the prior year.

This was driven by a small number of large individual provisions, an increase in overall client exposures, and a lower level of recoveries.

Corporate Tax Expense

The corporate tax expense was $371 million. The effective tax rate of 22.6% was lower than the prior year due to higher offshore profits at lower corporate tax rates.

Half Year Ended June 2015 versus December 2014

Cash net profit after tax for the half year ended 30 June 2015 was $615 million, a decrease of 6% on the prior half. The result was driven by the implementation of a new derivative valuation adjustment related to expected lifetime funding costs, and less favourable counterparty valuation adjustments compared to the prior half.

Net Interest Income

Net interest income increased 5% on the prior half, driven by:

- Growth in both average lending and deposit balances; and
- An increase in client inventory financing activities; partly offset by
- Lower lending margins.

Other Banking Income

Other banking income decreased 11% on the prior half, due to unfavourable derivative valuation movements following the implementation of a new funding valuation adjustment, which results in an initial cost of $81 million and a less favourable counterparty valuation adjustment of $13 million, compared with $34 million in the prior half. Excluding these items, other banking income increased 3% due to:

- Strong sales revenues within Markets; and
- Timing of realised gains on sale of equity investments; partly offset by
- Lower lending fee income reflecting strong price competition.

Operating Expenses

Operating expenses increased 13% on the prior half. Excluding the impact of the Australian dollar and non-recurring expenses, operating expenses increased 8%.

This increase is driven by investment in technology, people and higher compliance-related project costs.

Loan Impairment Expense

Loan impairment expense decreased $27 million on the prior half, mainly due to reduced collective provisions and an increased level of write-backs.

Corporate Tax Expense

The corporate tax expense was $162 million. The effective tax rate of 20.8% was lower than the prior half, due to higher offshore profits at lower corporate tax rates and utilisation of legacy tax losses.

Wealth Management

	Full Year Ended (1) (2)			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Funds management income	1,846	1,699	9	929	917	1
Insurance income	503	575	(13)	229	274	(16)
Total operating income	2,349	2,274	3	1,158	1,191	(3)
Operating expenses	(1,726)	(1,522)	13	(943)	(783)	20
Net profit before tax	623	752	(17)	215	408	(47)
Corporate tax expense	(148)	(182)	(19)	(42)	(106)	(60)
Underlying profit after tax	475	570	(17)	173	302	(43)
Investment experience after tax	175	118	48	130	45	large
Cash net profit after tax (excluding Property)	650	688	(6)	303	347	(13)
Property net profit after tax	-	101	large	-	-	-
Cash net profit after tax (including Property)	650	789	(18)	303	347	(13)
Represented by:						
CFS Global Asset Management	286	238	20	174	112	55
Colonial First State (3)	92	184	(50)	(18)	110	large
CommInsure	316	374	(16)	153	163	(6)
Property (2)	-	101	large	-	-	-
Other	(44)	(108)	(59)	(6)	(38)	(84)
Cash net profit after tax	650	789	(18)	303	347	(13)

Key Financial Metrics (4)	Full Year Ended (1)			Half Year Ended		
	30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Performance indicators						
Funds management income to average FUA (%) (5)	0. 67	0. 70	(3)bpts	0. 66	0. 69	(3)bpts
Insurance income to average inforce premiums (%)	21. 1	25. 7	(460)bpts	19. 1	23. 2	(410)bpts
Operating expenses to total operating income (%)	73. 5	66. 9	large	81. 4	65. 7	large
FUA - average ($M) (5)	273,800	241,405	13	284,686	262,409	8
FUA - spot ($M) (5)	283,644	253,483	12	283,644	270,266	5
Assets under management - average ($M) (5)	195,406	173,417	13	203,052	187,216	8
Assets under management - spot ($M) (5)	202,168	180,848	12	202,168	191,606	6
Retail net funds flows (Australian Retail) ($M)	3,292	3,188	3	1,447	1,845	(22)
Annual Inforce Premiums - average ($M)	2,388	2,237	7	2,424	2,345	3
Annual Inforce Premiums - spot ($M)	2,467	2,309	7	2,467	2,381	4

	Full Year Ended (1)											
	CFS Global Asset Management			Colonial First State (3)			CommInsure			Other		
	Jun 15 $M	Jun 14 $M	Jun 15 vs Jun 14 %	Jun 15 $M	Jun 14 $M	Jun 15 vs Jun 14 %	Jun 15 $M	Jun 14 $M	Jun 15 vs Jun 14 %	Jun 15 $M	Jun 14 $M	Jun 15 vs Jun 14 %
Gross Funds management income	1,050	919	14	1,087	1,003	8	164	165	(1)	-	-	-
Volume expenses	(203)	(180)	13	(221)	(175)	26	(31)	(33)	(6)	-	-	-
Funds management income	847	739	15	866	828	5	133	132	1	-	-	-
Gross Insurance income	-	-	-	-	-	-	658	725	(9)	-	-	-
Volume expenses	-	-	-	-	-	-	(155)	(150)	3	-	-	-
Insurance income	-	-	-	-	-	-	503	575	(13)	-	-	-
Total operating income	847	739	15	866	828	5	636	707	(10)	-	-	-
Operating expenses	(526)	(468)	12	(735)	(590)	25	(319)	(314)	2	(146)	(150)	(3)
Net profit before tax	321	271	18	131	238	(45)	317	393	(19)	(146)	(150)	(3)
Corporate tax expense	(61)	(42)	45	(39)	(68)	(43)	(91)	(111)	(18)	43	39	10
Underlying profit after tax	260	229	14	92	170	(46)	226	282	(20)	(103)	(111)	(7)
Investment experience after tax	26	9	large	-	14	large	90	92	(2)	59	3	large
Cash net profit after tax	286	238	20	92	184	(50)	316	374	(16)	(44)	(108)	(59)

(1) Comparative information has been restated to conform to presentation in the current year.
(2) The Property transactions were completed and the businesses were exited during the 30 June 2014 financial year.
(3) Colonial First State incorporates the results of all Wealth Management financial planning businesses.
(4) Property is excluded from the calculation of the key financial metrics (as well as for comparative information).
(5) AUM and FUA include Realindex Investments and exclude the Group's interest in the First State Cinda Fund Management Company Limited.

Financial Performance and Business Review

Year Ended June 2015 versus June 2014 (1)

Wealth Management's cash net profit after tax for the full year ended 30 June 2015 was $650 million, a decrease of 6% on the prior year after excluding the contribution from the Property businesses exited in the prior year. Strong growth in funds management income was offset by the impact of further provisioning for customer remediation in Advice and lower insurance income due to a number of weather events. Expense growth reflected investment in technology, higher staff costs and the cost of growing regulatory, compliance and remediation programs, partly offset by continued benefits from productivity initiatives. Investment experience grew strongly as a result of divestment and revaluation gains, and falling bond yields contributed to favourable fixed interest returns.

The Open Advice Review program closed for expressions of interest on 3 July 2015. Total expressions of interest and completed registration forms received were over 23,000 and 7,000, respectively.

Funds Management Income

Funds management income was $1,846 million, an increase of 9% on the prior year.

Average Assets Under Management (AUM) increased 13% to $195 billion, driven by a strong performance in investment markets and the benefit of a lower Australian dollar, with 90% of assets outperforming their three year benchmark. Net flows benefited from continued momentum in the infrastructure business and emerging markets equities, with flows significantly higher than the prior year.

Australian Retail Average Funds Under Administration (FUA) increased 12% to $114 billion with Custom Solutions continued strong growth, with average FUA reaching $20 billion for the first time, a 20% increase on the prior year.

Funds management margins declined three basis points due to lower Advice revenue, continued run-off in the legacy investment business, and the impact of provisioning for customer remediation.

Insurance Income

Insurance income was $503 million, a 13% decrease on the prior year.

Wholesale Life Insurance income increased strongly on the prior year as a result of repricing, and reduced reserve strengthening.

Retail Life Insurance income decreased 3% on the prior year, impacted by poorer claims experience and lower sales, partly offset by an improvement in lapse rates.

General Insurance income was significantly lower than the prior year. Inforce premiums were up 5% driven by a significant improvement in renewals. This was offset by the impact of a number of weather events during the year in New South Wales and Queensland.

Operating Expenses

Operating expenses were $1,726 million, an increase of 13% on the prior year, driven by a number of factors including investment in technology-related initiatives, increased provisioning for regulatory, compliance and remediation program costs, higher salary-related costs, and a lower Australian dollar.

The business also benefited from a range of productivity initiatives that streamlined processes throughout Wealth Management with deployments being run across operations and distribution channels.

Investment Experience

Investment experience after tax increased $57 million driven by the gain on sale of the remaining units in the Novion Property Group (formerly CFX), investment revaluation gains on infrastructure holdings, higher fixed interest returns as a result of falling bond yields and changes to economic assumptions.

Half Year Ended June 2015 versus December 2014

Cash net profit after tax for the half year ended 30 June 2015 was $303 million, a decrease of 13% on the prior half. Continued strong growth in funds management income and positive investment experience was offset by the cost of growing regulatory, compliance and remediation programs, and lower insurance income.

Funds Management Income

Funds management income increased 1% on the prior half.

Average AUM increased 8% due to growth in investment markets and ongoing investment outperformance, as well as the benefit from a further weakening in the Australian dollar.

Australian Retail Average FUA grew 7% during the half largely driven by continued investment market gains and positive net flows of $1.4 billion. Higher flows in the prior half reflected changes to pension deeming rules.

Funds management margins declined three basis points as a result of continued run-off in the legacy investment business and provisioning for customer remediation.

Insurance Income

Insurance income decreased 16% on the prior half.

Wholesale Life Insurance income increased 48% as a result of repricing.

General Insurance income was significantly lower than the prior half. Modest growth in inforce premiums and improved pricing was offset by the impact of significant weather events.

Retail Life Insurance income was flat on the prior half, driven by improved lapse experience, offset by weaker claims experience, and a decline in new business.

Operating Expenses

Operating expenses increased 20% on the prior half due to a number of factors including increased marketing activities, increased provisioning for regulation, compliance and remediation program costs, and investment growth initiatives, partly offset by the benefit of productivity initiatives.

Investment Experience

Investment experience increased $85 million on the prior half, largely due to the benefit from the sale of Novion Property Group units, investment revaluation gain on infrastructure holdings and changes to economic assumptions.

(1) Unless otherwise stated, the commentary excludes the contribution from the Property transactions and businesses in the prior year.

Wealth Management

Assets Under Management (AUM) [1]	Full Year Ended 30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Australian equities	**28,451**	28,247	1	**28,451**	28,535	-
Global equities	**92,000**	75,297	22	**92,000**	84,884	8
Cash and fixed interest	**73,138**	69,612	5	**73,138**	70,171	4
Property securities and infrastructure [2]	**8,579**	7,692	12	**8,579**	8,016	7
Total Wealth Management	**202,168**	180,848	12	**202,168**	191,606	6

Sources of Profit from CommInsure	Full Year Ended 30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Life insurance operating margins						
Planned profit margins	**200**	156	28	**102**	98	4
Experience variations	**(42)**	(40)	5	**(12)**	(30)	(60)
Funds management operating margins	**87**	89	(2)	**45**	42	7
General insurance operating margins	**(19)**	77	large	**(33)**	14	large
Operating margins	**226**	282	(20)	**102**	124	(18)
Investment experience after tax	**90**	92	(2)	**51**	39	31
Cash net profit after tax	**316**	374	(16)	**153**	163	(6)

Annual Inforce Premiums - Risk Business	Full Year Ended 30 June 2015 Opening Balance 30 Jun 14 $M	Sales/New Business $M	Lapses $M	Closing Balance 30 Jun 15 $M
Retail life	895	158	(165)	888
Wholesale life	757	239	(110)	886
General insurance	657	155	(119)	693
Total	2,309	552	(394)	2,467

Annual Inforce Premiums - Risk Business	Full Year Ended 30 June 2014 Opening Balance 30 Jun 13 $M	Sales/New Business $M	Lapses $M	Closing Balance 30 Jun 14 $M
Retail life	875	195	(175)	895
Wholesale life	692	137	(72)	757
General insurance	598	168	(109)	657
Total	2,165	500	(356)	2,309

Annual Inforce Premiums - Risk Business	Half Year Ended 30 June 2015 Opening Balance 31 Dec 14 $M	Sales/New Business $M	Lapses $M	Closing Balance 30 Jun 15 $M
Retail life	891	76	(79)	888
Wholesale life	808	136	(58)	886
General insurance	682	77	(66)	693
Total	2,381	289	(203)	2,467

(1) AUM includes Realindex Investments and excludes the Group's interest in the First State Cinda Fund Management Company Limited.
(2) This asset class includes unlisted infrastructure holdings and global listed property securities.

Funds Under Administration	Opening Balance 30 Jun 14 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [1] $M	Closing Balance 30 Jun 15 $M
	Full Year Ended 30 June 2015					
FirstChoice	67,481	17,295	(15,757)	1,538	4,563	73,582
Custom Solutions [2]	18,070	5,968	(4,139)	1,829	1,404	21,303
Standalone (including Legacy) [3]	20,725	8,429	(8,403)	26	930	21,681
Retail products [4]	106,276	31,692	(28,299)	3,393	6,897	116,566
Other retail [5]	990	27	(128)	(101)	61	950
Australian retail	107,266	31,719	(28,427)	3,292	6,958	117,516
Wholesale	72,427	24,924	(25,566)	(642)	3,532	75,317
Infrastructure	3,771	902	(223)	679	102	4,552
Other [6]	3,697	23	(119)	(96)	156	3,757
Domestically sourced	187,161	57,568	(54,335)	3,233	10,748	201,142
Internationally sourced	66,322	34,830	(34,965)	(135)	16,315	82,502
Total Wealth Management (excluding Property)	253,483	92,398	(89,300)	3,098	27,063	283,644
Property	-	-	-	-	-	-
Total Wealth Management (including Property)	253,483	92,398	(89,300)	3,098	27,063	283,644

Funds Under Administration	Opening Balance 30 Jun 13 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [1] $M	Closing Balance 30 Jun 14 $M
	Full Year Ended 30 June 2014					
FirstChoice	58,787	15,589	(13,500)	2,089	6,605	67,481
Custom Solutions [2]	14,464	5,300	(3,313)	1,987	1,619	18,070
Standalone (including Legacy) [3]	19,684	7,363	(8,135)	(772)	1,813	20,725
Retail products [4]	92,935	28,252	(24,948)	3,304	10,037	106,276
Other retail [5]	1,007	30	(146)	(116)	99	990
Australian retail	93,942	28,282	(25,094)	3,188	10,136	107,266
Wholesale	60,675	29,254	(22,602)	6,652	5,100	72,427
Infrastructure	2,693	1,167	(339)	828	250	3,771
Other [6]	3,529	24	(135)	(111)	279	3,697
Domestically sourced	160,839	58,727	(48,170)	10,557	15,765	187,161
Internationally sourced	62,668	25,172	(29,461)	(4,289)	7,943	66,322
Total Wealth Management (excluding Property)	223,507	83,899	(77,631)	6,268	23,708	253,483
Property	16,845	384	(52)	332	(17,177)	-
Total Wealth Management (including Property)	240,352	84,283	(77,683)	6,600	6,531	253,483

Funds Under Administration	Opening Balance 31 Dec 14 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other [1] $M	Closing Balance 30 Jun 15 $M
	Half Year Ended 30 June 2015					
FirstChoice	70,959	7,260	(6,537)	723	1,900	73,582
Custom Solutions [2]	19,926	2,576	(1,862)	714	663	21,303
Standalone (including Legacy) [3]	21,229	4,380	(4,325)	55	397	21,681
Retail products [4]	112,114	14,216	(12,724)	1,492	2,960	116,566
Other retail [5]	972	15	(60)	(45)	23	950
Australian retail	113,086	14,231	(12,784)	1,447	2,983	117,516
Wholesale	74,072	13,663	(13,569)	94	1,151	75,317
Infrastructure	3,857	832	(223)	609	86	4,552
Other [6]	3,798	12	(52)	(40)	(1)	3,757
Domestically sourced	194,813	28,738	(26,628)	2,110	4,219	201,142
Internationally sourced	75,453	18,753	(19,232)	(479)	7,528	82,502
Total Wealth Management (excluding Property)	270,266	47,491	(45,860)	1,631	11,747	283,644
Property	-	-	-	-	-	-
Total Wealth Management (including Property)	270,266	47,491	(45,860)	1,631	11,747	283,644

(1) Includes foreign exchange gains and losses from translation of internationally sourced business.
(2) Custom Solutions includes the FirstWrap product.
(3) Includes cash management trusts.
(4) Retail funds that align to Plan for Life market share releases.
(5) Includes regular premium plans. These retail products are not reported in market share data.
(6) Includes life company assets sourced from retail investors but not attributable to a funds management product.

New Zealand

	Full Year Ended			Half Year Ended		
	30 Jun 15 A$M	30 Jun 14 A$M	Jun 15 vs Jun 14 %	30 Jun 15 A$M	31 Dec 14 A$M	Jun 15 vs Dec 14 %
Net interest income	1,536	1,378	11	777	759	2
Other banking income [(1)]	253	192	32	123	130	(5)
Total banking income	1,789	1,570	14	900	889	1
Funds management income	71	60	18	37	34	9
Insurance income	232	202	15	123	109	13
Total operating income	2,092	1,832	14	1,060	1,032	3
Operating expenses	(861)	(805)	7	(441)	(420)	5
Loan impairment expense	(83)	(51)	63	(49)	(34)	44
Net profit before tax	1,148	976	18	570	578	(1)
Corporate tax expense	(289)	(237)	22	(142)	(147)	(3)
Underlying profit after tax	859	739	16	428	431	(1)
Investment experience after tax	6	3	large	2	4	(50)
Cash net profit after tax	865	742	17	430	435	(1)

	Full Year Ended			Half Year Ended		
	30 Jun 15 NZ$M	30 Jun 14 NZ$M	Jun 15 vs Jun 14 %	30 Jun 15 NZ$M	31 Dec 14 NZ$M	Jun 15 vs Dec 14 %
Net interest income	1,652	1,517	9	821	831	(1)
Other banking income	308	307	-	155	153	1
Total banking income	1,960	1,824	7	976	984	(1)
Funds management income	77	67	15	39	38	3
Insurance income	250	222	13	131	119	10
Total operating income	2,287	2,113	8	1,146	1,141	-
Operating expenses	(929)	(888)	5	(468)	(461)	2
Loan impairment expense	(89)	(56)	59	(52)	(37)	41
Net profit before tax	1,269	1,169	9	626	643	(3)
Corporate tax expense	(317)	(289)	10	(154)	(163)	(6)
Underlying profit after tax	952	880	8	472	480	(2)
Investment experience after tax	7	4	75	2	5	(60)
Cash net profit after tax	959	884	8	474	485	(2)
Represented by:						
ASB	846	776	9	417	429	(3)
Sovereign	123	103	19	66	57	16
Other [(2)]	(10)	5	large	(9)	(1)	large
Cash net profit after tax	959	884	8	474	485	(2)

	Full Year Ended			Half Year Ended		
Key Financial Metrics [(3)]	30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Funds management income to average FUA (%) [(4)]	0. 53	0. 55	(2)bpts	0. 52	0. 55	(3)bpts
Insurance income to average inforce premiums (%)	35. 5	33. 2	230 bpts	37. 0	33. 8	320 bpts
Operating expenses to total operating income (%)	40. 6	42. 0	(140)bpts	40. 8	40. 4	40 bpts
FUA - average (NZ$M)	10,291	8,583	20	10,748	9,833	9
FUA - spot (NZ$M)	11,117	9,318	19	11,117	10,132	10
Assets under management - average (NZ$M)	4,197	3,534	19	4,427	3,966	12
Assets under management - spot (NZ$M)	4,486	3,685	22	4,486	4,095	10

(1) Other banking income disclosed in AUD includes realised gains or losses associated with the hedge of the New Zealand operations.
(2) Other includes ASB and Sovereign funding entities and elimination entries between Sovereign and ASB.
(3) Key financial metrics are calculated in New Zealand dollar terms.
(4) Includes Assets under management.

Financial Performance and Business Review

Year Ended June 2015 versus June 2014

New Zealand[(1)] cash net profit after tax[(2)] for the full year ended 30 June 2015 was NZD959 million, an increase of 8% on the prior year, driven by a strong performance from both ASB Bank and Sovereign.

The Australian dollar equivalent line item growth rates are impacted by the appreciation of the New Zealand dollar and the mark-to-market movements in foreign exchange hedges relating to New Zealand earnings.

Half Year Ended June 2015 versus December 2014

New Zealand cash net profit after tax for the half year ended 30 June 2015 was NZD474 million, a decrease of 2% on the prior half, with ASB experiencing margin pressure and higher loan impairment expense. Sovereign profit was up 16% on the prior half, following improved lapse rates.

(1) The New Zealand result incorporates ASB Bank and Sovereign Insurance businesses. The CBA Branch results relating to the Institutional Banking and Markets business in New Zealand are not included.
(2) Includes allocated capital charges and other CBA costs.

ASB Bank	Full Year Ended 30 Jun 15 NZ$M	30 Jun 14 NZ$M	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15 NZ$M	31 Dec 14 NZ$M	Jun 15 vs Dec 14 %
Net interest income	**1,652**	1,498	10	**825**	827	-
Other banking income	**341**	337	1	**172**	169	2
Total banking income	**1,993**	1,835	9	**997**	996	-
Funds management income	**74**	64	16	**38**	36	6
Total operating income	**2,067**	1,899	9	**1,035**	1,032	-
Operating expenses	**(805)**	(769)	5	**(406)**	(399)	2
Loan impairment expense	**(89)**	(56)	59	**(52)**	(37)	41
Net profit before tax	**1,173**	1,074	9	**577**	596	(3)
Corporate tax expense	**(327)**	(298)	10	**(160)**	(167)	(4)
Cash net profit after tax	**846**	776	9	**417**	429	(3)

Balance Sheet	As at 30 Jun 15 NZ$M	31 Dec 14 NZ$M	30 Jun 14 NZ$M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Home loans	**43,737**	42,184	41,581	4	5
Business and rural lending	**20,019**	18,761	17,556	7	14
Other interest earning assets	**1,809**	1,747	1,641	4	10
Total lending interest earning assets	**65,565**	62,692	60,778	5	8
Non-lending interest earning assets	**7,297**	5,907	5,599	24	30
Other assets	**2,993**	1,783	1,918	68	56
Total assets	**75,855**	70,382	68,295	8	11
Customer deposits	**46,751**	42,727	40,152	9	16
Debt issues	**11,076**	10,307	9,612	7	15
Other interest bearing liabilities (1)	**4,198**	5,977	7,302	(30)	(43)
Total interest bearing liabilities	**62,025**	59,011	57,066	5	9
Non-interest bearing liabilities	**6,013**	4,377	4,246	37	42
Total liabilities	**68,038**	63,388	61,312	7	11

Key Financial Metrics (2)	Full Year Ended 30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Performance indicators						
Return on assets (%)	**1. 2**	1. 1	10 bpts	**1. 2**	1. 2	-
Impairment expense annualised as a % of average GLAA's (%)	**0. 14**	0. 09	5 bpts	**0. 16**	0. 12	4 bpts
Funds management income to average FUA (%) (3)	**0. 54**	0. 56	(2)bpts	**0. 53**	0. 54	(1)bpt
Operating expenses to total operating income (%)	**38. 9**	40. 5	(160)bpts	**39. 2**	38. 7	50 bpts
Other asset/liability information						
Average interest earning assets (NZ$M)	**69,380**	65,796	5	**70,828**	67,956	4
Average interest bearing liabilities (NZ$M)	**59,308**	56,202	6	**60,357**	58,276	4
FUA - average (NZ$M)	**10,291**	8,583	20	**10,748**	9,833	9
FUA - spot (NZ$M)	**11,117**	9,318	19	**11,117**	10,132	10
Assets under management - average (NZ$M)	**3,517**	2,778	27	**3,727**	3,307	13
Assets under management - spot (NZ$M)	**3,802**	3,036	25	**3,802**	3,419	11

(1) Includes NZD1.4 billion due to Group companies (31 December 2014: NZD2.7 billion; 30 June 2014: NZD4.1 billion).
(2) Key financial metrics are calculated in New Zealand dollar terms.
(3) Includes Assets under management.

Financial Performance and Business Review

Year Ended June 2015 versus June 2014

ASB Bank's cash net profit after tax for the full year ended 30 June 2015 was NZD846 million, an increase of 9% on the prior year. Operating income growth of 9% was driven by favourable funding conditions and strong business and rural lending growth, partly offset by home loan margin compression, and increased operating expenses and loan impairment expense.

Net Interest Income

Net interest income was NZD1,652 million, an increase of 10% on the prior year, with improved retail deposit margins and strong volume growth in key portfolios.

Balance Sheet growth included:

- Home loan growth of 5%, with continued customer preference for fixed rate lending;
- Business and rural loan growth of 14%, delivering above system growth due to continued investment in these business; and
- Growth in customer deposits of 16% driven by strong demand across the retail deposit portfolio.

Net interest margin increased, reflecting improved deposit margins, partly offset by a reduction in lending margins in a highly competitive environment and the continued customer preference for lower margin fixed rate mortgages.

Other Banking and Funds Management Income

Other banking income was NZD341 million, an increase of 1% on the prior year, due to higher lending fee income principally as a result of business lending growth, and higher fixed rate loan prepayment fees. This was partly offset by the higher cost of hedging foreign currency deposits and lower service fees.

Funds management income was NZD74 million, an increase of 16% on the prior year, resulting from strong Funds Under Administration and Assets Under Management growth.

Operating Expenses

Operating expenses were NZD805 million, an increase of 5% on the prior year. This increase was driven by higher staff expenses due to inflationary-related salary increases and continued investment in frontline capability, ongoing technology investment and higher operational losses and professional fees.

The expense to income ratio for ASB Bank was 38.9%, an improvement of 160 basis points, reflecting a continued focus on productivity across the Bank.

Loan Impairment Expense

Loan impairment expense was NZD89 million, an increase of 59% on the prior year, primarily due to higher unsecured retail provisioning as the portfolio seasoned as expected, an increase in rural lending provisioning, and stabilising home loan impairment expense.

Half Year Ended June 2015 versus December 2014

ASB Bank cash net profit after tax for the half year ended 30 June 2015 was NZD417 million, a decrease of 3% on the prior half. This result was driven by an increase in impairment expense and operating expenses, with income remaining in line with the prior half.

Net Interest Income

Net interest income was flat on the prior half. Strong lending growth in business and rural lending was offset by continued competition for fixed rate mortgages, a decrease in deposit margins, and three fewer calendar days in the half.

Balance Sheet growth included:

- Home loan growth of 4%, in line with system, following a period of below system growth;
- Business and rural loans up 7%, with growth remaining above system; and
- Customer deposit growth of 9%, with retail deposits continuing to perform strongly.

Net interest margin decreased, reflecting ongoing pressure on lending margins and a decline in deposit margins.

Other Banking and Funds Management Income

Other banking income increased 2% on the prior half, driven by higher fixed rate loan prepayment fees, insurance commission income and a stronger Markets performance, partly offset by lower card and lending fees.

Funds management income increased 6%, principally due to the performance of the ASB KiwiSaver scheme.

Operating Expenses

Operating expenses increased 2% on the prior half, due to higher operational losses and continued investment in technology.

The expense to income ratio for ASB Bank was 39.2%, an increase of 50 basis points.

Loan Impairment Expense

Loan impairment expense increased NZD15 million on the prior half, due to an increase in rural lending provisioning.

Sovereign	Full Year Ended 30 Jun 15 NZ$M	30 Jun 14 NZ$M	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15 NZ$M	31 Dec 14 NZ$M	Jun 15 vs Dec 14 %
Insurance income	**225**	201	12	**118**	107	10
Operating expenses	**(124)**	(119)	4	**(62)**	(62)	-
Net profit before tax	**101**	82	23	**56**	45	24
Corporate tax benefit	**5**	10	(50)	**2**	3	(33)
Underlying profit after tax	**106**	92	15	**58**	48	21
Investment experience after tax	**17**	11	55	**8**	9	(11)
Cash net profit after tax	**123**	103	19	**66**	57	16
Sources of profit represented by:						
The margin on services profit from ordinary activities after income tax is represented by:						
Planned profit margins	**87**	84	4	**44**	43	2
Experience variations	**19**	8	large	**14**	5	large
Operating margins	**106**	92	15	**58**	48	21
Investment experience after tax	**17**	11	55	**8**	9	(11)
Cash net profit after tax	**123**	103	19	**66**	57	16

Key Financial Metrics	Full Year Ended 30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Performance indicators						
Insurance income to average inforce premiums (%)	**31. 9**	30. 0	190 bpts	**33. 3**	30. 4	290 bpts
Average inforce premiums (NZ$M)	**705**	669	5	**714**	698	2

New Zealand - Annual Inforce Premiums	Full Year Ended 30 Jun 15 NZ$M	30 Jun 14 NZ$M	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15 NZ$M	31 Dec 14 NZ$M	Jun 15 vs Dec 14 %
Opening balance	**684**	654	5	**703**	684	3
Sales/new business	**121**	103	17	**63**	58	9
Lapses	**(84)**	(73)	15	**(45)**	(39)	15
Closing balance	**721**	684	5	**721**	703	3

Financial Performance and Business Review

Year Ended June 2015 versus June 2014

Sovereign cash net profit after tax for the full year ended 30 June 2015 was NZD123 million, an increase of 19% on the prior year. The increase was driven by favourable claims and investment experience, with the higher investment experience primarily driven by a decrease in New Zealand Government bond rates.

Insurance Income

Insurance income was NZD225 million, an increase of 12% on the prior year, with growth in annual inforce premium income of 5% and positive claims experience. Sovereign risk and health lapse rate continued to be amongst the best in the industry.

Operating Expenses

Operating expenses were NZD124 million, an increase of 4% on the prior year, driven by restructuring, consulting and rebranding expenses.

Half Year Ended June 2015 versus December 2014

Sovereign cash net profit after tax for the half year ended 30 June 2015 was NZD66 million, an increase of 16% on the prior half, driven by growth in inforce premiums, improved lapse rates, and positive claims experience.

Insurance Income

Insurance income increased 10% on the prior half, driven by continued growth in inforce premiums, due to improved lapse rates, and continued positive claims experience.

Operating Expenses

Operating expenses were in line with the prior half.

Bankwest

	Full Year Ended [1]			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Net interest income	**1,594**	1,577	1	**791**	803	(1)
Other banking income	**217**	206	5	**108**	109	(1)
Total banking income	**1,811**	1,783	2	**899**	912	(1)
Operating expenses	**(785)**	(806)	(3)	**(388)**	(397)	(2)
Loan impairment expense	**50**	(11)	large	**24**	26	(8)
Net profit before tax	**1,076**	966	11	**535**	541	(1)
Corporate tax expense	**(324)**	(291)	11	**(161)**	(163)	(1)
Cash net profit after tax	**752**	675	11	**374**	378	(1)

	As at				
Balance Sheet	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Home loans	**61,472**	59,658	58,251	3	6
Other interest earning lending assets	**17,398**	17,655	18,112	(1)	(4)
Non-lending interest earning assets	**2**	3	11	(33)	(82)
Total interest earning assets	**78,872**	77,316	76,374	2	3
Other assets	**269**	175	421	54	(36)
Total assets	**79,141**	77,491	76,795	2	3
Transaction deposits	**11,238**	9,932	9,037	13	24
Savings deposits	**10,882**	10,181	10,463	7	4
Investment deposits	**26,473**	25,724	25,052	3	6
Certificates of deposit and other	**42**	31	40	35	5
Total interest bearing deposits	**48,635**	45,868	44,592	6	9
Other interest bearing liabilities	**57**	24	103	large	(45)
Non-interest bearing liabilities	**807**	791	976	2	(17)
Total liabilities	**49,499**	46,683	45,671	6	8

	Full Year Ended [1]			Half Year Ended		
Key Financial Metrics	30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Performance indicators						
Return on assets (%)	**1. 0**	0. 9	10 bpts	**1. 0**	1. 0	-
Impairment expense annualised as a % of average GLAA's (%)	**(0. 06)**	0. 01	(7)bpts	**(0. 06)**	(0. 07)	1 bpt
Operating expenses to total banking income (%)	**43. 3**	45. 2	(190)bpts	**43. 2**	43. 5	(30)bpts
Other asset/liability information						
Average interest earning assets ($M)	**77,257**	74,568	4	**77,681**	76,840	1
Average interest bearing liabilities ($M)	**46,615**	42,608	9	**48,039**	45,215	6

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

Financial Performance and Business Review

Year Ended June 2015 versus June 2014

Bankwest cash net profit after tax for the full year ended 30 June 2015 was $752 million, an increase of 11% on the prior year. The result was driven by a 2% increase in total banking income, a 3% reduction in operating expenses, and substantially lower loan impairment expense.

Net Interest Income

Net interest income was $1,594 million, an increase of 1% on the prior year, reflecting volume growth in home lending, core business lending and customer deposits, offset by lower margins.

Balance Sheet movements included:

- Home loan growth of 6% achieved through a focus on priority customer segments within a competitive market;
- Modest growth in core business lending;
- An increase of 24% in transaction deposits due to strengthened customer relationships, particularly in retail products;
- Growth of 4% in savings deposits, reflecting continued online customer growth; and
- A 6% increase in investment deposit balances; partly offset by
- A decrease in higher risk, non-core business lending.

Net interest margin decreased, reflecting lower lending margins, due to increased competition, a change in product mix, and lower deposit margin impacted by the lower cash rate.

Other Banking Income

Other banking income was $217 million, an increase of 5% on the prior year, due to increased retail lending income, partly offset by lower business lending fees.

Operating Expenses

Operating expenses were $785 million, a decrease of 3% on the prior year, reflecting a continued focus on productivity and disciplined expense management. The expense to income ratio of 43.3% improved 190 basis points compared to the prior year.

Loan Impairment Expense

Loan impairment expense decreased $61 million on the prior year, due to reduced levels of individual provisions, partly offset by the slower run-off of the troublesome and impaired book.

Half Year Ended June 2015 versus December 2014

Cash net profit after tax for the half year ended 30 June 2015 was $374 million, a decrease of 1% on the prior half driven by a decrease in total banking income, partly offset by lower operating expenses and loan impairment expense.

Net Interest Income

Net interest income decreased 1% on the prior half, reflecting a lower net interest margin and three fewer calendar days than the prior half, partly offset by volume growth in home lending, core business lending and customer deposits.

Balance Sheet movements included:

- Modest home loan growth of 3%, reflecting conservative growth in a competitive environment;
- Growth in core business lending within a subdued credit growth environment;
- An increase of 13% in transaction deposits driven by targeted customer offerings and a continued focus on deepening relationships;
- Growth of 7% in savings deposits, reflecting strong online customer growth; and
- An increase of 3% in investment deposits; partly offset by
- A decrease in non-core business lending due to continued run-off of non-core exposures.

Net interest margin decreased, reflecting lower lending margins due to the impact of strong competition, and lower retail deposit margins due to the impact of the falling cash rate.

Other Banking Income

Other banking income decreased 1% on the prior half, with lower business lending fees due to increased competition, partly offset by increased retail lending fee income.

Operating Expenses

Operating expenses decreased 2% on the prior half, due to a continued focus on productivity and ongoing expense management. The expense to income ratio decreased 30 basis points to 43.2% compared to the prior half.

Loan Impairment Expense

Loan impairment expense reflected a write-back of $24 million, relating to run-off of the non-core business lending portfolio.

IFS and Other

	Full Year Ended (1)			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
IFS	104	81	28	49	55	(11)
Corporate Centre	20	69	(71)	82	(62)	large
Eliminations/Unallocated	152	73	large	70	82	(15)
Cash net profit after tax	276	223	24	201	75	large

	Full Year Ended			Half Year Ended		
IFS (2)	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Net interest income	137	116	18	72	65	11
Other banking income	241	173	39	128	113	13
Total banking income	378	289	31	200	178	12
Insurance income	42	36	17	21	21	-
Total operating income	420	325	29	221	199	11
Operating expenses	(274)	(215)	27	(153)	(121)	26
Loan impairment expense	(25)	(7)	large	(19)	(6)	large
Net profit before tax	121	103	17	49	72	(32)
Corporate tax expense	(21)	(22)	(5)	(4)	(17)	(76)
Non-controlling interests	(4)	(5)	(20)	(2)	(2)	-
Underlying profit after tax	96	76	26	43	53	(19)
Investment experience after tax	8	5	60	6	2	large
Cash net profit after tax	104	81	28	49	55	(11)

(1) Comparative information has been restated to conform to presentation in the current year.
(2) International Financial Services (IFS) incorporates the Asian retail and business banking operations (Indonesia, China, Vietnam, and India), investments in Chinese and Vietnamese banks, the joint venture Chinese life insurance business, the life insurance operations in Indonesia and acquisition of a South African based financial services technology company. It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial first State Global Asset Management businesses in Asia.

Financial Performance and Business Review

Year Ended June 2015 versus June 2014

International Financial Services (IFS) cash net profit after tax for the full year ended 30 June 2015 was $104 million, an increase of 28% on prior year, including an 18% benefit from the lower Australian dollar. Excluding the $50 million provision for impairment of the investment in Vietnam International Bank (VIB) in prior year, cash net profit after tax decreased 21%. The result was driven by higher operating expenses from business expansion, core banking platform investment and higher loan impairment expense, partly offset by solid operating income.

In January 2015, IFS acquired new capability through the acquisition of Take Your Money Everywhere (TYME), a South African based financial services technology company. TYME designs, builds and operates digital banking ecosystems that serve customers in emerging markets.

The expansion in Asia continued with the total number of direct customers growing 12% to over 463,000. The IFS management team relocated to Hong Kong in the third quarter of the year.

Net Interest Income

Net interest income was $137 million, an increase of 18% on the prior year, including a 4% benefit from the lower Australian dollar. This reflected solid lending and deposit balance growth in Indonesia and the China County Banks, despite the slowdown of these economies, partly offset by lower net interest margin.

Balance Sheet growth included:

- Growth in business and consumer lending of 19% and 20%, respectively;
- Growth in deposit and lending balances in China County Banks of 70% and 25%, respectively; and
- Continued growth in proprietary banking operations in India and Vietnam.

Net interest margin decreased due to interest rate liberalisation in China and competitive pressures on deposits and lending.

Other Banking Income

Other banking income was $241 million, an increase of 39% on the prior year, including an 11% benefit from the lower Australian dollar. Excluding the provision for impairment of the investment in VIB in prior year, other banking income increased 8%. This result reflects fee income from the TYME business and higher wealth management product sales in PT Bank Commonwealth (PTBC), partly offset by lower share of profits from investments in associates in China.

Insurance Income

Insurance income was $42 million, an increase of 17% on the prior year, including a 2% benefit from the lower Australian dollar, with higher first year premiums and investment returns.

Operating Expenses

Operating expenses were $274 million, an increase of 27% on the prior year, including a 4% increase from the lower Australian dollar. This reflects footprint expansion in China, core banking platform investment in China and Indonesia, relocation of the IFS head office to Hong Kong, and growth in the proprietary businesses.

Loan Impairment Expense

Loan impairment expense was $25 million, driven by Non-Performing Loans (NPLs) in the PTBC business lending book.

Half Year Ended June 2015 versus December 2014

IFS cash net profit after tax for the half year ended 30 June 2015 was $49 million, a decrease of 11% on the prior half, including an 18% benefit from the lower Australian dollar. The result was driven by higher operating expenses from business expansion, relocation of the head office and higher loan impairment expense, partly offset by growth in operating income.

Net Interest Income

Net interest income increased 11% on the prior half, including a 7% benefit from the lower Australian dollar. This reflects lending and deposit balance growth, partly offset by lower net interest margin due to interest rate liberalisation in China and competitive pressures on deposits.

Other Banking Income

Other banking income increased 13% on the prior half, including an 11% benefit from the lower Australian dollar. The result was driven by fee income from the TYME business and share of profits from the investments in associates in China and Vietnam.

Insurance Income

Insurance income was in line with the prior half, including a 5% benefit from the lower Australian dollar. The result was driven by lower investment returns, partly offset by an increase in premium income.

Operating Expenses

Operating expenses increased 26% on the prior half, including a 6% increase from the lower Australian dollar. This reflects growth in the proprietary businesses including TYME, core banking platform investment in China and Indonesia and relocation of the IFS head office to Hong Kong.

Loan Impairment Expense

Loan impairment expense was $19 million, driven by NPLs in the business lending book of PTBC.

	Full Year Ended (1)			Half Year Ended		
Corporate Centre (2)	**30 Jun 15 $M**	**30 Jun 14 $M**	**Jun 15 vs Jun 14 %**	**30 Jun 15 $M**	**31 Dec 14 $M**	**Jun 15 vs Dec 14 %**
Net interest income	499	555	(10)	227	272	(17)
Other banking income	173	150	15	116	57	large
Total operating income	672	705	(5)	343	329	4
Operating expenses	(644)	(626)	3	(258)	(386)	(33)
Net profit before tax	28	79	(65)	85	(57)	large
Corporate tax expense	(8)	(10)	(20)	(3)	(5)	(40)
Cash net profit after tax	20	69	(71)	82	(62)	large

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

(2) Corporate Centre includes the results of unallocated Group support functions such as Investor Relations, Group Strategy, Marketing, Digital Channels, Secretariat and Treasury.

Treasury is primarily focused 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:

- Portfolio 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 and the Group's prudent liquidity requirements;
- Group Funding and Liquidity: manages the Group's long-term and short-term wholesale funding requirements; and
- Capital and Regulatory Strategy: manages the Group's capital requirements.

Year Ended June 2015 versus June 2014

Corporate Centre cash net profit after tax for the full year ended 30 June 2015 was $20 million, a decrease of $49 million on the prior year. Total operating income decreased 5% to $672 million, driven by:

- Less favourable Treasury earnings from management of interest rate risk; partly offset by
- The impact of debt buy backs in the prior year.

Operating expenses were $644 million, an increase of 3% on the prior year, primarily driven by inflation-related costs within support functions.

Half Year Ended June 2015 versus December 2014

Corporate Centre cash net profit after tax for the half year ended 30 June 2015 was $82 million, an increase of $144 million on the prior half. Total operating income increased 4% to $343 million driven by:

- Gains on sale of liquid assets; partly offset by
- Lower Treasury earnings from management of interest rate risk.

Operating expenses decreased 33% on the prior half driven by a decrease in long-term provisions due to higher bond yields and reallocation of expenses to the business.

IFS and Other

Eliminations/Unallocated [2]	Full Year Ended [1]			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Net interest income	**63**	59	7	**57**	6	large
Other banking income	**33**	(119)	large	**90**	(57)	large
Total banking income	**96**	(60)	large	**147**	(51)	large
Funds management income	**21**	37	(43)	**2**	19	(89)
Insurance income	**15**	6	large	**3**	12	(75)
Total operating income	**132**	(17)	large	**152**	(20)	large
Loan impairment expense	**15**	(4)	large	**13**	2	large
Net profit before tax	**147**	(21)	large	**165**	(18)	large
Corporate tax expense	**61**	91	(33)	**(42)**	103	large
Non-controlling interests	**(17)**	(14)	21	**(9)**	(8)	13
Underlying profit after tax	**191**	56	large	**114**	77	48
Investment experience after tax	**(39)**	17	large	**(44)**	5	large
Cash net profit after tax	**152**	73	large	**70**	82	(15)

(1) Comparative information has been restated to conform to presentation in the current year.
(2) Group wide Eliminations/Unallocated includes intra-group elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.

Year Ended June 2015 versus June 2014

Eliminations/Unallocated cash net gain after tax for the full year ended 30 June 2015 was $152 million, an increase of $79 million on the prior year. This was primarily driven by timing of recognition of unallocated revenue items and a decrease in centrally held loan impairment provisions.

Half Year Ended June 2015 versus December 2014

Eliminations/Unallocated cash net gain after tax for the half year ended 30 June 2015 was $70 million, a decrease of $12 million on the prior half. This was primarily driven by timing of recognition of unallocated revenue items and a decrease in centrally held loan impairment provisions.

Investment Experience

Investment experience includes net returns from shareholder investments held within Wealth Management, and within the New Zealand and Indonesian life insurance businesses.

	Full Year Ended			Half Year Ended		
	30 Jun 15	30 Jun 14	Jun 15 vs	30 Jun 15	31 Dec 14	Jun 15 vs
Investment Experience	$M	$M	Jun 14 %	$M	$M	Dec 14 %
Wealth Management [(1)]	**226**	202	12	**163**	63	large
New Zealand	**12**	5	large	**4**	8	(50)
IFS and Other	**(28)**	28	large	**(37)**	9	large
Investment experience before tax	**210**	235	(11)	**130**	80	63
Corporate tax expense	**(60)**	(38)	58	**(37)**	(23)	61
Investment experience after tax	**150**	197	(24)	**93**	57	63

(1) Includes the gain on sale of Novion Property Group (NVN) units in the current year and Commonwealth Property Office Fund (CPA) units in the prior year, and Property related distributions received from these investments.

Shareholder Investment Asset Mix

The net tangible assets by investment asset class shown below represent shareholder investments held within Wealth Management, and within the New Zealand and Indonesian life insurance businesses.

	As at 30 June 2015			
	Australia [(1)]	New Zealand	Asia	Total
Shareholder Investment Asset Mix (%)	%	%	%	%
Equities	-	-	-	-
Fixed interest	43	54	88	49
Cash	57	46	12	51
Total	100	100	100	100

	As at 30 June 2015			
	Australia [(1)]	New Zealand	Asia	Total
Shareholder Investment Asset Mix ($M)	$M	$M	$M	$M
Equities	-	3	-	3
Fixed interest	1,150	364	303	1,817
Cash	1,544	317	41	1,902
Total	2,694	684	344	3,722

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

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Financial Statements

Consolidated Income Statement

For the year ended 30 June 2015

		Full Year Ended		Half Year Ended	
	Appendix	30 Jun 15 $M	30 Jun 14 $M	30 Jun 15 $M	31 Dec 14 $M
Interest income	1	**34,100**	33,645	**16,805**	17,295
Interest expense	1	**(18,305)**	(18,544)	**(8,898)**	(9,407)
Net interest income	1	**15,795**	15,101	**7,907**	7,888
Other banking income	5	**4,856**	4,320	**2,542**	2,314
Net banking operating income		**20,651**	19,421	**10,449**	10,202
Funds management income		**2,396**	2,356	**1,245**	1,151
Investment revenue		**618**	840	**276**	342
Claims, policyholder liability and commission expense		**(1,011)**	(1,162)	**(492)**	(519)
Net funds management operating income		**2,003**	2,034	**1,029**	974
Premiums from insurance contracts		**2,797**	2,604	**1,424**	1,373
Investment revenue		**543**	547	**169**	374
Claims, policyholder liability and commission expense from insurance contracts		**(2,326)**	(2,118)	**(1,114)**	(1,212)
Net insurance operating income		**1,014**	1,033	**479**	535
Total net operating income before impairment and operating expenses		**23,668**	22,488	**11,957**	11,711
Loan impairment expense	9	**(988)**	(918)	**(548)**	(440)
Operating expenses	6	**(10,068)**	(9,573)	**(5,117)**	(4,951)
Net profit before income tax		**12,612**	11,997	**6,292**	6,320
Corporate tax expense	7	**(3,429)**	(3,221)	**(1,715)**	(1,714)
Policyholder tax expense	7	**(99)**	(126)	**(38)**	(61)
Net profit after income tax		**9,084**	8,650	**4,539**	4,545
Non-controlling interests		**(21)**	(19)	**(11)**	(10)
Net profit attributable to Equity holders of the Bank		**9,063**	8,631	**4,528**	4,535

The above Consolidated Income Statement should be read in conjunction with the accompanying appendices.

	Full Year Ended		Half Year Ended	
	30 Jun 15	30 Jun 14	30 Jun 15	31 Dec 14
	Cents per Share			
Earnings per share:				
Basic	**557. 0**	533. 8	**277. 9**	279. 1
Diluted	**531. 6**	521. 9	**264. 7**	272. 1

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Full Year Ended		Half Year Ended	
	30 Jun 15 $M	30 Jun 14 $M	30 Jun 15 $M	31 Dec 14 $M
Net profit after income tax for the period	**9,084**	8,650	**4,539**	4,545
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation reserve net of tax	**398**	385	**10**	388
Gains and (losses) on cash flow hedging instruments net of tax	**39**	(144)	**(196)**	235
Gains and (losses) on available-for-sale investments net of tax	**(45)**	338	**(136)**	91
Total of items that may be reclassified	**392**	579	**(322)**	714
Items that will not be reclassified to profit or loss:				
Actuarial gains and losses from defined benefit superannuation plans net of tax	**311**	42	**327**	(16)
Gains and losses on liabilities at fair value due to changes in own credit risk net of tax	**(3)**	6	**(2)**	(1)
Revaluation of properties net of tax	**15**	26	**15**	-
Total of items that will not be reclassified	**323**	74	**340**	(17)
Other comprehensive income/(expense) net of income tax	**715**	653	**18**	697
Total comprehensive income for the period	**9,799**	9,303	**4,557**	5,242
Total comprehensive income for the period is attributable to:				
Equity holders of the Bank	**9,778**	9,284	**4,546**	5,232
Non-controlling interests	**21**	19	**11**	10
Total comprehensive income net of tax for the period	**9,799**	9,303	**4,557**	5,242

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying appendices.

	Full Year Ended		Half Year Ended	
	30 Jun 15	30 Jun 14	30 Jun 15	31 Dec 14
	Cents per Share			
Dividends per share attributable to shareholders of the Bank:				
Ordinary shares	**420**	401	**222**	198
Trust preferred securities	**7,387**	6,498	**3,947**	3,440

Financial Statements

Consolidated Balance Sheet

As at 30 June 2015

Assets	Appendix	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M
Cash and liquid assets		**33,116**	30,047	26,409
Receivables due from other financial institutions		**11,540**	8,488	8,065
Assets at fair value through Income Statement:				
Trading		**26,424**	29,931	21,459
Insurance		**14,088**	14,418	15,142
Other		**1,278**	624	760
Derivative assets		**46,154**	53,489	29,247
Available-for-sale investments		**74,684**	69,591	66,137
Loans, bills discounted and other receivables	8	**639,262**	620,328	597,781
Bank acceptances of customers		**1,944**	2,026	5,027
Property, plant and equipment		**2,833**	2,689	2,816
Investment in associates and joint ventures		**2,637**	2,102	1,844
Intangible assets	10	**9,970**	9,881	9,792
Deferred tax assets		**455**	418	586
Other assets		**9,061**	6,682	6,386
Total assets		**873,446**	850,714	791,451

Liabilities	Appendix	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M
Deposits and other public borrowings	11	**543,231**	522,563	498,352
Payables due to other financial institutions		**36,416**	33,957	24,978
Liabilities at fair value through Income Statement		**8,493**	7,246	7,508
Derivative liabilities		**35,213**	43,162	27,259
Bank acceptances		**1,944**	2,026	5,027
Current tax liabilities		**661**	524	688
Deferred tax liabilities		**351**	385	366
Other provisions (1)		**1,726**	1,473	1,363
Insurance policy liabilities		**12,911**	13,177	13,166
Debt issues		**154,429**	153,249	142,219
Managed funds units on issue		**1,149**	1,058	1,214
Bills payable and other liabilities (1)		**11,105**	9,293	10,369
		807,629	788,113	732,509
Loan capital		**12,824**	11,570	9,594
Total liabilities		**820,453**	799,683	742,103
Net assets		**52,993**	51,031	49,348

Shareholders' Equity	Appendix	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M
Share capital:				
Ordinary share capital	16	**27,619**	27,039	27,036
Other equity instruments	16	**939**	939	939
Reserves	16	**2,345**	2,674	2,009
Retained profits	16	**21,528**	19,823	18,827
Shareholders' Equity attributable to Equity holders of the Bank		**52,431**	50,475	48,811
Non-controlling interests	16	**562**	556	537
Total Shareholders' Equity		**52,993**	51,031	49,348

(1) Comparative information has been reclassified to conform to presentation in the current year.

The above Consolidated Balance Sheet should be read in conjunction with the accompanying appendices.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Ordinary share capital $M	Other equity instruments $M	Reserves $M	Retained profits $M	Shareholders' Equity attributable to Equity holders of the Bank $M	Non-controlling interests $M	Total Shareholders' Equity $M
As at 31 December 2013	26,327	939	1,780	17,455	**46,501**	536	**47,037**
Net profit after income tax	-	-	-	4,424	**4,424**	9	**4,433**
Net other comprehensive income	-	-	145	(59)	**86**	-	**86**
Total comprehensive income for the period	-	-	145	4,365	**4,510**	9	**4,519**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(2,950)	**(2,950)**	-	**(2,950)**
Dividends paid on other equity instruments	-	-	-	(16)	**(16)**	-	**(16)**
Dividend reinvestment plan (net of issue costs)	707	-	-	-	**707**	-	**707**
Other equity movements:							
Share-based payments	-	-	46	-	**46**	-	**46**
Purchase of treasury shares	(9)	-	-	-	**(9)**	-	**(9)**
Sale and vesting of treasury shares	11	-	-	-	**11**	-	**11**
Other changes	-	-	38	(27)	**11**	(8)	**3**
As at 30 June 2014	27,036	939	2,009	18,827	**48,811**	537	**49,348**
Net profit after income tax	-	-	-	4,535	**4,535**	10	**4,545**
Net other comprehensive income	-	-	714	(17)	**697**	-	**697**
Total comprehensive income for the period	-	-	714	4,518	**5,232**	10	**5,242**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(3,534)	**(3,534)**	-	**(3,534)**
Dividends paid on other equity instruments	-	-	-	(17)	**(17)**	-	**(17)**
Dividend reinvestment plan (net of issue costs)	-	-	-	-	**-**	-	**-**
Other equity movements:							
Share-based payments	-	-	(46)	-	**(46)**	-	**(46)**
Purchase of treasury shares	(727)	-	-	-	**(727)**	-	**(727)**
Sale and vesting of treasury shares	730	-	-	-	**730**	-	**730**
Other changes	-	-	(3)	29	**26**	9	**35**
As at 31 December 2014	27,039	939	2,674	19,823	**50,475**	556	**51,031**
Net profit after income tax	-	-	-	4,528	**4,528**	11	**4,539**
Net other comprehensive income	-	-	(307)	325	**18**	-	**18**
Total comprehensive income for the period	-	-	(307)	4,853	**4,546**	11	**4,557**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(3,210)	**(3,210)**	-	**(3,210)**
Dividends paid on other equity instruments	-	-	-	(19)	**(19)**	-	**(19)**
Dividend reinvestment plan (net of issue costs)	571	-	-	-	**571**	-	**571**
Other equity movements:							
Share-based payments	-	-	43	-	**43**	-	**43**
Purchase of treasury shares	(63)	-	-	-	**(63)**	-	**(63)**
Sale and vesting of treasury shares	72	-	-	-	**72**	-	**72**
Other changes	-	-	(65)	81	**16**	(5)	**11**
As at 30 June 2015	27,619	939	2,345	21,528	**52,431**	562	**52,993**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying appendices.

Consolidated Statement of Cash Flows [1]

For the year ended 30 June 2015

		Full Year Ended	
	Appendix	30 Jun 15 $M	30 Jun 14 $M
Cash flows from operating activities			
Interest received		**34,067**	33,623
Interest paid		**(17,425)**	(18,160)
Other operating income received		**5,467**	5,138
Expenses paid		**(8,740)**	(8,377)
Income taxes paid		**(3,444)**	(3,763)
Net cash inflows from assets at fair value through Income Statement (excluding life insurance)		**1,457**	5,188
Net inflows/(outflows) from liabilities at fair value through Income Statement:			
Insurance:			
Investment income		**118**	394
Premiums received [2]		**2,910**	2,899
Policy payments and commission expense [2]		**(3,307)**	(3,080)
Other liabilities at fair value through Income Statement		**738**	(1,619)
Cash flows from operating activities before changes in operating assets and liabilities		**11,841**	12,243
Changes in operating assets and liabilities arising from cash flow movements			
Movement in available-for-sale investments:			
Purchases		**(60,967)**	(49,468)
Proceeds		**53,569**	44,130
Net increase in loans, bills discounted and other receivables		**(41,768)**	(36,795)
Net increase in receivables due from other financial institutions and regulatory authorities		**(2,676)**	(245)
Net (increase)/decrease in securities purchased under agreements to resell		**(6,174)**	1,119
Insurance business:			
Purchase of insurance assets at fair value through Income Statement		**(2,741)**	(3,156)
Proceeds from sale/maturity of insurance assets at fair value through Income Statement		**4,789**	3,804
Net (increase)/decrease in other assets		**(1,084)**	298
Net increase in deposits and other public borrowings		**41,229**	29,419
Net increase/(decrease) in payables due to other financial institutions		**8,598**	(1,812)
Net increase in securities sold under agreements to repurchase		**3,015**	4,389
Net (decrease)/increase in other liabilities		**(448)**	37
Changes in operating assets and liabilities arising from cash flow movements		**(4,658)**	(8,280)
Net cash provided by operating activities	19 (a)	**7,183**	3,963
Cash flows from investing activities			
Net proceeds from disposal of controlled entities	19 (d)	**-**	531
Payments for acquisition of controlled entities	19 (e)	**(29)**	-
Net proceeds from disposal of entities and businesses (net of cash disposals)		**72**	481
Dividends received		**71**	70
Proceeds from sale of property, plant and equipment and assets held for sale		**69**	68
Purchases of property, plant and equipment		**(578)**	(513)
Payments for acquisitions of investments in associates/joint ventures		**(270)**	(36)
Net purchase of intangible assets		**(550)**	(400)
Net cash (used in)/provided by investing activities		**(1,215)**	201

(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 2015

		Full Year Ended	
	Appendix	30 Jun 15 $M	30 Jun 14 $M
Cash flows from financing activities			
Dividends paid (excluding Dividend Reinvestment Plan)		**(6,200)**	(5,491)
Proceeds from issuance of debt securities		**68,655**	87,554
Redemption of issued debt securities		**(73,377)**	(79,776)
Purchase of treasury shares		**(790)**	(813)
Sale of treasury shares		**744**	760
Issue of loan capital		**6,184**	358
Redemption of loan capital		**(2,971)**	(500)
Other		**(120)**	(157)
Net cash (used in)/provided by financing activities		**(7,875)**	1,935
Net (decrease)/increase in cash and cash equivalents		**(1,907)**	6,099
Effect of foreign exchange rates on cash and cash equivalents		**2,049**	411
Cash and cash equivalents at beginning of year		**19,128**	12,618
Cash and cash equivalents at end of year	19 (b)	**19,270**	19,128

(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.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying appendices.

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Appendices

1. Net Interest Income

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Interest Income						
Loans and bills discounted	**31,431**	31,154	1	**15,518**	15,913	(2)
Other financial institutions	**73**	69	6	**38**	35	9
Cash and liquid assets	**268**	251	7	**131**	137	(4)
Assets at fair value through Income Statement	**518**	447	16	**231**	287	(20)
Available-for-sale investments	**1,810**	1,724	5	**887**	923	(4)
Total interest income - "statutory basis"	**34,100**	33,645	1	**16,805**	17,295	(3)
Interest Expense						
Deposits	**12,953**	13,338	(3)	**6,281**	6,672	(6)
Other financial institutions	**220**	228	(4)	**118**	102	16
Liabilities at fair value through Income Statement	**188**	206	(9)	**85**	103	(17)
Debt issues	**4,372**	4,343	1	**2,117**	2,255	(6)
Loan capital	**572**	429	33	**297**	275	8
Total interest expense - "statutory basis"	**18,305**	18,544	(1)	**8,898**	9,407	(5)
Net interest income - "statutory basis"	**15,795**	15,101	5	**7,907**	7,888	-

Net Interest Income – Reconciliation of Cash to Statutory Basis

The table below sets out the accounting impacts arising from the application of Australian Accounting Standards Board (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 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Total interest income - "cash basis"	**34,104**	33,634	1	**16,807**	17,297	(3)
Fair value adjustment interest income	**-**	(5)	large	**-**	-	-
Hedging and IFRS volatility	**(4)**	16	large	**(2)**	(2)	-
Total interest income - "statutory basis"	**34,100**	33,645	1	**16,805**	17,295	(3)
Total interest expense - "cash basis"	**18,305**	18,543	(1)	**8,899**	9,406	(5)
Hedging and IFRS volatility	**-**	1	large	**(1)**	1	large
Total interest expense - "statutory basis"	**18,305**	18,544	(1)	**8,898**	9,407	(5)

2. Net Interest Margin

	Full Year Ended		Half Year Ended	
	30 Jun 15	30 Jun 14	30 Jun 15	31 Dec 14
	%	%	%	%
Australia				
Interest spread (1)	**2. 04**	2. 04	**2. 03**	2. 04
Benefit of interest-free liabilities, provisions and equity (2)	**0. 10**	0. 15	**0. 07**	0. 13
Net interest margin (3)	**2. 14**	2. 19	**2. 10**	2. 17
New Zealand				
Interest spread (1)	**1. 86**	1. 87	**1. 81**	1. 91
Benefit of interest-free liabilities, provisions and equity (2)	**0. 46**	0. 44	**0. 45**	0. 47
Net interest margin (3)	**2. 32**	2. 31	**2. 26**	2. 38
Other Overseas				
Interest spread (1)	**0. 92**	1. 06	**0. 90**	0. 93
Benefit of interest-free liabilities, provisions and equity (2)	**0. 04**	0. 04	**0. 05**	0. 05
Net interest margin (3)	**0. 96**	1. 10	**0. 95**	0. 98
Total Group				
Interest spread (1)	**1. 96**	1. 97	**1. 94**	1. 97
Benefit of interest-free liabilities, provisions and equity (2)	**0. 13**	0. 17	**0. 13**	0. 15
Net interest margin (3)	**2. 09**	2. 14	**2. 07**	2. 12

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

(2) A portion of the Group's interest earning assets is funded by 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 the half year annualised.

3. Average Balances and Related Interest

The following tables list 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 2015 and 30 June 2014, as well as half years ended 30 June 2015 and 31 December 2014. Averages used were predominantly daily averages. Interest is accounted for based on product yield.

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 New Zealand and Other Overseas components comprise overseas branches of the Bank and overseas domiciled controlled entities. Non-accrual loans are included in interest earning assets under Loans, bills discounted and other receivables. The official cash rate in Australia decreased 50 basis points, while rates in New Zealand remained unchanged during the year.

	Full Year Ended 30 Jun 15			Full Year Ended 30 Jun 14		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Earning Assets	$M	$M	%	$M	$M	%
Home loans	410,306	19,518	4. 76	386,160	19,316	5. 00
Personal loans [1]	23,481	2,887	12. 30	22,499	2,824	12. 55
Business and corporate loans	190,537	9,027	4. 74	177,249	9,002	5. 08
Loans, bills discounted and other receivables	624,324	31,432	5. 03	585,908	31,142	5. 32
Cash and other liquid assets	40,131	341	0. 85	35,423	320	0. 90
Assets at fair value through Income Statement (excluding life insurance)	21,985	518	2. 36	22,312	447	2. 00
Available-for-sale investments	68,432	1,813	2. 65	61,728	1,725	2. 79
Non-lending interest earning assets	130,548	2,672	2. 05	119,463	2,492	2. 09
Total interest earning assets [2]	754,872	34,104	4. 52	705,371	33,634	4. 77
Non-interest earning assets	88,508			75,273		
Total average assets	843,380			780,644		

	Full Year Ended 30 Jun 15			Full Year Ended 30 Jun 14		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Bearing Liabilities	$M	$M	%	$M	$M	%
Transaction deposits [3]	79,215	609	0. 77	67,208	518	0. 77
Savings deposits [3]	165,464	3,777	2. 28	145,524	3,586	2. 46
Investment deposits [3]	199,849	6,322	3. 16	199,315	6,836	3. 43
Certificates of deposit and other	65,576	2,245	3. 42	61,139	2,393	3. 91
Total interest bearing deposits	510,104	12,953	2. 54	473,186	13,333	2. 82
Payables due to other financial institutions	31,691	220	0. 69	26,349	228	0. 87
Liabilities at fair value through Income Statement	7,094	188	2. 65	8,411	206	2. 45
Debt issues	153,789	4,372	2. 84	144,284	4,343	3. 01
Loan capital	11,481	572	4. 98	9,503	433	4. 56
Total interest bearing liabilities	714,159	18,305	2. 56	661,733	18,543	2. 80
Non-interest bearing liabilities	78,050			71,604		
Total average liabilities	792,209			733,337		

(1) Personal loans include consumer finance, credit cards and margin loans.
(2) Used for calculating Net interest margin.
(3) Comparative information has been reclassified to conform to presentation in the current year.

3. Average Balances and Related Interest (continued)

Net Interest Margin	Full Year Ended 30 Jun 15 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30 Jun 14 Avg Bal $M	Interest $M	Yield %
Total interest earning assets	754,872	34,104	4. 52	705,371	33,634	4. 77
Total interest bearing liabilities	714,159	18,305	2. 56	661,733	18,543	2. 80
Net interest income and interest spread		15,799	1. 96		15,091	1. 97
Benefit of free funds			0. 13			0. 17
Net interest margin			2. 09			2. 14

Geographical Analysis of Key Categories	Full Year Ended 30 Jun 15 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30 Jun 14 Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables						
Australia	542,138	27,079	4. 99	512,895	27,359	5. 33
New Zealand (1)	61,714	3,725	6. 04	56,969	3,268	5. 74
Other Overseas (1)	20,472	628	3. 07	16,044	515	3. 21
Total	624,324	31,432	5. 03	585,908	31,142	5. 32
Non-Lending Interest Earning Assets						
Australia	88,075	2,249	2. 55	83,534	2,186	2. 62
New Zealand (1)	6,478	246	3. 80	6,318	184	2. 91
Other Overseas (1)	35,995	177	0. 49	29,611	122	0. 41
Total	130,548	2,672	2. 05	119,463	2,492	2. 09
Total Interest Bearing Deposits						
Australia	450,660	11,278	2. 50	418,749	11,912	2. 84
New Zealand (1)	42,099	1,565	3. 72	36,869	1,315	3. 57
Other Overseas (1)	17,345	110	0. 63	17,568	106	0. 60
Total	510,104	12,953	2. 54	473,186	13,333	2. 82
Other Interest Bearing Liabilities						
Australia	155,541	4,371	2. 81	148,886	4,481	3. 01
New Zealand (1)	14,647	703	4. 80	13,731	559	4. 07
Other Overseas (1)	33,867	278	0. 82	25,930	170	0. 66
Total	204,055	5,352	2. 62	188,547	5,210	2. 76

(1) The New Zealand and Other Overseas components comprise 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.

3. Average Balances and Related Interest (continued)

Interest Earning Assets	Half Year Ended 30 Jun 15			Half Year Ended 31 Dec 14			Half Year Ended 30 Jun 14		
	Avg Bal $M	Interest $M	Yield %	Avg Bal $M	Interest $M	Yield %	Avg Bal $M	Interest $M	Yield %
Home loans	416,761	9,575	4. 63	403,956	9,943	4. 88	392,846	9,632	4. 94
Personal loans [1]	23,722	1,452	12. 34	23,244	1,435	12. 25	22,865	1,420	12. 52
Business and corporate loans	195,518	4,493	4. 63	185,637	4,534	4. 84	180,528	4,473	5. 00
Loans, bills discounted and other receivables	636,001	15,520	4. 92	612,837	15,912	5. 15	596,239	15,525	5. 25
Cash and liquid assets	42,496	169	0. 80	37,804	172	0. 90	38,140	188	0. 99
Assets at fair value through Income Statement (excluding life insurance)	21,697	231	2. 15	22,268	287	2. 56	22,774	227	2. 01
Available-for-sale investments	71,170	887	2. 51	65,739	926	2. 79	63,736	865	2. 74
Non-lending interest earning assets	135,363	1,287	1. 92	125,811	1,385	2. 18	124,650	1,280	2. 07
Total interest earning assets [2]	771,364	16,807	4. 39	738,648	17,297	4. 65	720,889	16,805	4. 70
Non-interest earning assets [3]	99,588			77,610			76,043		
Total average assets	870,952			816,258			796,932		

Interest Bearing Liabilities	Half Year Ended 30 Jun 15			Half Year Ended 31 Dec 14			Half Year Ended 30 Jun 14		
	Avg Bal $M	Interest $M	Yield %	Avg Bal $M	Interest $M	Yield %	Avg Bal $M	Interest $M	Yield %
Transaction deposits	82,693	300	0. 73	75,794	309	0. 81	69,333	266	0. 77
Savings deposits	172,436	1,851	2. 16	158,607	1,926	2. 41	151,326	1,822	2. 43
Investment deposits	202,133	3,075	3. 07	197,603	3,247	3. 26	198,952	3,283	3. 33
Certificates of deposit and other	64,249	1,056	3. 31	66,881	1,189	3. 53	64,376	1,170	3. 67
Total interest bearing deposits	521,511	6,282	2. 43	498,885	6,671	2. 65	483,987	6,541	2. 73
Payables due to other financial institutions	34,989	118	0. 68	28,447	102	0. 71	27,253	108	0. 80
Liabilities at fair value through Income Statement	6,162	85	2. 78	8,011	103	2. 55	8,135	102	2. 53
Debt issues	158,161	2,117	2. 70	149,488	2,255	2. 99	146,853	2,185	3. 00
Loan capital	12,409	297	4. 83	10,569	275	5. 16	9,521	222	4. 70
Total interest bearing liabilities	733,232	8,899	2. 45	695,400	9,406	2. 68	675,749	9,158	2. 73
Non-interest bearing liabilities [3]	85,555			70,669			72,838		
Total average liabilities	818,787			766,069			748,587		

(1) Personal loans include consumer finance, credit cards and margin loans.
(2) Used for calculating Net interest margin.
(3) Comparative information has been restated to conform to presentation in the current year.

3. Average Balances and Related Interest (continued)

Net Interest Margin	Half Year Ended 30 Jun 15 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 14 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 14 Avg Bal $M	Interest $M	Yield %
Total interest earning assets	**771,364**	**16,807**	**4. 39**	738,648	17,297	4. 65	720,889	16,805	4. 70
Total interest bearing liabilities	**733,232**	**8,899**	**2. 45**	695,400	9,406	2. 68	675,749	9,158	2. 73
Net interest income and interest spread		**7,908**	**1. 94**		7,891	1. 97		7,647	1. 97
Benefit of free funds			**0. 13**			0. 15			0. 17
Net interest margin			**2. 07**			2. 12			2. 14

Geographical Analysis of Key Categories	Half Year Ended 30 Jun 15 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 14 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 14 Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables									
Australia	**550,314**	**13,284**	**4. 87**	534,095	13,795	5. 12	519,881	13,567	5. 26
New Zealand (1)	**64,009**	**1,904**	**6. 00**	59,457	1,821	6. 08	58,937	1,688	5. 78
Other Overseas (1)	**21,678**	**332**	**3. 09**	19,285	296	3. 04	17,421	270	3. 13
Total	**636,001**	**15,520**	**4. 92**	612,837	15,912	5. 15	596,239	15,525	5. 25
Non-Lending Interest Earning Assets									
Australia	**89,406**	**1,052**	**2. 37**	86,764	1,197	2. 74	87,407	1,112	2. 57
New Zealand (1)	**6,905**	**129**	**3. 77**	6,058	117	3. 83	6,519	99	3. 06
Other Overseas (1)	**39,052**	**106**	**0. 55**	32,989	71	0. 43	30,724	69	0. 45
Total	**135,363**	**1,287**	**1. 92**	125,811	1,385	2. 18	124,650	1,280	2. 07
Total Interest Bearing Deposits									
Australia	**459,799**	**5,392**	**2. 36**	441,672	5,886	2. 64	427,446	5,803	2. 74
New Zealand (1)	**44,848**	**833**	**3. 75**	39,396	732	3. 69	38,369	677	3. 56
Other Overseas (1)	**16,864**	**57**	**0. 68**	17,817	53	0. 59	18,172	61	0. 68
Total	**521,511**	**6,282**	**2. 43**	498,885	6,671	2. 65	483,987	6,541	2. 73
Other Interest Bearing Liabilities									
Australia	**159,195**	**2,105**	**2. 67**	151,946	2,266	2. 96	150,576	2,220	2. 97
New Zealand (1)	**14,649**	**344**	**4. 74**	14,646	359	4. 86	13,510	297	4. 43
Other Overseas (1)	**37,877**	**168**	**0. 89**	29,923	110	0. 73	27,676	100	0. 73
Total	**211,721**	**2,617**	**2. 49**	196,515	2,735	2. 76	191,762	2,617	2. 75

(1) The New Zealand and Other Overseas components comprise 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.

4. Interest Rate and Volume Analysis

The following tables show the movement in interest income and expense due to changes in volume and interest rates. Volume variances reflect the change in interest from the prior year due to movement in the average balance. Rate variance reflects the change in interest from the prior year due to changes in interest rates.

	Full Year Ended Jun 15 vs Jun 14			Full Year Ended Jun 14 vs Jun 13		
	Volume	Rate	Total	Volume	Rate	Total
Interest Earning Assets [(1)]	$M	$M	$M	$M	$M	$M
Home loans	1,178	(976)	202	1,373	(2,321)	(948)
Personal loans	122	(59)	63	140	(52)	88
Business and corporate loans	652	(627)	25	468	(501)	(33)
Loans, bills discounted and other receivables	1,988	(1,698)	290	1,999	(2,892)	(893)
Cash and liquid assets	41	(20)	21	72	(3)	69
Assets at fair value through Income Statement (excluding life insurance)	(7)	78	71	135	(138)	(3)
Available-for-sale investments	182	(94)	88	69	(362)	(293)
Non-lending interest earning assets	229	(49)	180	373	(600)	(227)
Total interest earning assets	2,298	(1,828)	470	2,609	(3,729)	(1,120)

	Full Year Ended Jun 15 vs Jun 14			Full Year Ended Jun 14 vs Jun 13		
	Volume	Rate	Total	Volume	Rate	Total
Interest Bearing Liabilities [(1)]	$M	$M	$M	$M	$M	$M
Transaction deposits [(2)]	92	(1)	91	18	(137)	(119)
Savings deposits [(2)]	473	(282)	191	586	(651)	(65)
Investment deposits [(2)]	18	(532)	(514)	208	(1,426)	(1,218)
Certificates of deposit and other	163	(311)	(148)	42	(375)	(333)
Total interest bearing deposits	989	(1,369)	(380)	940	(2,675)	(1,735)
Payables due to other financial institutions	42	(50)	(8)	50	(55)	(5)
Liabilities at fair value through Income Statement	(34)	16	(18)	42	(34)	8
Debt issues	278	(249)	29	535	(1,061)	(526)
Loan capital	94	45	139	(20)	11	(9)
Total interest bearing liabilities	1,406	(1,644)	(238)	1,622	(3,889)	(2,267)

	Full Year Ended	
	Jun 15 vs Jun 14	Jun 14 vs Jun 13
	Increase/(Decrease)	Increase/(Decrease)
Change in Net Interest Income [(3)]	$M	$M
Due to changes in average volume of interest earning assets	1,048	1,105
Due to changes in interest margin	(340)	42
Change in net interest income	708	1,147

(1) 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).

(2) Comparative information has been reclassified to conform to presentation in the current year.

(3) “Volume” reflects the change in net interest income over the period due to balance growth (assuming rates were held constant), and “Rate” reflects the change due to movements in yield (assuming volumes were held constant).

4. Interest Rate and Volume Analysis (continued)

Geographical Analysis of Key Categories (1)	Full Year Ended Jun 15 vs Jun 14 Volume $M	Rate $M	Total $M	Full Year Ended Jun 14 vs Jun 13 Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	1,510	(1,790)	(280)	1,218	(2,714)	(1,496)
New Zealand	279	178	457	539	(49)	490
Other Overseas	139	(26)	113	165	(52)	113
Total	1,988	(1,698)	290	1,999	(2,892)	(893)
Non-Lending Interest Earning Assets						
Australia	117	(54)	63	344	(604)	(260)
New Zealand	5	57	62	6	12	18
Other Overseas	29	26	55	17	(2)	15
Total	229	(49)	180	373	(600)	(227)
Total Interest Bearing Deposits						
Australia	853	(1,487)	(634)	764	(2,620)	(1,856)
New Zealand	190	60	250	238	(102)	136
Other Overseas	(1)	5	4	(2)	(13)	(15)
Total	989	(1,369)	(380)	940	(2,675)	(1,735)
Other Interest Bearing Liabilities						
Australia	194	(304)	(110)	508	(1,197)	(689)
New Zealand	41	103	144	57	59	116
Other Overseas	59	49	108	37	4	41
Total	418	(276)	142	681	(1,213)	(532)

(1) The volume and rate variances for loans, bills discounted and other receivables, non-lending interest earning assets, total interest bearing deposits and other interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

4. Interest Rate and Volume Analysis (continued)

Interest Earning Assets [1]	Half Year Ended Jun 15 vs Dec 14 Volume $M	Rate $M	Total $M	Half Year Ended Jun 15 vs Jun 14 Volume $M	Rate $M	Total $M
Home loans	305	(673)	(368)	568	(625)	(57)
Personal loans	29	(12)	17	53	(21)	32
Business and corporate loans	234	(275)	(41)	358	(338)	20
Loans, bills discounted and other receivables	583	(975)	(392)	1,003	(1,008)	(5)
Cash and liquid assets	20	(23)	(3)	19	(38)	(19)
Assets at fair value through Income Statement (excluding life insurance)	(7)	(49)	(56)	(11)	15	4
Available-for-sale investments	72	(111)	(39)	97	(75)	22
Non-lending interest earning assets	98	(196)	(98)	106	(99)	7
Total interest earning assets	739	(1,229)	(490)	1,138	(1,136)	2

Interest Bearing Liabilities [1]	Half Year Ended Jun 15 vs Dec 14 Volume $M	Rate $M	Total $M	Half Year Ended Jun 15 vs Jun 14 Volume $M	Rate $M	Total $M
Transaction deposits	27	(36)	(9)	50	(16)	34
Savings deposits	158	(233)	(75)	240	(211)	29
Investment deposits	72	(244)	(172)	50	(258)	(208)
Certificates of deposit and other	(45)	(88)	(133)	(2)	(112)	(114)
Total interest bearing deposits	288	(677)	(389)	480	(739)	(259)
Payables due to other financial institutions	23	(7)	16	28	(18)	10
Liabilities at fair value through Income Statement	(25)	7	(18)	(26)	9	(17)
Debt issues	123	(261)	(138)	160	(228)	(68)
Loan capital	46	(24)	22	68	7	75
Total interest bearing liabilities	485	(992)	(507)	738	(997)	(259)

Change in Net Interest Income [2]	Half Year Ended Jun 15 vs Dec 14 Increase/(Decrease) $M	Half Year Ended Jun 15 vs Jun 14 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	340	526
Due to changes in interest margin	(194)	(265)
Due to variation in time period	(129)	-
Change in net interest income	17	261

(1) 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).

(2) "Volume" reflects the change in net interest income over the period due to balance growth (assuming rates were 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).

4. Interest Rate and Volume Analysis (continued)

Geographical analysis of key categories [1]	Half Year Ended Jun 15 vs Dec 14			Half Year Ended Jun 15 vs Jun 14		
	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	405	(916)	(511)	764	(1,047)	(283)
New Zealand	137	(54)	83	148	68	216
Other Overseas	37	(1)	36	66	(4)	62
Total	583	(975)	(392)	1,003	(1,008)	(5)
Non-Lending Interest Earning Assets						
Australia	34	(179)	(145)	24	(84)	(60)
New Zealand	16	(4)	12	7	23	30
Other Overseas	15	20	35	21	16	37
Total	98	(196)	(98)	106	(99)	7
Total Interest Bearing Deposits						
Australia	227	(721)	(494)	409	(820)	(411)
New Zealand	101	-	101	117	39	156
Other Overseas	(3)	7	4	(4)	-	(4)
Total	288	(677)	(389)	480	(739)	(259)
Other Interest Bearing Liabilities						
Australia	102	(263)	(161)	121	(236)	(115)
New Zealand	-	(15)	(15)	26	21	47
Other Overseas	32	26	58	41	27	68
Total	200	(318)	(118)	260	(260)	-

(1) The volume and rate variances for loans, bills discounted and other receivables, non-lending interest earning assets, total interest bearing deposits and other interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

5. Other Banking Income

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Lending fees	**1,050**	1,083	(3)	**522**	528	(1)
Commissions	**2,226**	2,130	5	**1,099**	1,127	(2)
Trading income	**1,005**	922	9	**492**	513	(4)
Net gain/(loss) on non-trading financial instruments (1)	**251**	(49)	large	**241**	10	large
Net gain/(loss) on sale of property, plant and equipment	**(8)**	(12)	(33)	**(6)**	(2)	large
Net hedging ineffectiveness	**(95)**	(21)	large	**(77)**	(18)	large
Dividends	**16**	12	33	**11**	5	large
Share of profit of associates and joint ventures	**285**	150	90	**181**	104	74
Other (2)	**126**	105	20	**79**	47	68
Total other banking income	**4,856**	4,320	12	**2,542**	2,314	10

(1) Inclusive of non-trading derivatives that are held for risk management purposes.
(2) Includes depreciation expense of $39 million (31 December 2014: $41 million; 30 June 2014: $40 million) in relation to operating leases where the Group is the lessor.

Other Banking Income – Reconciliation of Cash and Statutory Basis

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

	Full Year Ended			Half Year Ended		
	30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Other banking income - "cash basis"	**4,839**	4,323	12	**2,469**	2,370	4
Revenue hedge of New Zealand operations - unrealised	**90**	10	large	**168**	(78)	large
Hedging and IFRS volatility	**(73)**	(37)	97	**(95)**	22	large
Gain on sale of management rights	**-**	24	large	**-**	-	-
Other banking income - "statutory basis"	**4,856**	4,320	12	**2,542**	2,314	10

6. Operating Expenses

	Full Year Ended (1) 30 Jun 15 $M	30 Jun 14 $M	Jun 15 vs Jun 14 %	Half Year Ended (1) 30 Jun 15 $M	31 Dec 14 $M	Jun 15 vs Dec 14 %
Staff Expenses						
Salaries and related on-costs	**5,321**	5,089	5	**2,661**	2,660	-
Share-based compensation	**96**	99	(3)	**49**	47	4
Superannuation	**399**	354	13	**200**	199	1
Total staff expenses	**5,816**	5,542	5	**2,910**	2,906	-
Occupancy and Equipment Expenses						
Operating lease rentals	**620**	607	2	**311**	309	1
Depreciation of property, plant and equipment	**253**	244	4	**131**	122	7
Other occupancy expenses	**213**	202	5	**105**	108	(3)
Total occupancy and equipment expenses	**1,086**	1,053	3	**547**	539	1
Information Technology Services						
Application maintenance and development	**430**	412	4	**233**	197	18
Data processing	**183**	175	5	**94**	89	6
Desktop	**110**	101	9	**52**	58	(10)
Communications	**190**	189	1	**90**	100	(10)
Amortisation of software assets	**308**	328	(6)	**165**	143	15
Software write-offs	**11**	70	(84)	**1**	10	(90)
IT equipment depreciation	**60**	62	(3)	**29**	31	(6)
Total information technology services	**1,292**	1,337	(3)	**664**	628	6
Other Expenses						
Postage and Stationery	**195**	188	4	**98**	97	1
Transaction processing and market data	**153**	156	(2)	**76**	77	(1)
Fees and commissions:						
Professional fees	**390**	257	52	**238**	152	57
Other	**97**	99	(2)	**48**	49	(2)
Advertising, marketing and loyalty	**522**	477	9	**275**	247	11
Amortisation of intangible assets (excluding software and merger related amortisation)	**16**	19	(16)	**7**	9	(22)
Non-lending losses	**118**	97	22	**64**	54	19
Other	**308**	274	12	**152**	156	(3)
Total other expenses	**1,799**	1,567	15	**958**	841	14
Total operating expenses - "cash basis"	**9,993**	9,499	5	**5,079**	4,914	3
Investment and Restructuring						
Merger related amortisation (2)	**75**	74	1	**38**	37	3
Total investment and restructuring	**75**	74	1	**38**	37	3
Total operating expenses - "statutory basis"	**10,068**	9,573	5	**5,117**	4,951	3

(1) Comparative information has been reclassified to conform to presentation in the current year.
(2) Merger related amortisation relates to Bankwest core deposits and customer lists.

7. Income Tax Expense

	Full Year Ended		Half Year Ended	
	30 Jun 15	30 Jun 14	30 Jun 15	31 Dec 14
	$M	$M	$M	$M
Profit before Income Tax	**12,612**	11,997	**6,292**	6,320
Prima facie income tax at 30%	**3,784**	3,599	**1,888**	1,896
Effect of amounts which are non-deductible/(assessable) in calculating taxable income:				
Taxation offsets and other dividend adjustments	**(6)**	(6)	**(4)**	(2)
Tax adjustment referable to policyholder income	**69**	89	**26**	43
Tax losses not previously brought to account	**(9)**	(21)	**(3)**	(6)
Offshore tax rate differential	**(116)**	(99)	**(61)**	(55)
Offshore banking unit	**(39)**	(30)	**(21)**	(18)
Effect of changes in tax rates	**2**	3	**-**	2
Income tax over provided in previous years	**(163)**	(121)	**(66)**	(97)
Other	**6**	(67)	**(6)**	12
Total income tax expense - "statutory basis"	**3,528**	3,347	**1,753**	1,775
Corporate tax expense	**3,429**	3,221	**1,715**	1,714
Policyholder tax expense	**99**	126	**38**	61
Total income tax expense - "statutory basis"	**3,528**	3,347	**1,753**	1,775
Effective Tax Rate (%) - "statutory basis" (1)	**27.4**	27.1	**27.4**	27.4

(1) Policy holder tax is excluded from both profit before income tax and tax expense for the purpose of calculating the Group's effective tax rate as it is not incurred directly by the Group.

8. Loans, Bills Discounted and Other Receivables

	As at		
	30 Jun 15	31 Dec 14	30 Jun 14
	$M	$M	$M
Australia			
Overdrafts	**22,353**	21,565	23,350
Home loans	**383,174**	370,043	360,218
Credit card outstandings	**11,887**	12,189	11,736
Lease financing	**4,485**	4,612	4,162
Bills discounted	**14,847**	17,890	19,244
Term loans	**123,489**	115,075	107,380
Other lending	**823**	618	348
Total Australia	**561,058**	541,992	526,438
New Zealand			
Overdrafts	**925**	1,022	894
Home loans	**38,763**	40,368	38,637
Credit card outstandings	**816**	888	803
Lease financing	**287**	296	282
Term loans	**20,669**	20,669	18,907
Total New Zealand	**61,460**	63,243	59,523
Other Overseas			
Overdrafts	**448**	426	336
Home loans	**914**	894	830
Lease financing	**48**	53	57
Term loans	**20,300**	19,064	15,916
Total Other Overseas	**21,710**	20,437	17,139
Gross loans, bills discounted and other receivables	**644,228**	625,672	603,100
Less:			
Provisions for Loan Impairment:			
Collective provision	**(2,739)**	(2,744)	(2,739)
Individually assessed provisions	**(879)**	(1,116)	(1,127)
Unearned income:			
Term loans	**(756)**	(790)	(802)
Lease financing	**(592)**	(694)	(651)
	(4,966)	(5,344)	(5,319)
Net loans, bills discounted and other receivables	**639,262**	620,328	597,781

9. Provisions for Impairment and Asset Quality

Financial assets that are neither past due nor impaired have been segmented into investment, pass and weak classifications. This segmentation of loans in retail and risk-rated portfolios is based on the mapping of a customer's internally assessed Probability of Default (PD) to Standard and Poor's ratings, reflecting a client's ability to meet their credit obligations. In particular, retail PD pools have been aligned to the Group's PD grades, which are consistent with rating agency views of credit quality segmentation. Investment grade is representative of lower assessed default probabilities with other classifications reflecting progressively higher default risk. No consideration is given to Loss Given Default (LGD), the impact of any recoveries or the potential benefit of mortgage insurance.

Segmentation of financial assets other than loans is based on external credit ratings of the counterparties and issuers of financial instruments held by the Group.

	As at 30 June 2015				
	Home Loans $M	Other Personal (1) $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	264,205	4,247	947	121,689	391,088
Pass Grade	135,531	13,882	7,503	62,711	219,627
Weak	9,962	3,722	201	1,138	15,023
Total loans which were neither past due nor impaired	409,698	21,851	8,651	185,538	625,738
Loans which were past due but not impaired					
Past due 1 - 29 days	7,541	909	67	1,202	9,719
Past due 30 - 59 days	2,012	236	46	216	2,510
Past due 60 - 89 days	910	141	28	167	1,246
Past due 90 - 179 days	1,005	12	2	239	1,258
Past due 180 days or more	748	13	-	304	1,065
Total loans past due but not impaired	12,216	1,311	143	2,128	15,798

	As at 30 June 2014				
	Home Loans $M	Other Personal (1) $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	248,306	4,367	609	110,476	363,758
Pass Grade	129,123	14,385	7,360	54,703	205,571
Weak	9,374	3,845	219	1,575	15,013
Total loans which were neither past due nor impaired	386,803	22,597	8,188	166,754	584,342
Loans which were past due but not impaired					
Past due 1 - 29 days	7,468	875	75	1,082	9,500
Past due 30 - 59 days	1,985	224	41	265	2,515
Past due 60 - 89 days	925	133	12	150	1,220
Past due 90 - 179 days	917	15	1	279	1,212
Past due 180 days or more	703	17	-	421	1,141
Total loans past due but not impaired	11,998	1,264	129	2,197	15,588

(1) Included in these balances are credit card facilities and other unsecured portfolio managed facilities up to 90 days past due. At 90 days past due all unsecured portfolio managed facilities are classified as impaired.

9. Provisions for Impairment and Asset Quality (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 15 $M	30 Jun 14 $M	30 Jun 15 $M	31 Dec 14 (1) $M
Movement in impairment and asset quality				
Gross impaired assets - opening balance	**3,367**	4,330	**3,360**	3,367
New and increased	**2,095**	2,393	**1,134**	961
Balances written off	**(1,355)**	(1,697)	**(822)**	(533)
Returned to performing or repaid	**(1,903)**	(2,303)	**(1,164)**	(739)
Portfolio managed - new/increased/return to performing/repaid	**651**	644	**347**	304
Gross impaired assets - closing balance (2)	**2,855**	3,367	**2,855**	3,360

(1) Comparatives have been restated to conform to presentation in the current year.
(2) Includes $2,692 million of loans and advances and $163 million of other financial assets (31 December 2014: $3,228 million of loans and advances and $132 million of other financial assets; 30 June 2014: $3,170 million of loans and advances and $197 million of other financial assets).

	As at	
	30 Jun 15 $M	30 Jun 14 $M
Impaired assets by size of asset		
Less than $1 million	**1,333**	1,363
$1 million to $10 million	**843**	1,027
Greater than $10 million	**679**	977
Gross impaired assets	**2,855**	3,367
Less total provisions for impaired assets (1)	**(1,026)**	(1,266)
Net impaired assets	**1,829**	2,101

(1) Includes $887 million of individually assessed provisions and $139 million of collective provisions (30 June 2014: $1,127 million of individually assessed provisions and $139 million of collective provisions).

9. 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.

	Full Year Ended		Half Year Ended	
	30 Jun 15	30 Jun 14	30 Jun 15	31 Dec 14
	$M	$M	$M	$M
Provisions for impairment losses				
Collective provision				
Opening balance	**2,779**	2,858	**2,763**	2,779
Net collective provision funding	**589**	497	**325**	264
Impairment losses written off	**(770)**	(753)	**(387)**	(383)
Impairment losses recovered	**176**	165	**78**	98
Other	**(12)**	12	**(17)**	5
Closing balance	**2,762**	2,779	**2,762**	2,763
Individually assessed provisions				
Opening balance	**1,127**	1,628	**1,116**	1,127
Net new and increased individual provisioning	**659**	726	**362**	297
Write-back of provisions no longer required	**(260)**	(305)	**(139)**	(121)
Discount unwind to interest income	**(38)**	(51)	**(20)**	(18)
Impairment losses written off	**(709)**	(1,060)	**(480)**	(229)
Other	**108**	189	**48**	60
Closing balance	**887**	1,127	**887**	1,116
Total provisions for impairment losses	**3,649**	3,906	**3,649**	3,879
Less: Provision for Off Balance Sheet exposures	**(31)**	(40)	**(31)**	(19)
Total provisions for loan impairment	**3,618**	3,866	**3,618**	3,860

	Full Year Ended		Half Year Ended	
	30 Jun 15	30 Jun 14	30 Jun 15	31 Dec 14
	%	%	%	%
Provision ratios				
Total provisions for impaired assets as a % of gross impaired assets	**35. 94**	37. 60	**35. 94**	37. 02
Total provisions for impairment losses as a % of gross loans and acceptances	**0. 56**	0. 64	**0. 56**	0. 62

	Full Year Ended		Half Year Ended	
	30 Jun 15	30 Jun 14	30 Jun 15	31 Dec 14
	$M	$M	$M	$M
Loan impairment expense				
Net collective provisioning funding	**589**	497	**325**	264
Net new and increased individual provisioning	**659**	726	**362**	297
Write-back of individually assessed provisions	**(260)**	(305)	**(139)**	(121)
Total loan impairment expense	**988**	918	**548**	440

10. Intangible Assets

	As at		
	30 Jun 15	31 Dec 14	30 Jun 14
	$M	$M	$M
Goodwill			
Purchased goodwill at cost	**7,599**	7,576	7,566
Closing balance	**7,599**	7,576	7,566
Computer Software Costs			
Cost	**3,359**	3,112	2,913
Accumulated amortisation	**(1,270)**	(1,133)	(1,059)
Closing balance	**2,089**	1,979	1,854
Core Deposits (1)			
Cost	**495**	495	495
Accumulated amortisation	**(461)**	(425)	(390)
Closing balance	**34**	70	105
Brand Names (2)			
Cost	**190**	190	190
Accumulated amortisation	**(1)**	(1)	(1)
Closing balance	**189**	189	189
Other Intangibles (3)			
Cost	**162**	221	256
Accumulated amortisation	**(103)**	(154)	(178)
Closing balance	**59**	67	78
Total intangible assets	**9,970**	9,881	9,792

(1) Core deposits represent the value of the Bankwest deposit base compared to the avoided cost of alternative funding sources such as securitisation and wholesale funding. This asset was acquired on 19 December 2008 with a useful life of seven years based on the weighted average attrition rates of the Bankwest deposit portfolio.

(2) Brand names predominantly 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. The Bankwest brand name 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. It is not subject to amortisation, but is subject to annual impairment testing. No impairment was required as a result of this test. The balance also includes the Count Financial Limited brand name ($4 million) that is amortised over the estimated useful life of 20 years.

(3) Other intangibles include the value of credit card relationships acquired from Bankwest and Count franchise relationships. This value represents future net income generated from the relationships that existed at Balance Sheet date. The assets have a useful life of 10 years based on the attrition rates of customers.

11. Deposits and Other Public Borrowings

	As at		
	30 Jun 15	31 Dec 14	30 Jun 14
	$M	$M	$M
Australia			
Certificates of deposit	**46,083**	45,307	43,912
Term deposits	**143,285**	149,057	150,406
On-demand and short-term deposits	**266,849**	243,362	227,555
Deposits not bearing interest	**11,339**	10,970	9,971
Securities sold under agreements to repurchase	**12,964**	9,015	9,925
Total Australia	**480,520**	457,711	441,769
New Zealand			
Certificates of deposit	**1,862**	759	211
Term deposits	**21,494**	22,043	20,125
On-demand and short-term deposits	**19,880**	19,509	18,121
Deposits not bearing interest	**2,592**	2,768	2,427
Securities sold under agreements to repurchase	**-**	52	36
Total New Zealand	**45,828**	45,131	40,920
Other Overseas			
Certificates of deposit	**5,198**	10,040	6,075
Term deposits	**9,318**	7,600	8,578
On-demand and short-term deposits	**2,279**	2,035	933
Deposits not bearing interest	**76**	46	77
Securities sold under agreements to repurchase	**12**	-	-
Total Other Overseas	**16,883**	19,721	15,663
Total deposits and other public borrowings	**543,231**	522,563	498,352

12. Financial Reporting by Segments

	Full Year Ended 30 June 2015							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Total $M
Net interest income	7,691	2,827	1,452	-	1,536	1,594	699	**15,799**
Other banking income	1,746	809	1,367	-	253	217	447	**4,839**
Total banking income	9,437	3,636	2,819	-	1,789	1,811	1,146	**20,638**
Funds management income	-	-	-	1,846	71	-	21	**1,938**
Insurance income	-	-	-	503	232	-	57	**792**
Total operating income	9,437	3,636	2,819	2,349	2,092	1,811	1,224	**23,368**
Investment experience (1)	-	-	-	226	12	-	(28)	**210**
Total income	9,437	3,636	2,819	2,575	2,104	1,811	1,196	**23,578**
Operating expenses	(3,293)	(1,397)	(1,013)	(1,726)	(861)	(785)	(918)	**(9,993)**
Loan impairment expense	(626)	(152)	(167)	-	(83)	50	(10)	**(988)**
Net profit before tax	5,518	2,087	1,639	849	1,160	1,076	268	**12,597**
Corporate tax expense	(1,651)	(628)	(371)	(199)	(295)	(324)	29	**(3,439)**
Non-controlling interests	-	-	-	-	-	-	(21)	**(21)**
Net profit after tax - "cash basis" (2)	3,867	1,459	1,268	650	865	752	276	**9,137**
Hedging and IFRS volatility	-	-	-	-	43	-	(37)	**6**
Other non-cash items	-	-	-	(28)	-	(52)	-	**(80)**
Net profit after tax - "statutory basis"	3,867	1,459	1,268	622	908	700	239	**9,063**
Additional information								
Amortisation and depreciation	(20)	(22)	(57)	(26)	(78)	(89)	(420)	**(712)**
Balance Sheet								
Total assets	310,313	98,392	181,919	20,792	69,608	79,141	113,281	**873,446**
Total liabilities	221,018	71,138	162,054	24,652	62,488	49,499	229,604	**820,453**

(1) Investment experience is presented on a pre-tax basis.
(2) This balance excludes non-cash items, including unrealised gains and losses relating to hedging and IFRS volatility ($6 million gain), Bankwest non-cash items ($52 million expense) and treasury shares valuation adjustment ($28 million expense).

12. Financial Reporting by Segments (continued)

	Full Year Ended 30 June 2014 (1)							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Total $M
Net interest income	7,307	2,695	1,404	-	1,378	1,577	730	**15,091**
Other banking income	1,695	764	1,262	-	192	206	204	**4,323**
Total banking income	9,002	3,459	2,666	-	1,570	1,783	934	**19,414**
Funds management income	-	-	-	1,836	60	-	37	**1,933**
Insurance income	-	-	-	575	202	-	42	**819**
Total operating income	9,002	3,459	2,666	2,411	1,832	1,783	1,013	**22,166**
Investment experience (2)	-	-	-	202	5	-	28	**235**
Total income	9,002	3,459	2,666	2,613	1,837	1,783	1,041	**22,401**
Operating expenses	(3,173)	(1,338)	(943)	(1,593)	(805)	(806)	(841)	**(9,499)**
Loan impairment expense	(582)	(237)	(61)	-	(51)	(11)	(11)	**(953)**
Net profit before tax	5,247	1,884	1,662	1,020	981	966	189	**11,949**
Corporate tax expense	(1,569)	(563)	(410)	(231)	(239)	(291)	53	**(3,250)**
Non-controlling interests	-	-	-	-	-	-	(19)	**(19)**
Net profit after tax - "cash basis" (3)	3,678	1,321	1,252	789	742	675	223	**8,680**
Hedging and IFRS volatility	-	-	-	-	10	-	(4)	**6**
Other non-cash items	-	-	25	(24)	-	(56)	-	**(55)**
Net profit after tax - "statutory basis"	3,678	1,321	1,277	765	752	619	219	**8,631**
Additional information								
Amortisation and depreciation	(31)	(35)	(61)	(22)	(74)	(106)	(398)	**(727)**
Balance Sheet								
Total assets	290,773	94,455	149,500	20,759	65,736	76,795	93,433	**791,451**
Total liabilities	203,384	62,135	146,482	24,133	58,149	45,671	202,149	**742,103**

(1) Comparative information has been restated to conform to presentation in the current period. This re-segmentation primarily relates to the transfer of non-relationship managed business clients from Business and Private Banking into the newly created small business customer channel in Retail Banking Services.

(2) Investment experience is presented on a pre-tax basis.

(3) This balance excludes non-cash items, including unrealised gains and losses relating to hedging and IFRS volatility ($6 million gain), Bankwest non-cash items ($56 million expense), treasury shares valuation adjustment ($41 million expense), Bell Group litigation ($25 million gain) and the gain on sale of management rights ($17 million gain).

12. Financial Reporting by Segments (continued)

	Half Year Ended 30 June 2015							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Total $M
Net interest income	3,833	1,409	742	-	777	791	356	**7,908**
Other banking income	858	403	643	-	123	108	334	**2,469**
Total banking income	4,691	1,812	1,385	-	900	899	690	**10,377**
Funds management income	-	-	-	929	37	-	2	**968**
Insurance income	-	-	-	229	123	-	24	**376**
Total operating income	4,691	1,812	1,385	1,158	1,060	899	716	**11,721**
Investment experience (1)	-	-	-	163	4	-	(37)	**130**
Total income	4,691	1,812	1,385	1,321	1,064	899	679	**11,851**
Operating expenses	(1,658)	(700)	(538)	(943)	(441)	(388)	(411)	**(5,079)**
Loan impairment expense	(358)	(89)	(70)	-	(49)	24	(6)	**(548)**
Net profit before tax	2,675	1,023	777	378	574	535	262	**6,224**
Corporate tax expense	(800)	(307)	(162)	(75)	(144)	(161)	(50)	**(1,699)**
Non-controlling interests	-	-	-	-	-	-	(11)	**(11)**
Net profit after tax "cash basis" (2)	1,875	716	615	303	430	374	201	**4,514**
Hedging and IFRS volatility	-	-	-	-	102	-	(54)	**48**
Other non-cash items	-	-	-	(8)	-	(26)	-	**(34)**
Net profit after tax "statutory basis"	1,875	716	615	295	532	348	147	**4,528**
Additional information								
Amortisation and depreciation	(11)	(10)	(33)	(13)	(40)	(39)	(224)	**(370)**
Balance Sheet								
Total assets	310,313	98,392	181,919	20,792	69,608	79,141	113,281	**873,446**
Total liabilities	221,018	71,138	162,054	24,652	62,488	49,499	229,604	**820,453**

(1) Investment experience is presented on a pre-tax basis.
(2) This balance excludes non-cash items, including unrealised gains and losses relating to hedging and IFRS volatility ($48 million gain), Bankwest non-cash items ($26 million expense) and treasury shares valuation adjustment ($8 million expense).

12. Financial Reporting by Segments (continued)

Geographical Information Financial Performance and Position	Full Year Ended 30 Jun 15 $M	 30 Jun 15 %	 30 Jun 14 $M	 30 Jun 14 %
Income				
Australia	**37,673**	**83. 2**	37,603	84. 8
New Zealand	**5,181**	**11. 4**	4,633	10. 5
Other locations (1)	**2,456**	**5. 4**	2,076	4. 7
Total income	**45,310**	**100. 0**	44,312	100. 0
Non-Current Assets				
Australia	**14,149**	**91. 7**	13,199	91. 3
New Zealand	**994**	**6. 4**	1,057	7. 3
Other locations (1)	**297**	**1. 9**	196	1. 4
Total non-current assets (2)	**15,440**	**100. 0**	14,452	100. 0

(1) Other locations include: United Kingdom, United States, Japan, Singapore, Malta, Hong Kong, Indonesia, China, India, Vietnam and South Africa.
(2) Non-current assets include property, plant and equipment, investments in associates and joint ventures and intangibles.

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

13. Integrated Risk Management

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

The Group's approach to risk management including governance, management, material business risks, and policies and procedures are described in the Notes to the Financial Statements in the 30 June 2015 Annual Report of the Group. Further disclosures in respect of capital adequacy and risk are provided in the Group's annual Pillar 3 document.

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 (1)	30 Jun 15 %	31 Dec 14 %	30 Jun 14 %
Agriculture, forestry and fishing	1. 8	1. 9	2. 0
Banks	8. 6	8. 3	9. 0
Business services	1. 2	1. 2	1. 2
Construction	0. 9	0. 9	0. 8
Consumer	54. 2	54. 2	55. 8
Culture and recreational services	0. 8	0. 8	0. 9
Energy	0. 9	1. 0	1. 0
Finance - Other	4. 6	4. 5	3. 4
Health and community service	0. 6	0. 7	0. 6
Manufacturing	1. 7	1. 6	1. 8
Mining	1. 9	1. 9	1. 5
Property	6. 3	6. 1	6. 4
Retail trade and wholesale trade	2. 3	2. 3	2. 2
Sovereign	8. 4	8. 8	7. 8
Transport and storage	1. 5	1. 5	1. 5
Other	4. 3	4. 3	4. 1
	100. 0	100. 0	100. 0

By Region (1)	30 Jun 15 %	31 Dec 14 %	30 Jun 14 %
Australia	76. 6	76. 7	78. 4
New Zealand	8. 5	8. 8	8. 9
Europe	5. 6	6. 1	5. 0
Americas	5. 5	4. 6	4. 3
Asia	3. 6	3. 6	3. 2
Other	0. 2	0. 2	0. 2
	100. 0	100. 0	100. 0

Commercial Portfolio Quality (1)	30 Jun 15 %	31 Dec 14 %	30 Jun 14 %
AAA/AA	31. 3	32. 2	29. 5
A	20. 6	20. 0	21. 1
BBB	18. 0	17. 6	17. 7
Other	30. 1	30. 2	31. 7
	100. 0	100. 0	100. 0

(1) Committed exposures by industry, region and commercial credit quality is disclosed on a gross basis (calculated before collateralisation).

As a measure of individually risk-rated commercial portfolio exposure (including finance and insurance), the Group has 69.9% (December 2014: 69.8%; June 2014: 68.3%) of commercial exposures at investment grade quality.

Included in the Group's European exposures is $1,124 million (December 2014: $1,607 million; June 2014: $1,515 million) of exposure to Spain, Ireland and Italy. The exposure comprises $9 million Irish sovereign (Government), $75 million Italian and Spanish banks (primarily short-term deposits and trade finance related) and $1,040 million of predominantly Irish and Spanish corporate counterparties (primarily secured by residential and other security).

13. Integrated Risk Management (continued)

Market Risk

Market risk in the Balance Sheet is discussed within Note 33 of the 2015 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 the Life Insurance business, Non-Traded Equity and Interest Rate Risk in the Banking Book.

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			
	30 Jun 15	31 Dec 14	30 Jun 14	31 Dec 13
Traded Market Risk (1)	$M	$M	$M	$M
Risk Type				
Interest rate risk	**5. 8**	5. 7	4. 9	5. 9
Foreign exchange risk	**2. 1**	1. 9	1. 8	1. 2
Equities risk	**0. 4**	0. 9	1. 3	1. 1
Commodities risk	**1. 9**	1. 1	2. 2	2. 4
Credit spread risk	**2. 9**	2. 6	1. 9	1. 7
Diversification benefit	**(7. 3)**	(7. 4)	(6. 2)	(6. 4)
Total general market risk	**5. 8**	4. 8	5. 9	5. 9
Undiversified risk	**3. 4**	3. 5	4. 2	5. 5
ASB Bank	**0. 1**	0. 2	0. 2	0. 1
Total	**9. 3**	8. 5	10. 3	11. 5

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

	Average VaR (1)			
Non-Traded VaR in Australian Life Insurance	30 Jun 15	31 Dec 14	30 Jun 14	31 Dec 13
Business (20 day 97.5% confidence)	$M	$M	$M	$M
Shareholder funds (2)	**11. 7**	14. 5	15. 6	22. 2
Guarantees (to Policyholders) (3)	**13. 5**	16. 8	14. 2	16. 2

(1) For the half year ended.
(2) VaR in relation to the investment of Shareholder Funds.
(3) VaR in relation to product portfolios where the Group has a guaranteed liability to policyholders (e.g. annuities where we receive a lump sum payment and guarantee to pay a series of future payments).

Non-Traded Equity

Non-traded equity includes all equity instruments outside the trading portfolio with the exception of structural and strategic holdings integral to the Group's operations.

	As at			
	VaR	VaR	VaR	VaR
Non-Traded Equity Risk VaR	30 Jun 15	31 Dec 14	30 Jun 14	31 Dec 13
(20 day 97.5% confidence)	$M	$M	$M	$M
VaR	**58. 0**	69. 0	70. 0	102. 0

13. Integrated Risk Management (continued)

Interest Rate Risk in the Banking Book

Interest rate risk in the Banking Book is discussed within Note 33 of the 2015 Annual Report.

(a) Next 12 Months' Earnings

The potential unfavourable change to the Group's net interest earnings based on 100 basis point parallel rate shock is as follows:

Net Interest Earnings at Risk [1]		30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	31 Dec 13 $M
Average monthly exposure	AUD	**237. 8**	250. 9	102. 3	78. 1
	NZD	**28. 9**	23. 4	25. 0	17. 1
High month exposure	AUD	**360. 5**	298. 2	134. 0	119. 0
	NZD	**35. 7**	27. 4	29. 6	24. 2
Low month exposure	AUD	**168. 9**	200. 4	70. 4	43. 6
	NZD	**25. 2**	19. 4	20. 0	12. 3

(1) For the 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.

	Average VaR [1]			
Non-Traded Interest Rate Risk [2]	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	31 Dec 13 $M
AUD Interest rate risk	**49. 2**	84. 8	57. 2	49. 2
NZD Interest rate risk [3]	**2. 9**	3. 6	2. 5	1. 6

(1) For the half year ended.
(2) VaR is at 20 day 97.5% confidence.
(3) Relates specifically to ASB data as at month end.

13. Integrated Risk Management (continued)

Funding Sources

The following table provides the funding sources for the Group including customer deposits, short-term and long-term wholesale funding. 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.

	As at				
	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M	Jun 15 vs Dec 14 %	Jun 15 vs Jun 14 %
Transaction deposits	**90,589**	81,866	76,947	11	18
Savings deposits	**176,497**	163,477	155,142	8	14
Investment deposits	**195,065**	197,569	192,956	(1)	1
Other customer deposits (1)	**15,660**	15,516	13,845	1	13
Total customer deposits	**477,811**	458,428	438,890	4	9
Wholesale funding					
Short-term wholesale funding					
Certificates of deposit	**38,861**	39,671	34,021	(2)	14
Bank acceptances	**1,944**	2,026	5,027	(4)	(61)
ECP commercial paper program	**1,379**	1,691	2,118	(18)	(35)
US commercial paper program	**36,664**	37,072	32,007	(1)	15
Securities sold under agreements to repurchase	**12,976**	9,067	9,961	43	30
Other (2)	**40,013**	35,418	26,184	13	53
Total short-term wholesale funding	**131,837**	124,945	109,318	6	21
Short sales	**4,437**	3,584	4,103	24	8
Total long-term wholesale funding - less than one year residual maturity (3)	**27,479**	28,302	30,892	(3)	(11)
Long-term wholesale funding - greater than one year residual maturity (3)					
Transferable certificates of deposit (4)	**11,388**	11,336	12,068	-	(6)
Euro medium-term note program	**27,149**	27,981	30,599	(3)	(11)
US medium-term note program	**8,410**	9,204	10,521	(9)	(20)
Covered bond programs	**22,776**	24,640	23,248	(8)	(2)
Other debt issues (5)	**14,557**	11,988	10,024	21	45
Securitisation	**9,724**	9,303	7,989	5	22
Loan capital	**11,006**	10,455	6,737	5	63
Other	**45**	981	977	(95)	(95)
Total long-term wholesale funding - greater than one year residual maturity	**105,055**	105,888	102,163	(1)	3
IFRS MTM and derivative FX revaluations	**11,657**	10,403	3,251	12	large
Total wholesale funding	**280,465**	273,122	249,727	3	12
Total funding	**758,276**	731,550	688,617	4	10
Reported as					
Deposits and other public borrowings	**543,231**	522,563	498,352	4	9
Payables due to other financial institutions	**36,416**	33,957	24,978	7	46
Liabilities at fair value through income statement	**8,493**	7,246	7,508	17	13
Bank acceptances	**1,944**	2,026	5,027	(4)	(61)
Debt issues	**154,429**	153,249	142,219	1	9
Loan capital	**12,824**	11,570	9,594	11	34
Share capital - other equity instruments	**939**	939	939	-	-
Total funding	**758,276**	731,550	688,617	4	10

(1) Other customer deposits primarily consist of non-interest bearing deposits and deposits held at fair value through the Income Statement.
(2) Includes Payables due to other financial institutions and Debt issues with original maturity/call date less than one year.
(3) Residual maturity of long-term wholesale funding included in Debt issues, Loan capital and Share capital – other equity instruments, is the earlier of the next call date or final maturity.
(4) Includes long-term domestic debt program (included within certificates of deposit, refer to Appendix 11).
(5) Includes debt included in Liabilities at fair value through Income Statement.

14. Counterparty and Other Credit Risk Exposures

Securitisation Vehicles

Reason for establishment – The Group conducts an asset securitisation program that transfers assets to a Special Purpose Vehicle (SPV) and issues asset backed securities to investors. The Group securitises modest amounts of residential home loans to issue residential mortgage backed securities and covered bonds to diversify the Group's wholesale funding.

Control factors – The Group manages these securitisation vehicles, services assets in the SPV, provides interest rate and currency hedging, or provides 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 SPVs after all payments due to investors and costs of the program have been met.

Asset-backed Securities

Asset-backed securities are debt securities where the cash flow is dependent on the performance of the assets assigned to the SPV, which may consist of residential mortgages, commercial mortgages or other types of receivables. The Group has acquired asset-backed securities primarily as part of its trading activities (classified as Trading assets), liquidity management (classified as available-for-sale investments), or through investments in SPVs.

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 sponsor (except in the case of covered bonds where investors have recourse to both the underlying pool and the sponsor for repayment of principal and interest). The majority of the Group's asset-backed securities portfolio consists of notes externally rated AAA that are carried at fair value on the Balance Sheet.

Special Purpose Vehicles

The Group invests in or establishes SPVs in the ordinary course of business, primarily to provide funding and financial services for its customers. These SPVs are consolidated in the Financial Statements whenever they meet the criteria of control as outlined in Note 36 to the Financial Statements of the 2015 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, at inception and periodically, whether an SPV should be consolidated based on the power the Group has over relevant activities of the entity, and the significance of the Group's exposure to variable returns of the structured entity.

The 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 with these entities. These entities are generally consolidated by the Group.

Other Exposures

Leveraged Finance

The Group provides a modest amount of debt financing to companies acquired 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

There were no material movements in exposures to hedge funds since 30 June 2014 and these exposures are not considered to be material.

Collateralised Debt Obligations (CDOs) and Credit Linked Notes

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

Monoline Insurers

The two underlying debt instruments that have been wrapped by monoline insurers are Australian domiciled and have ratings of AA/A2 and A-/A3 by S&P/Moody's, respectively. As at 30 June 2015, the Group had $47 million in exposures to these instruments (June 2014: $47 million).

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.

	Covered bonds		Securitisation	
	2015	2014	2015	2014
	$M	$M	$M	$M
Carrying amount of transferred assets	32,316	34,147	14,264	12,982
Carrying amount of associated liabilities	28,755	25,280	12,603	11,426
Net position	3,561	8,867	1,661	1,556

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 Jun 15	30 Jun 14
Summary of Asset-backed Securities	$M	$M
Commercial mortgage backed securities	46	50
Residential mortgage backed securities	7,799	5,261
Other asset-backed securities	955	629
Total	8,800	5,940

Asset-backed Securities by Underlying Asset

	Trading portfolio		AFS portfolio [1]		Other		Total	
	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14
	$M	$M	$M	$M	$M	$M	$M	$M
Sub-prime	-	-	-	-	-	-	-	-
Non-conforming	-	-	457	150	-	-	457	150
Prime mortgages	33	82	7,309	4,735	-	294	7,342	5,111
Other assets	-	-	1,001	679	-	-	1,001	679
Total	33	82	8,767	5,564	-	294	8,800	5,940

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

Asset-backed Securities by Credit Rating and Geography

	AAA & AA		A		BBB		BB and below including not rated		Total	
	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia	8,716	5,499	10	64	4	5	24	28	8,754	5,596
Europe	-	-	-	-	-	-	-	294	-	294
UK	-	-	46	50	-	-	-	-	46	50
Total	8,716	5,499	56	114	4	5	24	322	8,800	5,940

	Funded Commitments		Unfunded Commitments		Total	
	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14	30 Jun 15	30 Jun 14
Warehousing financing facilities	$M	$M	$M	$M	$M	$M
Australia	2,093	2,541	1,451	995	3,544	3,536
New Zealand	107	427	23	57	130	484
Europe	-	389	-	-	-	389
UK	-	-	308	-	308	-
Total	2,200	3,357	1,782	1,052	3,982	4,409

15. Capital

The tables below show the APRA Basel III capital adequacy calculation at 30 June 2015 together with prior period comparatives.

Risk Weighted Capital Ratios	30 Jun 15 %	31 Dec 14 %	30 Jun 14 %
Common Equity Tier 1	**9. 1**	9. 2	9. 3
Tier 1	**11. 2**	11. 6	11. 1
Tier 2	**1. 5**	1. 1	0. 9
Total Capital	**12. 7**	12. 7	12. 0

	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M
Ordinary Share Capital and Treasury Shares			
Ordinary Share Capital	**27,619**	27,039	27,036
Treasury Shares (1)	**279**	287	291
Ordinary Share Capital and Treasury Shares	**27,898**	27,326	27,327
Reserves			
Reserves	**2,345**	2,674	2,009
Reserves related to non-consolidated subsidiaries (2)	**(93)**	(126)	(47)
Total Reserves	**2,252**	2,548	1,962
Retained Earnings and Current Period Profits			
Retained earnings and current period profits	**21,528**	19,823	18,827
Retained earnings adjustment from non-consolidated subsidiaries (3)	**(529)**	(377)	(368)
Net Retained Earnings	**20,999**	19,446	18,459
Non-controlling interest			
Non-controlling interest (4)	**562**	556	537
Less ASB perpetual preference shares	**(505)**	(505)	(505)
Less other non controlling interests not eligible for inclusion in regulatory capital	**(57)**	(51)	(32)
Minority Interest	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**51,149**	49,320	47,748

(1) Represents shares held by the Group's life insurance operations ($107 million) and employee share scheme trusts ($172 million).

(2) Represents foreign currency translation reserve and available-for-sale investments reserve balances associated with the insurance and funds management entities and those entities through which securitisation of the Group's assets are conducted. These entities are classified as non-consolidated subsidiaries by APRA and are excluded from the Level 2 Regulatory Consolidated Banking Group.

(3) Cumulative current year profit and retained earnings adjustments for subsidiaries not consolidated for regulatory purposes.

(4) Non-controlling interests predominantly comprise ASB Perpetual Preference Shares of NZD550 million issued by a New Zealand subsidiary entity. These are non-redeemable and carry limited voting rights. These are classified as Additional Tier 1 Capital.

15. Capital (continued)

	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M
Common Equity Tier 1 regulatory adjustments			
Goodwill	**(7,599)**	(7,576)	(7,566)
Other intangibles (excluding software) (1)	**(164)**	(225)	(295)
Capitalised costs	**(337)**	(341)	(285)
Capitalised software	**(2,089)**	(1,979)	(1,854)
Defined benefit superannuation plan surplus (2)	**(193)**	-	-
General reserve for credit losses (3)	**(242)**	(225)	(214)
Deferred tax asset (4)	**(1,164)**	(1,024)	(1,164)
Cash flow hedge reserve (5)	**(263)**	(459)	(224)
Employee compensation reserve (5)	**(122)**	(79)	(125)
Equity investments (6)	**(3,179)**	(2,990)	(2,589)
Equity investments in non-consolidated subsidiaries (7)	**(1,705)**	(1,307)	(1,219)
Shortfall of provisions to expected losses (8)	**(134)**	(102)	(502)
Deferred fees	**(222)**	(145)	(103)
Gain due to changes in own credit risk on fair valued liabilities	**(144)**	(113)	(48)
Other	**(194)**	(170)	(148)
Common Equity Tier 1 regulatory adjustments	**(17,751)**	(16,735)	(16,336)
Common Equity Tier 1	**33,398**	32,585	31,412
Additional Tier 1 Capital			
Basel III complying instruments (9)	**5,000**	5,000	2,000
Basel III non-complying instruments net of transitional amortisation (10)	**2,749**	3,413	4,196
Additional Tier 1 Capital	**7,749**	8,413	6,196
Tier 1 Capital	**41,147**	40,998	37,608
Tier 2 Capital			
Basel III complying instruments (11)	**3,268**	1,254	234
Basel III non-complying instruments net of transitional amortisation (12)	**2,257**	2,493	2,530
Holding of Tier 2 Capital	**(20)**	(30)	-
Prudential general reserve for credit losses (13)	**156**	186	171
Total Tier 2 Capital	**5,661**	3,903	2,935
Total Capital	**46,808**	44,901	40,543

(1) Other intangibles (excluding capitalised software costs), net of any associated deferred tax liability.

(2) In accordance with APRA regulations, the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability, must be deducted from Common Equity Tier 1.

(3) Adjustment to ensure the Group has sufficient provisions and capital to cover credit losses estimated to arise over the full life of individual facilities, as required by APRA Prudential Standard APS 220.

(4) Deferred tax assets net of deferred tax liabilities.

(5) Cash flow Hedge Reserve and Employee Compensation Reserve balances are ineligible for inclusion in CET1.

(6) Represents the Group's non-controlling interest in other entities.

(7) Represents the net tangible assets within the non-consolidated subsidiaries (primarily the insurance and funds management companies operating within the Colonial Group). The adjustment is net of $900 million in non-recourse debt (31 December 2014: $1,250 million, 30 June 2014: $1,250 million) and $1,000 million in Colonial Group Subordinated Notes (31 December 2014: $1,000 million, 30 June 2014: $1,000 million). In April 2015, the first tranche of the non-recourse debt matured ($350 million), and was replaced with an equivalent amount of an ordinary share capital injection from the Group's parent. The Group's insurance and fund management companies held $1,579 million of capital in excess of minimum regulatory capital requirements at 30 June 2015.

(8) Regulatory Expected Loss (pre-tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions (pre-tax).

(9) As at 30 June 2015, comprises PERLS VI $2,000 million issued in October 2012 and PERLS VII $3,000 million issued in October 2014.

(10) As at 30 June 2015, represents APRA Basel III non-compliant Additional Tier 1 Capital Instruments (PERLS III, Trust Preferred Securities (TPS) 06, ASB Perpetual Preference Shares, and Perpetual Exchangeable Floating Rate Note). These instruments are eligible for Basel III transitional relief. In June 2015, the Group redeemed USD550 million in TPS 03. In October 2014 the Group bought back and cancelled AUD2,000 million of PERLS V.

(11) As at 30 June 2015, comprises the following subordinated notes: Chinese Renminbi 1,000 million issued in March 2015, EUR1,250 million issued in April 2015, AUD1,000 million issued in November 2014 and NZD400 million issued in April 2014. The NZD400 million notes were issued through ASB, the Group's New Zealand subsidiary. The ASB notes are Basel III compliant Tier 2 securities and fully contribute towards ASB capital ratios. The amount of the ASB notes that contributes to ASB capital in excess of its minimum regulatory requirements is not eligible for inclusion in the Group's capital (30 June 2015 ineligible amount, AUD114 million, 31 December 2014 ineligible amount, AUD129 million, 30 June 2014 ineligible amount, AUD138 million).

(12) Includes both perpetual and term instruments subordinated to depositors and general creditors, having an original maturity of at least five years. APRA require these to be included as if they were unhedged. Term instruments are amortised 20% of the original amount during each of the last five years to maturity. These instruments are eligible for Basel III transitional relief.

(13) Represents the collective provision and general reserve for credit losses for exposures in the Group which are measured for capital purposes under the Standardised approach to credit risk.

15. Capital (continued)

Risk Weighted Assets	30 Jun 15 $M	31 Dec 14 $M	30 Jun 14 $M
Credit Risk			
Subject to Advanced IRB approach			
Corporate	**60,879**	56,612	49,067
SME Corporate	**25,289**	23,913	22,478
SME Retail	**5,068**	4,963	5,280
SME Retail secured by residential mortgage	**2,949**	3,285	3,543
Sovereign	**5,163**	5,432	5,330
Bank	**12,024**	10,983	10,131
Residential mortgage (1)	**74,382**	72,278	65,986
Qualifying revolving retail (1)	**8,861**	8,533	8,215
Other retail (1)	**13,942**	13,620	12,757
Impact of the regulatory scaling factor (2)	**12,513**	11,977	10,967
Total Risk Weighted Assets subject to Advanced IRB approach	**221,070**	211,596	193,754
Specialised lending exposures subject to slotting criteria	**51,081**	48,774	48,935
Subject to Standardised approach			
Corporate	**10,357**	11,358	10,850
SME Corporate	**5,921**	5,470	4,924
SME Retail	**5,843**	5,571	5,207
Sovereign	**209**	169	124
Bank	**244**	204	220
Residential mortgage	**6,728**	6,416	6,040
Other retail	**2,679**	2,946	2,648
Other assets	**4,982**	4,924	4,214
Total Risk Weighted Assets subject to Standardised approach	**36,963**	37,058	34,227
Securitisation	**1,653**	5,016	5,010
Credit valuation adjustment	**7,712**	8,126	6,636
Central counterparties	**695**	954	576
Total Risk Weighted Assets for Credit Risk Exposures	**319,174**	311,524	289,138
Traded market risk	**6,335**	6,466	5,284
Interest rate risk in the banking book	**10,847**	4,846	14,762
Operational risk	**32,365**	30,212	28,531
Total Risk Weighted Assets	**368,721**	353,048	337,715

(1) A change in the application of the Retail Best Estimate of Expected Loss (BEEL) resulted in an increase RWA of $6.4 billion which was largely offset by a drop in the regulatory Expected Loss deduction for CET1 capital.

(2) APRA requires RWA amounts that are derived from IRB risk weight functions to be multiplied by a factor of 1.06.

16. Shareholders' Equity

	Full Year Ended		Half Year Ended	
	30 Jun 15	30 Jun 14	30 Jun 15	31 Dec 14
	$M	$M	$M	$M
Ordinary Share Capital				
Shares on issue:				
Opening balance	**27,327**	26,620	**27,327**	27,327
Dividend reinvestment plan (net of issue costs) (1) (2)	**571**	707	**571**	-
	27,898	27,327	**27,898**	27,327
Less treasury shares:				
Opening balance	**(291)**	(297)	**(288)**	(291)
Purchase of treasury shares (3)	**(790)**	(813)	**(63)**	(727)
Sale and vesting of treasury shares (3)	**802**	819	**72**	730
	(279)	(291)	**(279)**	(288)
Closing balance	**27,619**	27,036	**27,619**	27,039
Other Equity Instruments				
Opening balance	**939**	939	**939**	939
Closing balance	**939**	939	**939**	939
Retained Profits				
Opening balance	**18,827**	16,405	**19,823**	18,827
Actuarial gains and losses from defined benefit superannuation plans	**311**	42	**327**	(16)
Gains and losses on liabilities at fair value due to changes in own credit risk	**(3)**	6	**(2)**	(1)
Realised gains and dividend income on treasury shares	**42**	27	**16**	26
Operating profit attributable to Equity holders of the Bank	**9,063**	8,631	**4,528**	4,535
Total available for appropriation	**28,240**	25,111	**24,692**	23,371
Transfers (to)/from general reserve	**47**	(101)	**56**	(9)
Transfers from asset revaluation reserve	**21**	23	**9**	12
Interim dividend - cash component	**(2,636)**	(2,243)	**(2,636)**	-
Interim dividend - dividend reinvestment plan (1)	**(574)**	(707)	**(574)**	-
Final dividend - cash component	**(3,534)**	(3,224)	**-**	(3,534)
Other dividends (4)	**(36)**	(32)	**(19)**	(17)
Closing balance	**21,528**	18,827	**21,528**	19,823

(1) The determined dividend includes an amount attributable to Dividend Reinvestment Plan (DRP) of $574 million (interim 2014/2015) and $707 million (interim 2013/2014) with $571 million and $707 million ordinary shares being issued under plan rules, which include the carry forward of DRP balance from previous dividends.

(2) The DRP in respect of 2012/2013 and 2013/2014 final dividends were satisfied in full through the on-market purchase and transfer of 9,829,242 and 8,749,607 shares to participating shareholders.

(3) The movement in treasury shares held within Life Insurance Statutory Funds and the employee share scheme trust.

(4) Dividends relating to equity instruments on issue other than ordinary shares.

16. Shareholders' Equity (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 15	30 Jun 14	30 Jun 15	31 Dec 14
	$M	$M	$M	$M
Reserves				
General Reserve				
Opening balance	**866**	765	**875**	866
Appropriation from/(to) retained profits	**(47)**	101	**(56)**	9
Closing balance	**819**	866	**819**	875
Asset Revaluation Reserve				
Opening balance	**197**	194	**185**	197
Revaluation of properties	**19**	28	**19**	-
Transfers on sale of properties	**-**	-	**-**	-
Transfer to retained profits	**(21)**	(23)	**(9)**	(12)
Tax on revaluation of properties	**(4)**	(2)	**(4)**	-
Closing balance	**191**	197	**191**	185
Foreign Currency Translation Reserve				
Opening balance	**(42)**	(427)	**346**	(42)
Currency translation adjustments of foreign operations	**439**	405	**44**	395
Currency translation on net investment hedge	**(3)**	(6)	**4**	(7)
Tax on translation adjustments	**(38)**	(14)	**(38)**	-
Closing balance	**356**	(42)	**356**	346
Cash Flow Hedge Reserve				
Opening balance	**224**	368	**459**	224
Gains and losses on cash flow hedging instruments:				
Recognised in other comprehensive income	**706**	338	**270**	436
Transferred to Income Statement:				
Interest income	**(1,135)**	(1,294)	**(584)**	(551)
Interest expense	**488**	698	**36**	452
Tax on cash flow hedging instruments	**(20)**	114	**82**	(102)
Closing balance	**263**	224	**263**	459
Employee Compensation Reserve				
Opening balance	**125**	132	**79**	125
Current period movement	**(3)**	(7)	**43**	(46)
Closing balance	**122**	125	**122**	79
Available-for-sale Investments Reserve				
Opening balance	**639**	301	**730**	639
Net gains and losses on revaluation of available-for-sale investments	**140**	509	**(32)**	172
Net gains and losses on available-for-sale investments transferred to Income Statement on disposal	**(223)**	(12)	**(168)**	(55)
Tax on available-for-sale investments	**38**	(159)	**64**	(26)
Closing balance	**594**	639	**594**	730
Total Reserves	**2,345**	2,009	**2,345**	2,674
Shareholders' Equity attributable to Equity holders of the Bank	**52,431**	48,811	**52,431**	50,475
Shareholders' Equity attributable to Non-controlling interests	**562**	537	**562**	556
Total Shareholders' Equity	**52,993**	49,348	**52,993**	51,031

16. Shareholders' Equity (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 15	30 Jun 14	30 Jun 15	31 Dec 14
Shares on Issue	Number	Number	Number	Number
Opening balance (excluding Treasury Shares deduction)	**1,621,319,194**	1,611,928,836	**1,621,319,194**	1,621,319,194
Issue of shares	**-**	-	**-**	-
Dividend reinvestment plan issue: (1)				
2013/2014 Interim dividend fully paid ordinary shares $75.26	**-**	9,390,358	**-**	-
2014/2015 Interim dividend fully paid ordinary shares $91.26	**6,273,519**	-	**6,273,519**	-
Closing balance (excluding Treasury Shares deduction)	**1,627,592,713**	1,621,319,194	**1,627,592,713**	1,621,319,194
Less: Treasury shares (2)	**(4,654,277)**	(5,516,035)	**(4,654,277)**	(4,898,558)
Closing balance	**1,622,938,436**	1,615,803,159	**1,622,938,436**	1,616,420,636

(1) The DRP in respect of 2012/2013 and 2013/2014 final dividends were satisfied in full through the on-market purchase and transfer of 9,829,242 and 8,749,607 shares to participating shareholders.

(2) Relates to Treasury shares held within the life insurance statutory funds and the employees' share scheme trust.

Dividend Franking Account

After fully franking the final dividend to be paid for the year, the amount of credits available at the 30% tax rate as at 30 June 2015 to frank dividends for subsequent financial years, is $569 million (December 2014: $624 million; June 2014: $533 million). This figure is based on the franking accounts of the Bank at 30 June 2015, adjusted for franking credits that will arise from the payment of income tax payable on profits for the year, franking debits that will arise from the payment of dividends proposed, 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 the Bank to be able to continue to fully frank future dividend payments. These calculations have been based on the taxation law as at 30 June 2015.

Dividends

The Directors have declared a fully franked final dividend of 222 cents per share amounting to $3,613 million. There is no foreign conduit income attributed to the final dividend. The dividend will be payable on 1 October 2015 to shareholders on the register at 5:00pm AEST on 20 August 2015.

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

Participation in the DRP is optional and offers ordinary shareholders in certain jurisdictions the opportunity to acquire fully paid ordinary shares instead of receiving the dividend in cash. Shares allocated under the DRP will rank equally with other ordinary shares already on issue.

Record Date

The register closes for determination of dividend entitlement at 5:00pm AEST on 20 August 2015. The deadline for notifying participation in the DRP is 5:00pm AEST on 21 August 2015.

Ex-Dividend Date

The ex-dividend date is 18 August 2015.

17. ASX Appendix 4E

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Details of Associates and Joint Ventures (Rule 4.3A Item No.11)

As at 30 June 2015	Ownership Interest Held (%)
Aussie Home Loans Pty Limited (1)	80%
Aegis Correctional Partnership Pty Limited	50%
Aegis Correctional Partnership Trust	50%
Aegis Securitisation Nominees Pty Limited	50%
Aegis Securitisation Trust	50%
Equigroup Pty Limited	50%
First State Cinda Fund Management Company Limited	46%
BoCommLife Insurance Company Limited	38%
Countplus Limited	36%
Vipro Pty Limited	33%
Cash Services Australia Pty Limited	25%
Paymark Limited (2)	25%
Cardlink Services Limited	25%
Bank of Hangzhou Co., Ltd.	20%
Qilu Bank Co., Ltd.	20%
Vietnam International Commercial Joint Stock Bank	20%
Payments NZ Limited	19%
First State European Diversified Investment Fund	9%

(1) The Group's 80% interest in Aussie Home Loans Pty Limited is jointly controlled as the key financial and operating decisions require the unanimous consent of all directors.

(2) Formerly known as Electronic Transaction Services Limited.

17. ASX Appendix 4E (continued)

Other Significant Information (Rule 4.3A Item No.12)

The Bank expects the DRP for the final dividend for the year ended 30 June 2015 will be satisfied by the issue of shares of approximately $700 million.

Capital Raising

The Board of Directors approved a pro-rata renounceable entitlement offer of new ordinary shares to eligible existing shareholders after close of the ASX on 11 August 2015. This will comprise an accelerated institutional entitlements offer and a retail entitlements offer with retail entitlements trading. This is expected to raise approximately $5 billion and will result in approximately 71 million new ordinary shares representing 4.3% of shares on issue. The capital raised will allow the Bank to meet future requirements including the new APRA capital requirements in relation to residential mortgages being implemented on 1 July 2016.

Open Advice Review Program and Licence Conditions

The Group is currently undertaking the Open Advice Review program for customers of Commonwealth Financial Planning Limited (CFPL) and Financial Wisdom Limited (FWL), who received advice between 1 September 2003 and 1 July 2012. Expressions of interest for the program closed on 3 July 2015. Customers who lodged an expression of interest before this date have 12 months to formally register for the program.

Since its announcement, the Group has established an Independent Review Panel and appointed Independent Customer Advocates. The Group also appointed Promontory Financial Group ('Promontory') as an Independent Expert to oversee the Open Advice Review program. Promontory has delivered two public reports in December 2014 and May 2015. Customer file assessments and remediation have commenced and are ongoing.

On 8 August 2014, variations to CFPL's and FWL's Australian Financial Services Licences (AFSL) were finalised. ASIC subsequently appointed KordaMentha Forensic as the compliance expert under the varied AFSL conditions to produce three reports. The first report was issued in April 2015. The report compares the process steps undertaken in previous remediation programs.

Following receipt of the first report, the Group issued 4,329 letters to financial planning customers and offered to pay up to $5,000 to have their advice assessment reviewed independently, to send customers copies of their files and for the Group to do a further review of the advice the customer received.

The Group has provided for the cost of running these programs, together with anticipated remediation costs. Key assumptions in determining the remediation and program cost provisions include customer registrations and responses, remediation rates and amounts, case complexity and program design. These have been developed considering historical evidence, current information available and the exercise of judgement. As the nature of these estimates and assumptions are uncertain, the provisions may change. The Group considers that provisions held are adequate and represent our best estimate of the anticipated future costs. The Group will re-evaluate the assumptions underpinning the provisions at each reporting date as more information becomes available.

Foreign Entities (Rule 4.3A Item No. 13)

Not Applicable.

Compliance Statement

This preliminary final report for the year ended 30 June 2015 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.

PricewaterhouseCoopers has audited the financial statements contained within the Commonwealth Bank of Australia Annual Report and has issued an unmodified audit report. The Annual Report is currently being finalised in publishable form and will be available, including a copy of the PricewaterhouseCoopers report, on 17 August 2015. This preliminary final report has not been subject to audit by PricewaterhouseCoopers. The preceding financial information contained in the Financial Statements section of this preliminary final report includes financial information extracted from the audited financial statements together with financial information that has not been audited.

David Cohen
Company Secretary
11 August 2015

18. Profit Reconciliation

Profit Reconciliation	Full Year Ended 30 June 2015 Net profit after tax "cash basis" $M	Hedging and IFRS volatility $M	Bankwest non-cash items [1] $M	Treasury shares valuation adjustment $M	Bell Group litigation $M	Gain on sale of management rights $M	Policyholder tax $M	Investment experience $M	Net profit after tax "statutory basis" $M
Group									
Interest income	**34,104**	(4)	-	-	-	-	-	-	**34,100**
Interest expense	**(18,305)**	-	-	-	-	-	-	-	**(18,305)**
Net interest income	**15,799**	(4)	-	-	-	-	-	-	**15,795**
Other banking income	**4,839**	17	-	-	-	-	-	-	**4,856**
Total banking income	**20,638**	13	-	-	-	-	-	-	**20,651**
Funds management income	**1,938**	-	-	(22)	-	-	21	66	**2,003**
Insurance income	**792**	-	-	-	-	-	78	144	**1,014**
Total operating income	**23,368**	13	-	(22)	-	-	99	210	**23,668**
Investment experience	**210**	-	-	-	-	-	-	(210)	**-**
Total income	**23,578**	13	-	(22)	-	-	99	-	**23,668**
Operating expenses	**(9,993)**	-	(75)	-	-	-	-	-	**(10,068)**
Loan impairment expense	**(988)**	-	-	-	-	-	-	-	**(988)**
Net profit before tax	**12,597**	13	(75)	(22)	-	-	99	-	**12,612**
Corporate tax expense	**(3,439)**	(7)	23	(6)	-	-	(99)	-	**(3,528)**
Non-controlling interests	**(21)**	-	-	-	-	-	-	-	**(21)**
Net profit after tax	**9,137**	6	(52)	(28)	-	-	-	-	**9,063**

(1) Includes merger related amortisation through operating expense of $75 million, and an income tax benefit of $23 million.

18. Profit Reconciliation (continued)

Profit Reconciliation	Net profit after tax "cash basis" $M	Hedging and IFRS volatility $M	Bankwest non-cash items [(1)] $M	Treasury shares valuation adjustment $M	Bell Group litigation $M	Gain on sale of management rights $M	Policyholder tax $M	Investment experience $M	Net profit after tax "statutory basis" $M
	Full Year Ended 30 June 2014								
Group									
Interest income	**33,634**	16	(5)	-	-	-	-	-	**33,645**
Interest expense	**(18,543)**	(1)	-	-	-	-	-	-	**(18,544)**
Net interest income	**15,091**	15	(5)	-	-	-	-	-	**15,101**
Other banking income	**4,323**	(27)	-	-	-	24	-	-	**4,320**
Total banking income	**19,414**	(12)	(5)	-	-	24	-	-	**19,421**
Funds management income	**1,933**	-	-	(46)	-	-	59	88	**2,034**
Insurance income	**819**	-	-	-	-	-	67	147	**1,033**
Total operating income	**22,166**	(12)	(5)	(46)	-	24	126	235	**22,488**
Investment experience	**235**	-	-	-	-	-	-	(235)	**-**
Total income	**22,401**	(12)	(5)	(46)	-	24	126	-	**22,488**
Operating expenses	**(9,499)**	-	(74)	-	-	-	-	-	**(9,573)**
Loan impairment expense	**(953)**	-	-	-	35	-	-	-	**(918)**
Net profit before tax	**11,949**	(12)	(79)	(46)	35	24	126	-	**11,997**
Corporate tax expense	**(3,250)**	18	23	5	(10)	(7)	(126)	-	**(3,347)**
Non-controlling interests	**(19)**	-	-	-	-	-	-	-	**(19)**
Net profit after tax	**8,680**	6	(56)	(41)	25	17	-	-	**8,631**

(1) Includes merger related amortisation through net interest income of $5 million, merger related amortisation through operating expense of $74 million, and an income tax benefit of $23 million.

18. Profit Reconciliation (continued)

Profit Reconciliation	Half Year Ended 30 June 2015								
	Net profit after tax "cash basis" $M	Hedging and IFRS volatility $M	Bankwest non-cash items [(1)] $M	Treasury shares valuation adjustment $M	Bell Group litigation $M	Gain on sale of management rights $M	Policyholder tax $M	Investment experience $M	Net profit after tax "statutory basis" $M
Group									
Interest income	**16,807**	(2)	-	-	-	-	-	-	**16,805**
Interest expense	**(8,899)**	1	-	-	-	-	-	-	**(8,898)**
Net interest income	**7,908**	(1)	-	-	-	-	-	-	**7,907**
Other banking income	**2,469**	73	-	-	-	-	-	-	**2,542**
Total banking income	**10,377**	72	-	-	-	-	-	-	**10,449**
Funds management income	**968**	-	-	(4)	-	-	10	55	**1,029**
Insurance income	**376**	-	-	-	-	-	28	75	**479**
Total operating income	**11,721**	72	-	(4)	-	-	38	130	**11,957**
Investment experience	**130**	-	-	-	-	-	-	(130)	**-**
Total income	**11,851**	72	-	(4)	-	-	38	-	**11,957**
Operating expenses	**(5,079)**	-	(38)	-	-	-	-	-	**(5,117)**
Loan impairment expense	**(548)**	-	-	-	-	-	-	-	**(548)**
Net profit before tax	**6,224**	72	(38)	(4)	-	-	38	-	**6,292**
Corporate tax expense	**(1,699)**	(24)	12	(4)	-	-	(38)	-	**(1,753)**
Non-controlling interests	**(11)**	-	-	-	-	-	-	-	**(11)**
Net profit after tax	**4,514**	48	(26)	(8)	-	-	-	-	**4,528**

(1) Includes merger related amortisation through operating expense of $38 million; and an income tax benefit of $12 million.

19. Notes to the Statement of Cash Flows

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

	Full Year Ended	
	30 Jun 15	30 Jun 14
	$M	$M
Net profit after income tax	9,084	8,650
Decrease/(increase) in interest receivable	3	(22)
Increase/(decrease) in interest payable	14	(295)
Net increase in assets at fair value through Income Statement (excluding life insurance)	(5,490)	(1,016)
Net gain on sale of controlled entities and associates	(13)	(60)
Net gain on sale of investments	-	(2)
Net movement in derivative assets/liabilities	6,180	5,375
Net loss on sale of property, plant and equipment	8	12
Equity accounting profit	(268)	(192)
Loan impairment expense	988	918
Depreciation and amortisation (including asset write downs)	803	874
Increase/(decrease) in liabilities at fair value through Income Statement (excluding life insurance)	975	(1,674)
Increase in other provisions	354	7
Decrease in income taxes payable	(32)	(617)
Decrease in deferred tax liabilities	(15)	(104)
Decrease in deferred tax assets	131	363
Decrease/(increase) in accrued fees/reimbursements receivable	66	(158)
Increase in accrued fees and other items payable	349	94
Decrease in life insurance contract policy liabilities	(1,133)	(1,082)
Increase in cash flow hedge reserve	20	9
(Gains)/loss on changes in fair value of hedged items	(493)	71
Changes in operating assets and liabilities arising from cash flow movements	(4,658)	(8,280)
Other	310	1,092
Net cash provided by operating activities	7,183	3,963

(b) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and money at short call.

	As at	
	30 Jun 15	30 Jun 14
	$M	$M
Notes, coins and cash at banks	15,683	12,490
Other short term liquid assets	3,587	6,638
Cash and cash equivalents at end of year	19,270	19,128

(c) Non-Cash Financing and Investing Activities

	Full Year Ended	
	30 Jun 15	30 Jun 14
	$M	$M
Shares issued under the Dividend Reinvestment Plan (1)	571	707

(1) Part of the Dividend Reinvestment Plan paid out in the 2015 financial year was satisfied through the on-market purchase and transfer of $704 million of shares to participating shareholders (2014: $722 million).

(d) Disposal of Controlled Entities – Fair Value of Asset Disposal

The Group disposed of certain CFS GAM operations, including Colonial First State Property Management Pty Limited, Commonwealth Management Investments Limited and Colonial First State Management Pty Limited, during the 2014 financial year.

	Full Year Ended	
	30 Jun 15	30 Jun 14
	$M	$M
Net assets	-	440
Cash consideration received	-	569
Cash and cash equivalents held in disposed entities	-	38

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

(e) Acquisition of Controlled Entities

The Group acquired 100% of the issued share capital of the TYME Group and gained control on 26 January 2015. TYME is a South African based global leader in designing, building and operating digital banking systems. This acquisition will support the Group in growing into emerging markets, as well as provide capability to enhance innovation in our core markets.

The fair value of the identifiable assets acquired and liabilities assumed at the acquisition date are as follows:

	Full Year Ended	
	30 Jun 15	30 Jun 14
	$M	$M
Net identifiable assets at fair value	(2)	-
Add: Goodwill	43	-
Purchase consideration transferred	41	-
Less: Cash and cash equivalents acquired	-	-
	41	-
Less: Contingent consideration	(12)	-
Net cash outflow on acquisition	29	-

20. Analysis Template

Profit Summary - Input Schedule	Full Year Ended 30 Jun 15 $M	Full Year Ended 30 Jun 14 $M	Half Year Ended 30 Jun 15 $M	Half Year Ended 31 Dec 14 $M
Net interest income	**15,799**	15,091	**7,908**	7,891
Other banking income	**4,839**	4,323	**2,469**	2,370
Total banking income	**20,638**	19,414	**10,377**	10,261
Funds management income	**1,938**	1,933	**968**	970
Insurance income	**792**	819	**376**	416
Total operating income	**23,368**	22,166	**11,721**	11,647
Investment experience	**210**	235	**130**	80
Total income	**23,578**	22,401	**11,851**	11,727
Operating Expenses (1)				
Retail Banking Services	**(3,293)**	(3,173)	**(1,658)**	(1,635)
Business and Private Banking	**(1,397)**	(1,338)	**(700)**	(697)
Institutional Banking and Markets	**(1,013)**	(943)	**(538)**	(475)
Wealth Management (2)	**(1,726)**	(1,593)	**(943)**	(783)
New Zealand	**(861)**	(805)	**(441)**	(420)
Bankwest	**(785)**	(806)	**(388)**	(397)
IFS and Other	**(918)**	(841)	**(411)**	(507)
Total operating expenses	**(9,993)**	(9,499)	**(5,079)**	(4,914)
Profit before loan impairment expense	**13,585**	12,902	**6,772**	6,813
Loan impairment expense	**(988)**	(953)	**(548)**	(440)
Net profit before income tax	**12,597**	11,949	**6,224**	6,373
Corporate tax expense	**(3,439)**	(3,250)	**(1,699)**	(1,740)
Operating profit after tax	**9,158**	8,699	**4,525**	4,633
Non-controlling interests	**(21)**	(19)	**(11)**	(10)
Net profit after tax - "cash basis"	**9,137**	8,680	**4,514**	4,623
Treasury shares valuation adjustment (after tax)	**(28)**	(41)	**(8)**	(20)
Hedging and IFRS volatility (after tax)	**6**	6	**48**	(42)
Bankwest non-cash items (after tax)	**(52)**	(56)	**(26)**	(26)
Bell Group litigation (after tax)	**-**	25	**-**	-
Gain on sale of management rights (after tax)	**-**	17	**-**	-
Net profit after tax - "statutory basis"	**9,063**	8,631	**4,528**	4,535
Total Operating Income (1)				
Retail Banking Services	**9,437**	9,002	**4,691**	4,746
Business and Private Banking	**3,636**	3,459	**1,812**	1,824
Institutional Banking and Markets	**2,819**	2,666	**1,385**	1,434
Wealth Management (net of volume expenses) (2)	**2,321**	2,411	**1,130**	1,191
New Zealand	**2,092**	1,832	**1,060**	1,032
Bankwest	**1,811**	1,783	**899**	912
IFS and Other	**1,224**	1,013	**716**	508

(1) Comparative information has been restated to conform to presentation in the current year.
(2) Property has been included in comparative information.

20. Analysis Template (continued)

Profit Summary - Input Schedule	Full Year Ended 30 Jun 15 $M	Full Year Ended 30 Jun 14 $M	Half Year Ended 30 Jun 15 $M	Half Year Ended 31 Dec 14 $M
Other Data				
Net interest income	**15,799**	15,091	**7,908**	7,891
Average interest earning assets	**754,872**	705,371	**771,364**	738,648
Average net assets (1)	**51,124**	47,307	**52,012**	50,190
Average non-controlling interests (1)	**552**	537	**559**	547
Average other equity instruments (1)	**939**	939	**939**	939
Average treasury shares (1)	**(285)**	(293)	**(283)**	(288)
Distributions - other equity instruments	**52**	45	**28**	24
Interest expense (after tax) - PERLS III	**23**	34	**11**	12
Interest expense (after tax) - PERLS V	**19**	66	**-**	19
Interest expense (after tax) - PERLS VI	**93**	65	**45**	48
Interest expense (after tax) - PERLS VII	**61**	-	**40**	21
Interest expense (after tax) - TPS	**27**	25	**14**	13
Interest expense (after tax) - Convertible notes	**2**	-	**2**	-
Weighted average number of shares - statutory basic (M)	**1,618**	1,608	**1,620**	1,616
Weighted average number of shares - statutory diluted (M)	**1,737**	1,681	**1,742**	1,699
Weighted average number of shares - cash basic (M)	**1,620**	1,611	**1,622**	1,619
Weighted average number of shares - cash diluted (M)	**1,740**	1,684	**1,744**	1,702
Weighted average number of shares - PERLS III (M)	**14**	14	**14**	14
Weighted average number of shares - PERLS V (M)	**16**	25	**-**	16
Weighted average number of shares - PERLS VI (M)	**24**	25	**24**	24
Weighted average number of shares - PERLS VII (M)	**54**	-	**72**	18
Weighted average number of shares - TPS (M)	**9**	8	**9**	9
Weighted average number of shares - Convertible notes (M)	**2**	-	**2**	1
Weighted average number of shares - Executive options (M)	**1**	1	**1**	1
Dividends per share (cents) - fully franked	**420**	401	**222**	198
No. of shares at end of period excluding Treasury Shares deduction (M)	**1,628**	1,621	**1,628**	1,621
Funds Under Administration (FUA) - average	**287,136**	263,860	**298,882**	274,923
Average inforce premiums	**3,259**	3,068	**3,332**	3,234
Net assets	**52,993**	49,348	**52,993**	51,031
Total intangible assets	**9,970**	9,792	**9,970**	9,881
Non-controlling interests	**562**	537	**562**	556
Other equity instruments	**939**	939	**939**	939

(1) Average of reporting period balances.

20. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30 Jun 15 $M	Full Year Ended 30 Jun 14 $M	Half Year Ended 30 Jun 15 $M	Half Year Ended 31 Dec 14 $M
Earnings Per Share (EPS)				
Net profit after tax - "cash basis"	**9,137**	8,680	**4,514**	4,623
Less distribution - other equity instruments	**(52)**	(45)	**(28)**	(24)
Adjusted profit for EPS calculation	**9,085**	8,635	**4,486**	4,599
Average number of shares (M) - "cash basis"	**1,620**	1,611	**1,622**	1,619
Earnings Per Share basic - "cash basis" (cents) (1)	**560. 8**	535. 9	**276. 7**	284. 1
Net profit after tax - "statutory basis"	**9,063**	8,631	**4,528**	4,535
Less distribution - other equity instruments	**(52)**	(45)	**(28)**	(24)
Adjusted profit for EPS calculation	**9,011**	8,586	**4,500**	4,511
Average number of shares (M) - "statutory basis"	**1,618**	1,608	**1,620**	1,616
Earnings Per Share basic - "statutory basis" (cents) (1)	**557. 0**	533. 8	**277. 9**	279. 1
Interest expense (after tax) - PERLS III	**23**	34	**11**	12
Interest expense (after tax) - PERLS V	**19**	66	**-**	19
Interest expense (after tax) - PERLS VI	**93**	65	**45**	48
Interest expense (after tax) - PERLS VII	**61**	-	**40**	21
Interest expense (after tax) - TPS	**27**	25	**14**	13
Interest expense (after tax) - Convertible notes	**2**	-	**2**	-
Profit impact of assumed conversions (after tax)	**225**	190	**112**	113
Weighted average number of shares - PERLS III (M)	**14**	14	**14**	14
Weighted average number of shares - PERLS V (M)	**16**	25	**-**	16
Weighted average number of shares - PERLS VI (M)	**24**	25	**24**	24
Weighted average number of shares - PERLS VII (M)	**54**	-	**72**	18
Weighted average number of shares - TPS (M)	**9**	8	**9**	9
Weighted average number of shares - Convertible notes (M)	**2**	-	**2**	1
Weighted average number of shares - Executive options (M)	**1**	1	**1**	1
Weighted average number of shares - dilutive securities (M)	**120**	73	**122**	83
Adjusted cash profit for EPS calculation	**9,085**	8,635	**4,486**	4,599
Add back profit impact of assumed conversions (after tax)	**225**	190	**112**	113
Adjusted diluted profit for EPS calculation	**9,310**	8,825	**4,598**	4,712
Average number of shares (M) - "cash basis"	**1,620**	1,611	**1,622**	1,619
Add back weighted average number of shares (M)	**120**	73	**122**	83
Diluted average number of shares (M)	**1,740**	1,684	**1,744**	1,702
Earnings Per Share diluted - "cash basis" (cents) (1)	**535. 2**	524. 0	**263. 7**	276. 9
Adjusted profit for EPS calculation	**9,011**	8,586	**4,500**	4,511
Add back profit impact of assumed conversions (after tax)	**225**	190	**112**	113
Adjusted diluted profit for EPS calculation	**9,236**	8,776	**4,612**	4,624
Average number of shares (M) - "statutory basis"	**1,618**	1,608	**1,620**	1,616
Add back weighted number of shares (M)	**120**	73	**122**	83
Diluted average number of shares (M)	**1,738**	1,681	**1,742**	1,699
Earnings Per Share diluted - "statutory basis" (cents) (1)	**531. 6**	521. 9	**264. 7**	272. 1
Dividends Per Share (DPS)				
Dividends				
Dividends per share (cents)	**420**	401	**222**	198
No. of shares at end of period excluding Treasury Shares deduction (M)	**1,628**	1,621	**1,628**	1,621
Total dividends	**6,823**	6,484	**3,613**	3,210
Dividend payout ratio - "cash basis"				
Net profit after tax - "cash basis"	**9,137**	8,680	**4,514**	4,623
Net profit after tax - attributable to ordinary shareholders	**9,085**	8,635	**4,486**	4,599
Total dividends	**6,823**	6,484	**3,613**	3,210
Payout ratio - "cash basis" (%)	**75.1**	75.1	**80.5**	69.8
Dividend cover				
Net profit after tax - attributable to ordinary shareholders	**9,085**	8,635	**4,486**	4,599
Total dividends	**6,823**	6,484	**3,613**	3,210
Dividend cover - "cash basis" (times)	**1.3**	1.3	**1.2**	1.4

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

20. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30 Jun 15 $M	Full Year Ended 30 Jun 14 $M	Half Year Ended 30 Jun 15 $M	Half Year Ended 31 Dec 14 $M
Return on Equity (ROE)				
Return on Equity - "cash basis"				
Average net assets	**51,124**	47,307	**52,012**	50,190
Less:				
Average non-controlling interests	**(552)**	(537)	**(559)**	(547)
Average other equity instruments	**(939)**	(939)	**(939)**	(939)
Average equity	**49,633**	45,831	**50,514**	48,704
Add average treasury shares	**285**	293	**283**	288
Net average equity	**49,918**	46,124	**50,797**	48,992
Net profit after tax - "cash basis"	**9,137**	8,680	**4,514**	4,623
Less distribution - other equity instruments	**(52)**	(45)	**(28)**	(24)
Adjusted profit for ROE calculation	**9,085**	8,635	**4,486**	4,599
ROE - "cash basis" (%)	**18. 2**	18. 7	**17. 8**	18. 6
Return on Equity - "statutory basis"				
Average net assets	**51,124**	47,307	**52,012**	50,190
Average non-controlling interests	**(552)**	(537)	**(559)**	(547)
Average other equity interests	**(939)**	(939)	**(939)**	(939)
Average equity	**49,633**	45,831	**50,514**	48,704
Net profit after tax - "statutory basis"	**9,063**	8,631	**4,528**	4,535
Less distribution other equity instruments	**(52)**	(45)	**(28)**	(24)
Adjusted profit for ROE calculation	**9,011**	8,586	**4,500**	4,511
ROE - "statutory basis" (%)	**18. 2**	18. 7	**18. 0**	18. 4
Net Tangible Assets per share				
Net assets	**52,993**	49,348	**52,993**	51,031
Less:				
Intangible assets	**(9,970)**	(9,792)	**(9,970)**	(9,881)
Non-controlling interests	**(562)**	(537)	**(562)**	(556)
Other equity instruments	**(939)**	(939)	**(939)**	(939)
Total net tangible assets	**41,522**	38,080	**41,522**	39,655
No. of shares at end of period (M)	**1,628**	1,621	**1,628**	1,621
Net Tangible Assets per share ($)	**25. 51**	23. 49	**25. 51**	24. 46

21. Summary

Group		Full Year Ended 30 Jun 15	30 Jun 14	Jun 15 vs Jun 14 %	Half Year Ended 30 Jun 15	31 Dec 14	Jun 15 vs Dec 14 %
Net profit after tax "cash basis"	$M	**9,137**	8,680	5	**4,514**	4,623	(2)
Treasury shares valuation adjustment (after tax)	$M	**(28)**	(41)	(32)	**(8)**	(20)	(60)
Hedging and IFRS volatility (after tax)	$M	**6**	6	-	**48**	(42)	large
Bankwest non-cash items (after tax)	$M	**(52)**	(56)	(7)	**(26)**	(26)	-
Gain on sale of management rights (after tax)	$M	**-**	17	large	**-**	-	-
Bell Group litigation (after tax)	$M	**-**	25	large	**-**	-	-
Net profit after tax "statutory basis"	$M	**9,063**	8,631	5	**4,528**	4,535	-
Earnings per share "cash basis" - basic	cents	**560. 8**	535. 9	5	**276. 7**	284. 1	(3)
Dividends per share (fully franked)	cents	**420**	401	5	**222**	198	12
Dividend payout ratio "cash basis"	%	**75. 1**	75. 1	-	**80. 5**	69. 8	large
Common Equity Tier 1 (Internationally Comparable) - Basel III [1]	%	**12. 7**	n/a	n/a	**12. 7**	n/a	n/a
Common Equity Tier 1 (APRA) - Basel III	%	**9. 1**	9. 3	(20)bpts	**9. 1**	9. 2	(10)bpts
Number of full-time equivalent staff	No.	**45,948**	44,329	4	**45,948**	44,520	3
Return on equity "cash basis"	%	**18. 2**	18. 7	(50)bpts	**17. 8**	18. 6	(80)bpts
Return on equity "statutory basis"	%	**18. 2**	18. 7	(50)bpts	**18. 0**	18. 4	(40)bpts
Weighted average no. of shares "statutory basis" - basic	M	**1,618**	1,608	1	**1,620**	1,616	-
Net tangible assets per share	$	**25. 51**	23. 49	9	**25. 51**	24. 46	4
Net interest income	$M	**15,799**	15,091	5	**7,908**	7,891	-
Net interest margin	%	**2. 09**	2. 14	(5)bpts	**2. 07**	2. 12	(5)bpts
Net interest margin excluding Treasury and Markets	%	**2. 03**	2. 04	(1)bpt	**2. 01**	2. 04	(3)bpts
Other banking income - "cash basis"	$M	**4,839**	4,323	12	**2,469**	2,370	4
Other banking income to total banking income	%	**23. 4**	22. 3	110 bpts	**23. 8**	23. 1	70 bpts
Operating expenses to total operating income	%	**42. 8**	42. 9	(10)bpts	**43. 3**	42. 2	110 bpts
Average interest earning assets	$M	**754,872**	705,371	7	**771,364**	738,648	4
Average interest bearing liabilities	$M	**714,159**	661,733	8	**733,232**	695,400	5
Loan impairment expense "cash basis"	$M	**988**	953	4	**548**	440	25
Loan impairment expense "cash basis" annualised as a % of average gross loans and acceptances	%	**0. 16**	0. 16	-	**0. 17**	0. 14	3 bpts
Total provisions for impaired assets as a % of gross impaired assets	%	**35. 94**	37. 60	(166)bpts	**35. 94**	37. 02	(108)bpts
Risk weighted assets (APRA) - Basel III	$M	**368,721**	337,715	9	**368,721**	353,048	4
Retail Banking Services [2]							
Cash net profit after tax	$M	**3,867**	3,678	5	**1,875**	1,992	(6)
Operating expenses to total banking income	%	**34. 9**	35. 2	(30)bpts	**35. 3**	34. 5	80 bpts
Effective tax rate - "cash basis"	%	**29. 9**	29. 9	-	**29. 9**	29. 9	-
Business and Private Banking [2]							
Cash net profit after tax	$M	**1,459**	1,321	10	**716**	743	(4)
Operating expenses to total banking income	%	**38. 4**	38. 7	(30)bpts	**38. 6**	38. 2	40 bpts
Effective tax rate - "cash basis"	%	**30. 1**	29. 9	20 bpts	**30. 0**	30. 2	(20)bpts
Institutional Banking and Markets [2]							
Cash net profit after tax	$M	**1,268**	1,252	1	**615**	653	(6)
Operating expenses to total banking income	%	**35. 9**	35. 4	50 bpts	**38. 8**	33. 1	large
Effective tax rate - "cash basis"	%	**22. 6**	24. 7	(210)bpts	**20. 8**	24. 2	(340)bpts

(1) Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study"
(2) Comparative information has been restated to conform to presentation in the current year.

21. Summary (continued)

		Full Year Ended			Half Year Ended		
				Jun 15 vs			Jun 15 vs
		30 Jun 15	30 Jun 14	Jun 14 %	30 Jun 15	31 Dec 14	Dec 14 %
Wealth Management [1]							
Cash net profit after tax [2]	$M	**650**	789	(18)	**303**	347	(13)
Underlying profit after tax [3]	$M	**475**	570	(17)	**173**	302	(43)
Investment experience after tax [3]	$M	**175**	118	48	**130**	45	large
Funds Under Administration (FUA) - average [3]	$M	**273,800**	241,405	13	**284,686**	262,409	8
FUA - spot [3]	$M	**283,644**	253,483	12	**283,644**	270,266	5
Net funds flow [3]	$M	**3,098**	6,268	(51)	**1,631**	1,467	11
Average inforce premiums	$M	**2,388**	2,237	7	**2,424**	2,345	3
Annual inforce premiums - spot	$M	**2,467**	2,309	7	**2,467**	2,381	4
Funds management income to average FUA [3]	%	**0. 67**	0. 70	(3)bpts	**0. 66**	0. 69	(3)bpts
Insurance income to average inforce premiums	%	**21. 1**	25. 7	(460)bpts	**19. 1**	23. 2	(410)bpts
Operating expenses to total operating income [3]	%	**73. 5**	66. 9	large	**81. 4**	65. 7	large
Effective tax rate - "cash basis"	%	**23. 7**	24. 2	(50)bpts	**19. 5**	26. 0	large
New Zealand							
Cash net profit after tax	$M	**865**	742	17	**430**	435	(1)
Underlying profit after tax	$M	**859**	739	16	**428**	431	(1)
FUA - average	$M	**13,336**	10,877	23	**14,196**	12,514	13
FUA - spot	$M	**13,829**	12,082	14	**13,829**	13,614	2
Average inforce premiums	$M	**638**	590	8	**658**	656	-
Annual inforce premiums - spot	$M	**639**	636	-	**639**	676	(5)
Funds management income to average FUA	%	**0. 53**	0. 55	(2)bpts	**0. 52**	0. 55	(3)bpts
Insurance income to average inforce premiums	%	**35. 5**	33. 2	230 bpts	**37. 0**	33. 8	320 bpts
Operating expenses to total operating income	%	**40. 6**	42. 0	(140)bpts	**40. 8**	40. 4	40 bpts
Effective tax rate - "cash basis"	%	**25. 0**	24. 7	30 bpts	**24. 6**	25. 3	(70)bpts
Bankwest [1]							
Cash net profit after tax	$M	**752**	675	11	**374**	378	(1)
Operating expenses to total banking income	%	**43. 3**	45. 2	(190)bpts	**43. 2**	43. 5	(30)bpts
Effective tax rate - "cash basis"	%	**30. 1**	30. 1	-	**30. 1**	30. 1	-

(1) Comparative information has been restated to conform to presentation in the current year.
(2) In the prior year, the Property transactions were completed and the businesses exited. Excluding this contribution, cash net profit after tax decreased 6% on the prior year.
(3) Property has been excluded from the calculation of comparative performance indicators and information.

22. Foreign Exchange Rates

Exchange Rates Utilised [1]	Currency	As at 30 Jun 15	31 Dec 14	30 Jun 14
AUD 1.00 =	USD	**0.7681**	0.8188	0.9405
	EUR	**0.6880**	0.6738	0.6892
	GBP	**0.4893**	0.5262	0.5525
	NZD	**1.1283**	1.0450	1.0762
	JPY	**94.0578**	98.0111	95.4517

(1) End of day, Sydney time.

23. Definitions

The definitions of terms used throughout this Profit Announcement, including market share definitions, can be found on: www.commbank.com.au/about-us/shareholders/financial-information/results.html.