CommonwealthBank

Profit Announcement

FOR THE FULL YEAR ENDED 30 JUNE 2014

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 13 AUGUST 2014

ASX Appendix 4E

Results for announcement to the market [1]

Report for the year ended 30 June 2014	$M	
Revenue from ordinary activities	44,312	Down 1%
Profit/(loss) from ordinary activities after tax attributable to Equity holders	8,631	Up 13%
Net profit/(loss) for the period attributable to Equity holders	8,631	Up 13%
Dividends (distributions)		
Final dividend - fully franked (cents per share)		218
Interim dividend - fully franked (cents per share)		183
Record date for determining entitlements to the dividend		21 August 2014

(1) Rule 4.3A.

This preliminary final report is provided to the ASX under Rule 4.3A. Refer to Appendix 18 ASX Appendix 4E for disclosures required under ASX Listing Rules.

This report should be read in conjunction with the 30 June 2014 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	13 August 2014
Ex-dividend date	19 August 2014
Record date	21 August 2014
Final dividend payment date	2 October 2014
2015 interim results date	11 February 2015

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All figures relate to the full year ended 30 June 2014 and comparative information to the full year ended 30 June 2013 unless stated otherwise. The term “prior year” refers to the full year ended 30 June 2013, while the term “prior half” refers to the half year ended 31 December 2013.

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MEDIA RELEASE

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INVESTMENT IN LONG TERM STRATEGIC PRIORITIES DRIVES EARNINGS GROWTH

Highlights of 2014 Result

- Statutory net profit after tax (NPAT) of $8,631 million – up 13 per cent on prior year;[1,2,3]
- Cash NPAT of $8,680 million – up 12 per cent;
- Return on equity (cash basis) of 18.7 per cent an increase of 50 basis points (bpts);
- Fully franked final dividend of $2.18 per share, taking total for the year to $4.01, a 10 per cent increase;
- Group cost to income ratio improves 70 bpts to 42.9 per cent as productivity initiatives deliver tangible outcomes;
- Strong organic capital growth increases both Common Equity Tier 1 (CET 1) Capital, on an APRA basis and on a fully harmonised Basel III basis by 110 bpts, to 9.3 per cent and 12.1 per cent respectively;
- Strong Balance Sheet growth with Average interest earning assets up $52 billion to $705 billion;
- Customer deposits up $34 billion to $439 billion – now represents 64 per cent of the Group's total funding; and
- The Group continues to invest in the future ($1.2 billion in the 2014 financial year) with particular focus on technology and productivity.

(1) Except where otherwise stated, all figures relate to the full year ended 30 June 2014. The term "prior year" refers to the full year ended 30 June 2013, while the term "prior half" refers to the half year ended 31 December 2013. 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 2014, which is available at www.commbank.com.au/shareholders.

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

MEDIA RELEASE

SYDNEY, 13 AUGUST 2014: The Commonwealth Bank of Australia (the Group) today announced its results for the financial year ended 30 June 2014. The Group's statutory NPAT was $8,631 million, which represents a 13 per cent increase on the prior year. Cash NPAT was $8,680 million, up 12 per cent. Return on equity (cash) increased 50 bpts to 18.7 per cent.

The Board declared a final dividend of $2.18 per share – an increase of 9 per cent on the 2013 final dividend. Total dividend for the year was $4.01 – an increase of 10 per cent. The cash dividend payout ratio for full year was 75.1 per cent of cash NPAT, which is 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 2 October 2014. The ex-dividend date is 19 August 2014.

The Group's Dividend Reinvestment Plan (DRP) will continue to operate, but no discount will be applied to shares issued under the plan for this dividend. Given the Group's high level of CET 1 capital, the Board has decided to neutralise or minimise the dilutive impact of the DRP through an on-market share purchase and transfer to participants. The Group is also considering the issue of a Tier 1 capital instrument to replace PERLS V should markets remain receptive.

Commenting on the result, Group Chief Executive Officer, Ian Narev said: "This result benefits a wide range of stakeholders, and we are proud of the role we have continued to play in building a strong Australia. During this financial year, we lent over $130 billion to Australian households and businesses, held $26 billion more deposits, and increased the investments we helped manage by over $20 billion. Our Australian-based shareholders, comprising nearly 800,000 households who own our shares directly and millions more who own them through their pension funds, received over $6.4 billion in dividends, and saw the value of their investment in the Commonwealth Bank increase by over $19 billion. We paid over $5.4 billion to more than 50,000 people whom we employ, continuing our commitment not to offshore Australian jobs. We spent $4 billion with local partners and suppliers, including hundreds of small businesses. We were one of Australia's largest tax payers, paying around $3.4 billion in State and Federal tax. And we made significant contributions to support individuals, charities, sporting organisations and communities' right across Australia."

"And as a 102 year-old company, we are always keeping an eye on the future. This year we have again struck a balance between the Group's short term and long term priorities. At the same time as delivering a 12 per cent increase in cash earnings, and a strong return on equity, we reinvested $1.2 billion into the business, most of which was targeted at our long term strategic priorities – people, technology, strength and productivity. We have also continued investment in our capability-based strategy outside Australia."

Key components of the result include:

- Continuing with the success of the customer focus strategy, the Group retained (for a period of 18 months) its position as number one in customer satisfaction (relative to peers) in its Australian retail banking business, while maintaining its leadership position in business customer satisfaction;
- Group net interest income and other banking income increased by 8 and 4 per cent respectively in the banking businesses, with average interest earning assets up $52 billion to $705 billion and retail and business average interest bearing deposits[(1)] – up $29 billion to $412 billion;
- Net interest margin (NIM) increased by 1 bpt to 2.14 per cent year on year with the positive impacts of a change in portfolio mix offset by a number of factors including an increase in liquid assets and increased pressure on lending and deposit pricing;
- Wealth Management's earnings grew as average Funds Under Administration (excluding Property[(2)]) increased by 19 per cent and 84 per cent of funds outperforming their respective three year benchmarks;
- Cash earnings grew in New Zealand (including ASB Bank) and Bankwest by 19 and 21 per cent respectively;
- Continuing progress was made in Indonesia and China;
- The Group improved its cost to income ratio by 70 bpts, achieved in large part through the Group-wide productivity focus, which delivered savings of $280 million over the past twelve months;
- In a benign credit environment, the ratio of cash loan impairment expense (LIE) to gross loans and acceptances improved 4 bpts (to 16 bpts) due to favourable loan loss experience and a reduction in individual provisioning requirements;
- The Group invested $1.2 billion in long term growth through a tightly managed set of initiatives that focused primarily on technology, and productivity;
- Conservative provisioning was maintained, with total provisions of $3.9 billion, and the ratio of provisions to credit risk weighted assets at a conservative 1.35 per cent. This included collective provisions of almost $800 million and an unchanged economic overlay;
- On-going organic capital generation delivered a Basel III CET1 (Internationally Harmonised) ratio of 12.1 per cent, up 110 bpts. The Group's CET 1 (APRA) also increased 110 bpts to 9.3 per cent; and
- The Group remained one of only a limited number of global banks in the 'AA-' ratings category.

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

(2) During the year the Group successfully completed the internalisation of the management of CFS Retail Property Group (CFX) and Kiwi Income Property Trust (KIP), and the Group has ceased to manage the Commonwealth Property Office Fund (CPA). The Group also sold its entire proprietary unit holding in CPA and KIP, and part of its proprietary unit holding in CFX. As such, these Property transactions and businesses have been excluded from the calculation of certain financial metrics and comparative information.

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Strong deposit growth during the period has seen the Group satisfy a significant proportion of its funding requirements from customer deposits, with deposits now providing 64 per cent of total Group funding. During the year the Group took advantage of improving conditions in wholesale markets, issuing $38 billion of long term wholesale debt in multiple currencies.

Despite the continued benign credit environment and the improving macro-economic outlook, the Group remains cautious, maintaining a strong balance sheet with high levels of capital and provisioning. Liquidity portfolio was $139 billion as at 30 June 2014.

Turning to the future, Ian Narev said: “We are cautiously positive about the outlook for the 2015 financial year. Whilst business and consumer confidence levels have remained fragile, the levels of underlying activity confirm the strong foundations of the Australian economy. Lower interest rates have been positive for the housing and construction sectors, where increased activity has gone some way to offset the impacts of the anticipated reduction in investment in the resources sector. And although investment in the resources sector has tapered off as predicted, the fruits of previous investment are showing up in increased production of iron ore and LNG, as new projects move into the production phase.”

“The past twelve months have also been a period of relative stability in the global economy although downside risks remain.”

“If the stability in global markets continues, gradual increases in consumer spending and demand for credit from businesses over the next year are likely, as long as budget discussions are progressed and there is a clear understanding of Australia’s medium to long term economic direction.”

“In terms of our own business settings, and economic policy, it is critical to take a long term view of the Australian economy. We will continue our focus on the future and building our priority capabilities: people, technology, productivity and strength. We will also actively support policies designed to build a sustainable Australian economy over the next decade.”

Ends

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APPENDIX: SUMMARY TABLE OF KEY FINANCIAL INFORMATION

	Full Year Ended [1]			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13%
Highlights						
Retail Banking Services	**3,472**	3,089	12	**1,801**	1,671	8
Business and Private Banking	**1,526**	1,474	4	**729**	797	(9)
Institutional Banking and Markets	**1,258**	1,195	5	**584**	674	(13)
Wealth Management	**793**	679	17	**398**	395	1
New Zealand	**742**	621	19	**387**	355	9
Bankwest	**680**	561	21	**327**	353	(7)
Other	**209**	141	48	**186**	23	large
Net profit after income tax ("cash basis") [2]	**8,680**	**7,760**	**12**	**4,412**	**4,268**	**3**
Net profit after income tax ("statutory basis") [3]	**8,631**	**7,618**	**13**	**4,424**	**4,207**	**5**

	Full Year Ended			Half Year Ended		
	30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Key Shareholder Ratios						
Earnings per share ("cash basis") - basic (cents) [1]	**535.9**	482.1	11	**272.0**	263.9	3
Return on equity ("cash basis") (%) [1]	**18.7**	18.2	50 bpts	**18.8**	18.7	10 bpts
Return on assets ("cash basis") (%)	**1.1**	1.1	-	**1.1**	1.1	-
Dividend per share - fully franked (cents)	**401**	364	10	**218**	183	19
Dividend payout ratio ("cash basis") (%) [1]	**75.1**	75.9	(80) bpts	**80.5**	69.5	large
Other Performance Indicators						
Total average interest earning assets ($M)	**705,371**	653,637	8	**720,899**	690,106	4
Funds Under Administration - average ($M)	**263,860**	227,780	16	**266,221**	262,578	1
Net interest margin (%)	**2.14**	2.13	1 bpt	**2.14**	2.14	-
Operating expenses to total operating income (%) [1]	**42.9**	43.6	(70) bpts	**42.8**	42.9	(10) bpts

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

(2) 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.

(3) 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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Section 2 – Highlights

Highlights

Group Performance Highlights [1]

	Full Year Ended ("statutory basis")		Full Year Ended ("cash basis")			Half Year Ended ("cash basis")		
	30 Jun 14	Jun 14 vs Jun 13 %	30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Net profit after tax ($M)	**8,631**	13	**8,680**	7,760	12	**4,412**	4,268	3
Return on equity (%)	**18.7**	70 bpts	**18.7**	18.2	50 bpts	**18.8**	18.7	10 bpts
Earnings per share - basic (cents)	**533.8**	13	**535.9**	482.1	11	**272.0**	263.9	3
Dividends per share (cents)	**401**	10	**401**	364	10	**218**	183	19

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

Financial Performance

The Group's net profit after tax ("statutory basis") for the year ended 30 June 2014 increased 13% on the prior year to $8,631 million.

Return on equity ("statutory basis") was 18.7% and Earnings per share ("statutory basis") was 533.8 cents, an increase of 13% 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 year on year 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 delivered consistent high rates of customer satisfaction and another strong financial result.

Operating income growth remained strong across the Retail, Wealth and New Zealand businesses. Business banking revenue reflected the modest level of domestic credit growth and continued competitive pressure on domestic deposit margins.

Operating expenses increased due to underlying inflationary pressures, the impact of foreign exchange and higher levels of software amortisation and write-offs; partly offset by the incremental benefit generated from productivity initiatives.

Loan impairment expense decreased due to the relatively benign economic environment. Provisioning levels remain prudent and there has been no change made to economic overlays.

Net profit after tax ("cash basis") for the year ended 30 June 2014 increased by 12% on the prior year to $8,680 million. Cash earnings per share increased 11% to 535.9 cents per share.

Return on equity ("cash basis") for the year ended 30 June 2014 was 18.7%, an increase of 50 basis points on the prior year.

Capital

The Group continued to organically strengthen its capital position under the Basel III regulatory capital framework. As at 30 June 2014, the Basel III Common Equity Tier 1 (CET1) ratio as measured on a fully internationally harmonised basis was 12.1% and 9.3% on an APRA basis.

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 has 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 $439 billion as at 30 June 2014, up $34 billion on the prior year.

Dividends

The final dividend declared was $2.18 per share, bringing the total dividend for the year ended 30 June 2014 to $4.01 per share, an increase of 10% on the prior year. This represents a dividend payout ratio ("cash basis") of 75.1%.

The final dividend payment will be fully franked and paid on 2 October 2014 to owners of ordinary shares at the close of business on 21 August 2014 (record date). Shares will be quoted ex–dividend on 19 August 2014.

Outlook

We are cautiously positive about the outlook for the 2015 financial year. Whilst business and consumer confidence levels have remained fragile, the levels of underlying activity confirm the strong foundations of the Australian economy. Lower interest rates have been positive for the housing and construction sectors, where increased activity has gone some way to offset the impacts of the anticipated reduction in investment in the resources sector. And although investment in the resources sector has tapered off as predicted, the fruits of previous investment are showing up in increased production of iron ore and LNG, as new projects move into the production phase.

The past twelve months have also been a period of relative stability in the global economy although downside risks remain.

If the stability in global markets continues, gradual increases in consumer spending and demand for credit from businesses over the next year are likely, as long as budget discussions are progressed and there is a clear understanding of Australia's medium to long term economic direction.

In terms of our own business settings, and economic policy, it is critical to take a long term view of the Australian economy. We will continue our focus on the future and building our priority capabilities: people, technology, productivity and strength. We will also actively support policies designed to build a sustainable Australian economy over the next decade.

Group Performance Summary [1]	Full Year Ended ("cash basis") 30 Jun 14 $M	Full Year Ended ("cash basis") 30 Jun 13 $M	Jun 14 vs Jun 13 %	Half Year Ended ("cash basis") 30 Jun 14 $M	Half Year Ended ("cash basis") 31 Dec 13 $M	Jun 14 vs Dec 13 %	Full Year Ended ("statutory basis") 30 Jun 14 $M	Jun 14 vs Jun 13 %
Net interest income	**15,091**	13,944	8	**7,647**	7,444	3	**15,101**	8
Other banking income	**4,323**	4,156	4	**2,089**	2,234	(6)	**4,320**	4
Total banking income	**19,414**	18,100	7	**9,736**	9,678	1	**19,421**	7
Funds management income	**1,933**	1,828	6	**930**	1,003	(7)	**2,034**	10
Insurance income	**819**	739	11	**433**	386	12	**1,033**	12
Total operating income	**22,166**	20,667	7	**11,099**	11,067	-	**22,488**	8
Investment experience	**235**	154	53	**154**	81	90	**n/a**	n/a
Total income	**22,401**	20,821	8	**11,253**	11,148	1	**22,488**	8
Operating expenses	**(9,499)**	(9,010)	5	**(4,748)**	(4,751)	-	**(9,573)**	5
Loan impairment expense	**(953)**	(1,082)	(12)	**(496)**	(457)	9	**(918)**	(20)
Net profit before tax	**11,949**	10,729	11	**6,009**	5,940	1	**11,997**	13
Corporate tax expense [2]	**(3,250)**	(2,953)	10	**(1,588)**	(1,662)	(4)	**(3,347)**	11
Non-controlling interests [3]	**(19)**	(16)	19	**(9)**	(10)	(10)	**(19)**	19
Net profit after tax ("cash basis")	**8,680**	7,760	12	**4,412**	4,268	3	**n/a**	n/a
Hedging and IFRS volatility [4]	**6**	27	(78)	**11**	(5)	large	**n/a**	n/a
Other non-cash items [4]	**(55)**	(169)	(67)	**1**	(56)	large	**n/a**	n/a
Net profit after tax ("statutory basis")	**8,631**	7,618	13	**4,424**	4,207	5	**8,631**	13
Represented by:								
Retail Banking Services	**3,472**	3,089	12	**1,801**	1,671	8		
Business and Private Banking	**1,526**	1,474	4	**729**	797	(9)		
Institutional Banking and Markets	**1,258**	1,195	5	**584**	674	(13)		
Wealth Management	**793**	679	17	**398**	395	1		
New Zealand	**742**	621	19	**387**	355	9		
Bankwest	**680**	561	21	**327**	353	(7)		
IFS and Other	**209**	141	48	**186**	23	large		
Net profit after tax ("cash basis")	**8,680**	7,760	12	**4,412**	4,268	3		
Investment experience - after tax	**(197)**	(105)	88	**(135)**	(62)	large		
Net profit after tax ("underlying basis")	**8,483**	7,655	11	**4,277**	4,206	2		

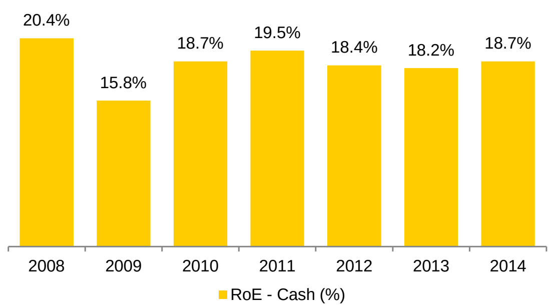
(1) During the prior half, comparative information has been restated to reflect: the reclassification of volume-related expenses from Operating expenses to Operating income; the impact on defined benefit superannuation expense of the application of revisions to AASB 119 Employee Benefits; and minor refinements to the allocation of customer balances and associated revenue and expenses between business segments.

(2) For purposes of presentation, policyholder tax expense components of corporate tax expense are shown on a net basis (30 June 2014: $126 million; 30 June 2013: $112 million; and for the half years ended 30 June 2014: $66 million and 31 December 2013: $60 million).

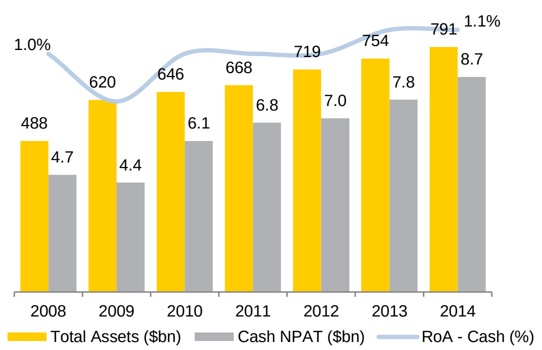
(3) Non-controlling interests include preference dividends paid to holders of preference shares in ASB Capital Limited and ASB Capital No.2 Limited.

(4) Refer to page 15 for details.

Group Return on Equity



Group Return on Assets



Highlights

Key Performance Indicators [1]	Full Year Ended 30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Group						
Statutory net profit after tax ($M)	**8,631**	7,618	13	**4,424**	4,207	5
Cash net profit after tax ($M)	**8,680**	7,760	12	**4,412**	4,268	3
Net interest margin (%)	**2. 14**	2. 13	1 bpt	**2. 14**	2. 14	-
Average interest earning assets ($M)	**705,371**	653,637	8	**720,889**	690,106	4
Average interest bearing liabilities ($M)	**661,733**	609,557	9	**675,749**	647,944	4
Funds Under Administration (FUA) - average ($M)	**263,860**	227,780	16	**266,221**	262,578	1
Average inforce premiums ($M)	**3,068**	2,834	8	**3,152**	3,057	3
Funds management income to average FUA (%)	**0. 73**	0. 80	(7)bpts	**0. 70**	0. 76	(6)bpts
Insurance income to average inforce premiums (%)	**26. 7**	26. 1	60 bpts	**27. 7**	25. 0	270 bpts
Operating expenses to total operating income (%)	**42. 9**	43. 6	(70)bpts	**42. 8**	42. 9	(10)bpts
Effective corporate tax rate ("cash basis") (%)	**27. 2**	27. 5	(30)bpts	**26. 4**	28. 0	(160)bpts
Retail Banking Services						
Cash net profit after tax ($M)	**3,472**	3,089	12	**1,801**	1,671	8
Operating expenses to total banking income (%)	**36. 0**	37. 7	(170)bpts	**35. 0**	37. 0	(200)bpts
Business and Private Banking						
Cash net profit after tax ($M)	**1,526**	1,474	4	**729**	797	(9)
Operating expenses to total banking income (%)	**37. 0**	36. 9	10 bpts	**37. 3**	36. 6	70 bpts
Institutional Banking and Markets						
Cash net profit after tax ($M)	**1,258**	1,195	5	**584**	674	(13)
Operating expenses to total banking income (%)	**35. 3**	33. 8	150 bpts	**37. 5**	33. 3	420 bpts
Wealth Management						
Cash net profit after tax ($M)	**793**	679	17	**398**	395	1
FUA - average ($M) [2]	**241,405**	202,259	19	**247,645**	235,678	5
Average inforce premiums ($M)	**2,237**	2,068	8	**2,291**	2,219	3
Funds management income to average FUA (%) [2]	**0. 70**	0. 76	(6)bpts	**0. 69**	0. 72	(3)bpts
Insurance income to average inforce premiums (%)	**25. 7**	26. 2	(50)bpts	**25. 9**	25. 1	80 bpts
Operating expenses to total operating income (%) [2]	**66. 7**	66. 8	(10)bpts	**68. 3**	65. 1	320 bpts
New Zealand						
Cash net profit after tax ($M)	**742**	621	19	**387**	355	9
FUA - average ($M)	**10,877**	8,484	28	**11,507**	10,263	12
Average inforce premiums ($M)	**590**	516	14	**628**	582	8
Funds management income to average FUA (%) [3]	**0. 55**	0. 58	(3)bpts	**0. 54**	0. 58	(4)bpts
Insurance income to average inforce premiums (%) [3]	**33. 2**	33. 2	-	**37. 1**	29. 0	large
Operating expenses to total operating income (%) [3]	**42. 0**	43. 9	(190)bpts	**41. 5**	42. 6	(110)bpts
Bankwest						
Cash net profit after tax ($M)	**680**	561	21	**327**	353	(7)
Operating expenses to total banking income (%)	**44. 8**	47. 2	(240)bpts	**45. 4**	44. 2	120 bpts
Capital (Basel III)						
Common Equity Tier 1 (Internationally Harmonised) (%)	**12. 1**	11. 0	110 bpts	**12. 1**	11. 4	70 bpts
Common Equity Tier 1 (APRA) (%)	**9. 3**	8. 2	110 bpts	**9. 3**	8. 5	80 bpts

(1) During the prior half, comparative information has been restated to reflect: the reclassification of volume-related expenses from Operating expenses to Operating income; the impact on defined benefit superannuation expense of the application of revisions to AASB 119 Employee Benefits; and minor refinements to the allocation of customer balances and associated revenue and expenses between business segments.

(2) During the year the Group successfully completed the internalisation of the management of CFS Retail Property Group (CFX) and Kiwi Income Property Trust (KIP), and the Group has ceased to manage the Commonwealth Property Office Fund (CPA). The Group also sold its entire proprietary unit holding in CPA and KIP, and part of its proprietary unit holding in CFX. As such, these Property transactions and businesses have been excluded from the calculation of certain financial metrics and comparative information where indicated throughout this document.

(3) Key financial metrics are calculated in New Zealand dollar terms.

Shareholder Summary [1]	Full Year Ended			Half Year Ended		
	30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Dividends per share - fully franked (cents)	**401**	364	10	**218**	183	19
Dividend cover - cash (times)	**1. 3**	1. 3	-	**1. 2**	1. 4	(0. 2)
Earnings Per Share (EPS) (cents) [2]						
Statutory basis - basic	**533. 8**	474. 2	13	**273. 3**	260. 5	5
Cash basis - basic	**535. 9**	482. 1	11	**272. 0**	263. 9	3
Dividend payout ratio (%) [2]						
Statutory basis	**75. 5**	77. 4	(190)bpts	**80. 3**	70. 5	large
Cash basis	**75. 1**	75. 9	(80)bpts	**80. 5**	69. 5	large
Weighted average no. of shares ("statutory basis") - basic (M) [2] [3]	**1,608**	1,598	1	**1,611**	1,606	-
Weighted average no. of shares ("cash basis") - basic (M) [2] [3]	**1,611**	1,601	1	**1,614**	1,609	-
Return on equity ("statutory basis") (%) [2]	**18. 7**	18. 0	70 bpts	**19. 0**	18. 5	50 bpts
Return on equity ("cash basis") (%) [2]	**18. 7**	18. 2	50 bpts	**18. 8**	18. 7	10 bpts

(1) Comparative information has been restated to conform to presentation in the current year.
(2) For definitions refer to Appendix 24.
(3) Fully diluted EPS and weighted average number of shares are disclosed in Appendix 21.

Market Share [1]	As at				
	30 Jun 14 %	31 Dec 13 %	30 Jun 13 %	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
Home loans	**25. 3**	25. 3	25. 3	-	-
Credit cards - RBA [2]	**24. 9**	24. 7	24. 4	20 bpts	50 bpts
Other household lending [3]	**18. 8**	18. 2	16. 9	60 bpts	190 bpts
Household deposits [4]	**28. 6**	28. 6	28. 8	-	(20)bpts
Retail deposits [5]	**25. 4**	25. 4	25. 5	-	(10)bpts
Business lending - RBA	**17. 8**	18. 0	18. 0	(20)bpts	(20)bpts
Business lending - APRA	**18. 9**	19. 1	19. 1	(20)bpts	(20)bpts
Business deposits - APRA	**22. 1**	21. 2	21. 7	90 bpts	40 bpts
Asset Finance	**13. 2**	13. 3	13. 3	(10)bpts	(10)bpts
Equities trading	**5. 2**	5. 1	5. 2	10 bpts	-
Australian Retail - administrator view [6]	**15. 8**	15. 7	15. 7	10 bpts	10 bpts
FirstChoice Platform [6]	**11. 5**	11. 4	11. 5	10 bpts	-
Australia life insurance (total risk) [6]	**12. 5**	12. 9	13. 1	(40)bpts	(60)bpts
Australia life insurance (individual risk) [6]	**12. 5**	12. 7	12. 9	(20)bpts	(40)bpts
NZ home loans	**21. 9**	22. 1	22. 3	(20)bpts	(40)bpts
NZ retail deposits	**20. 6**	20. 4	20. 1	20 bpts	50 bpts
NZ business lending	**11. 0**	10. 6	10. 4	40 bpts	60 bpts
NZ retail FUA	**16. 1**	17. 0	16. 7	(90)bpts	(60)bpts
NZ annual inforce premiums	**29. 1**	29. 4	29. 5	(30)bpts	(40)bpts

(1) Prior periods have been restated in line with market updates.
(2) As at 31 May 2014.
(3) Other household lending market share includes personal loans, margin loans and other forms of lending to individuals. In the current period, certain revolving credit products were reclassified from Home loans to Other household lending, resulting in the increase in this category.
(4) Comparatives have not been restated to include the impact of new market entrants in the current period.
(5) In accordance with RBA guidelines, these measures include some products relating to both the retail and corporate segments.
(6) As at 31 March 2014.

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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Contents

Section 3 – Group Performance Analysis

Financial Performance and Business Review

Year Ended June 2014 versus June 2013

The Group's net profit after tax ("cash basis") increased 12% on the prior year to $8,680 million.

Earnings per share ("cash basis") increased 11% on the prior year to 535.9 cents per share and return on equity ("cash basis") increased 50 basis points on the prior year to 18.7%.

The key components of the Group result were:

- **Net interest income** increased 8% to $15,091 million, including a 1% benefit from the lower Australian dollar. This reflects 8% growth in average interest earning assets and a one basis point increase in net interest margin;
- **Other banking income** increased 4% to $4,323 million, due to volume driven growth in commissions and higher Markets trading income, partly offset by a lower favourable counterparty fair value adjustment and an impairment of the investment in Vietnam International Bank (VIB);
- **Funds management income** increased 6% to $1,933 million. During the year the Group successfully completed the internalisation of the management of CFS Retail Property Group (CFX) and Kiwi Income Property Trust (KIP), and the Group has ceased to manage the Commonwealth Property Office Fund (CPA). The Group also sold its entire proprietary unit holding in CPA and KIP, and part of its proprietary unit holding in CFX. Excluding these Property transactions and businesses, Funds management income increased 10% driven by a 20% increase in average Funds Under Administration (FUA) from positive net flows, a strong investment performance and a 5% benefit from the lower Australian dollar. The increase was partly offset by a change in business mix;
- **Insurance income** increased 11% to $819 million due to 8% average inforce premium growth as a result of reducing lapse rates and a 3% benefit from the lower Australian dollar;
- **Operating expenses** increased 5% to $9,499 million, including a 2% impact from the lower Australian dollar, higher staff costs from inflation-related salary increases, higher Information Technology (IT) expenses due to increased amortisation and software write-offs. This was partly offset by the continued realisation of operational efficiencies from productivity initiatives; and
- **Loan impairment expense** decreased 12% to $953 million, due to a reduction in individual provisioning requirements.

Half Year Ended June 2014 versus December 2013

The Group's net profit after tax ("cash basis") increased 3% on the prior half to $4,412 million.

Earnings per share ("cash basis") increased 3% on the prior half to 272.0 cents per share, whilst return on equity ("cash basis") improved 10 basis points to 18.8%.

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

- **Net interest income** increased 3% to $7,647 million, reflecting a 4% growth in average interest earning assets;
- **Other banking income** decreased 6% to $2,089 million, due to a decrease in trading income following a strong prior half, an unfavourable counterparty fair value adjustment, and an impairment of the investment in VIB;
- **Funds management income** decreased 7% to $930 million. Excluding the Property transactions and businesses, Funds management income decreased 1% on the prior half with a 5% increase in average FUA and a continued trend towards lower margin products;
- **Insurance income** increased 12% to $433 million due to improved pricing, favourable claims experience and lapse rates in New Zealand and a 1% benefit from the lower Australian dollar;
- **Operating expenses** remained flat at $4,748 million, including a 1% impact from the lower Australian dollar, partly offset by the continued realisation of incremental benefits from productivity initiatives; and
- **Loan impairment expense** increased 9% to $496 million due to higher provisioning requirements in Business and Private Banking and lower recoveries in Institutional Banking and Markets.

Net Interest Income

	Full Year Ended			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Net interest income ("cash basis")	**15,091**	13,944	8	**7,647**	7,444	3
Average interest earning assets						
Home loans	**386,160**	360,319	7	**392,846**	379,583	3
Personal loans	**22,499**	21,395	5	**22,865**	22,138	3
Business and corporate loans	**177,249**	168,296	5	**180,528**	174,024	4
Total average lending interest earning assets	**585,908**	550,010	7	**596,239**	575,745	4
Non-lending interest earning assets	**119,463**	103,627	15	**124,650**	114,361	9
Total average interest earning assets	**705,371**	653,637	8	**720,889**	690,106	4
Net interest margin (%)	**2.14**	2.13	1 bpt	**2.14**	2.14	-

Year Ended June 2014 versus June 2013

Net interest income increased by 8% on the prior year to $15,091 million. The result was driven by growth in average interest earning assets of 8% together with a one basis point increase in net interest margin. This includes a 1% benefit from the lower Australian dollar.

Average Interest Earning Assets

Average interest earning assets increased by $52 billion on the prior year to $705 billion, reflecting a $36 billion increase in average lending interest earning assets and a $16 billion increase in average non-lending interest earning assets.

Home loan average balances increased by $26 billion or 7% on the prior year to $386 billion. The growth in home loan balances was largely driven by domestic banking growth in line with system.

Average balances for business and corporate lending increased by $9 billion on the prior year to $177 billion driven by a growth in institutional lending balances.

Average non-lending interest earning assets increased $16 billion on the prior year due to higher average levels of cash and liquid assets and trading assets.

Net Interest Margin

The Group's net interest margin increased one basis point on the prior year to 2.14%. The key drivers of the movement were:

Asset pricing: Decreased margin of two basis points, reflecting competitive pricing and change in mix with a shift in customer preference towards fixed rate home loans.

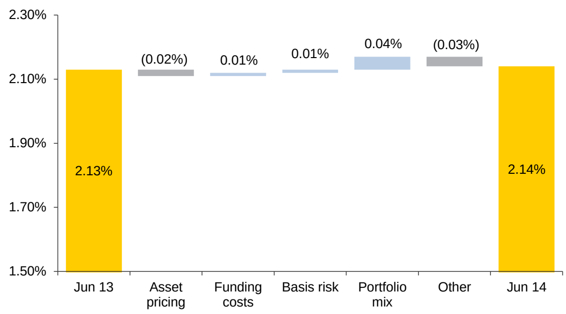
Funding costs: Increased margin of one basis point reflecting lower wholesale funding costs of two basis points, partly offset by a one basis point increase in deposits costs from ongoing strong competition and the impact of the falling cash rate environment.

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 increased by one basis point as a result of a reduction in the spread between the cash rate and the bank bill swap rate during the year.

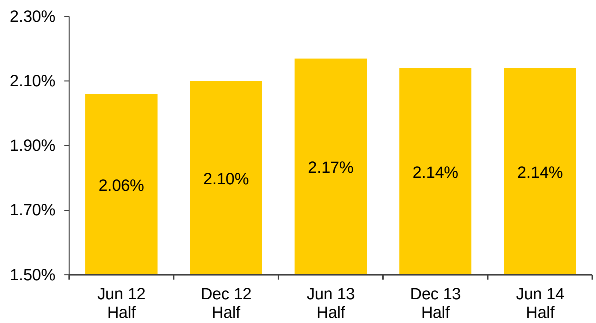
Portfolio mix: Increased margin of four basis points from strong growth in higher margin portfolios, plus favourable funding mix.

Other: Decreased margin of three basis points, primarily driven by increased holdings of liquid assets.

NIM Movement since June 2013



Group NIM (Half Year Ended)



Net Interest Income (continued)

Half Year Ended June 2014 versus December 2013

Net interest income increased by 3% on the prior half driven by growth in average interest earning assets of 4%, with a flat net interest margin of 2.14%.

Average Interest Earning Assets

Average interest earning assets increased by $31 billion on the prior half to $721 billion, reflecting a $21 billion increase in average lending interest earning assets and a $10 billion increase in average non-lending interest earning assets.

Home loan average balances increased by $13 billion or 3% on the prior half to $393 billion, primarily driven by growth in the domestic banking businesses in line with system.

Average balances for business and corporate lending increased by $7 billion on the prior half to $181 billion driven by growth in institutional lending balances.

Average non-lending interest earning assets increased $10 billion on the prior half from growth in liquid assets.

Net Interest Margin

The Group's net interest margin of 2.14% remained unchanged from the prior half. The key drivers were:

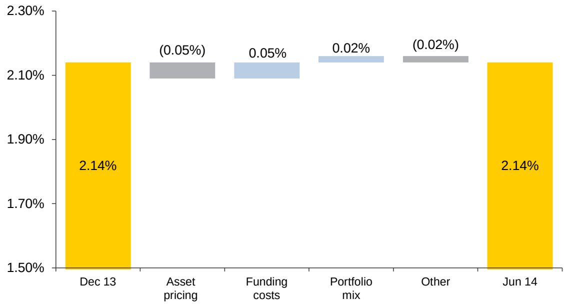
Asset pricing: Decrease in margin of five basis points reflecting competitive pricing and change in mix, with a shift in customer preference towards fixed rate home loans.

Funding costs: Increase in margin of five basis points reflecting lower wholesale funding cost of three basis points and lower cost of deposits of two basis points.

Portfolio mix: Increased margin of two basis points from strong growth in higher margin portfolios, plus favourable funding mix.

Other: Decreased margin of two basis points, primarily driven by increased holdings of liquid assets and lower replicating portfolio benefit.

NIM Movement since December 2013



Other Banking Income

	Full Year Ended			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Commissions	2,130	1,990	7	1,049	1,081	(3)
Lending fees	1,083	1,053	3	546	537	2
Trading income	922	863	7	414	508	(19)
Other income (1)	188	250	(25)	80	108	(26)
Other banking income ("cash basis")	**4,323**	4,156	4	**2,089**	2,234	(6)

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

Year Ended June 2014 versus June 2013

Other banking income increased 4% on the prior year to $4,323 million, driven by the following revenue items:

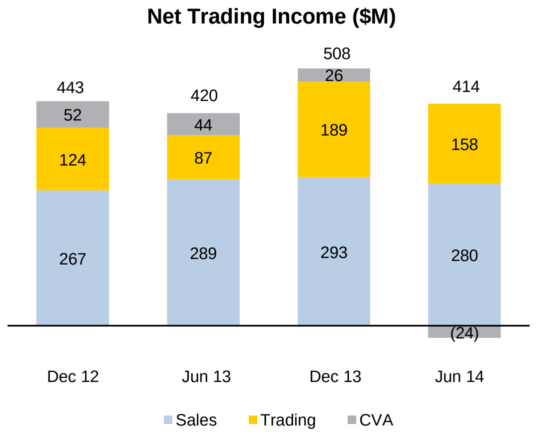
Commissions increased 7% on the prior year to $2,130 million, driven by higher credit card interchange income and a strong performance of retail foreign exchange products;

Lending fees increased 3% on the prior year to $1,083 million due to volume growth in cash advance facilities;

Trading income increased 7% on the prior year to $922 million. This was primarily driven by a strong performance in Markets and Treasury, partly offset by a reduced benefit from favourable counterparty fair value adjustments; and

Other income decreased 25% on the prior year to $188 million, mainly driven by an impairment of the investment in VIB and a loss on the hedge of New Zealand earnings due to the NZD appreciation.

Other Banking Income (continued)



Half Year Ended June 2014 versus December 2013

Other banking income decreased 6% on the prior half to $2,089 million driven by the following revenue items:

Commissions decreased 3% on the prior half to $1,049 million due to a decrease in consumer finance fees, reflecting the seasonal increase in loyalty points issued;

Lending fees increased 2% on the prior half to $546 million, driven by higher deal flows in the Institutional Lending business;

Trading income decreased 19% on the prior half to $414 million as a result of unfavourable counterparty fair value adjustments and lower trading gains; and

Other income decreased 26% on the prior half to $80 million, principally due to an impairment of the investment in VIB and the impact of debt buybacks.

Funds Management Income

	Full Year Ended (1)			Half Year Ended (1)		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Colonial First State (2)	**829**	779	6	**408**	421	(3)
CFS Global Asset Management (CFSGAM)	**739**	647	14	**371**	368	1
CommInsure	**132**	117	13	**63**	69	(9)
New Zealand	**60**	49	22	**30**	30	-
Other	**36**	44	(18)	**21**	15	40
Funds management income (excluding Property) (3)	**1,796**	1,636	10	**893**	903	(1)
Property (3)	**137**	192	(29)	**37**	100	(63)
Funds management income (including Property) (3)	**1,933**	1,828	6	**930**	1,003	(7)

(1) Comparative information has been restated to separately disclose the Property transactions and businesses and to conform to presentation in the current year.
(2) Colonial First State incorporates the results of all financial planning businesses including Commonwealth Financial Planning.
(3) Property includes the operations of the CFS Retail Property Trust, Commonwealth Property Office Fund, Kiwi Income Property Trust, unlisted property funds and the asset management and development business.

Year Ended June 2014 versus June 2013

Funds management income increased 6% on the prior year to $1,933 million. Excluding Property, Funds management income increased 10% on prior year driven by:

- A 20% increase in average FUA due to favourable investment markets and strong investment performance;
- Positive net flows and the benefit of a lower Australian dollar; partly offset by
- Funds management margin which declined seven basis points largely due to business mix and higher volume expenses.

Half Year Ended June 2014 versus December 2013

Funds management income decreased 7% on the prior half to $930 million. Excluding Property, Funds management income decreased 1% on prior half driven by:

- Business mix which continued to trend towards lower margin products and an increase in volume expenses; partly offset by
- A 5% increase in average FUA from ongoing positive investment market performance and continued momentum in Australian Retail FUA net flows and solid growth in the ASB KiwiSaver scheme.

Insurance Income

	Full Year Ended [1]			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
CommInsure	575	542	6	294	281	5
New Zealand	202	171	18	115	87	32
IFS Asia	36	30	20	18	18	-
Other	6	(4)	large	6	-	large
Insurance income ("cash basis")	819	739	11	433	386	12

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

Year Ended June 2014 versus June 2013

Insurance income increased by 11% on the prior year to $819 million driven by:

- An increase in average inforce premiums of 8% to $3,068 million driven by strong new business sales and the positive impact of retention initiatives on reducing lapse rates across CommInsure and New Zealand;
- The benefit from foreign sourced income from New Zealand and Asia as result of a lower Australian dollar; partly offset by
- An increase in working claims in CommInsure General Insurance, increased claims experience in Retail life and further reserve strengthening in Wholesale Life.

Half Year Ended June 2014 versus December 2013

Insurance income increased by 12% on the prior half to $433 million driven by:

- The benefit from foreign sourced income from New Zealand as a result of a lower Australian dollar;
- An improvement in claims experience and lapse rates in New Zealand; and
- Wholesale Life and General Insurance income benefited from improved pricing and a lesser impact of reserve strengthening compared with the prior half.

Operating Expenses

	Full Year Ended [1]			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Staff expenses	5,542	5,232	6	2,757	2,785	(1)
Occupancy and equipment expenses	1,053	1,018	3	529	524	1
Information technology services expenses	1,380	1,299	6	680	700	(3)
Other expenses	1,524	1,461	4	782	742	5
Operating expenses ("cash basis")	9,499	9,010	5	4,748	4,751	-
Operating expenses to total operating income (%)	42. 9	43. 6	(70)bpts	42. 8	42. 9	(10)bpts
Banking expense to operating income (%)	39. 7	40. 6	(90)bpts	39. 5	39. 9	(40)bpts

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

Year Ended June 2014 versus June 2013

Operating expenses increased 5% on the prior year to $9,499 million.

Staff expenses increased by 6% to $5,542 million, including a 2% impact from the lower Australian dollar, inflation-related salary increases and performance-related incentives;

Occupancy and equipment expenses increased by 3% to $1,053 million, due to higher occupancy costs in New Zealand relating to the head office relocation and an unfavourable foreign exchange impact;

Information technology services expenses increased by 6% to $1,380 million, driven by higher amortisation expenses and software write-offs;

Other expenses increased by 4% to $1,524 million, driven by increased professional fees and higher loyalty redemption volumes; and

Group expense to income ratio improved 70 basis points on the prior year to 42.9%, reflecting higher revenues and productivity initiatives. The Banking expense to income ratio improved 90 basis points on the prior year to 39.7%.

Half Year Ended June 2014 versus December 2013

Operating expenses were unchanged on the prior half at $4,748 million.

Staff expenses decreased by 1% to $2,757 million, driven by lower staff numbers, partly offset by performance-related incentives and a 1% impact from the lower Australian dollar;

Occupancy and equipment expenses increased by 1% to $529 million, primarily due to higher occupancy costs in New Zealand and an unfavourable foreign exchange impact;

Information technology services expenses decreased by 3% to $680 million, driven by the one-off write-off of capitalised IT software in the prior half and the benefit of cost savings initiatives in the current half;

Other expenses increased by 5% to $782 million, driven by increased professional fees; and

Group expense to income ratio improved 10 basis points on the prior comparative period to 42.8% reflecting higher revenues and productivity initiatives. The Banking expense to income ratio also improved 40 basis points on the prior comparative period to 39.5%.

Operating Expenses (continued)

Investment Spend

	Full Year Ended			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Expensed investment spend (1)	598	566	6	310	288	8
Capitalised investment spend	584	671	(13)	283	301	(6)
Investment spend	1,182	1,237	(4)	593	589	1
Comprising:						
Productivity and growth	774	651	19	400	374	7
Core Banking Modernisation (CBM)	-	200	large	-	-	-
Risk and compliance	280	234	20	141	139	1
Branch refurbishment and other	128	152	(16)	52	76	(32)
Investment spend	1,182	1,237	(4)	593	589	1

(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 $1,182 million incurred in the full year to 30 June 2014, a reduction of 4% on the prior year.

The reduction is largely due to the completion of the Core Banking Modernisation (CBM) program in the prior year, partially offset by increased spend on initiatives driving productivity and growth, and risk and compliance projects.

Spend on productivity and growth includes an increased focus on the Group's digital channels, which has produced innovative new offerings such as the new Commbank app, PayTag, Cardless Cash, the Lock & Limit Credit Card feature, the MyWealth platform, as well as the Commbank Small Business App, improving the way small businesses accept payments and manage their cash flow.

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

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 Foreign Account Tax Compliance Act (FATCA).

Spend on branch refurbishment and other costs decreased from prior year, as the prior year included significant investment in the North Wharf offices in New Zealand.

Loan Impairment Expense

	Full Year Ended			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Retail Banking Services	566	533	6	276	290	(5)
Business and Private Banking	253	280	(10)	166	87	91
Institutional Banking and Markets	61	154	(60)	40	21	90
New Zealand	51	45	13	33	18	83
Bankwest	11	118	(91)	6	5	20
IFS and Other	11	(48)	large	(25)	36	large
Loan impairment expense ("cash basis")	953	1,082	(12)	496	457	9

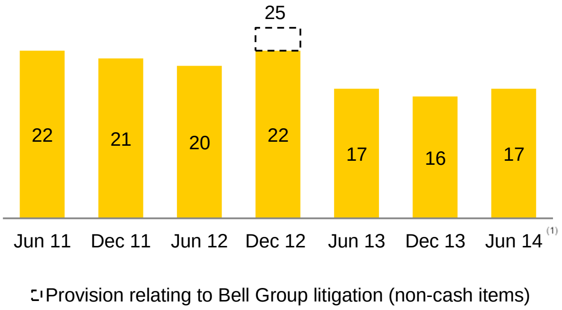
Year Ended June 2014 versus June 2013

Loan impairment expense decreased 12% on the prior year to $953 million. The decrease is driven by:

- A significant reduction in the Bankwest individual provision funding charges, consistent with the impact of the low interest rate environment;
- Increased write-backs and recoveries in Institutional Banking and Markets; partly offset by
- Increased expense in Retail Banking Services as a result of continued portfolio growth and increased write-offs in the unsecured portfolios.

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 2014 versus December 2013

Loan impairment expense increased 9% on the prior half to $496 million mainly driven by:

- Increased expense in Business and Private Banking due to a small number of large increases to individual provisions;
- Reduced recoveries in Institutional Banking and Markets;
- Increased expense in ASB as the stabilisation of the portfolios resulted in lower provision releases; partly offset by
- Reduced expense in Retail Banking Services as a result of improving home loan portfolio quality.

Taxation Expense

	Full Year Ended (1)			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Corporate tax expense ($M)	3,250	2,953	10	1,588	1,662	(4)
Effective tax rate (%)	27. 2	27. 5	(30)bpts	26. 4	28. 0	(160)bpts

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

Year Ended June 2014 versus June 2013

Corporate tax expense for the year ended 30 June 2014 increased 10% on the prior year representing a 27.2% 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 2014 versus December 2013

Corporate tax expense for the half year ended 30 June 2014 decreased 4% on the prior half representing a 26.4% effective tax rate, driven by adjustments to prior period tax expense.

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 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Hedging and IFRS volatility	**6**	27	(78)	**11**	(5)	large
Bankwest non-cash items	**(56)**	(71)	(21)	**(26)**	(30)	(13)
Treasury shares valuation adjustment	**(41)**	(53)	(23)	**(13)**	(28)	(54)
Bell Group litigation	**25**	(45)	large	**25**	-	large
Gain on sale of management rights	**17**	-	large	**15**	2	large
Other non-cash items	**(55)**	(169)	(67)	**1**	(56)	large
Total non-cash items (after tax)	**(49)**	(142)	(65)	**12**	(61)	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 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 year disclosures.

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 are excluded from cash profit since the asymmetric recognition of the gains or losses does not affect the Group's performance over the life of the hedge. A $6 million after tax gain was recognised in statutory profit for the year ended 30 June 2014 (30 June 2013: $27 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 $56 million after tax in the year ended 30 June 2014 (30 June 2013: $71 million after tax).

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 are 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 $41 million after tax loss was included in statutory profit in the year ended 30 June 2014 (30 June 2013: $53 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 current year, resulting in a partial write-off and release of the remaining provision. This is reported as a non-cash item due to its historic and one-off nature.

Gain on sale of management rights

The Group successfully completed the internalisation of the management of CFS Retail Property Trust Group (CFX) and Kiwi Income Property Trust (KIP), which resulted in a gain of $17 million (net of transaction costs and indemnities) 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 2014, tax expense of $126 million (30 June 2013: $112 million tax expense), funds management income of $59 million (30 June 2013: $77 million income) and insurance income of $67 million (30 June 2013: $35 million income) 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 includes 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.

Review of Group Assets and Liabilities

Total Group Assets and Liabilities	As at 30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
Interest earning assets					
Home loans	**399,685**	387,021	372,840	3	7
Consumer finance	**23,058**	22,636	22,013	2	5
Business and corporate loans	**183,930**	180,582	172,314	2	7
Loans, bills discounted and other receivables (1)	**606,673**	590,239	567,167	3	7
Non-lending interest earning assets	**119,699**	119,388	106,060	-	13
Total interest earning assets	**726,372**	709,627	673,227	2	8
Other assets (1) (2)	**65,079**	72,674	80,630	(10)	(19)
Total assets	**791,451**	782,301	753,857	1	5
Interest bearing liabilities					
Transaction deposits	**102,086**	96,143	87,673	6	16
Savings deposits	**127,430**	120,686	106,935	6	19
Investment deposits	**195,529**	196,955	199,397	(1)	(2)
Other demand deposits	**60,832**	59,759	54,472	2	12
Total interest bearing deposits	**485,877**	473,543	448,477	3	8
Debt issues	**147,246**	147,482	138,871	-	6
Other interest bearing liabilities	**42,079**	47,299	44,306	(11)	(5)
Total interest bearing liabilities	**675,202**	668,324	631,654	1	7
Non-interest bearing liabilities (2)	**66,901**	66,940	76,666	-	(13)
Total liabilities	**742,103**	735,264	708,320	1	5

(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 2014 versus June 2013

Asset growth of $38 billion or 5% on the prior year was due to increased home lending, business and corporate lending and higher cash and liquid asset balances.

The Group continued to satisfy a significant portion of its funding requirements from customer deposits. Customer deposits now represent 64% of total funding (30 June 2013: 63%).

Home loans

Home loan balances increased $27 billion to $400 billion, reflecting a 7% increase on the prior year. This includes a 1% increase due to the lower Australian dollar. Growth in Retail Banking Services was broadly in line with system growth within a competitive market environment, whilst Bankwest achieved above system growth.

Consumer finance

Personal loans, including credit cards and margin lending increased 5% on the prior year to $23 billion due to continued growth in personal loan balances and above market credit card growth in Retail Banking Services and New Zealand.

Business and corporate loans

Business and corporate loans increased $12 billion to $184 billion, a 7% increase on the prior year. This includes a 1% increase due to the lower Australian dollar. This was driven by strong growth in commercial and institutional lending balances, higher leasing balances mainly in the United Kingdom and Asia, 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 $14 billion to $120 billion, reflecting a 13% increase on the prior year. This includes a 2% increase due to 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 $16 billion to $65 billion, a 19% decrease on the prior year. This decrease reflected lower derivative asset balances.

Interest bearing deposits

Interest bearing deposits increased $37 billion to $486 billion, an 8% increase on the prior year.

This was driven by growth of $20 billion in savings deposits, $14 billion increase in transaction deposits and a $6 billion increase in other demand deposits. This was partly offset by a $4 billion decrease in investment deposits.

Debt issues

Debt issues increased $8 billion to $147 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 2014.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through the income statement and amounts due to other financial institutions, decreased $2 billion to $42 billion, a 5% decrease on the prior year.

Non-interest bearing liabilities

Non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, decreased $10 billion to $67 billion, a 13% decrease on the prior year.

Review of Group Assets and Liabilities (continued)

Half Year Ended June 2014 versus December 2013

Asset growth of $9 billion or 1% on the prior half was primarily driven by increased home lending.

Continued deposits growth allowed the Group to satisfy a significant portion of its funding requirements through customer deposits. Customer deposits made up 64% of total funding as at 30 June 2014 up 1% from 63% in the prior half.

Home loans

Home loans balances increased $13 billion to $400 billion, a 3% increase on the prior half. New business growth remained strong in Retail Banking Services, and Bankwest achieved above system growth.

Consumer finance

Personal loans, including credit cards and margin lending increased 2% on the prior half to $23 billion due to continued growth in personal loan balances in Retail Banking Services and New Zealand.

Business and corporate loans

Business and corporate loans increased $3 billion to $184 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 remained stable at $120 billion.

Other assets

Other assets, including derivative assets, insurance assets and intangibles decreased 10% on the prior half to $65 billion. This decrease reflected lower derivative asset balances.

Interest bearing deposits

Interest bearing deposits increased $12 billion to $486 billion, reflecting a 3% increase on the prior half.

This was driven by growth of $7 billion in savings deposits, a $6 billion increase in transaction deposits and a $1 billion increase in other demand deposits. This was partly offset by a $1 billion decrease in investment deposits.

Debt issues

Debt issues remained stable at $147 billion.

Refer to page 25 for further information on debt programs and issuance for the half year ended 30 June 2014.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through the income statement and amounts due to other financial institutions, decreased 11% on the prior half to $42 billion.

Non-interest bearing liabilities

Non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, remained stable at $67 billion.

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Contents

Section 4 – Group Operations and Business Settings

Loan Impairment Provisions and Credit Quality

Provisions for Impairment

	As at				
	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
Provisions for impairment losses					
Collective provision	**2,779**	2,870	2,858	(3)	(3)
Individually assessed provisions	**1,127**	1,416	1,628	(20)	(31)
Total provisions for impairment losses	**3,906**	4,286	4,486	(9)	(13)
Less: Off balance sheet provisions	**(40)**	(24)	(31)	67	29
Total provisions for loan impairment	**3,866**	4,262	4,455	(9)	(13)

Year Ended June 2014 versus June 2013

Total provisions for impairment losses decreased 13% on the prior year to $3,906 million as at 30 June 2014. The movement in the level of provisioning reflects:

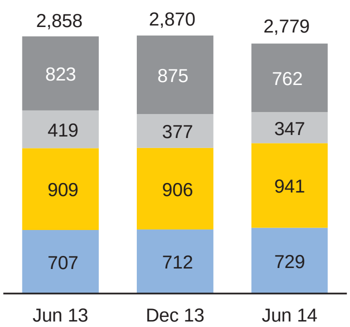
- Reduced individually assessed provisions as the level of impaired assets continues to reduce;
- A reduction of Bankwest collective provisions as troublesome loans continued to be refinanced or repaid; partly offset by
- Increased collective provisioning in the Commercial and Retail portfolios as a result of the annual review of factors and refinements to models; and
- Economic overlays remain unchanged on the prior year.

Half Year Ended June 2014 versus December 2013

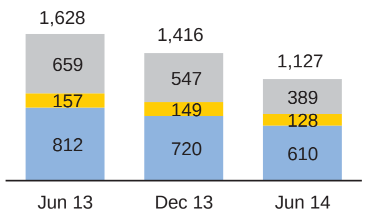
Total provisions for impairment losses decreased 9% on the prior half to $3,906 million as at 30 June 2014. The movement in the level of provisioning reflects:

- Reduced individually assessed provisions as the level of impaired assets continues to reduce;
- A reduction of Bankwest collective provisions as troublesome loans continued to be refinanced or repaid;
- A reduction in management overlays as amounts set aside for factor changes and model refinements in the first half were utilised; partly offset by
- Increased Commercial and Retail provisions as a result of the annual review of provisioning models.

Collective Provisions ($M)



Individually Assessed Provisions ($M)



Overlay Bankwest Consumer Commercial

Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

Credit Quality Metrics	Full Year Ended 30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Gross loans and acceptances (GLAA) ($M)	**608,127**	568,821	7	**608,127**	591,775	3
Risk weighted assets (RWA) ($M) - Basel III	**337,715**	329,158	3	**337,715**	334,197	1
Credit RWA ($M) - Basel III	**289,138**	279,674	3	**289,138**	282,204	2
Gross impaired assets ($M)	**3,367**	4,330	(22)	**3,367**	3,939	(15)
Net impaired assets ($M)	**2,101**	2,571	(18)	**2,101**	2,400	(12)
Provision Ratios						
Collective provision as a % of credit RWA - Basel III	**0.96**	1.02	(6)bpts	**0.96**	1.02	(6)bpts
Total provision as a % of credit RWA - Basel III	**1.35**	1.60	(25)bpts	**1.35**	1.52	(17)bpts
Total provisions for impaired assets as a % of gross impaired assets	**37.60**	40.62	(302)bpts	**37.60**	39.07	(147)bpts
Total provisions for impairment losses as a % of GLAA's	**0.64**	0.79	(15)bpts	**0.64**	0.72	(8)bpts
Asset Quality Ratios						
Gross impaired assets as a % of GLAA's	**0.55**	0.76	(21)bpts	**0.55**	0.67	(12)bpts
Loans 90+ days past due but not impaired as a % of GLAA's	**0.39**	0.39	-	**0.39**	0.44	(5)bpts
Loan impairment expense ("cash basis") annualised as a % of average GLAA's	**0.16**	0.20	(4)bpts	**0.17**	0.16	1 bpt

Provision Ratios

Provision coverage ratios remain strong with collective provisions to Credit Risk Weighted Assets at 0.96% and Total Provisions to Credit Risk Weighted Assets at 1.35%.

Asset Quality

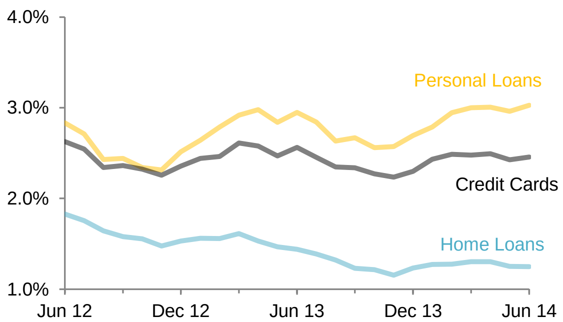
The low interest rate environment means that troublesome and impaired assets have continued to reduce and the arrears for the retail portfolios remain relatively low.

Retail Portfolios – Arrears Rates

Retail arrears for home loans and credit card products continued to show some improvement during the year.

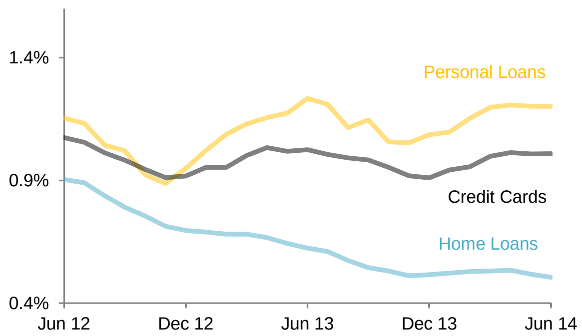
Home loan arrears reduced over the year, with 30+ day arrears decreasing from 1.44% to 1.25%, and 90+ day arrears reducing from 0.62% to 0.50%. Credit card arrears also improved with credit card 30+ day arrears falling from 2.56% to 2.46%, and 90+ day arrears reducing from 1.02% to 1.01%. Personal loan arrears were mixed over the year as 30+ day arrears increased from 2.95% to 3.03%, and 90+ day arrears reduced from 1.23% to 1.20%.

30+ Days Arrears Ratios (%) (1)



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

90+ Days Arrears Ratios (%) (1)

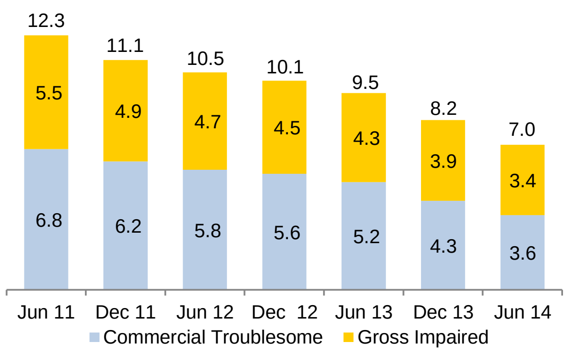


Troublesome and Impaired Assets

Commercial troublesome assets reduced 31% during the year to $3,584 million.

Gross impaired assets decreased 22% on the prior year to $3,367 million. Gross impaired assets as a proportion of gross loans and acceptances of 0.55% decreased 21 basis points on the prior year, reflecting the improving quality of the corporate portfolios.

Troublesome and Impaired Assets ($B)



Capital

Basel Regulatory Framework

Background

The Group adopted the Basel III measurement and monitoring of regulatory capital effective from 1 January 2013.

In December 2010, the Basel Committee on Banking Supervision (BCBS) published a discussion paper on banking reforms to address issues which led to the Global Financial Crisis and to position banks for future crises. 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.

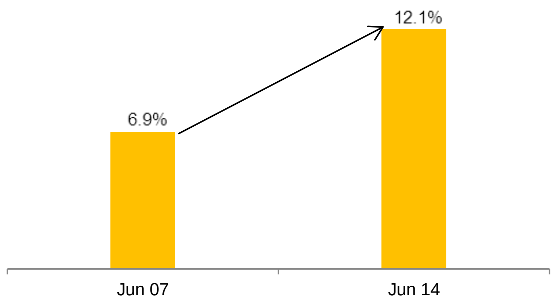
In September 2012, the Australian Prudential Regulation Authority (APRA) published final standards relating to the implementation of the Basel III capital reforms in Australia. APRA has adopted a more conservative approach than the minimum standards published by the BCBS and a more accelerated timetable 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%.

Internationally Harmonised Capital Position

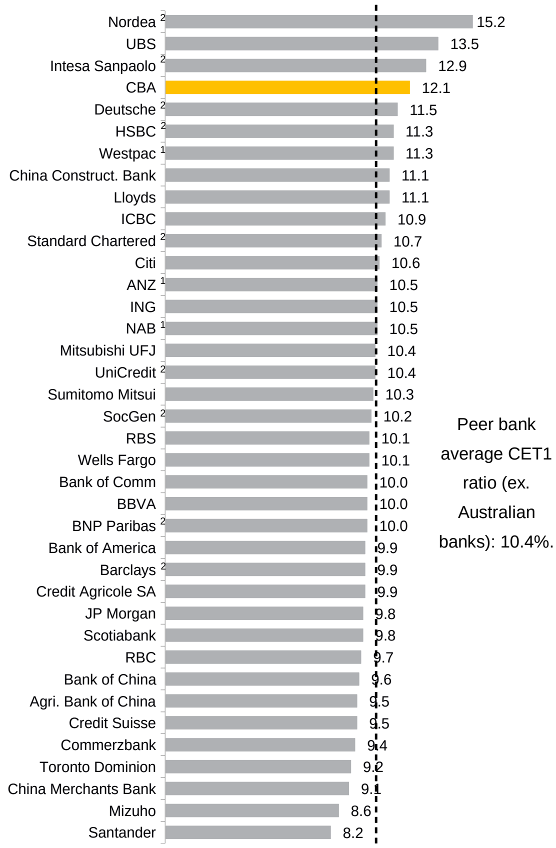
The Group's internationally harmonised CET1 ratios are calculated based on full adoption of the Basel III capital reforms, which will not come into effect until 2019 for most banks.

The Group is in a strong capital position with CET1 as measured on an internationally harmonised basis of 12.1% as at 30 June 2014.



The Group has adopted a conservative and proactive approach to capital management and this is reflected in the overall strength of its capital position. The CET1 ratio (on an internationally harmonised basis) has increased by 75% since the Global Financial Crisis (June 2007).

The Group's 30 June 2014 internationally harmonised CET1 ratio of 12.1%, places it well above the average of its international peers (approximately 10.4%).



Source: Morgan Stanley - Based on last reported CET1 ratios up to 8 August 2014 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) Domestic peer figures as at March 2014.
(2) Includes deduction for accrued expected future dividends.

APRA Capital Requirements

As at 30 June 2014, the Group has a CET1 ratio of 9.3% under APRA's prudential standard version of Basel III, well above the current APRA minimum ratio of 4.5%.

The differences in the Basel III APRA and the Basel III internationally harmonised CET1 ratios include:

Deductions

- APRA requires a full deduction to be taken against CET1 for equity investments (including investments in insurance and funds management operations) and deferred tax assets. On an internationally harmonised basis, such items are concessionally risk weighted if they fall below prescribed thresholds.

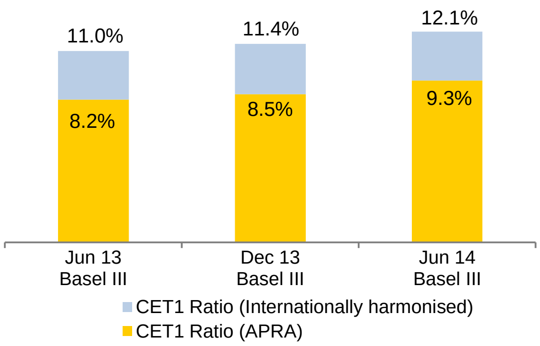
Risk Weighted Assets

- APRA requires capital to be held for Interest Rate Risk in the Banking Book (IRRBB). There is no similar requirement on an internationally harmonised basis; and
- APRA requires a minimum Loss Given Default (LGD) floor of 20% to be applied to residential mortgages, which is higher than regulatory requirements elsewhere.

Capital (continued)

Capital Position

The Group maintained a strong capital position with the capital ratios well in excess of regulatory minimum capital adequacy requirements at all times throughout the year ended 30 June 2014.



The Group's CET1 (internationally harmonised) and CET1 (APRA) ratios were 12.1% and 9.3% respectively at 30 June 2014. The increase in capital in the June 2014 half year was primarily driven by capital generated from earnings and the realisation of the benefits associated with the sale of the Group's Property business, more than offsetting the impact of the December 2013 interim dividend payment (net of shares issued under the Dividend Reinvestment Plan (DRP)) and an increase in Credit RWA.

During the June 2014 financial year, the Group's CET1 (internationally harmonised and APRA) increased by 110 basis points with the strong growth reflecting the sustained organic capital generation of the Group.

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

Capital Initiatives

In order to actively manage the Group's capital, the following significant initiatives were undertaken during the year:

- The DRP for the 2013 final dividend was satisfied in full by the on-market purchase of shares. The participation rate for the DRP was 22.4%; and
- The DRP in respect of the 2014 interim dividend was satisfied by the allocation of $707 million of ordinary shares, representing a participation rate of 24%.

Pillar 3 Disclosures

Full 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/shareholders.

Other Regulatory Changes

Composition of Level 2 ADI Groups

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

APRA has advised that transition arrangements will apply to impacted capital ratios in line with the existing maturity profile of the debt.

Given the transitional arrangements and the maturity profile of the debt, there is no immediate effect on the Group's capital ratios. The impact on future periods is expected to be minimal given the Group's strong capital generation capabilities.

Conglomerate Groups

In May 2013, APRA released a discussion paper and draft prudential standards titled "Supervision of Conglomerate Groups" focusing on the requirements of risk management and capital adequacy. APRA is extending its current prudential supervision framework to Conglomerate Groups that have material operations in more than one APRA regulated industry and/or have one or more material unregulated entities. The aims of the Level 3 proposals are to ensure that a Conglomerate Group holds adequate capital to protect the APRA regulated entities from potential contagion and other risks within the Group. APRA has yet to release final standards, with implementation of these new requirements scheduled from 1 January 2015.

Leverage Ratio

In January 2014, the BCBS endorsed the leverage ratio framework and disclosure requirements. The ratio is defined as Tier 1 Capital as a percentage of exposures, with a proposed minimum of 3%.

Public disclosure of the leverage ratio will commence from 1 January 2015. The BCBS has advised that any final adjustments to the definition and calibration of the ratio will be made by 2017. Migration to a Pillar 1 (minimum capital requirement) is expected from 1 January 2018.

Group Operations and Business Settings

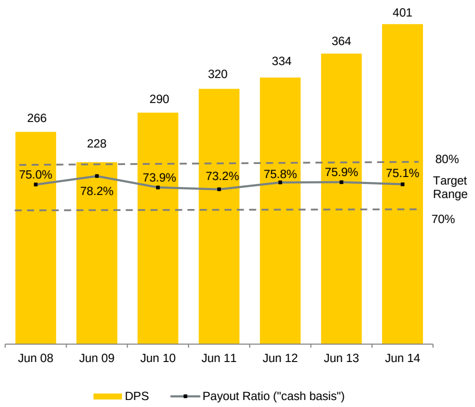
Dividends

Final Dividend for the Year Ended 30 June 2014

The final dividend declared was $2.18 per share, bringing the total dividend for the year ended 30 June 2014 to $4.01 per share. This represents a dividend payout ratio ("cash basis") of 75.1% and is 10% above the prior full year dividend.

The final dividend will be fully franked and will be paid on 2 October 2014 to owners of ordinary shares at the close of business on 21 August 2014 (record date). Shares will be quoted ex-dividend on 19 August 2014.

Full Year Dividend History (cents per share)



Dividend Reinvestment Plan (DRP)

The DRP will continue to operate but no discount will be applied to shares allocated under the plan for the final dividend. The DRP for the 2014 final dividend is anticipated to be satisfied in full by an on-market purchase of shares.

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

	As at				
	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
Internal RMBS	51,864	53,107	57,852	(2)	(10)
Bank, NCD, Bills, RMBS, Supra, Covered Bonds	30,932	29,867	29,540	4	5
Cash, Government and Semi-Government Bonds	56,621	53,596	49,324	6	15
Liquid Assets (1)	139,417	136,570	136,716	2	2

(1) Liquids are reported net of applicable regulatory haircuts.

Year Ended June 2014 versus June 2013

The Group holds a high quality, well diversified liquid asset portfolio to prudently meet balance sheet liquidity needs and regulatory requirements.

Liquid assets increased $3 billion to $139 billion, a 2% increase on the prior year. The increase was driven by the growth in deposits, which increased the regulatory minimum requirement.

Excluding internal Residential Mortgage Backed Securities (RMBS), the Group held $88 billion of liquid assets, well above the regulatory minimum requirement of $69 billion.

Half Year Ended June 2014 versus December 2013

The Group holds a high quality, well diversified liquid asset portfolio to prudently meet balance sheet liquidity needs and regulatory requirements.

Liquid assets increased $3 billion to $139 billion, a 2% increase on the prior half. The increase was mainly driven by the growth in deposits, which increased the regulatory minimum requirement.

Excluding internal RMBS assets, the Group held $88 billion of liquid assets, well above the regulatory minimum requirement of $69 billion.

Funding

Group Funding (1)	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
	As at				
Customer deposits	**438,890**	426,407	405,377	3	8
Short term wholesale funding	**109,318**	113,716	107,758	(4)	1
Short sales	**4,103**	4,517	2,837	(9)	45
Long term wholesale funding - less than one year residual maturity	**30,892**	35,054	29,129	(12)	6
Long term wholesale funding - more than one year residual maturity (2)	**102,163**	95,739	96,611	7	6
IFRS MTM and derivative FX revaluations	**3,251**	5,722	1,837	(43)	77
Total wholesale funding	**249,727**	254,748	238,172	(2)	5
Total funding	**688,617**	681,155	643,549	1	7

(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 2014 versus June 2013

Customer Deposits

Customer deposits accounted for 64% of total funding at 30 June 2014, compared to 63% in the prior year. Strong deposit growth has seen the Group satisfy a significant proportion of its funding requirements from customer deposits. The remaining 36% of total funding comprised various wholesale debt issuances.

Short Term 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 45% of total wholesale funding at 30 June 2014, down from 46% in the prior year.

Long Term Funding

Long term wholesale funding includes debt with an original maturity or call date of greater than 12 months. Long term wholesale funding conditions improved during the year compared to the prior year as northern hemisphere central banks provided ongoing support to their economies and banking systems. During the year, the Group issued $38 billion of long term wholesale debt transactions in multiple currencies including AUD, USD, EUR, and GBP. Given improved 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 3.9 years. The WAM of outstanding long term wholesale debt was 3.8 years at 30 June 2014.

Long term funding (including adjustment for IFRS MTM and derivative FX revaluations) accounted for 55% of total wholesale funding at 30 June 2014, compared to 54% in the prior year.

Half Year Ended June 2014 versus December 2013

Customer Deposits

Customer deposits accounted for 64% of total funding at 30 June 2014, up from 63% in the prior half. Strong deposit growth has seen the Group satisfy a significant proportion of its funding requirements from customer deposits. The remaining 36% of total funding comprised various wholesale debt issuances.

Short Term 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 45% of total wholesale funding at 30 June 2014, compared to 46% in the prior half.

Long Term Funding

Long term funding (including adjustment for IFRS MTM and derivative FX revaluations) accounted for 55% of total wholesale funding at 30 June 2014, compared to 54% in the prior half.

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

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Contents

Section 5 – Divisional Performance

Retail Banking Services

	Full Year Ended (1)			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Net interest income	**7,004**	6,425	9	**3,572**	3,432	4
Other banking income	**1,619**	1,504	8	**805**	814	(1)
Total banking income	**8,623**	7,929	9	**4,377**	4,246	3
Operating expenses	**(3,103)**	(2,992)	4	**(1,531)**	(1,572)	(3)
Loan impairment expense	**(566)**	(533)	6	**(276)**	(290)	(5)
Net profit before tax	**4,954**	4,404	12	**2,570**	2,384	8
Corporate tax expense	**(1,482)**	(1,315)	13	**(769)**	(713)	8
Cash net profit after tax	**3,472**	3,089	12	**1,801**	1,671	8
Income analysis						
Net interest income						
Home loans	**3,346**	2,998	12	**1,681**	1,665	1
Consumer finance (2)	**1,749**	1,568	12	**891**	858	4
Retail deposits	**1,866**	1,811	3	**976**	890	10
Other (3)	**43**	48	(10)	**24**	19	26
Total net interest income	**7,004**	6,425	9	**3,572**	3,432	4
Other banking income						
Home loans	**207**	207	-	**100**	107	(7)
Consumer finance (2)	**530**	483	10	**259**	271	(4)
Retail deposits	**407**	386	5	**209**	198	6
Distribution (4)	**409**	364	12	**206**	203	1
Other (3)	**66**	64	3	**31**	35	(11)
Total other banking income	**1,619**	1,504	8	**805**	814	(1)
Total banking income	**8,623**	7,929	9	**4,377**	4,246	3

	As at				
Balance Sheet	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
Home loans	**262,823**	254,405	246,147	3	7
Consumer finance (2)	**15,768**	15,455	15,014	2	5
Other interest earning assets	**1,631**	1,660	1,863	(2)	(12)
Total interest earning assets	**280,222**	271,520	263,024	3	7
Other assets	**840**	842	1,308	-	(36)
Total assets	**281,062**	272,362	264,332	3	6
Transaction deposits	**22,155**	21,019	17,879	5	24
Savings deposits	**81,487**	77,506	69,030	5	18
Investment deposits and other	**86,398**	88,341	89,043	(2)	(3)
Total interest bearing deposits	**190,040**	186,866	175,952	2	8
Non-interest bearing liabilities	**6,813**	6,392	6,334	7	8
Total liabilities	**196,853**	193,258	182,286	2	8

	Full Year Ended (1)			Half Year Ended		
Key Financial Metrics	30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Performance indicators						
Return on assets (%)	**1. 3**	1. 2	10 bpts	**1. 3**	1. 2	10 bpts
Impairment expense annualised as a % of average GLAA's (%)	**0. 21**	0. 21	-	**0. 20**	0. 22	(2)bpts
Operating expenses to total banking income (%)	**36. 0**	37. 7	(170)bpts	**35. 0**	37. 0	(200)bpts
Other asset/liability information						
Average interest earning assets ($M)	**270,911**	254,630	6	**275,010**	266,879	3
Average interest bearing liabilities ($M)	**185,164**	170,045	9	**188,950**	181,439	4

(1) Comparative information has been reclassified to conform to presentation in the current year.
(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 commissions received from the distribution of wealth management products through the retail network.

Financial Performance and Business Review

Year Ended June 2014 versus June 2013

Retail Banking Services cash net profit after tax for the full year ended 30 June 2014 was $3,472 million, an increase of 12% on the prior year. The result was driven by continued strong growth in net interest income and other banking income, partly offset by higher expenses, including inflationary increases, the one-off impact of capitalised software write-offs, and increased loan impairment expense. Customer satisfaction levels remained a priority during the year, with the Retail bank maintaining the number one ranking amongst its peers for the full financial year[1].

Net Interest Income

Net interest income was $7,004 million, an increase of 9% on the prior year. This was supported by solid volume growth across all major product areas and an improved net interest margin.

Balance Sheet growth included:

- Home loan growth of 7%, broadly in line with system, driven by solid lending growth within a competitive market environment;
- Consumer finance growth of 5% reflecting a solid performance relative to the broader market; and
- Deposit balance growth of 8%, driven by strong balance growth in savings and transaction accounts.

Net interest margin increased, reflecting:

- Improving margins across lending products partly offset by a decrease in deposit margins driven by the lower cash rate environment, competition for deposits and growth in higher yield savings products.

Other Banking Income

Other banking income was $1,619 million, an increase of 8% on the prior year, reflecting:

- Growth in consumer finance fees of 10% primarily driven by higher credit card transaction volumes, as well as increased foreign currency purchases;
- A 5% increase in deposit fee income from an increase in the number of accounts and higher interchange revenue; and
- An increase in distribution income[2] of 12% due to strong performance of insurance and foreign exchange products, including the travel money card.

Operating Expenses

Operating expenses for the year were $3,103 million, an increase of 4% on the prior year. The increase reflected the one-off write-off of capitalised software in the first half of the year, inflationary increases and higher credit card loyalty redemption activity.

The operating expense to total banking income ratio was 36.0%, a decrease of 170 basis points on the prior year.

Loan Impairment Expense

Loan impairment expense for the year ended 30 June 2014 was $566 million, an increase of 6% on the prior year.

This was driven by continued portfolio growth and an increase in write-offs in the unsecured portfolio, partly offset by reduced home loan losses as a result of improving quality of the portfolio and the strengthening housing market.

Half Year Ended June 2014 versus December 2013

Cash net profit after tax increased by 8% on the prior half. The result was driven by growth in net interest income, a reduction in loan impairment expense and lower operating expenses.

Net Interest Income

Net interest income increased by 4% on the prior half, reflecting solid balance growth and improved margins on the deposit portfolio.

Balance Sheet growth included:

- Home loans growth of 3%, with new business volumes remaining strong;
- 2% growth in consumer finance despite deleveraging trends in the market; and
- Deposit balance growth of 2% on the prior half, primarily driven by growth in savings and transaction accounts reflecting consumer preference for at-call products.

Net interest margin movements reflected:

- Stable margins across lending products; and
- Improving deposit margins.

Other Banking Income

Other banking income decreased by 1% on the prior half. Key factors driving the result included:

- Home loan income decreased by 7% after seasonally higher sales in the prior half;
- A decrease in consumer finance fees of 4%, reflecting the seasonal increase in loyalty points issued; and
- Deposits fees up 6% due to an increase in customer accounts.

Operating Expenses

Operating expenses decreased by 3% on the prior half, due to the one-off write-off of capitalised IT software in the prior half, and a reduction in loyalty expense in line with seasonally lower redemption activity.

Loan Impairment Expense

Loan impairment expense decreased by 5% compared to the prior half, mainly due to improved home loan portfolio quality, partly offset by portfolio growth and expected increase in seasonal arrears on 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. Rank based on the major four Australian banks.
(2) Income associated with the sale of foreign exchange products, and commissions received from the distribution of Wealth Management products through the retail network.

Business and Private Banking

	Full Year Ended [1]			Half Year Ended [1]		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Net interest income	**2,997**	2,952	2	**1,496**	1,501	-
Other banking income	**859**	817	5	**425**	434	(2)
Total banking income	**3,856**	3,769	2	**1,921**	1,935	(1)
Operating expenses	**(1,426)**	(1,392)	2	**(717)**	(709)	1
Loan impairment expense	**(253)**	(280)	(10)	**(166)**	(87)	91
Net profit before tax	**2,177**	2,097	4	**1,038**	1,139	(9)
Corporate tax expense	**(651)**	(623)	4	**(309)**	(342)	(10)
Cash net profit after tax	**1,526**	1,474	4	**729**	797	(9)

Income analysis						
Net interest income						
Corporate Financial Services	**932**	895	4	**470**	462	2
Regional and Agribusiness	**622**	614	1	**311**	311	-
Local Business Banking	**1,052**	1,053	-	**519**	533	(3)
Private Bank	**246**	242	2	**124**	122	2
CommSec	**145**	148	(2)	**72**	73	(1)
Total net interest income	**2,997**	2,952	2	**1,496**	1,501	-
Other banking income						
Corporate Financial Services	**318**	285	12	**155**	163	(5)
Regional and Agribusiness	**105**	103	2	**52**	53	(2)
Local Business Banking	**217**	211	3	**109**	108	1
Private Bank	**53**	47	13	**27**	26	4
CommSec	**166**	171	(3)	**82**	84	(2)
Total other banking income	**859**	817	5	**425**	434	(2)
Total banking income	**3,856**	3,769	2	**1,921**	1,935	(1)
Income by product						
Business products	**2,197**	2,141	3	**1,092**	1,105	(1)
Retail products	**1,199**	1,157	4	**600**	599	-
Equities and Margin Lending	**283**	283	-	**140**	143	(2)
Markets	**125**	131	(5)	**58**	67	(13)
Other	**52**	57	(9)	**31**	21	48
Total banking income	**3,856**	3,769	2	**1,921**	1,935	(1)

	As at				
Balance Sheet	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
Home loans	**39,659**	39,168	39,594	1	-
Consumer finance	**1,094**	1,131	1,070	(3)	2
Business loans	**60,013**	59,507	58,500	1	3
Margin loans	**2,731**	2,724	2,813	-	(3)
Total interest earning assets	**103,497**	102,530	101,977	1	1
Non-lending interest earning assets	**176**	350	247	(50)	(29)
Other assets [2]	**191**	3	208	large	(8)
Total assets	**103,864**	102,883	102,432	1	1
Transaction deposits	**22,468**	22,323	21,394	1	5
Savings deposits	**13,575**	12,558	11,303	8	20
Investment deposits and other	**28,021**	27,359	26,861	2	4
Total interest bearing deposits	**64,064**	62,240	59,558	3	8
Non-interest bearing liabilities [2]	**5,627**	5,136	5,282	10	7
Total liabilities	**69,691**	67,376	64,840	3	7

(1) Comparative information has been reclassified 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	30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
	Full Year Ended [1]			Half Year Ended		
Performance indicators						
Return on assets (%)	**1. 5**	1. 4	10 bpts	**1. 4**	1. 5	(10)bpts
Impairment expense annualised as a % of average GLAA's (%)	**0. 25**	0. 28	(3)bpts	**0. 33**	0. 17	16 bpts
Operating expenses to total banking income (%)	**37. 0**	36. 9	10 bpts	**37. 3**	36. 6	70 bpts
Other asset/liability information						
Average interest earning assets ($M)	**102,597**	99,893	3	**102,914**	102,421	-
Average interest bearing liabilities ($M)	**62,428**	58,850	6	**63,507**	61,366	3

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

Financial Performance and Business Review

Year Ended June 2014 versus June 2013

Business and Private Banking achieved a cash net profit after tax of $1,526 million for the year ended 30 June 2014, an increase of 4% on the prior year. The result was driven by growth in business and home lending income, partly offset by lower income from deposits. Growth in expenses of 2% reflected higher staff and amortisation expense, partly offset by disciplined cost management. Loan impairment expense decreased 10% on the prior year reflecting stable portfolio quality.

Net Interest Income

Net interest income of $2,997 million increased 2% on the prior year. This reflected strong growth in average deposit balances and solid growth in average business lending balances, partly offset by a slight decrease in net interest margin.

Balance Sheet growth included:

- Growth in customer deposits of 8% with the majority of the growth in transaction and savings products;
- Business lending growth of 3% reflecting continued customer demand for market rate linked products; and
- Subdued home loan balances, reflecting lending growth offset by higher levels of loan repayments.

Net interest margin decreased, with lower deposit margins, reflecting the impact of lower average cash rates, and continued customer demand for higher yield deposit products.

Other Banking Income

Other banking income of $859 million increased 5% on the prior year due to:

- Higher commercial lending fee revenue arising from volume growth in cash advance facilities;
- Higher foreign exchange revenue driven by movement in the Australian Dollar; partly offset by
- A 3% decrease in equities trading volumes; and
- Lower income from the sale of risk management related products due to lower interest rate volatility.

Operating Expenses

Operating expenses of $1,426 million increased 2% on the prior year, due to higher staff expenses, and amortisation costs. A continued focus on productivity and expense management enabled selective investments to be made in projects, including digital infrastructure.

Loan Impairment Expense

Loan impairment expense of $253 million decreased 10% on the prior year reflecting stable portfolio quality in a low interest rate environment.

Loan impairment expense as a percentage of average gross loans and acceptances, decreased by three basis points to 25 basis points.

Half Year Ended June 2014 versus December 2013

Cash net profit after tax was $729 million for the half year ended 30 June 2014, a decrease of 9% on the prior half. The result was driven by lower equities and risk management related income, and the impact of fewer trading days. Expense growth of 1% reflected the benefit of a focus on productivity and disciplined cost management. Loan impairment expense increased 91% on the prior half due to a small number of large individual impairments.

Net Interest Income

Net interest income was flat on the prior half. This reflected flat average lending balance growth, an increase in net interest margin and three fewer days in the current half.

Balance Sheet growth included:

- Growth in customer deposits of 3%, particularly in savings and investment accounts; and
- Business lending growth of 1%.

Net interest margin increased, reflecting improved margins on investment deposits, partly offset by a shift in customer demand to higher yield deposits.

Other Banking Income

Other banking income of $425 million decreased 2% on the prior half due to:

- Lower income from the sale of risk management related products; and
- Lower equities trading income due to fewer trading days in the current half. Trading volumes were flat on the prior half.

Operating Expenses

Operating expenses of $717 million increased 1% on the prior half. Investment in digital infrastructure projects was partly offset by the ongoing benefit of productivity initiatives.

Loan Impairment Expense

Loan impairment expense of $166 million increased 91% on the prior half. The increase is driven by a small number of large individual provisions.

Institutional Banking and Markets

	Full Year Ended [1]			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Net interest income	**1,421**	1,341	6	**717**	704	2
Other banking income	**1,258**	1,238	2	**594**	664	(11)
Total banking income	**2,679**	2,579	4	**1,311**	1,368	(4)
Operating expenses	**(947)**	(871)	9	**(492)**	(455)	8
Loan impairment expense	**(61)**	(154)	(60)	**(40)**	(21)	90
Net profit before tax	**1,671**	1,554	8	**779**	892	(13)
Corporate tax expense	**(413)**	(359)	15	**(195)**	(218)	(11)
Cash net profit after tax	**1,258**	1,195	5	**584**	674	(13)
Income analysis						
Net interest income						
Institutional Banking	**1,250**	1,138	10	**635**	615	3
Markets	**171**	203	(16)	**82**	89	(8)
Total net interest income	**1,421**	1,341	6	**717**	704	2
Other banking income						
Institutional Banking	**778**	791	(2)	**387**	391	(1)
Markets	**480**	447	7	**207**	273	(24)
Total other banking income	**1,258**	1,238	2	**594**	664	(11)
Total banking income	**2,679**	2,579	4	**1,311**	1,368	(4)
Income by product						
Institutional products	**1,738**	1,684	3	**870**	868	-
Asset leasing	**238**	183	30	**127**	111	14
Markets	**651**	650	-	**289**	362	(20)
Other	**52**	62	(16)	**25**	27	(7)
Total banking income	**2,679**	2,579	4	**1,311**	1,368	(4)

	As at				
Balance Sheet	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
Interest earning lending assets	**88,184**	85,010	78,009	4	13
Non-lending interest earning assets	**43,348**	47,600	34,872	(9)	24
Other assets [2]	**18,270**	19,362	33,526	(6)	(46)
Total assets	**149,802**	151,972	146,407	(1)	2
Transaction deposits	**45,578**	41,975	38,494	9	18
Investment deposits	**34,886**	36,512	39,335	(4)	(11)
Certificates of deposit and other	**12,478**	15,214	11,379	(18)	10
Total interest bearing deposits	**92,942**	93,701	89,208	(1)	4
Due to other financial institutions	**19,835**	19,877	17,272	-	15
Debt issues and other [3]	**11,075**	11,888	10,495	(7)	6
Non-interest bearing liabilities [2]	**21,605**	25,250	32,564	(14)	(34)
Total liabilities	**145,457**	150,716	149,539	(3)	(3)

	Full Year Ended [1]			Half Year Ended		
Key Financial Metrics	30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Performance indicators						
Return on assets (%)	**0. 8**	0. 8	-	**0. 8**	0. 9	(10)bpts
Impairment expense annualised as a % of average GLAA's (%)	**0. 07**	0. 20	(13)bpts	**0. 10**	0. 05	5 bpts
Operating expenses to total banking income (%)	**35. 3**	33. 8	150 bpts	**37. 5**	33. 3	420 bpts
Other asset/liability information						
Average interest earning assets ($M)	**127,812**	108,876	17	**134,868**	120,871	12
Average interest bearing liabilities ($M)	**124,911**	115,997	8	**128,012**	121,860	5

(1) Comparative information has been reclassified 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 2014 versus June 2013

Institutional Banking and Markets achieved a cash net profit after tax of $1,258 million for the year ended 30 June 2014, which represented a 5% increase on the prior year. The result was driven by a positive trading performance in Markets, growth in average lending balances and lower loan impairment expense. This was partly offset by the non-recurrence of prior year positive counterparty fair value adjustments and lower deposits income.

Net Interest Income

Net interest income increased 6% on the prior year to $1,421 million, driven by growth in average balances. This was partly offset by lower deposit margins and lower interest income in the Markets business.

Average balance growth included:

- Average deposit volumes increased 9%, largely in transaction deposits;
- Average asset leasing balances increased 28% with growth mainly in the Transport industry; and
- A 9% increase in average lending balances, particularly in the strategic focus industries of Natural Resources, Utilities and Financial Institutions.

Net interest margin decreased reflecting:

- Declining deposit margins reflecting a low cash rate environment, continuing customer preference for high yield deposits and regulatory change impacts on liquidity costs of certain deposit types; and
- Lower amortisation of deferred fees; partly offset by
- Higher lending and asset leasing margins.

Other Banking Income

Other banking income of $1,258 million increased 2% on the prior year due to:

- A strong trading performance in Markets; and
- Growth in offshore trade finance income; partly offset by
- Unfavourable counterparty fair value adjustments of $1 million for the year, compared to $94 million favourable in the prior year.

Operating Expenses

Operating expenses increased 9% on the prior year to $947 million. Excluding the impact of the Australian dollar and non-recurring expenses, operating expenses increased by 3%. The increase reflects higher amortisation and investment in IT platforms, and inflation-related salary increases. This was partly offset by a continued focus on productivity and disciplined cost management across the business.

Loan Impairment Expense

Loan impairment expense was $61 million, a decrease of 60% on the prior year, driven by a higher level of write-backs. The overall credit rating of the Institutional portfolio remained stable.

Corporate Tax Expense

The corporate tax expense for the year ended 30 June 2014 was $413 million. The effective tax rate of 24.7% was higher than the prior year due to lower dividend distributions in offshore jurisdictions.

Half Year Ended June 2014 versus December 2013

Cash net profit after tax of $584 million for the half year ended 30 June 2014 represented a 13% decrease on the prior half. The decrease was driven by unfavourable counterparty fair value adjustments, relatively lower Markets trading performance, non-recurring expenses and higher loan impairment expense. This was partly offset by growth in average lending and deposit balances.

Net Interest Income

Net interest income increased 2% on the prior half to $717 million driven by growth in average lending and deposit balances, partly offset by lower amortisation of deferred fees.

Average lending balances increased 8% on the prior half.

Other Banking Income

Other banking income was $594 million, representing an 11% decrease on the prior half, reflecting:

- A particularly strong Markets first half trading performance, with performance in the second half remaining above long run averages; and
- Unfavourable counterparty fair value adjustments of $24 million, compared to favourable adjustments of $23 million in the prior half.

Operating Expenses

Operating expenses increased 8% on the prior half to $492 million. Excluding the impact of the Australian dollar and non-recurring expenses, operating expenses increased by 3%. This primarily reflects higher staff expenses, increased amortisation costs and investment in IT platforms.

Loan Impairment Expense

Loan impairment expense of $40 million remains below the historical average. This represents an increase of $19 million on the prior half, driven by a relatively lower level of recoveries.

Corporate Tax Expense

The corporate tax expense for the half year ended 30 June 2014 was $195 million. The effective tax rate of 25.0% was largely in line with the prior half.

Wealth Management

	Full Year Ended [1]			Half Year Ended [1]		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Funds management income	**1,700**	1,543	10	**842**	858	(2)
Insurance income	**575**	542	6	**294**	281	5
Total operating income	**2,275**	2,085	9	**1,136**	1,139	-
Operating expenses	**(1,517)**	(1,393)	9	**(776)**	(741)	5
Net profit before tax	**758**	692	10	**360**	398	(10)
Corporate tax expense	**(184)**	(180)	2	**(91)**	(93)	(2)
Underlying profit after tax	**574**	512	12	**269**	305	(12)
Investment experience after tax	**118**	77	53	**77**	41	88
Cash net profit after tax (excluding Property)	**692**	589	17	**346**	346	-
Property net profit after tax	**101**	90	12	**52**	49	6
Cash net profit after tax (including Property)	**793**	679	17	**398**	395	1
Represented by:						
CFS Global Asset Management	**238**	221	8	**111**	127	(13)
Colonial First State [2]	**184**	144	28	**79**	105	(25)
CommInsure	**374**	320	17	**199**	175	14
Property [1]	**101**	90	12	**52**	49	6
Other	**(104)**	(96)	8	**(43)**	(61)	(30)
Cash net profit after tax	**793**	679	17	**398**	395	1

Key Financial Metrics [3]	Full Year Ended [1]			Half Year Ended [1]		
	30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Performance indicators						
Funds management income to average FUA (%) [4]	**0. 70**	0. 76	(6)bpts	**0. 69**	0. 72	(3)bpts
Insurance income to average inforce premiums (%)	**25. 7**	26. 2	(50)bpts	**25. 9**	25. 1	80 bpts
Operating expenses to total operating income (%)	**66. 7**	66. 8	(10)bpts	**68. 3**	65. 1	320 bpts
FUA - average ($M) [4]	**241,405**	202,259	19	**247,645**	235,678	5
FUA - spot ($M) [4]	**253,483**	223,507	13	**253,483**	244,996	3
Assets under management - average ($M) [4]	**173,417**	147,661	17	**176,809**	170,371	4
Assets under management - spot ($M) [4]	**180,848**	162,331	11	**180,848**	175,833	3
Retail net funds flows (Australian Retail) ($M)	**3,188**	4,244	(25)	**1,637**	1,551	6
Annual Inforce Premiums - average ($M)	**2,237**	2,068	8	**2,291**	2,219	3
Annual Inforce Premiums - spot ($M)	**2,309**	2,165	7	**2,309**	2,273	2

	Full Year Ended											
	CFS Global Asset Management			Colonial First State [2]			CommInsure			Other		
	Jun 14 $M	Jun 13 $M	Jun 14 vs Jun 13 %	Jun 14 $M	Jun 13 $M	Jun 14 vs Jun 13 %	Jun 14 $M	Jun 13 $M	Jun 14 vs Jun 13 %	Jun 14 $M	Jun 13 $M	Jun 14 vs Jun 13 %
Gross Funds management income	**919**	817	12	**1,003**	913	10	**165**	152	9	**-**	-	-
Volume expenses	**(180)**	(170)	6	**(174)**	(134)	30	**(33)**	(35)	(6)	**-**	-	-
Funds management income	**739**	647	14	**829**	779	6	**132**	117	13	**-**	-	-
Gross Insurance income	**-**	-	-	**-**	-	-	**725**	716	1	**-**	-	-
Volume expenses	**-**	-	-	**-**	-	-	**(150)**	(174)	(14)	**-**	-	-
Insurance income	**-**	-	-	**-**	-	-	**575**	542	6	**-**	-	-
Total operating income	**739**	647	14	**829**	779	6	**707**	659	7	**-**	-	-
Operating expenses	**(468)**	(375)	25	**(591)**	(576)	3	**(314)**	(318)	(1)	**(144)**	(124)	16
Net profit before tax	**271**	272	-	**238**	203	17	**393**	341	15	**(144)**	(124)	16
Corporate tax expense	**(42)**	(55)	(24)	**(68)**	(60)	13	**(111)**	(101)	10	**37**	36	3
Underlying profit after tax	**229**	217	6	**170**	143	19	**282**	240	18	**(107)**	(88)	22
Investment experience after tax	**9**	4	large	**14**	1	large	**92**	80	15	**3**	(8)	large
Cash net profit after tax	**238**	221	8	**184**	144	28	**374**	320	17	**(104)**	(96)	8

(1) Property includes the operations of the CFS Retail Property Trust, Commonwealth Property Office Fund, Kiwi Income Property Trust, unlisted property funds (the 'Trusts') and the asset management and development businesses. In addition, it includes the gain on the sale of the CPA units and distributions from the Trusts. Comparative information has been restated to separately disclose the Property transactions and businesses and to conform to presentation in the current year.

(2) Colonial First State incorporates the results of all financial planning businesses including Commonwealth Financial Planning.

(3) Property is excluded from the calculation of the key financial metrics (as well as for comparative information).

(4) AUM and FUA include Realindex Investments and excludes the Group's interest in the China Cinda Joint Venture.

Financial Performance and Business Review

Year Ended June 2014 versus June 2013[1]

Cash net profit after tax for the full year ended 30 June 2014 was $793 million, a 17% increase on the prior year. Excluding the Property transaction and businesses, cash net profit after tax for the full year increased 17%, reflecting continued investment market gains and strong investment performance. Total operating income increased 9% on the prior year with FUA, as at 30 June 2014, increasing 13% to $253 billion. Insurance Inforce Premiums increased 7% to $2.3 billion.

The Group has provided for the licensee conditions in Commonwealth Financial Planning (CFP) and Financial Wisdom Limited (FWL), and has separately announced an Open Advice Review program for customers of CFP and FWL, who received financial advice between 1 September 2003 and 1 July 2012. As this program has only recently commenced, and the outcomes are therefore uncertain, the Group considers that provisions held are adequate and that the overall costs of the program will not be material to the Group results.

The Group successfully completed the internalisation of the management of CFS Retail Property Trust Group (CFX) and Kiwi Income Property Trust (KIP), and has ceased to manage the Commonwealth Property Office Fund (CPA). The Group also sold its entire proprietary unit holding in CPA and KIP and part of its proprietary unit holding in CFX.

Funds Management Income

Funds management income was $1,700 million, an increase of 10% on the prior year.

Average Assets Under Management (AUM) increased 17% to $173 billion (Offshore average AUM increased 20%), driven by a strong performance in investment markets and the benefit of a lower Australian dollar, with 84% of assets outperforming the three year benchmark. Weaker investor sentiment contributed to a $5.1 billion net outflow from emerging market funds during the year.

Australian Retail FUA reached a new milestone exceeding $100 billion at year-end. Colonial First State FirstChoice and Custom Solutions platforms performed well capturing $4.1 billion of net flows during the year, with Custom Solutions FUA growing 25% reflecting the success from partnering with advisers and clients.

Funds management margin declined six basis points largely due to business mix and higher volume expenses.

Insurance Income

Insurance income was $575 million, a 6% increase on the prior year.

Retail Life Insurance income increased 9% on the prior year. Lapse rates improved in Retail Life following the implementation of retention initiatives; however, this was partially offset by a weaker claims experience.

Wholesale Life income benefited from repricing, partly offset by a $61 million strengthening of reserves in the year.

General Insurance income benefited from higher premiums with strong sales via the Retail Bank network in the first half of the year. Improved event claims were partially offset by a deterioration in working claims experience.

Operating Expenses

Operating expenses increased 9% reflecting the impact of a lower Australian dollar, inflation-related salary and performance-related increases, and further investment in IT platforms. In addition, the business continued its focus on compliance and regulatory change programs.

A range of productivity initiatives have been implemented covering all businesses, with processes simplified across claims, operations, call centres and distribution channels.

Investment Experience

Investment experience includes the return on invested shareholder capital, which benefited from higher fixed interest returns from falling bond yields and changes to economic assumptions. This was partially offset by a lower mark to market revaluation gain on the Guaranteed Annuity portfolio.

Half Year Ended June 2014 versus December 2013[1]

Cash net profit after tax for the half year ended 30 June 2014 was $398 million, an increase of 1% on the prior half. Excluding Property, cash net profit after tax was flat on the prior half.

Total operating income was flat on the prior half and FUA increased 3%, as at 30 June 2014. Insurance Inforce Premiums increased 2%.

Funds Management Income

Funds management income was $842 million, a decrease of 2% on the prior half.

Average AUM increased 4% (Offshore average AUM increased 1%) due to ongoing positive investment market performance, partly offset by the impact of a higher Australian dollar in the second half.

Australian Retail FUA maintained its momentum with $1.6 billion of net flows during the half. Colonial First State FirstChoice and Custom Solutions platforms FUA grew 5% during the half, benefiting from investment market growth of $2.2 billion and positive net flows of $2.1 billion.

Overall margin declined attributable to a continued investment mix shift to lower margin products and an increase in volume expenses.

Insurance Income

Insurance income increased 5% on the prior half to $294 million.

Retail Life Insurance income decreased 5% in the half due to a weaker claims experience.

Wholesale Life Insurance income benefited from improved pricing. Results were impacted by further reserve strengthening in the second half of the year.

General Insurance income increased 16% benefiting from lower event claims and improved home and contents insurance pricing.

Operating Expenses

Operating expenses increased 5% on the half reflecting a commitment to the Open Advice Review program and licensee conditions, as well as a continued investment in technology.

Investment Experience

Investment experience includes the return on invested shareholder capital, which benefited from higher fixed interest returns from falling bond yields and changes to economic assumptions.

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

Wealth Management

Assets Under Management (AUM) [1]	Full Year Ended 30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Australian equities	**28,247**	24,213	17	**28,247**	27,448	3
Global equities	**75,297**	68,834	9	**75,297**	76,952	(2)
Cash and fixed interest	**69,612**	62,489	11	**69,612**	64,708	8
Property securities and infrastructure [2]	**7,692**	6,795	13	**7,692**	6,725	14
Total Wealth Management (excluding Property)	**180,848**	162,331	11	**180,848**	175,833	3
Property	**-**	17,232	large	**-**	15,405	large
Total Wealth Management (including Property)	**180,848**	179,563	1	**180,848**	191,238	(5)

Sources of Profit from CommInsure	Full Year Ended 30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Life insurance operating margins						
Planned profit margins	**156**	167	(7)	**79**	77	3
Experience variations	**(40)**	(71)	(44)	**(25)**	(15)	67
Funds management operating margins	**89**	80	11	**45**	44	2
General insurance operating margins	**77**	64	20	**41**	36	14
Operating margins	**282**	240	18	**140**	142	(1)
Investment experience after tax	**92**	80	15	**59**	33	79
Cash net profit after tax	**374**	320	17	**199**	175	14

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	Full Year Ended 30 June 2013 Opening Balance 30 Jun 12 $M	Sales/New Business $M	Lapses $M	Closing Balance 30 Jun 13 $M
Retail life	815	240	(180)	875
Wholesale life	651	162	(121)	692
General insurance	505	159	(66)	598
Total	1,971	561	(367)	2,165

Annual Inforce Premiums - Risk Business	Half Year Ended 30 June 2014 Opening Balance 31 Dec 13 $M	Sales/New Business $M	Lapses $M	Closing Balance 30 Jun 14 $M
Retail life	887	92	(84)	895
Wholesale life	736	53	(32)	757
General insurance	650	80	(73)	657
Total	2,273	225	(189)	2,309

(1) AUM includes Realindex Investments and does not include the Group's interest in the China Cinda Joint Venture.
(2) This asset class includes unlisted infrastructure holdings and global listed property securities.

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 30 Jun 12 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other (1) $M	Closing Balance 30 Jun 13 $M
	Full Year Ended 30 June 2013					
FirstChoice	50,014	14,291	(12,441)	1,850	6,923	58,787
Custom Solutions (2)	9,081	6,803	(2,663)	4,140	1,243	14,464
Standalone (including Legacy) (3)	18,137	7,263	(8,898)	(1,635)	3,182	19,684
Retail products (4)	77,232	28,357	(24,002)	4,355	11,348	92,935
Other retail (5)	1,001	30	(141)	(111)	117	1,007
Australian retail	78,233	28,387	(24,143)	4,244	11,465	93,942
Wholesale	47,167	32,688	(23,715)	8,973	4,535	60,675
Infrastructure	2,244	328	(6)	322	127	2,693
Other (6)	3,432	28	(143)	(115)	212	3,529
Domestically sourced	131,076	61,431	(48,007)	13,424	16,339	160,839
Internationally sourced	48,212	25,713	(23,232)	2,481	11,975	62,668
Total Wealth Management (excluding Property)	179,288	87,144	(71,239)	15,905	28,314	223,507
Property	16,911	116	(41)	75	(141)	16,845
Total Wealth Management (including Property)	196,199	87,260	(71,280)	15,980	28,173	240,352

Funds Under Administration	Opening Balance 31 Dec 13 $M	Inflows $M	Outflows $M	Net Flows $M	Investment Income & Other (1) $M	Closing Balance 30 Jun 14 $M
	Half Year Ended 30 June 2014					
FirstChoice	64,448	8,145	(6,916)	1,229	1,804	67,481
Custom Solutions (2)	16,789	2,551	(1,695)	856	425	18,070
Standalone (including Legacy) (3)	20,691	3,726	(4,109)	(383)	417	20,725
Retail products (4)	101,928	14,422	(12,720)	1,702	2,646	106,276
Other retail (5)	1,032	17	(82)	(65)	23	990
Australian retail	102,960	14,439	(12,802)	1,637	2,669	107,266
Wholesale	67,255	13,977	(10,284)	3,693	1,479	72,427
Infrastructure	2,963	1,161	(314)	847	(39)	3,771
Other (6)	3,603	12	(65)	(53)	147	3,697
Domestically sourced	176,781	29,589	(23,465)	6,124	4,256	187,161
Internationally sourced	68,215	10,544	(13,358)	(2,814)	921	66,322
Total Wealth Management (excluding Property)	244,996	40,133	(36,823)	3,310	5,177	253,483
Property	15,424	315	(48)	267	(15,691)	-
Total Wealth Management (including Property)	260,420	40,448	(36,871)	3,577	(10,514)	253,483

(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 [1]			Half Year Ended		
	30 Jun 14 A$M	30 Jun 13 A$M	Jun 14 vs Jun 13 %	30 Jun 14 A$M	31 Dec 13 A$M	Jun 14 vs Dec 13 %
Net interest income	1,378	1,093	26	714	664	8
Other banking income [2]	192	237	(19)	90	102	(12)
Total banking income	1,570	1,330	18	804	766	5
Funds management income	60	49	22	30	30	-
Insurance income	202	171	18	115	87	32
Total operating income	1,832	1,550	18	949	883	7
Operating expenses	(805)	(686)	17	(412)	(393)	5
Loan impairment expense	(51)	(45)	13	(33)	(18)	83
Net profit before tax	976	819	19	504	472	7
Corporate tax expense	(237)	(203)	17	(120)	(117)	3
Underlying profit after tax	739	616	20	384	355	8
Investment experience after tax	3	5	(40)	3	-	large
Cash net profit after tax	742	621	19	387	355	9

	Full Year Ended [1]			Half Year Ended		
	30 Jun 14 NZ$M	30 Jun 13 NZ$M	Jun 14 vs Jun 13 %	30 Jun 14 NZ$M	31 Dec 13 NZ$M	Jun 14 vs Dec 13 %
Net interest income	1,517	1,360	12	769	748	3
Other banking income	307	311	(1)	145	162	(10)
Total banking income	1,824	1,671	9	914	910	-
Funds management income	67	61	10	33	34	(3)
Insurance income	222	212	5	125	97	29
Total operating income	2,113	1,944	9	1,072	1,041	3
Operating expenses	(888)	(854)	4	(445)	(443)	-
Loan impairment expense	(56)	(56)	-	(35)	(21)	67
Net profit before tax	1,169	1,034	13	592	577	3
Corporate tax expense	(289)	(255)	13	(145)	(144)	1
Underlying profit after tax	880	779	13	447	433	3
Investment experience after tax	4	6	(33)	4	-	large
Cash net profit after tax	884	785	13	451	433	4
Represented by:						
ASB	776	698	11	383	393	(3)
Sovereign	103	100	3	63	40	58
Other [3]	5	(13)	large	5	-	large
Cash net profit after tax	884	785	13	451	433	4

	Full Year Ended [1]			Half Year Ended		
Key Financial Metrics [4]	30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Funds management income to average FUA (%)	0. 55	0. 58	(3)bpts	0. 54	0. 58	(4)bpts
Insurance income to average inforce premiums (%)	33. 2	33. 2	-	37. 1	29. 0	large
Operating expenses to total operating income (%)	42. 0	43. 9	(190)bpts	41. 5	42. 6	(110)bpts

(1) Comparative information has been reclassified to conform to presentation in the current year.
(2) Other banking income disclosed in AUD includes realised gains or losses associated with the hedge of the New Zealand result.
(3) Other includes ASB and Sovereign funding entities and elimination entries between Sovereign and ASB and foreign currency impacts on allocated capital charges.
(4) Key financial metrics are calculated in New Zealand dollar terms.

Financial Performance and Business Review

Year Ended June 2014 versus June 2013

New Zealand[1] cash net profit after tax[2] for the year ended 30 June 2014 increased 13% on the prior year to NZD884 million. The result was driven by a solid performance from ASB Bank with strong deposit volumes combined with improved margins and higher funds management income. Sovereign profit increased on the prior year with strong persistency experience and solid growth in inforce premiums.

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

Half Year Ended June 2014 versus December 2013

New Zealand cash net profit after tax increased 4% on the prior half. The result was driven by a strong performance from Sovereign with growth in inforce premiums and improved persistency and claims. ASB Bank decreased 3% on the prior half driven by lower operating income combined with higher loan impairment expense.

(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 (1) 30 Jun 14 NZ$M	30 Jun 13 NZ$M	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14 NZ$M	31 Dec 13 NZ$M	Jun 14 vs Dec 13 %
Net interest income	**1,498**	1,365	10	**755**	743	2
Other banking income	**337**	346	(3)	**160**	177	(10)
Total banking income	**1,835**	1,711	7	**915**	920	(1)
Funds management income	**64**	55	16	**33**	31	6
Total operating income	**1,899**	1,766	8	**948**	951	-
Operating expenses	**(769)**	(741)	4	**(383)**	(386)	(1)
Loan impairment expense	**(56)**	(56)	-	**(35)**	(21)	67
Net profit before tax	**1,074**	969	11	**530**	544	(3)
Corporate tax expense	**(298)**	(271)	10	**(147)**	(151)	(3)
Cash net profit after tax	**776**	698	11	**383**	393	(3)

Balance Sheet	As at (1) 30 Jun 14 NZ$M	31 Dec 13 NZ$M	30 Jun 13 NZ$M	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
Home loans	**41,581**	40,981	40,310	1	3
Business and rural lending	**17,556**	16,873	16,291	4	8
Other interest earning assets	**1,641**	1,597	1,472	3	11
Total lending interest earning assets	**60,778**	59,451	58,073	2	5
Non-lending interest earning assets	**5,599**	6,040	6,523	(7)	(14)
Other assets	**1,918**	1,994	2,125	(4)	(10)
Total assets	**68,295**	67,485	66,721	1	2
Customer deposits	**40,152**	39,226	37,721	2	6
Debt issues	**9,612**	8,750	7,459	10	29
Other interest bearing liabilities (2)	**7,302**	8,039	10,835	(9)	(33)
Total interest bearing liabilities	**57,066**	56,015	56,015	2	2
Non-interest bearing liabilities	**4,246**	4,183	4,045	2	5
Total liabilities	**61,312**	60,198	60,060	2	2

Key Financial Metrics	Full Year Ended (1) 30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Performance indicators						
Return on assets (%)	**1. 1**	1. 0	10 bpts	**1. 1**	1. 2	(10)bpts
Impairment expense annualised as a % of average GLAA's (%)	**0. 09**	0. 09	-	**0. 11**	0. 07	4 bpts
Funds management income to average FUA (%)	**0. 56**	0. 56	-	**0. 57**	0. 57	-
Operating expenses to total operating income (%)	**40. 5**	42. 0	(150)bpts	**40. 4**	40. 6	(20)bpts
Other asset/liability information						
Average interest earning assets (NZ$M)	**65,796**	62,837	5	**66,360**	65,241	2
Average interest bearing liabilities (NZ$M)	**56,202**	54,808	3	**56,437**	55,972	1

New Zealand - Funds Under Administration	Full Year Ended 30 Jun 14 NZ$M	30 Jun 13 NZ$M	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14 NZ$M	31 Dec 13 NZ$M	Jun 14 vs Dec 13 %
Opening balance	**11,080**	10,084	10	**11,937**	11,080	8
Inflows	**3,536**	2,387	48	**1,645**	1,891	(13)
Outflows	**(2,542)**	(2,413)	5	**(965)**	(1,577)	(39)
Net flows	**994**	(26)	large	**680**	314	large
Investment income & other	**929**	1,022	(9)	**386**	543	(29)
Closing balance	**13,003**	11,080	17	**13,003**	11,937	9

(1) Comparative information has been reclassified to conform to presentation in the current year.
(2) Includes NZD4.1 billion due to Group companies (31 December 2013: NZD4.1 billion; 30 June 2013: NZD4.1 billion).

New Zealand

Financial Performance and Business Review

Year Ended June 2014 versus June 2013

ASB Bank cash net profit after tax for the year ended 30 June 2014 increased 11% on the prior year to NZD776 million. The result was driven by growth in operating income partly offset by an increase in operating expenses.

Net Interest Income

Net interest income was NZD1,498 million, an increase of 10% with strong lending and deposit growth in key portfolios, combined with an improvement in funding conditions.

Balance Sheet growth included:

- Home loan balances increased 3%, despite intense competition, with a continued shift to fixed rate loans;
- Business and rural loans increased 8%, significantly above system growth, due to the continued focus on growing the customer base and broadening specialist capability; and
- Customer deposit balances increased 6% with strong growth in retail deposits.

Net interest margin increased reflecting lower funding costs, partly offset by a decrease in home, business and rural lending margins driven by competitive pressures and strong growth in lower margin fixed rate home loans.

Other Banking and Funds Management Income

Other banking income decreased 3% to NZD337 million, reflecting lower fixed rate loan prepayment fees and lower institutional trading performance, partly offset by higher card fee income due to volume growth. Funds management income increased 16% as a result of strong growth in FUA.

Operating Expenses

Operating expenses increased 4% to NZD769 million. This increase is driven by higher staff expenses due to inflationary pressures, combined with higher staff levels in order to grow frontline capacity. Occupancy costs increased primarily due to an increase in head office rental and depreciation costs.

The expense to income ratio for the Bank was 40.5%, an improvement of 150 basis points on the prior year.

Loan Impairment Expense

Loan impairment expense was flat at NZD56 million. Home loan impairment expense decreased driven by the continued strengthening of the New Zealand economy and housing market, resulting in lower arrears rates. This has been offset by higher impairment expense across the unsecured portfolio and business and rural portfolios as a result of strong balance growth.

Half Year Ended June 2014 versus December 2013

ASB Bank cash net profit after tax has decreased 3% on the prior half. The result was driven by a slight decrease in operating income and higher impairment expense, offset by a decrease in operating expenses.

Net Interest Income

Net interest income increased 2% driven principally by volume growth and continued improvements in funding costs.

Balance Sheet growth included:

- Home loan balances increased 1% driven by growth in fixed loans;
- Business and rural loans increased 4% on the prior half with momentum in the commercial and rural lending portfolios continuing; and
- Customer deposit balances increased 2% on the prior half driven by the continued growth in retail deposits.

Net interest margin increased with lower funding costs partly offset by lower margins across core lending portfolios during intense pricing competition and the continued shift into lower margin fixed lending in the home loan portfolio.

Other Banking and Funds Management Income

Other banking income decreased 10% reflecting lower card fee income, insurance commission income and reduced institutional trading income. Funds management income continued to grow solidly and increased 6%, principally due to the performance of the ASB KiwiSaver scheme.

Operating Expenses

Operating expenses decreased 1% due to lower underlying staff expenses combined with the continued realisation of productivity benefits and lower discretionary spend.

The expense to income ratio for the Bank was 40.4%, an improvement of 20 basis points on the prior half.

Loan Impairment Expense

Loan impairment expense increased 67% to NZD35 million. This is driven by an increase in home loan impairment expense reflecting the slowing of provision releases as the portfolio stabilises following a period of improvement. The unsecured retail, business and rural portfolios continued to increase in line with portfolio growth. Collective provisioning for all portfolios also increased as a result of the annual review of factors and refinements to models.

Sovereign	Full Year Ended (1) 30 Jun 14 NZ$M	30 Jun 13 NZ$M	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14 NZ$M	31 Dec 13 NZ$M	Jun 14 vs Dec 13 %
Insurance income	201	190	6	113	88	28
Operating expenses	(119)	(112)	6	(62)	(57)	9
Net profit before tax	82	78	5	51	31	65
Corporate tax benefit	10	9	11	5	5	-
Underlying profit after tax	92	87	6	56	36	56
Investment experience after tax	11	13	(15)	7	4	75
Cash net profit after tax	103	100	3	63	40	58
Sources of profit represented by:						
The margin on services profit from ordinary activities after income tax is represented by:						
Planned profit margins	84	80	5	43	41	5
Experience variations	8	7	14	13	(5)	large
Operating margins	92	87	6	56	36	56
Investment experience after tax	11	13	(15)	7	4	75
Cash net profit after tax	103	100	3	63	40	58

Key Financial Metrics	Full Year Ended (1) 30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Performance indicators						
Insurance income to average inforce premiums (%)	30. 0	29. 7	30 bpts	33. 0	26. 3	large
Average inforce premiums (NZ$M)	669	639	5	679	664	2

New Zealand - Annual Inforce Premiums	Full Year Ended 30 Jun 14 NZ$M	30 Jun 13 NZ$M	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14 NZ$M	31 Dec 13 NZ$M	Jun 14 vs Dec 13 %
Opening balance	654	623	5	674	654	3
Sales/new business	103	100	3	46	57	(19)
Lapses	(73)	(69)	6	(36)	(37)	(3)
Closing balance	684	654	5	684	674	1

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

Financial Performance and Business Review

Year Ended June 2014 versus June 2013

Sovereign cash net profit after tax increased 3% on the prior year to NZD103 million, driven by strong persistency experience and solid growth in inforce premiums, partly offset by deterioration in claims experience and investment experience. The lower investment experience was primarily driven by an increase in New Zealand Government bond rates.

Insurance Income

Insurance income of NZD201 million increased 6% with annual inforce premium growth of 5% and a continuation of strong persistency, partly offset by deterioration in claims experience. Sovereign's risk and health lapse rate continues to be amongst the best in the industry and has improved 50 basis points compared to the prior year. The deterioration in claims experience has largely been driven by an unusually high claims expense at the beginning of the year; however experience was favourable over the remainder of the year.

Operating Expenses

Operating expenses of NZD119 million increased 6% driven by restructuring costs and the write-off of internally capitalised software.

Half Year Ended June 2014 versus December 2013

Sovereign cash net profit after tax increased 58% to NZD63 million, driven by growth in inforce premiums and improved persistency, claims and investment experience.

Insurance Income

Insurance income increased 28% to NZD113 million. As well as a continuation of growth in inforce premiums, this growth has been driven by stronger persistency experience in the second half of the year, and favourable claims experience after an unusually high claims expense at the beginning of the year.

Operating Expenses

Operating expenses increased 9% due to restructuring costs and the impairment of internally capitalised software.

Bankwest

	Full Year Ended			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Net interest income	**1,577**	1,537	3	**773**	804	(4)
Other banking income	**206**	210	(2)	**103**	103	-
Total banking income	**1,783**	1,747	2	**876**	907	(3)
Operating expenses	**(799)**	(825)	(3)	**(398)**	(401)	(1)
Loan impairment expense	**(11)**	(118)	(91)	**(6)**	(5)	20
Net profit before tax	**973**	804	21	**472**	501	(6)
Corporate tax expense	**(293)**	(243)	21	**(145)**	(148)	(2)
Cash net profit after tax	**680**	561	21	**327**	353	(7)

	As at				
Balance Sheet	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
Home loans	**58,251**	55,401	52,738	5	10
Other interest earning lending assets	**18,112**	19,245	20,308	(6)	(11)
Non-lending interest earning assets	**11**	7	25	57	(56)
Total interest earning assets	**76,374**	74,653	73,071	2	5
Other assets	**421**	403	710	4	(41)
Total assets	**76,795**	75,056	73,781	2	4
					-
Transaction deposits	**9,037**	8,578	7,627	5	18
Savings deposits	**10,463**	9,696	9,300	8	13
Investment deposits	**25,052**	23,358	23,568	7	6
Certificates of deposit and other	**40**	33	36	21	11
Total interest bearing deposits	**44,592**	41,665	40,531	7	10
Other interest bearing liabilities	**103**	109	155	(6)	(34)
Non-interest bearing liabilities	**976**	931	1,239	5	(21)
Total liabilities	**45,671**	42,705	41,925	7	9

	Full Year Ended			Half Year Ended		
Key Financial Metrics	30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Performance indicators						
Return on assets (%)	**0. 9**	0. 8	10 bpts	**0. 9**	0. 9	-
Impairment expense annualised as a % of average GLAA's (%)	**0. 01**	0. 16	(15)bpts	**0. 02**	0. 01	1 bpt
Operating expenses to total banking income (%)	**44. 8**	47. 2	(240)bpts	**45. 4**	44. 2	120 bpts
Other asset/liability information						
Average interest earning assets ($M)	**74,568**	73,188	2	**75,408**	73,741	2
Average interest bearing liabilities ($M)	**42,608**	42,821	-	**43,713**	41,552	5

Financial Performance and Business Review

Year Ended June 2014 versus June 2013

Bankwest cash net profit after tax for the year ended 30 June 2014 was $680 million, an increase of 21% on the prior year. The result was driven by a 2% increase in total banking income, a reduction in operating expenses of 3%, and substantially lower loan impairment expense.

Net Interest Income

Net interest income of $1,577 million increased 3% reflecting modest growth in average interest earning assets and an improved net interest margin.

Balance sheet movements included:

- Home loan growth of 10% reflecting above system growth in a positive credit growth environment;
- Continued decrease in business lending due to run off of pre-acquisition higher risk exposures, a refocused East Coast target market and a subdued business credit growth environment;
- An increase of 18% in transaction deposits through strengthened customer relationships;
- Savings deposit increases of 13% reflecting online customer growth; and
- An increase of 6% in investment deposit balances through growth in Money Market Investment accounts.

Net interest margin increased, reflecting higher lending margins due to improved pricing on Money Market Investment deposits. This was partly offset by the impact of the lower cash rate on transaction deposit margins.

Other Banking Income

Other banking income of $206 million decreased 2% on the prior year due to lower business lending activity and decreased trading income.

Operating Expenses

Operating expenses of $799 million decreased 3% on the prior year reflecting a continued focus on productivity and disciplined expense management. The decrease was mainly attributable to information technology savings, particularly from supplier contracts. The expense to income ratio of 44.8% decreased by 240 basis points compared to the prior year.

Loan Impairment Expense

Loan impairment expense of $11 million, decreased by $107 million on the prior year, due to a significant reduction in individual provision charges compared to the prior year and run off of the historical troublesome and impaired portfolio.

Half Year Ended June 2014 versus December 2013

Cash net profit after tax decreased 7% to $327 million compared to the prior half. Total banking income decreased 3%, operating expenses decreased 1%, and loan impairment expense remained at modest levels.

Net Interest Income

Net interest income decreased 4% on the prior half reflecting a lower net interest margin, partly offset by modest growth in average interest earning assets.

Balance sheet movements included:

- Home loan growth of 5% on the prior half reflecting targeted marketing campaigns, driving above system growth;
- A decrease in business lending of 6% due to run off of pre-acquisition higher risk exposures, a refocused East Coast target market and a subdued credit growth environment;
- An increase of 5% in transaction deposits, which was mainly driven by Retail deposits following new product launches and a continued focus on deepening customer relationships;
- Savings deposit increases of 8% reflecting online customer growth; and
- An increase of 7% in investment deposit balances driven by growth in Money Market Investment accounts.

Net interest margin decreased, reflecting lower lending margins due to the impact of strong competition for home loans. Retail deposit margins decreased due to strong competition, offset slightly by higher investment deposit margins from Money Market Investments.

Other Banking Income

Other banking income of $103 million was flat on the prior half, with increased retail lending income offset by lower business lending fees.

Operating Expenses

Operating expenses of $398 million decreased by 1% due to a continued productivity focus and ongoing expense management. The expense to income ratio increased by 120 basis points to 45.4% compared to the prior half, reflecting the lower lending margins.

Loan Impairment Expense

Loan impairment expense increased by $1 million on the prior half to $6 million.

IFS and Other

	Full Year Ended [1]			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
IFS Asia	**81**	104	(22)	**20**	61	(67)
Corporate Centre	**65**	(1)	large	**35**	30	17
Eliminations/ Unallocated	**63**	38	66	**131**	(68)	large
Cash net profit after tax	**209**	141	48	**186**	23	large

	Full Year Ended [1]			Half Year Ended		
	30 Jun 14	30 Jun 13	Jun 14 vs	30 Jun 14	31 Dec 13	Jun 14 vs
IFS Asia [2]	$M	$M	Jun 13 %	$M	$M	Dec 13 %
Net interest income	**116**	102	14	**58**	58	-
Other banking income	**173**	190	(9)	**68**	105	(35)
Total banking income	**289**	292	(1)	**126**	163	(23)
Insurance income	**36**	30	20	**18**	18	-
Total operating income	**325**	322	1	**144**	181	(20)
Operating expenses	**(215)**	(194)	11	**(108)**	(107)	1
Loan impairment expense	**(7)**	(8)	(13)	**(4)**	(3)	33
Net profit before tax	**103**	120	(14)	**32**	71	(55)
Corporate tax expense	**(22)**	(15)	47	**(13)**	(9)	44
Non-controlling interests	**(5)**	(4)	25	**(2)**	(3)	(33)
Underlying profit after tax	**76**	101	(25)	**17**	59	(71)
Investment experience after tax	**5**	3	67	**3**	2	50
Cash net profit after tax	**81**	104	(22)	**20**	61	(67)

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

(2) International Financial Services Asia (IFS Asia) incorporates the Asian retail and Small Medium Enterprises (SME) banking operations (Indonesia, China, Vietnam and India), investment in Chinese and Vietnamese banks, the joint venture Chinese life insurance business and the life insurance operations in Indonesia. It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.

Financial Performance and Business Review

Year Ended June 2014 versus June 2013

International Financial Services Asia (IFS Asia) cash net profit after tax was $81 million, 22% below the prior year, due to the provision for impairment of the investment in Vietnam International Bank (VIB) of $50 million and investment in new business development. Excluding these, underlying cash net profit after tax increased by 35% to $140 million. VIB continues to perform well relative to peers; however the depreciation of the Vietnamese Dong, and the lower valuation of Vietnamese banks in general has led to the impairment. The key strategic IFS Asia businesses continued to grow strongly, and cash net profit after tax in China and the Indonesian proprietary banking and insurance businesses increased 41% and 27% on the prior year respectively.

The Group continued its expansion in Asia, with business licences issued to seven new County Bank outlets in China, the opening of the Beijing branch, and the addition of three new sales offices for PT Commonwealth Life. This brings the total number of China proprietary outlets and proprietary life insurance sales offices in Indonesia to 19 and 33 respectively. The total number of Commonwealth Bank of Australia branches and sales offices in Asia was 155 as at 30 June 2014, up from 145 as at 30 June 2013.

Total direct customer numbers in Asia have grown 13% since June 2013 to 414,000, with proprietary customers including multifinance and group insurance participants, now at 1.2 million. Customers outside Indonesia increased 60% on the prior year, and now represent 9% of total direct customers.

Significant investment was made in technology infrastructure during the year with the successful implementation of a new core banking platform in China and the commencement of a core banking platform replacement in Indonesia.

Net Interest Income

Net interest income of $116 million increased 14% on the prior year driven by strong lending balance growth in Indonesia and China County Banks. Net interest margin remained strong despite higher competition for deposits in Indonesia.

Total lending and deposit balances increased 32% and 31% (normalised for foreign currency fluctuations) respectively on the prior year. Key strategic Retail and Small-Medium Enterprises (SME) lending continued to outperform and comprised 46% of total lending balances.

Consumer, business and SME lending balances in Indonesia increased by 24%, 26% and 28% in local currency respectively. Multifinance lending balances also increased 28% on the prior year as growth returned to this market following the impact of regulatory changes introduced in June 2012.

County Banks' lending balances continued to grow significantly faster than system. The proprietary banking businesses in India and Vietnam also continued to grow strongly, with 23% of total lending originating from outside Indonesia, up from 19% as at 30 June 2013.

Other Banking Income

Other banking income, excluding the VIB impairment, increased 17% to $223 million, due to solid contributions from the Bank of Hangzhou and Qilu Bank. Bank of Hangzhou continued to perform well despite the slowing Chinese economy. Qilu Bank continued to grow strongly. Higher sales of foreign exchange products in PT Bank Commonwealth, were partly offset by lower wealth management product sales due to recent economic conditions in Indonesia.

Insurance Income

Insurance income from PT Commonwealth Life increased 20% to $36 million, from higher renewals and lower acquisition costs. New business sales decreased on the prior year driven by recent economic conditions. However, Inforce premiums increased 12% over the prior year to IDR2.4 trillion, and persistency remained strong at 89%.

BoCommLife in China continued to grow steadily and expand its footprint. Total premium income increased 183% from growth in new business sales and higher renewals.

Operating Expenses

Operating expenses increased by 11% to $215 million, including investment in new business development. Excluding this, operating expenses increased by 5% on the prior year reflecting footprint expansion in China, growth in the proprietary Indonesian businesses and core banking platform costs in China and Indonesia, partly offset by strong cost control.

Half Year Ended June 2014 versus December 2013

IFS Asia cash net profit after tax for the half year was $20 million, including the provision for impairment of the investment in VIB of $50 million. Excluding the impairment, cash net profit after tax increased by 15% over the prior half, driven by solid performances by the Indonesian proprietary businesses, the Bank of Hangzhou and Qilu Bank.

IFS Asia direct customer numbers grew steadily by 7% since December 2013. Proprietary customer numbers outside of Indonesia grew 24% over the same period.

Net Interest Income

Net interest income was flat on the prior half, with modest lending balance growth in Indonesia offset by higher cost of funding as a result of recent economic conditions and regulatory changes. Consumer, business and SME lending balances in Indonesia grew 9%, 5% and 14% respectively, partly offset by a decrease in Multifinance of 4% over the prior half. China County Banks' lending balance growth also slowed over the half, as focus shifted to raising deposits to prepare for local regulatory requirements. The lending balances in the proprietary businesses in China, India and Vietnam continued to grow in line with expectations.

Other Banking Income

Other banking income, excluding the VIB impairment, increased by 12% over the prior half, driven by strong contributions from the Bank of Hangzhou and Qilu Bank, partly offset by lower sales of foreign exchange products from PT Bank Commonwealth in Indonesia.

Insurance Income

Recent economic conditions in Indonesia continued to impact Insurance income from PT Commonwealth Life in the current half and as a result income growth was flat. Lower new business sales and renewals were offset by lower acquisition costs.

Operating Expenses

Operating expenses growth slowed in the half in response to slower revenue growth.

	Full Year Ended (1)			Half Year Ended		
	30 Jun 14	30 Jun 13	Jun 14 vs	30 Jun 14	31 Dec 13	Jun 14 vs
Corporate Centre (2)	$M	$M	Jun 13 %	$M	$M	Dec 13 %
Net interest income	**539**	450	20	**268**	271	(1)
Other banking income	**150**	81	85	**65**	85	(24)
Total operating income	**689**	531	30	**333**	356	(6)
Operating expenses	**(616)**	(556)	11	**(292)**	(324)	(10)
Net profit before tax	**73**	(25)	large	**41**	32	28
Corporate tax expense	**(8)**	24	large	**(6)**	(2)	large
Cash net profit after tax	**65**	(1)	large	**35**	30	17

(1) Comparative information has been reclassified 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, 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 & 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 2014 versus June 2013

Corporate Centre cash net profit after tax for the full year ended 30 June 2014 increased $66 million on the prior year to $65 million. Total operating income increased 30% to $689 million driven by:

- Increased earnings on larger liquid asset holdings;
- Favourable Treasury earnings from management of interest rate risk; and
- Lower debt buybacks.

Operating expenses increased 11% to $616 million, primarily driven by increased project costs within support functions.

Half Year Ended June 2014 versus December 2013

Corporate Centre cash net profit after tax for the half year ended 30 June 2014 increased $5 million on the prior half to $35 million. Total operating income decreased 6% to $333 million driven by the impact of debt buybacks on the current half.

IFS and Other

Eliminations/Unallocated [2]	Full Year Ended [1] 30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Net interest income	**59**	44	34	**49**	10	large
Other banking income	**(134)**	(121)	11	**(61)**	(73)	(16)
Total banking income	**(75)**	(77)	(3)	**(12)**	(63)	(81)
Funds management income	**36**	44	(18)	**21**	15	40
Insurance income	**6**	(4)	large	**6**	-	large
Total operating income	**(33)**	(37)	(11)	**15**	(48)	large
Loan impairment expense	**(4)**	56	large	**29**	(33)	large
Net profit before tax	**(37)**	19	large	**44**	(81)	large
Corporate tax expense	**97**	31	large	**83**	14	large
Non-controlling interests	**(14)**	(12)	17	**(7)**	(7)	-
Underlying profit after tax	**46**	38	21	**120**	(74)	large
Investment experience after tax	**17**	-	large	**11**	6	83
Cash net profit after tax	**63**	38	66	**131**	(68)	large

(1) Comparative information has been reclassified 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 2014 versus June 2013

Eliminations/Unallocated cash net gain after tax for the year ended 30 June 2014 increased $25 million on the prior year to $63 million. This was primarily driven by timing of recognition of unallocated revenue items, a reduction in centrally held loan impairment provisions and the release of tax provisions related to prior periods following settlements of certain long-standing issues.

Half Year Ended June 2014 versus December 2013

Eliminations/Unallocated cash net profit after tax for the half year ended 30 June 2014 was $131 million. The increase on the prior half primarily related to timing of recognition of unallocated revenue items, a reduction in centrally held loan impairment provisions and the release of tax provisions related to prior periods following settlements of certain long-standing issues.

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 (1)			Half Year Ended		
Investment Experience	**30 Jun 14 $M**	**30 Jun 13 $M**	**Jun 14 vs Jun 13 %**	**30 Jun 14 $M**	**31 Dec 13 $M**	**Jun 14 vs Dec 13 %**
Wealth Management (2)	**202**	145	39	**130**	72	81
New Zealand	**5**	6	(17)	**5**	-	large
IFS and Other	**28**	3	large	**19**	9	large
Investment experience before tax	**235**	154	53	**154**	81	90
Corporate tax expense	**(38)**	(49)	(22)	**(19)**	(19)	-
Investment experience after tax	**197**	105	88	**135**	62	large

(1) Comparative information has been reclassified to conform to presentation in the current year.
(2) Includes the gain on sale of CPA units and Property related distributions received.

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 2014			
Shareholder Investment Asset Mix (%)	**Australia (1) %**	**New Zealand %**	**Asia %**	**Total %**
Equities	-	1	-	-
Property	5	-	-	4
Fixed interest	21	54	96	31
Cash	74	45	4	65
Total	100	100	100	100

	As at 30 June 2014			
Shareholder Investment Asset Mix ($M)	**Australia (1) $M**	**New Zealand $M**	**Asia $M**	**Total $M**
Equities	-	5	-	5
Property	137	1	-	138
Fixed interest	577	341	190	1,108
Cash	1,980	281	7	2,268
Total	2,694	628	197	3,519

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

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Contents

Section 6 – Financial Statements

Consolidated Income Statement

For the year ended 30 June 2014

		Full Year Ended (1)		Half Year Ended	
	Appendix	30 Jun 14 $M	30 Jun 13 $M	30 Jun 14 $M	31 Dec 13 $M
Interest income	1	**33,645**	34,739	**16,806**	16,839
Interest expense	1	**(18,544)**	(20,805)	**(9,159)**	(9,385)
Net interest income	1	**15,101**	13,934	**7,647**	7,454
Other banking income	5	**4,320**	4,172	**2,112**	2,208
Net banking operating income		**19,421**	18,106	**9,759**	9,662
Funds management income		**2,356**	2,147	**1,164**	1,192
Investment revenue		**840**	942	**255**	585
Claims, policyholder liability and commission expense		**(1,162)**	(1,242)	**(428)**	(734)
Net funds management operating income		**2,034**	1,847	**991**	1,043
Premiums from insurance contracts		**2,604**	2,353	**1,314**	1,290
Investment revenue		**547**	449	**374**	173
Claims, policyholder liability and commission expense from insurance contracts		**(2,118)**	(1,879)	**(1,110)**	(1,008)
Net insurance operating income		**1,033**	923	**578**	455
Total net operating income before impairment and operating expenses		**22,488**	20,876	**11,328**	11,160
Loan impairment expense	9	**(918)**	(1,146)	**(461)**	(457)
Operating expenses	6	**(9,573)**	(9,085)	**(4,785)**	(4,788)
Net profit before income tax		**11,997**	10,645	**6,082**	5,915
Corporate tax expense	7	**(3,221)**	(2,899)	**(1,583)**	(1,638)
Policyholder tax expense	7	**(126)**	(112)	**(66)**	(60)
Net profit after income tax		**8,650**	7,634	**4,433**	4,217
Non-controlling interests		**(19)**	(16)	**(9)**	(10)
Net profit attributable to Equity holders of the Bank		**8,631**	7,618	**4,424**	4,207

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

	Full Year Ended (1)		Half Year Ended	
	30 Jun 14	30 Jun 13	30 Jun 14	31 Dec 13
	Cents per Share			
Earnings per share:				
Basic	**533. 8**	474. 2	**273. 3**	260. 5
Diluted	**521. 9**	461. 0	**267. 0**	253. 9

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	Full Year Ended (1)		Half Year Ended	
	30 Jun 14 $M	30 Jun 13 $M	30 Jun 14 $M	31 Dec 13 $M
Net profit after income tax for the period	**8,650**	7,634	**4,433**	4,217
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss:				
Gains and losses on cash flow hedging instruments:				
Recognised in equity	**338**	(575)	**592**	(254)
Transferred to Income Statement	**(596)**	226	**(517)**	(79)
Gains and losses on available-for-sale investments:				
Recognised in equity	**509**	553	**184**	325
Transferred to Income Statement on disposal	**(12)**	(31)	**(8)**	(4)
Foreign currency translation reserve	**399**	476	**(48)**	447
Income tax on items transferred directly to/from equity:				
Cash flow hedge reserve	**114**	73	**(20)**	134
Available-for-sale investments revaluation reserve	**(159)**	(158)	**(63)**	(96)
Foreign currency translation reserve	**(14)**	(10)	**(1)**	(13)
Total of items that may be reclassified	**579**	554	**119**	460
Items that will not be reclassified to profit or loss:				
Actuarial gains and losses from defined benefit superannuation plans net of tax	**42**	367	**(65)**	107
Gains and losses on liabilities at fair value due to changes in own credit risk net of tax	**6**	-	**6**	-
Revaluation of properties	**28**	4	**28**	-
Income tax on revaluation of properties	**(2)**	(1)	**(2)**	-
Total of items that will not be reclassified	**74**	370	**(33)**	107
Other comprehensive income/(expense) net of income tax	**653**	924	**86**	567
Total comprehensive income for the period	**9,303**	8,558	**4,519**	4,784
Total comprehensive income for the period is attributable to:				
Equity holders of the Bank	**9,284**	8,542	**4,510**	4,774
Non-controlling interests	**19**	16	**9**	10
Total comprehensive income for the period	**9,303**	8,558	**4,519**	4,784

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

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

	Full Year Ended		Half Year Ended	
	30 Jun 14	30 Jun 13	30 Jun 14	31 Dec 13
	Cents per Share			
Dividends per share attributable to shareholders of the Bank:				
Ordinary shares	**401**	364	**218**	183
Trust preferred securities	**6,498**	5,767	**3,263**	3,235

Financial Statements

Consolidated Balance Sheet

As at 30 June 2014

		As at		
		30 Jun 14	31 Dec 13	30 Jun 13
Assets	Appendix	$M	$M	$M
Cash and liquid assets		**26,409**	31,051	20,634
Receivables due from other financial institutions		**8,065**	7,599	7,744
Assets at fair value through Income Statement:				
Trading		**21,459**	18,855	19,617
Insurance		**15,142**	14,559	14,359
Other		**760**	645	907
Derivative assets		**29,247**	37,181	45,340
Available-for-sale investments		**66,137**	64,042	59,601
Loans, bills discounted and other receivables	8	**597,781**	581,170	556,648
Bank acceptances of customers		**5,027**	4,807	6,063
Property, plant and equipment		**2,816**	2,801	2,718
Investment in associates and joint ventures		**1,844**	2,220	2,281
Intangible assets	10	**9,792**	9,942	10,423
Deferred tax assets		**586**	824	916
Other assets		**6,386**	6,605	6,606
Total assets		**791,451**	782,301	753,857
Liabilities				
Deposits and other public borrowings	11	**498,352**	485,436	459,429
Payables due to other financial institutions		**24,978**	29,585	25,922
Liabilities at fair value through Income Statement		**7,508**	8,330	8,701
Derivative liabilities		**27,259**	29,393	38,580
Bank acceptances		**5,027**	4,807	6,063
Current tax liabilities		**688**	1,492	1,529
Deferred tax liabilities		**366**	518	471
Other provisions		**1,265**	1,252	1,249
Insurance policy liabilities		**13,166**	13,140	13,004
Debt issues		**142,219**	142,675	132,808
Managed funds units on issue		**1,214**	932	891
Bills payable and other liabilities		**10,467**	8,321	9,986
		732,509	725,881	698,633
Loan capital		**9,594**	9,383	9,687
Total liabilities		**742,103**	735,264	708,320
Net assets		**49,348**	47,037	45,537
Shareholders' Equity				
Share capital:				
Ordinary share capital	16	**27,036**	26,327	26,323
Other equity instruments	16	**939**	939	939
Reserves	16	**2,009**	1,780	1,333
Retained profits	16	**18,827**	17,455	16,405
Shareholders' equity attributable to Equity holders of the Bank		**48,811**	46,501	45,000
Non-controlling interests	16	**537**	536	537
Total Shareholders' equity		**49,348**	47,037	45,537

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 2014

	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 2012	26,126	939	1,262	14,489	**42,816**	532	**43,348**
Net profit after income tax	-	-	-	3,987	**3,987**	8	**3,995**
Net other comprehensive income	-	-	495	101	**596**	-	**596**
Total comprehensive income for the period	-	-	495	4,088	**4,583**	8	**4,591**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(2,639)	**(2,639)**	-	**(2,639)**
Dividends paid on other equity instruments	-	-	-	(14)	**(14)**	-	**(14)**
Other equity movements:							
Share-based payments	-	-	42	-	**42**	-	**42**
Issue of shares (net of issue costs)	193	-	-	-	**193**	-	**193**
Purchase of treasury shares	(609)	-	-	-	**(609)**	-	**(609)**
Sale and vesting of treasury shares	613	-	-	-	**613**	-	**613**
Other changes	-	-	(466)	481	**15**	(3)	**12**
As at 30 June 2013	26,323	939	1,333	16,405	**45,000**	537	**45,537**
Net profit after income tax	-	-	-	4,207	**4,207**	10	**4,217**
Net other comprehensive income	-	-	460	107	**567**	-	**567**
Total comprehensive income for the period	-	-	460	4,314	**4,774**	10	**4,784**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(3,224)	**(3,224)**	-	**(3,224)**
Dividends paid on other equity instruments	-	-	-	(16)	**(16)**	-	**(16)**
Other equity movements:							
Share-based payments	-	-	(53)	-	**(53)**	-	**(53)**
Purchase of treasury shares	(804)	-	-	-	**(804)**	-	**(804)**
Sale and vesting of treasury shares	808	-	-	-	**808**	-	**808**
Other changes	-	-	40	(24)	**16**	(11)	**5**
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**

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

Financial Statements

Consolidated Statement of Cash Flows [1]

For the year ended 30 June 2014

	Appendix	Full Year Ended 30 Jun 14 $M	Full Year Ended 30 Jun 13 $M
Cash flows from operating activities			
Interest received		**33,623**	34,868
Interest paid		**(18,160)**	(21,056)
Other operating income received		**5,138**	5,047
Expenses paid [2]		**(8,377)**	(7,819)
Income taxes paid		**(3,763)**	(2,940)
Net cash inflows/(outflows) from assets at fair value through Income Statement (excluding life insurance)		**5,188**	(756)
Net inflows/(outflows) from liabilities at fair value through Income Statement:			
Insurance:			
Investment income		**394**	2,551
Premiums received [3]		**2,899**	2,106
Policy payments and commission expense [2] [3]		**(3,080)**	(4,516)
Other liabilities at fair value through Income Statement		**(1,619)**	1,503
Cash flows from operating activities before changes in operating assets and liabilities		**12,243**	8,988
Changes in operating assets and liabilities arising from cash flow movements			
Movement in available-for-sale investments:			
Purchases		**(49,468)**	(45,429)
Proceeds		**44,130**	47,090
Net change in deposits with regulatory authorities		**(48)**	(2)
Net increase in loans, bills discounted and other receivables		**(36,795)**	(28,035)
Net (increase)/decrease in receivables due from other financial institutions		**(197)**	3,540
Net decrease/(increase) in securities purchased under agreements to resell		**1,119**	(699)
Insurance business:			
Purchase of insurance assets at fair value through Income Statement		**(3,156)**	(2,591)
Proceeds from sale/maturity of insurance assets at fair value through Income Statement		**3,804**	3,832
Net decrease/(increase) in other assets		**298**	(265)
Net increase in deposits and other public borrowings		**29,419**	17,243
Net (decrease)/increase in payables due to other financial institutions		**(1,812)**	2,123
Net increase in securities sold under agreements to repurchase		**4,389**	327
Net increase in other liabilities		**37**	455
Changes in operating assets and liabilities arising from cash flow movements		**(8,280)**	(2,411)
Net cash provided by operating activities	20 (a)	**3,963**	6,577
Cash flows from investing activities			
Net proceeds from disposal of controlled entities		**531**	-
Net proceeds from disposal of entities and businesses (net of cash disposals)		**481**	-
Dividends received		**70**	82
Proceeds from sale of property, plant and equipment		**61**	30
Purchases of property, plant and equipment		**(513)**	(642)
Payments for acquisitions of investments in associates/joint ventures		**(36)**	(264)
Purchase of intangible assets		**(400)**	(464)
Sale of assets held for sale		**7**	2
Net cash provided by/(used in) investing activities		**201**	(1,256)

(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) Comparative information has been reclassified to conform to presentation in the current year.
(3) 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 2014

		Full Year Ended	
	Appendix	30 Jun 14 $M	30 Jun 13 $M
Cash flows from financing activities			
Proceeds from the issue of shares (net of issue costs)		-	193
Dividends paid (excluding Dividend Reinvestment Plan)		(5,491)	(4,860)
Proceeds from issuance of debt securities		87,554	92,250
Redemption of issued debt securities		(79,776)	(93,691)
Purchase of treasury shares		(813)	(664)
Sale of treasury shares		760	634
Issue of loan capital		358	1,977
Redemption of loan capital		(500)	(2,215)
Other		(157)	218
Net cash provided by/(used in) financing activities		1,935	(6,158)
Net increase/(decrease) in cash and cash equivalents		6,099	(837)
Effect of foreign exchange rates on cash and cash equivalents		411	852
Cash and cash equivalents at beginning of year		12,618	12,603
Cash and cash equivalents at end of year	20 (b)	19,128	12,618

(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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Section 7 - Appendices

Appendices

1. Net Interest Income

	Full Year Ended			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Interest Income						
Loans and bills discounted	**31,154**	32,020	(3)	**15,527**	15,627	(1)
Other financial institutions	**69**	64	8	**39**	30	30
Cash and liquid assets	**251**	187	34	**149**	102	46
Assets at fair value through Income Statement	**447**	450	(1)	**227**	220	3
Available-for-sale investments	**1,724**	2,018	(15)	**864**	860	-
Total interest income - "statutory basis"	**33,645**	34,739	(3)	**16,806**	16,839	-
Interest Expense						
Deposits	**13,338**	15,070	(11)	**6,542**	6,796	(4)
Other financial institutions	**228**	233	(2)	**108**	120	(10)
Liabilities at fair value through Income Statement	**206**	198	4	**102**	104	(2)
Debt issues	**4,343**	4,869	(11)	**2,185**	2,158	1
Loan capital	**429**	435	(1)	**222**	207	7
Total interest expense - "statutory basis"	**18,544**	20,805	(11)	**9,159**	9,385	(2)
Net interest income - "statutory basis"	**15,101**	13,934	8	**7,647**	7,454	3

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 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Total interest income - "cash basis"	**33,634**	34,754	(3)	**16,805**	16,829	-
Fair value adjustment interest income	**(5)**	(31)	(84)	**1**	(6)	large
Hedging and IFRS volatility	**16**	16	-	**-**	16	large
Total interest income - "statutory basis"	**33,645**	34,739	(3)	**16,806**	16,839	-
Total interest expense - "cash basis"	**18,543**	20,810	(11)	**9,158**	9,385	(2)
Hedging and IFRS volatility	**1**	(5)	large	**1**	-	large
Total interest expense - "statutory basis"	**18,544**	20,805	(11)	**9,159**	9,385	(2)

2. Net Interest Margin

	Full Year Ended		Half Year Ended	
	30 Jun 14	30 Jun 13	30 Jun 14	31 Dec 13
	%	%	%	%
Australia				
Interest spread (1)	**2. 04**	1. 92	**2. 05**	2. 03
Benefit of interest-free liabilities, provisions and equity (2)	**0. 15**	0. 23	**0. 14**	0. 15
Net interest margin (3)	**2. 19**	2. 15	**2. 19**	2. 18
New Zealand				
Interest spread (1)	**1. 87**	1. 80	**1. 86**	1. 89
Benefit of interest-free liabilities, provisions and equity (2)	**0. 44**	0. 39	**0. 47**	0. 40
Net interest margin (3)	**2. 31**	2. 19	**2. 33**	2. 29
Other Overseas				
Interest spread (1)	**1. 06**	1. 26	**1. 00**	1. 12
Benefit of interest-free liabilities, provisions and equity (2)	**0. 04**	0. 04	**0. 05**	0. 05
Net interest margin (3)	**1. 10**	1. 30	**1. 05**	1. 17
Total Group				
Interest spread (1)	**1. 97**	1. 91	**1. 97**	1. 97
Benefit of interest-free liabilities, provisions and equity (2)	**0. 17**	0. 22	**0. 17**	0. 17
Net interest margin (3)	**2. 14**	2. 13	**2. 14**	2. 14

(1) Difference between the average interest rate earned and the average interest rate paid on funds.
(2) A portion of the Group's interest earning assets are funded by net interest free liabilities and Shareholders' equity. The benefit to the Group of these interest free funds is the amount it would cost to replace them at the average cost of funds.
(3) Net interest income divided by average interest earning assets for the year or for the half year annualised.

3. Average Balances and Related Interest

The following table lists the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for the years ended 30 June 2014 and 30 June 2013 as well as half years ended 30 June 2014 and 31 December 2013. 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 by 25 basis points, while rates in New Zealand increased 75 basis points during the year.

	Full Year Ended 30 Jun 14			Full Year Ended 30 Jun 13		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Earning Assets	$M	$M	%	$M	$M	%
Home loans	386,160	19,316	5. 00	360,319	20,264	5. 62
Personal loans (1)	22,499	2,824	12. 55	21,395	2,736	12. 79
Business and corporate loans	177,249	9,002	5. 08	168,296	9,035	5. 37
Loans, bills discounted and other receivables	585,908	31,142	5. 32	550,010	32,035	5. 82
Cash and other liquid assets	35,423	320	0. 90	27,539	251	0. 91
Assets at fair value through Income Statement (excluding life insurance)	22,312	447	2. 00	16,586	450	2. 71
Available-for-sale investments	61,728	1,725	2. 79	59,502	2,018	3. 39
Non-lending interest earning assets	119,463	2,492	2. 09	103,627	2,719	2. 62
Total interest earning assets (2)	705,371	33,634	4. 77	653,637	34,754	5. 32
Non-interest earning assets	75,273			74,503		
Total average assets	780,644			728,140		

	Full Year Ended 30 Jun 14			Full Year Ended 30 Jun 13		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Interest Bearing Liabilities	$M	$M	%	$M	$M	%
Transaction deposits	92,308	1,206	1. 31	83,165	1,231	1. 48
Savings deposits	119,438	2,918	2. 44	99,677	2,877	2. 89
Investment deposits	200,301	6,816	3. 40	199,953	8,234	4. 12
Certificates of deposit and other	61,139	2,393	3. 91	60,154	2,726	4. 53
Total interest bearing deposits	473,186	13,333	2. 82	442,949	15,068	3. 40
Payables due to other financial institutions	26,349	228	0. 87	21,286	233	1. 09
Liabilities at fair value through Income Statement	8,411	206	2. 45	6,832	198	2. 90
Debt issues	144,284	4,343	3. 01	128,552	4,869	3. 79
Loan capital	9,503	433	4. 56	9,938	442	4. 45
Total interest bearing liabilities	661,733	18,543	2. 80	609,557	20,810	3. 41
Non-interest bearing liabilities	71,604			75,129		
Total average liabilities	733,337			684,686		

(1) Personal loans include personal lending, credit cards and margin loans.
(2) Used for calculating Net interest margin.

3. Average Balances and Related Interest (continued)

	Full Year Ended 30 Jun 14			Full Year Ended 30 Jun 13		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Net Interest Margin	$M	$M	%	$M	$M	%
Total interest earning assets	705,371	33,634	4. 77	653,637	34,754	5. 32
Total interest bearing liabilities	661,733	18,543	2. 80	609,557	20,810	3. 41
Net interest income and interest spread		15,091	1. 97		13,944	1. 91
Benefit of free funds			0. 17			0. 22
Net interest margin			2. 14			2. 13

	Full Year Ended 30 Jun 14			Full Year Ended 30 Jun 13		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Geographical Analysis of Key Categories	$M	$M	%	$M	$M	%
Loans, Bills Discounted and Other Receivables						
Australia	512,895	27,359	5. 33	491,160	28,855	5. 87
New Zealand (1)	56,969	3,268	5. 74	47,651	2,778	5. 83
Other Overseas (1)	16,044	515	3. 21	11,199	402	3. 59
Total	585,908	31,142	5. 32	550,010	32,035	5. 82
Non-Lending Interest Earning Assets						
Australia	83,534	2,186	2. 62	72,095	2,446	3. 39
New Zealand (1)	6,318	184	2. 91	6,116	166	2. 71
Other Overseas (1)	29,611	122	0. 41	25,416	107	0. 42
Total	119,463	2,492	2. 09	103,627	2,719	2. 62
Total Interest Bearing Deposits						
Australia	418,749	11,912	2. 84	394,619	13,768	3. 49
New Zealand (1)	36,869	1,315	3. 57	30,459	1,179	3. 87
Other Overseas (1)	17,568	106	0. 60	17,871	121	0. 68
Total	473,186	13,333	2. 82	442,949	15,068	3. 40
Other Interest Bearing Liabilities						
Australia	148,886	4,481	3. 01	134,092	5,170	3. 86
New Zealand (1)	13,731	559	4. 07	12,256	443	3. 61
Other Overseas (1)	25,930	170	0. 66	20,260	129	0. 64
Total	188,547	5,210	2. 76	166,608	5,742	3. 45

(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 14 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 13 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 13 Avg Bal $M	Interest $M	Yield %
Home loans	**392,846**	**9,632**	**4. 94**	379,583	9,684	5. 06	365,040	9,860	5. 45
Personal loans [1]	**22,865**	**1,420**	**12. 52**	22,138	1,404	12. 58	21,761	1,373	12. 72
Business and corporate loans	**180,528**	**4,473**	**5. 00**	174,024	4,529	5. 16	167,859	4,450	5. 35
Loans, bills discounted and other receivables	**596,239**	**15,525**	**5. 25**	575,745	15,617	5. 38	554,660	15,683	5. 70
Cash and liquid assets	**38,140**	**188**	**0. 99**	32,750	132	0. 80	26,460	118	0. 90
Assets at fair value through Income Statement (excluding life insurance)	**22,774**	**227**	**2. 01**	21,858	220	2. 00	17,842	230	2. 60
Available-for-sale investments	**63,736**	**865**	**2. 74**	59,753	860	2. 86	58,989	929	3. 18
Non-lending interest earning assets	**124,650**	**1,280**	**2. 07**	114,361	1,212	2. 10	103,291	1,277	2. 49
Total interest earning assets [2]	**720,889**	**16,805**	**4. 70**	690,106	16,829	4. 84	657,951	16,960	5. 20
Non-interest earning assets	**76,043**			74,516			77,077		
Total average assets	**796,932**			764,622			735,028		

Interest Bearing Liabilities	Half Year Ended 30 Jun 14 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 13 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 13 Avg Bal $M	Interest $M	Yield %
Transaction deposits	**95,290**	**610**	**1. 29**	89,374	596	1. 32	84,309	616	1. 47
Savings deposits	**124,647**	**1,493**	**2. 42**	114,314	1,425	2. 47	103,625	1,409	2. 74
Investment deposits	**199,674**	**3,268**	**3. 30**	200,917	3,548	3. 50	201,792	3,915	3. 91
Certificates of deposit and other	**64,376**	**1,170**	**3. 67**	57,957	1,223	4. 19	56,766	1,241	4. 41
Total interest bearing deposits	**483,987**	**6,541**	**2. 73**	462,562	6,792	2. 91	446,492	7,181	3. 24
Payables due to other financial institutions	**27,253**	**108**	**0. 80**	25,459	120	0. 94	20,719	122	1. 19
Liabilities at fair value through Income Statement	**8,135**	**102**	**2. 53**	8,683	104	2. 38	7,422	100	2. 72
Debt issues	**146,853**	**2,185**	**3. 00**	141,755	2,158	3. 02	129,467	2,258	3. 52
Loan capital	**9,521**	**222**	**4. 70**	9,485	211	4. 41	9,679	217	4. 52
Total interest bearing liabilities	**675,749**	**9,158**	**2. 73**	647,944	9,385	2. 87	613,779	9,878	3. 25
Non-interest bearing liabilities	**72,838**			70,390			76,760		
Total average liabilities	**748,587**			718,334			690,539		

(1) Personal loans include personal lending, credit cards and margin loans.
(2) Used for calculating Net interest margin.

3. Average Balances and Related Interest (continued)

Net Interest Margin	Half Year Ended 30 Jun 14 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 13 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 13 Avg Bal $M	Interest $M	Yield %
Total interest earning assets	720,889	16,805	4. 70	690,106	16,829	4. 84	657,951	16,960	5. 20
Total interest bearing liabilities	675,749	9,158	2. 73	647,944	9,385	2. 87	613,779	9,878	3. 25
Net interest income and interest spread		7,647	1. 97		7,444	1. 97		7,082	1. 95
Benefit of free funds			0. 17			0. 17			0. 22
Net interest margin			2. 14			2. 14			2. 17

Geographical Analysis of Key Categories	Half Year Ended 30 Jun 14 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 13 Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 13 Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables									
Australia	519,881	13,567	5. 26	506,021	13,792	5. 41	493,164	14,046	5. 74
New Zealand (1)	58,937	1,688	5. 78	55,034	1,580	5. 70	49,492	1,432	5. 83
Other Overseas (1)	17,421	270	3. 13	14,690	245	3. 31	12,004	205	3. 44
Total	596,239	15,525	5. 25	575,745	15,617	5. 38	554,660	15,683	5. 70
Non-Lending Interest Earning Assets									
Australia	87,407	1,112	2. 57	79,724	1,075	2. 67	72,574	1,144	3. 18
New Zealand (1)	6,519	99	3. 06	6,121	85	2. 75	5,960	81	2. 74
Other Overseas (1)	30,724	69	0. 45	28,516	52	0. 36	24,757	52	0. 42
Total	124,650	1,280	2. 07	114,361	1,212	2. 10	103,291	1,277	2. 49
Total Interest Bearing Deposits									
Australia	427,446	5,803	2. 74	410,194	6,109	2. 95	398,279	6,518	3. 30
New Zealand (1)	38,369	677	3. 56	35,394	639	3. 58	31,573	607	3. 88
Other Overseas (1)	18,172	61	0. 68	16,974	44	0. 51	16,640	56	0. 68
Total	483,987	6,541	2. 73	462,562	6,792	2. 91	446,492	7,181	3. 24
Other Interest Bearing Liabilities									
Australia	150,576	2,220	2. 97	147,221	2,260	3. 05	135,499	2,401	3. 57
New Zealand (1)	13,510	297	4. 43	13,948	262	3. 73	12,977	237	3. 68
Other Overseas (1)	27,676	100	0. 73	24,213	71	0. 58	18,811	59	0. 63
Total	191,762	2,617	2. 75	185,382	2,593	2. 77	167,287	2,697	3. 25

(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

Interest Earning Assets [1]	Full Year Ended Jun 14 vs Jun 13 Volume $M	Rate $M	Total $M	Full Year Ended Jun 13 vs Jun 12 Volume $M	Rate $M	Total $M
Home loans	1,373	(2,321)	(948)	900	(3,288)	(2,388)
Personal loans	140	(52)	88	68	(53)	15
Business and corporate loans	468	(501)	(33)	328	(664)	(336)
Loans, bills discounted and other receivables	1,999	(2,892)	(893)	1,313	(4,022)	(2,709)
Cash and liquid assets	72	(3)	69	(6)	(175)	(181)
Assets at fair value through Income Statement (excluding life insurance)	135	(138)	(3)	(29)	(142)	(171)
Available-for-sale investments	69	(362)	(293)	166	(652)	(486)
Non-lending interest earning assets	373	(600)	(227)	85	(923)	(838)
Total interest earning assets	2,609	(3,729)	(1,120)	1,365	(4,912)	(3,547)

Interest Bearing Liabilities [1]	Full Year Ended Jun 14 vs Jun 13 Volume $M	Rate $M	Total $M	Full Year Ended Jun 13 vs Jun 12 Volume $M	Rate $M	Total $M
Transaction deposits	127	(152)	(25)	101	(377)	(276)
Savings deposits	527	(486)	41	323	(790)	(467)
Investment deposits	13	(1,431)	(1,418)	547	(1,928)	(1,381)
Certificates of deposit and other	42	(375)	(333)	(109)	(332)	(441)
Total interest bearing deposits	940	(2,675)	(1,735)	962	(3,527)	(2,565)
Payables due to other financial institutions	50	(55)	(5)	26	22	48
Liabilities at fair value through Income Statement	42	(34)	8	(84)	(38)	(122)
Debt issues	535	(1,061)	(526)	(217)	(1,406)	(1,623)
Loan capital	(20)	11	(9)	(53)	(19)	(72)
Total interest bearing liabilities	1,622	(3,889)	(2,267)	725	(5,059)	(4,334)

Change in Net Interest Income [2]	Full Year Ended Jun 14 vs Jun 13 Increase/(Decrease) $M	Jun 13 vs Jun 12 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	1,105	506
Due to changes in interest margin	42	281
Change in net interest income	1,147	787

(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 year 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 14 vs Jun 13 Volume $M	Rate $M	Total $M	Full Year Ended Jun 13 vs Jun 12 Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	1,218	(2,714)	(1,496)	1,010	(3,875)	(2,865)
New Zealand	539	(49)	490	197	(110)	87
Other Overseas	165	(52)	113	64	5	69
Total	1,999	(2,892)	(893)	1,313	(4,022)	(2,709)
Non-Lending Interest Earning Assets						
Australia	344	(604)	(260)	95	(811)	(716)
New Zealand	6	12	18	(34)	20	(14)
Other Overseas	17	(2)	15	11	(119)	(108)
Total	373	(600)	(227)	85	(923)	(838)
Total Interest Bearing Deposits						
Australia	764	(2,620)	(1,856)	912	(3,317)	(2,405)
New Zealand	238	(102)	136	106	(201)	(95)
Other Overseas	(2)	(13)	(15)	(5)	(60)	(65)
Total	940	(2,675)	(1,735)	962	(3,527)	(2,565)
Other Interest Bearing Liabilities						
Australia	508	(1,197)	(689)	(317)	(1,581)	(1,898)
New Zealand	57	59	116	(13)	109	96
Other Overseas	37	4	41	7	26	33
Total	681	(1,213)	(532)	(246)	(1,523)	(1,769)

(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 14 vs Dec 13			Half Year Ended Jun 14 vs Jun 13		
	Volume	Rate	Total	Volume	Rate	Total
	$M	$M	$M	$M	$M	$M
Home loans	332	(384)	(52)	716	(944)	(228)
Personal loans	46	(30)	16	69	(22)	47
Business and corporate loans	165	(221)	(56)	325	(302)	23
Loans, bills discounted and other receivables	545	(637)	(92)	1,129	(1,287)	(158)
Cash and liquid assets	24	32	56	55	15	70
Assets at fair value through Income Statement (excluding life insurance)	9	(2)	7	56	(59)	(3)
Available-for-sale investments	56	(51)	5	70	(134)	(64)
Non-lending interest earning assets	107	(39)	68	242	(239)	3
Total interest earning assets	734	(758)	(24)	1,545	(1,700)	(155)

Interest Bearing Liabilities [1]	Half Year Ended Jun 14 vs Dec 13			Half Year Ended Jun 14 vs Jun 13		
	Volume	Rate	Total	Volume	Rate	Total
	$M	$M	$M	$M	$M	$M
Transaction deposits	39	(25)	14	75	(81)	(6)
Savings deposits	126	(58)	68	269	(185)	84
Investment deposits	(21)	(259)	(280)	(38)	(609)	(647)
Certificates of deposit and other	126	(179)	(53)	152	(223)	(71)
Total interest bearing deposits	302	(553)	(251)	555	(1,195)	(640)
Payables due to other financial institutions	8	(20)	(12)	32	(46)	(14)
Liabilities at fair value through Income Statement	(7)	5	(2)	9	(7)	2
Debt issues	77	(50)	27	281	(354)	(73)
Loan capital	1	10	11	(4)	9	5
Total interest bearing liabilities	390	(617)	(227)	919	(1,639)	(720)

Change in Net Interest Income [2]	Half Year Ended	
	Jun 14 vs Dec 13 Increase/(Decrease)	Jun 14 vs Jun 13 Increase/(Decrease)
	$M	$M
Due to changes in average volume of interest earning assets	327	673
Due to changes in interest margin	(2)	(108)
Due to variation in time period	(122)	-
Change in net interest income	203	565

(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 14 vs Dec 13			Half Year Ended Jun 14 vs Jun 13		
	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	370	(595)	(225)	729	(1,208)	(479)
New Zealand	112	(4)	108	272	(16)	256
Other Overseas	44	(19)	25	88	(23)	65
Total	545	(637)	(92)	1,129	(1,287)	(158)
Non-Lending Interest Earning Assets						
Australia	101	(64)	37	211	(243)	(32)
New Zealand	6	8	14	8	10	18
Other Overseas	4	13	17	13	4	17
Total	107	(39)	68	242	(239)	3
Total Interest Bearing Deposits						
Australia	246	(552)	(306)	437	(1,152)	(715)
New Zealand	53	(15)	38	125	(55)	70
Other Overseas	4	13	17	5	-	5
Total	302	(553)	(251)	555	(1,195)	(640)
Other Interest Bearing Liabilities						
Australia	50	(90)	(40)	245	(426)	(181)
New Zealand	(9)	44	35	11	49	60
Other Overseas	11	18	29	30	11	41
Total	88	(64)	24	364	(444)	(80)

(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 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Lending fees	**1,083**	1,053	3	**546**	537	2
Commissions	**2,130**	1,990	7	**1,049**	1,081	(3)
Trading income	**922**	863	7	**414**	508	(19)
Net gain on disposal of available-for-sale investments	**12**	31	(61)	**8**	4	large
Net gain/(loss) on disposal of other non-fair valued financial instruments	**36**	(41)	large	**18**	18	-
Net gain/(loss) on sale of property, plant and equipment	**(12)**	(14)	(14)	**(9)**	(3)	large
Net hedging ineffectiveness	**(21)**	(25)	(16)	**(7)**	(14)	(50)
Net gain/(loss) on other fair valued financial instruments:						
Fair value through Income Statement	**(6)**	(1)	large	**(2)**	(4)	(50)
Non-trading derivatives	**(91)**	28	large	**(42)**	(49)	(14)
Dividends	**12**	9	33	**7**	5	40
Share of profit of associates and joint ventures (1)	**150**	165	(9)	**62**	88	(30)
Other (2)	**105**	114	(8)	**68**	37	84
Total other banking income	**4,320**	4,172	4	**2,112**	2,208	(4)

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 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Other banking income ("cash basis") (2)	**4,323**	4,156	4	**2,089**	2,234	(6)
Revenue hedge of New Zealand operations - unrealised	**10**	(30)	large	**34**	(24)	large
Hedging and IFRS volatility	**(37)**	46	large	**(37)**	-	large
Gain on sale of management rights	**24**	-	large	**26**	(2)	large
Other banking income ("statutory basis")	**4,320**	4,172	4	**2,112**	2,208	(4)

(1) Includes the impairment of the investment in Vietnam International Bank (VIB) of $50 million.
(2) Comparative information has been reclassified to conform to presentation in the current year.

6. Operating Expenses

	Full Year Ended			Half Year Ended		
	30 Jun 14 $M	30 Jun 13 $M	Jun 14 vs Jun 13 %	30 Jun 14 $M	31 Dec 13 $M	Jun 14 vs Dec 13 %
Staff Expenses						
Salaries and wages	**4,490**	4,250	6	**2,260**	2,230	1
Share-based compensation	**244**	192	27	**123**	121	2
Superannuation (1)	**354**	346	23	**170**	184	18
Provisions for employee entitlements	**81**	96	(16)	**12**	69	(83)
Payroll tax	**239**	223	7	**119**	120	(1)
Fringe benefits tax	**36**	35	3	**16**	20	(20)
Other staff expenses	**98**	90	9	**57**	41	39
Total staff expenses	**5,542**	5,232	6	**2,757**	2,785	(1)
Occupancy and Equipment Expenses						
Operating lease rentals	**607**	580	5	**303**	304	-
Depreciation of property, plant and equipment (1)	**244**	234	4	**124**	120	3
Repairs and maintenance	**94**	92	2	**50**	44	14
Other	**108**	112	(4)	**52**	56	(7)
Total occupancy and equipment expenses	**1,053**	1,018	3	**529**	524	1
Information Technology Services						
Application maintenance and development	**412**	439	(6)	**204**	208	(2)
Data processing	**218**	236	(8)	**105**	113	(7)
Desktop	**101**	100	1	**54**	47	15
Communications	**189**	202	(6)	**86**	103	(17)
Amortisation of software assets	**328**	245	34	**198**	130	52
Software write-offs	**70**	-	large	**2**	68	(97)
IT equipment depreciation	**62**	77	(19)	**31**	31	-
Total information technology services	**1,380**	1,299	6	**680**	700	(3)
Other Expenses						
Postage	**118**	114	4	**59**	59	-
Stationery	**70**	85	(18)	**34**	36	(6)
Fees and commissions:						
Professional fees	**257**	230	12	**138**	119	16
Other (1)	**111**	120	(8)	**54**	57	(5)
Advertising, marketing and loyalty	**477**	463	3	**233**	244	(5)
Amortisation of intangible assets (excluding software and merger related amortisation)	**19**	20	(5)	**10**	9	11
Non-lending losses	**97**	67	45	**58**	39	49
Other (1)	**375**	362	4	**196**	179	9
Total other expenses	**1,524**	1,461	4	**782**	742	5
Total operating expenses - "cash basis"	**9,499**	9,010	5	**4,748**	4,751	-
Investment and Restructuring						
Merger related amortisation (2)	**74**	75	(1)	**37**	37	-
Total investment and restructuring	**74**	75	(1)	**37**	37	-
Total operating expenses - "statutory basis"	**9,573**	9,085	5	**4,785**	4,788	-

(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 14	30 Jun 13	30 Jun 14	31 Dec 13
	$M	$M	$M	$M
Profit before Income Tax [1]	**11,997**	10,645	**6,082**	5,915
Prima facie income tax at 30% [1]	**3,599**	3,193	**1,824**	1,775
Effect of amounts which are non-deductible/(assessable) in calculating taxable income:				
Taxation offsets and other dividend adjustments	**(6)**	(3)	**(4)**	(2)
Tax adjustment referable to policyholder income	**89**	79	**47**	42
Tax losses not previously brought to account	**(21)**	(18)	**(12)**	(9)
Offshore tax rate differential	**(99)**	(89)	**(47)**	(52)
Offshore banking unit	**(30)**	(33)	**(17)**	(13)
Effect of changes in tax rates	**3**	-	**3**	-
Income tax over provided in previous years [2]	**(121)**	(50)	**(115)**	(6)
Other [1]	**(67)**	(68)	**(30)**	(37)
Total income tax expense	**3,347**	3,011	**1,649**	1,698
Corporate tax expense	**3,221**	2,899	**1,583**	1,638
Policyholder tax expense	**126**	112	**66**	60
Total income tax expense	**3,347**	3,011	**1,649**	1,698
Effective Tax Rate [1]	%	%	%	%
Total – corporate	**27. 1**	27. 5	**26. 3**	28. 0
Retail Banking Services – corporate	**29. 9**	29. 9	**29. 9**	29. 9
Business and Private Banking – corporate	**29. 9**	29. 7	**29. 8**	30. 0
Institutional Banking and Markets – corporate	**24. 8**	22. 8	**25. 1**	24. 4
Wealth Management – corporate	**23. 4**	27. 6	**22. 8**	24. 1
New Zealand – corporate	**24. 4**	24. 7	**24. 5**	24. 3
Bankwest – corporate	**30. 1**	29. 8	**30. 6**	29. 6

(1) Comparative information has been restated to conform to presentation in the current year.
(2) Includes the impact of changes in accounting policy, resulting in a one-off adjustment of $129 million. Previously tax offsets received on capitalised software expenditure were recognised as an income tax benefit, these have now been recognised as an adjustment to the cost of the intangible asset.

8. Loans, Bills Discounted and Other Receivables

	As at		
	30 Jun 14	31 Dec 13	30 Jun 13
	$M	$M	$M
Australia			
Overdrafts	**23,350**	21,627	20,039
Home loans	**360,218**	348,486	338,023
Credit card outstandings	**11,736**	11,736	11,457
Lease financing	**4,162**	4,251	4,328
Bills discounted	**19,244**	22,348	22,017
Term loans	**107,380**	103,201	101,141
Other lending	**348**	183	271
Other securities	**-**	-	7
Total Australia	**526,438**	511,832	497,283
New Zealand			
Overdrafts	**894**	847	797
Home loans	**38,637**	37,712	33,989
Credit card outstandings	**803**	801	676
Lease financing	**282**	307	332
Term loans	**18,907**	18,443	16,240
Total New Zealand	**59,523**	58,110	52,034
Other Overseas			
Overdrafts	**336**	300	301
Home loans	**830**	823	828
Lease financing	**57**	66	60
Term loans	**15,916**	15,837	12,252
Total Other Overseas	**17,139**	17,026	13,441
Gross loans, bills discounted and other receivables	**603,100**	586,968	562,758
Less:			
Provisions for Loan Impairment:			
Collective provision	**(2,739)**	(2,846)	(2,827)
Individually assessed provisions	**(1,127)**	(1,416)	(1,628)
Unearned income:			
Term loans	**(802)**	(841)	(900)
Lease financing	**(651)**	(695)	(755)
	(5,319)	(5,798)	(6,110)
Net loans, bills discounted and other receivables	**597,781**	581,170	556,648

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 2014				
	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	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 (1)					
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

	As at 30 June 2013				
	Home Loans $M	Other Personal $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	232,660	3,582	722	101,299	338,263
Pass Grade	118,036	14,134	7,687	50,040	189,897
Weak	9,165	3,547	98	2,615	15,425
Total loans which were neither past due nor impaired	359,861	21,263	8,507	153,954	543,585
Loans which were past due but not impaired (1)					
Past due 1 - 29 days	7,194	769	77	1,141	9,181
Past due 30 - 59 days	1,966	216	29	235	2,446
Past due 60 - 89 days	961	120	11	253	1,345
Past due 90 - 179 days	949	5	3	154	1,111
Past due 180 days or more	811	20	-	273	1,104
Total loans past due but not impaired	11,881	1,130	120	2,056	15,187

(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 the loans are classified as impaired.

9. Provisions for Impairment and Asset Quality (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 14	30 Jun 13	30 Jun 14	31 Dec 13
	$M	$M	$M	$M
Movement in impairment and asset quality				
Gross impaired assets - opening balance	**4,330**	4,687	**3,939**	4,330
New and increased	**2,393**	3,016	**1,077**	1,316
Balances written off	**(1,697)**	(1,774)	**(902)**	(795)
Returned to performing or repaid	**(2,303)**	(2,165)	**(1,095)**	(1,208)
Portfolio managed - new/increased/return to performing/repaid	**644**	566	**348**	296
Gross impaired assets - closing balance (1)	**3,367**	4,330	**3,367**	3,939

(1) Includes $3,170 million of loans and advances and $197 million of other financial assets (30 June 2013: $3,986 million of loans and advances and $344 million of other financial assets).

	As at	
	30 Jun 14	30 Jun 13
	$M	$M
Impaired assets by size of asset		
Less than $1 million	**1,363**	1,544
$1 million to $10 million	**1,027**	1,305
Greater than $10 million	**977**	1,481
Gross impaired assets	**3,367**	4,330
Less total provisions for impaired assets	**(1,266)**	(1,759)
Net impaired assets	**2,101**	2,571

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 14	30 Jun 13	30 Jun 14	31 Dec 13
	$M	$M	$M	$M
Provisions for impairment losses				
Collective provision				
Opening balance	**2,858**	2,837	**2,870**	2,858
Net collective provision funding	**497**	559	**219**	278
Impairment losses written off	**(753)**	(695)	**(384)**	(369)
Impairment losses recovered	**165**	154	**74**	91
Other	**12**	3	**-**	12
Closing balance	**2,779**	2,858	**2,779**	2,870
Individually assessed provisions				
Opening balance	**1,628**	2,008	**1,416**	1,628
Net new and increased individual provisioning	**726**	937	**390**	336
Write-back of provisions no longer required	**(305)**	(350)	**(148)**	(157)
Discount unwind to interest income	**(51)**	(90)	**(21)**	(30)
Impairment losses written off	**(1,060)**	(1,194)	**(581)**	(479)
Other	**189**	317	**71**	118
Closing balance	**1,127**	1,628	**1,127**	1,416
Total provisions for impairment losses	**3,906**	4,486	**3,906**	4,286
Less: Provision for off balance sheet exposures	**(40)**	(31)	**(40)**	(24)
Total provisions for loan impairment	**3,866**	4,455	**3,866**	4,262

	Full Year Ended		Half Year Ended	
	30 Jun 14	30 Jun 13	30 Jun 14	31 Dec 13
	%	%	%	%
Provision ratios				
Total provisions for impaired assets as a % of gross impaired assets	**37. 60**	40. 62	**37. 60**	39. 07
Total provisions for impairment losses as a % of gross loans and acceptances	**0. 64**	0. 79	**0. 64**	0. 72

	Full Year Ended		Half Year Ended	
	30 Jun 14	30 Jun 13	30 Jun 14	31 Dec 13
	$M	$M	$M	$M
Loan impairment expense				
Net collective provisioning funding	**497**	559	**219**	278
Net new and increased individual provisioning	**726**	937	**390**	336
Write-back of individually assessed provisions	**(305)**	(350)	**(148)**	(157)
Total loan impairment expense	**918**	1,146	**461**	457

10. Intangible Assets

	As at		
	30 Jun 14	31 Dec 13	30 Jun 13
	$M	$M	$M
Goodwill (1)			
Purchased goodwill at cost	**7,566**	7,567	7,723
Closing balance	**7,566**	7,567	7,723
Computer Software Costs			
Cost	**2,913**	2,987	2,770
Accumulated amortisation	**(1,059)**	(1,037)	(847)
Closing balance	**1,854**	1,950	1,923
Core Deposits (2)			
Cost	**495**	495	495
Accumulated amortisation	**(390)**	(355)	(318)
Closing balance	**105**	140	177
Management Fee Rights (3)			
Cost	**-**	6	316
Closing balance	**-**	6	316
Brand Names (4)			
Cost	**190**	190	190
Accumulated amortisation	**(1)**	-	-
Closing balance	**189**	190	190
Other Intangibles (5)			
Cost	**256**	261	255
Accumulated amortisation	**(178)**	(172)	(161)
Closing balance	**78**	89	94
Total intangible assets	**9,792**	9,942	10,423

(1) Following the internalisation of the management of both CFS Retail Property Trust Group (CFX) and Kiwi Income Property Trust (KIP), and the sale of Commonwealth Property Office Fund, goodwill was allocated to the business by means of a relative values allocation and derecognised.

(2) 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.

(3) Management fee rights have an indefinite useful life under the contractual terms of the management agreements and are subject to an annual valuation for impairment testing purposes. No impairment was required as a result of this valuation. The management rights were disposed of as part of the internalisation of the management of CFS Retail Property Trust Group (CFX) during the 2014 financial year.

(4) 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. This asset has an indefinite useful life, as there is no foreseeable limit to the period over which the brand name is expected to generate cash flows. The asset is not subject to amortisation, but is 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.

(5) 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 14	31 Dec 13	30 Jun 13
	$M	$M	$M
Australia			
Certificates of deposit	**43,912**	39,878	42,346
Term deposits	**150,406**	155,450	157,959
On demand and short term deposits	**227,555**	213,872	195,017
Deposits not bearing interest	**9,971**	9,197	8,891
Securities sold under agreements to repurchase	**9,925**	10,547	5,502
Total Australia	**441,769**	428,944	409,715
New Zealand			
Certificates of deposit	**211**	77	81
Term deposits	**20,125**	19,805	18,959
On demand and short term deposits	**18,121**	17,271	13,379
Deposits not bearing interest	**2,427**	2,465	1,977
Securities sold under agreements to repurchase	**36**	87	70
Total New Zealand	**40,920**	39,705	34,466
Other Overseas			
Certificates of deposit	**6,075**	8,480	6,157
Term deposits	**8,578**	7,129	7,922
On demand and short term deposits	**933**	947	1,085
Deposits not bearing interest	**77**	231	84
Total Other Overseas	**15,663**	16,787	15,248
Total deposits and other public borrowings	**498,352**	485,436	459,429

12. Financial Reporting by Segments

	Full Year Ended 30 June 2014							
	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	7,004	2,997	1,421	-	1,378	1,577	714	**15,091**
Other banking income	1,619	859	1,258	-	192	206	189	**4,323**
Total banking income	8,623	3,856	2,679	-	1,570	1,783	903	**19,414**
Funds management income	-	-	-	1,837	60	-	36	**1,933**
Insurance income	-	-	-	575	202	-	42	**819**
Total operating income	8,623	3,856	2,679	2,412	1,832	1,783	981	**22,166**
Investment experience (1)	-	-	-	202	5	-	28	**235**
Total income	8,623	3,856	2,679	2,614	1,837	1,783	1,009	**22,401**
Operating expenses	(3,103)	(1,426)	(947)	(1,588)	(805)	(799)	(831)	**(9,499)**
Loan impairment expense	(566)	(253)	(61)	-	(51)	(11)	(11)	**(953)**
Net profit before tax	4,954	2,177	1,671	1,026	981	973	167	**11,949**
Corporate tax expense	(1,482)	(651)	(413)	(233)	(239)	(293)	61	**(3,250)**
Non-controlling interests	-	-	-	-	-	-	(19)	**(19)**
Net profit after tax ("cash basis") (2)	3,472	1,526	1,258	793	742	680	209	**8,680**
Hedging and IFRS volatility	-	-	-	-	10	-	(4)	**6**
Other non-cash items	-	-	25	(24)	-	(56)	-	**(55)**
Net profit after tax ("statutory basis")	3,472	1,526	1,283	769	752	624	205	**8,631**
Additional information								
Intangible asset amortisation	(25)	(34)	(44)	(19)	(38)	(75)	(186)	**(421)**
Depreciation	(6)	(1)	(17)	(3)	(36)	(31)	(212)	**(306)**
Balance Sheet								
Total assets	281,062	103,864	149,802	20,759	65,736	76,795	93,433	**791,451**
Total liabilities	196,853	69,691	145,457	24,133	58,149	45,671	202,149	**742,103**

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

(2) Non-cash items are excluded from net profit after tax ("cash basis") which is Management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or not considered representative of the Group's ongoing financial performance. The items for the year are treasury shares valuation adjustment ($41 million expense), unrealised gains and losses relating to hedging and IFRS volatility ($6 million gain), Bankwest non-cash items ($56 million expense), Bell Group Litigation ($25 million gain) and gain on sale of management rights ($17 million gain).

12. Financial Reporting by Segments (continued)

	Full Year Ended 30 June 2013 [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	6,425	2,952	1,341	-	1,093	1,537	596	**13,944**
Other banking income	1,504	817	1,238	-	237	210	150	**4,156**
Total banking income	7,929	3,769	2,579	-	1,330	1,747	746	**18,100**
Funds management income	-	-	-	1,735	49	-	44	**1,828**
Insurance income	-	-	-	542	171	-	26	**739**
Total operating income	7,929	3,769	2,579	2,277	1,550	1,747	816	**20,667**
Investment experience [2]	-	-	-	145	6	-	3	**154**
Total income	7,929	3,769	2,579	2,422	1,556	1,747	819	**20,821**
Operating expenses	(2,992)	(1,392)	(871)	(1,494)	(686)	(825)	(750)	**(9,010)**
Loan impairment expense	(533)	(280)	(154)	-	(45)	(118)	48	**(1,082)**
Net profit before tax	4,404	2,097	1,554	928	825	804	117	**10,729**
Corporate tax expense	(1,315)	(623)	(359)	(249)	(204)	(243)	40	**(2,953)**
Non-controlling interests	-	-	-	-	-	-	(16)	**(16)**
Net profit after tax ("cash basis") [3]	3,089	1,474	1,195	679	621	561	141	**7,760**
Hedging and IFRS volatility	-	-	-	-	(24)	-	51	**27**
Other non-cash items	-	-	(45)	(53)	-	(71)	-	**(169)**
Net profit after tax ("statutory basis")	3,089	1,474	1,150	626	597	490	192	**7,618**
Additional information								
Intangible asset amortisation	(27)	(31)	(37)	(14)	(27)	(75)	(129)	**(340)**
Depreciation	(7)	(1)	(15)	(3)	(29)	(36)	(220)	**(311)**
Balance Sheet								
Total assets	264,332	102,432	146,407	20,508	58,187	73,781	88,210	**753,857**
Total liabilities	182,286	64,840	149,539	22,882	51,541	41,925	195,307	**708,320**

(1) Comparative information has been restated to conform to presentation in the current year.
(2) Investment experience is presented on a pre-tax basis.
(3) Non-cash items are excluded from net profit after tax ("cash basis") which is Management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or not considered representative of the Group's ongoing financial performance. The items for the year are treasury shares valuation adjustment ($53 million expense), unrealised gains and losses relating to hedging and volatility ($27 million gain), Bankwest non-cash items ($71 million expense) and Bell Group litigation ($45 million expense).

12. Financial Reporting by Segments (continued)

	Half Year Ended 30 June 2014							
	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	3,572	1,496	717	-	714	773	375	**7,647**
Other banking income	805	425	594	-	90	103	72	**2,089**
Total banking income	4,377	1,921	1,311	-	804	876	447	**9,736**
Funds management income	-	-	-	879	30	-	21	**930**
Insurance income	-	-	-	294	115	-	24	**433**
Total operating income	4,377	1,921	1,311	1,173	949	876	492	**11,099**
Investment experience (1)	-	-	-	130	5	-	19	**154**
Total income	4,377	1,921	1,311	1,303	954	876	511	**11,253**
Operating expenses	(1,531)	(717)	(492)	(798)	(412)	(398)	(400)	**(4,748)**
Loan impairment expense	(276)	(166)	(40)	-	(33)	(6)	25	**(496)**
Net profit before tax	2,570	1,038	779	505	509	472	136	**6,009**
Corporate tax expense	(769)	(309)	(195)	(107)	(122)	(145)	59	**(1,588)**
Non-controlling interests	-	-	-	-	-	-	(9)	**(9)**
Net profit after tax ("cash basis") (2)	1,801	729	584	398	387	327	186	**4,412**
Hedging and IFRS volatility	-	-	-	-	25	-	(14)	**11**
Other non-cash items	-	-	25	2	-	(26)	-	**1**
Net profit after tax ("statutory basis")	1,801	729	609	400	412	301	172	**4,424**
Additional information								
Intangible asset amortisation	(10)	(21)	(26)	(9)	(20)	(37)	(122)	**(245)**
Depreciation	(3)	(1)	(9)	(2)	(17)	(16)	(107)	**(155)**
Balance Sheet								
Total assets	281,062	103,864	149,802	20,759	65,736	76,795	93,433	**791,451**
Total liabilities	196,853	69,691	145,457	24,133	58,149	45,671	202,149	**742,103**

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

(2) Non-cash items are excluded from net profit after tax ("cash basis") which is Management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or not considered representative of the Group's ongoing financial performance. The items for the year are treasury shares valuation adjustment ($13 million expense), unrealised gains and losses relating to hedging and IFRS volatility ($11 million gain), Bankwest non-cash items ($26 million expense), Bell Group Litigation ($25 million gain) and gain on sale of management rights ($15 million gain).

12. Financial Reporting by Segments (continued)

Geographical Information Financial Performance & Position	Full Year Ended [1] 30 Jun 14 $M	 30 Jun 14 %	 30 Jun 13 $M	 30 Jun 13 %
Income				
Australia	**37,603**	**84. 8**	39,119	87. 3
New Zealand	**4,633**	**10. 5**	3,890	8. 7
Other locations [2]	**2,076**	**4. 7**	1,793	4. 0
Total income	**44,312**	**100. 0**	44,802	100. 0
Non-Current Assets				
Australia	**13,199**	**91. 3**	14,211	92. 2
New Zealand	**1,057**	**7. 3**	1,023	6. 6
Other locations [2]	**196**	**1. 4**	188	1. 2
Total non-current assets [3]	**14,452**	**100. 0**	15,422	100. 0

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Other locations include: United Kingdom, United States, Japan, Singapore, Malta, Hong Kong, Indonesia, China, India and Vietnam.
(3) 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 2014 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 14 %	31 Dec 13 %	30 Jun 13 %
Agriculture, forestry and fishing	**2.0**	2.0	2.0
Banks	**9.0**	9.4	9.9
Business services	**1.2**	1.2	0.9
Construction	**0.8**	0.7	0.8
Consumer	**55.8**	54.9	54.9
Culture and recreational services	**0.9**	0.8	0.9
Energy	**1.0**	0.8	0.9
Finance - Other	**3.4**	3.4	3.5
Health and community service	**0.6**	0.7	0.6
Manufacturing	**1.8**	1.8	1.8
Mining	**1.5**	1.6	1.5
Property	**6.4**	6.2	6.4
Retail trade and wholesale trade	**2.2**	2.2	2.2
Sovereign	**7.8**	8.6	7.7
Transport and storage	**1.5**	1.6	1.7
Other	**4.1**	4.1	4.3
	100.0	100.0	100.0

By Region (1)	30 Jun 14 %	31 Dec 13 %	30 Jun 13 %
Australia	**78.4**	77.6	78.9
New Zealand	**8.9**	8.9	8.4
Europe	**5.0**	5.5	5.1
Americas	**4.3**	4.5	4.7
Asia	**3.2**	3.3	2.8
Other	**0.2**	0.2	0.1
	100.0	100.0	100.0

Commercial Portfolio Quality (1)	30 Jun 14 %	31 Dec 13 %	30 Jun 13 %
AAA/AA	**29.5**	31.7	31.0
A	**21.1**	20.0	20.4
BBB	**17.7**	17.1	16.1
Other	**31.7**	31.2	32.5
	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 68.3% of commercial exposures at investment grade quality.

Included in the Group's European exposures is $1,515 million (June 2013: $1,437 million) of exposure to Spain, Ireland and Italy. The exposure comprises $291 million Italian and Irish sovereign (Government), $256 million Italian and Spanish banks (primarily short term deposits) and $968 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 35 of the 2014 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 14	31 Dec 13	30 Jun 13	31 Dec 12
Traded Market Risk (1)	$M	$M	$M	$M
Risk Type				
Interest rate risk	**4. 9**	5. 9	5. 4	6. 6
Foreign exchange risk	**1. 8**	1. 2	0. 9	1. 0
Equities risk	**1. 3**	1. 1	1. 9	2. 2
Commodities risk	**2. 2**	2. 4	1. 0	0. 9
Credit spread risk	**1. 9**	1. 7	2. 7	2. 2
Diversification benefit	**(6. 2)**	(6. 4)	(7. 2)	(7. 6)
Total general market risk	**5. 9**	5. 9	4. 7	5. 3
Undiversified risk	**4. 2**	5. 5	4. 9	3. 0
ASB Bank	**0. 2**	0. 1	0. 2	0. 2
Total	**10. 3**	11. 5	9. 8	8. 5

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

	Average VaR (3)			
Non-Traded VaR in Australian Life Insurance Business (20 day 97.5% confidence)	30 Jun 14	31 Dec 13	30 Jun 13	31 Dec 12
	$M	$M	$M	$M
Shareholder funds (1)	**15. 6**	22. 2	21. 9	20. 7
Guarantees (to Policyholders) (2)	**14. 2**	16. 2	18. 7	21. 2

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

13. Integrated Risk Management (continued)

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 (20 day 97.5% confidence)	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M
VaR	**70. 0**	102. 0	112. 0	94. 0

Interest Rate Risk in the Banking Book

Interest rate risk in the Banking Book is discussed within Note 35 of the 2014 Annual Report.

(a) Next 12 Months' Earnings.

The potential impact on net interest earnings of a 1% parallel rate shock and the expected change in the price of assets and liabilities held for purposes other than trading is as follows:

Net Interest Earnings at Risk (1)		30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M
Average monthly exposure	AUD	**102. 3**	78. 1	109. 9	100. 4
	NZD	**25. 0**	17. 1	7. 6	11. 3
High month exposure	AUD	**134. 0**	119. 0	128. 6	114. 2
	NZD	**29. 6**	24. 2	12. 1	16. 2
Low month exposure	AUD	**70. 4**	43. 6	59. 3	89. 2
	NZD	**20. 0**	12. 3	4. 3	5. 3

(1) Half year ended

(b) Economic Value.

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

	Average VaR (3)			
Non-Traded Interest Rate Risk (1)	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M	31 Dec 12 $M
AUD Interest rate risk	**57. 2**	49. 2	56. 7	79. 8
NZD Interest rate risk (2)	**2. 5**	1. 6	4. 1	1. 9

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

13. Integrated Risk Management (continued)

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 14 $M	31 Dec 13 $M	30 Jun 13 $M	Jun 14 vs Dec 13 %	Jun 14 vs Jun 13 %
Transaction deposits	**102,086**	96,143	87,673	6	16
Savings deposits	**127,430**	120,686	106,935	6	19
Investment deposits	**195,529**	196,955	199,397	(1)	(2)
Other customer deposits [1]	**13,845**	12,623	11,372	10	22
Total customer deposits	**438,890**	426,407	405,377	3	8
Wholesale funding					
Short term					
Certificates of deposit	**34,021**	32,871	30,674	3	11
Bank acceptances	**5,027**	4,807	6,063	5	(17)
ECP commercial paper program	**2,118**	2,390	1,743	(11)	22
US commercial paper program	**32,007**	32,277	36,760	(1)	(13)
Securities sold under agreements to repurchase	**9,961**	10,634	5,572	(6)	79
Other [2]	**26,184**	30,737	26,946	(15)	(3)
Total short term funding	**109,318**	113,716	107,758	(4)	1
Short sales	**4,103**	4,517	2,837	(9)	45
Total long term funding - less than one year residual maturity [3]	**30,892**	35,054	29,129	(12)	6
Long term - greater than one year residual maturity [3]					
Transferable certificates of deposit [4]	**12,068**	12,636	13,643	(4)	(12)
Euro medium term note program	**30,599**	25,518	24,993	20	22
US medium term note program	**10,521**	11,403	15,932	(8)	(34)
Covered bond programs	**23,248**	19,213	16,654	21	40
Other debt issues [5]	**10,024**	10,918	8,433	(8)	19
Securitisation	**7,989**	7,982	6,621	-	21
Loan capital	**6,737**	7,018	9,254	(4)	(27)
Other	**977**	1,051	1,081	(7)	(10)
Total long term funding - greater than one year residual maturity	**102,163**	95,739	96,611	7	6
IFRS MTM and derivative FX revaluations	**3,251**	5,722	1,837	(43)	77
Total wholesale funding	**249,727**	254,748	238,172	(2)	5
Total funding	**688,617**	681,155	643,549	1	7
Reported as					
Deposits and other public borrowings	**498,352**	485,436	459,429	3	8
Payables due to other financial institutions	**24,978**	29,585	25,922	(16)	(4)
Liabilities at fair value through income statement	**7,508**	8,330	8,701	(10)	(14)
Bank acceptances	**5,027**	4,807	6,063	5	(17)
Debt issues	**142,219**	142,675	132,808	-	7
Loan capital	**9,594**	9,383	9,687	2	(1)
Share capital - other equity instruments	**939**	939	939	-	-
Total funding	**688,617**	681,155	643,549	1	7

(1) Other customer deposits primarily consist of non-interest bearing deposits and deposits held at fair value through the income statement.
(2) Includes amounts 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 – Securitisation is a financing technique whereby assets are transferred to a Special Purpose Entity (SPE), which funds the purchase of assets by issuing securities to investors. The Group has a policy of funding diversification and assets may be securitised to provide greater diversification of the Group's funding sources.

Control factors – The Group may manage these securitisation vehicles, service assets in the vehicle, provide hedging, or provide other facilities such as liquidity facilities. The Group retains the risks associated with the provision of these services. The Group is also entitled to any residual income from the SPEs after all payments due to investors and costs of the program have been met.

Asset-backed Securities

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

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

Special Purpose Entities

The Group invests in or establishes SPEs in the ordinary course of business, primarily to provide funding and financial services for its customers. These SPEs are consolidated in the Financial Statements if they meet the criteria of control as outlined in Note 38 to the Financial Statements of the 2014 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 SPE 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.

This includes structured and finance entities established to assist the Group's Structured Finance function with the structuring of client or group financing. The resulting lending and investment arrangements are entered into under the Group's approved lending criteria and are subject to appropriate credit approval processes. The assets arising from these financing activities are generally included in receivables due from other financial institutions, available-for-sale investments or loans, bills discounted and other receivables. Exposures in the form of guarantees or undrawn credit lines are included within contingent liabilities and credit related commitments.

Control factors – The Group may manage these vehicles, hold minor amounts of capital, provide financing or transact derivatives with these entities. These entities are generally consolidated by the Group.

Other Exposures

Leveraged Finance

The Group provides debt financing to companies including those acquired by high quality, well managed private equity firms. These companies 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 2013 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 underlying debt instruments that have been wrapped by monoline insurers are predominantly Australian domiciled and have stand-alone ratings ranging from AA to A-. As at 30 June 2014 the Group had $46.5 million in exposures to these instruments (30 June 2013: $80 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	
	2014	2013	2014	2013
	$M	$M	$M	$M
Carrying amount of transferred assets	34,147	33,634	12,982	10,169
Carrying amount of associated liabilities	25,280	18,238	11,426	8,929
Net position	8,867	15,396	1,556	1,240

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 14	30 Jun 13
Summary of Asset-backed Securities	$M	$M
Commercial mortgage backed securities	50	34
Residential mortgage backed securities	5,261	4,586
Other asset-backed securities	629	6
Total	5,940	4,626

Asset-backed Securities by Underlying Asset

	Trading portfolio		AFS portfolio (1)		Other		Total	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	$M	$M	$M	$M	$M	$M	$M	$M
Sub-prime	-	-	-	-	-	-	-	-
Non-conforming (Alt-A)	-	-	150	38	-	-	150	38
Prime mortgages	82	43	4,735	4,203	294	302	5,111	4,548
Other assets	-	-	679	40	-	-	679	40
Total	82	43	5,564	4,281	294	302	5,940	4,626

(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 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia	5,499	4,247	64	17	5	-	28	26	5,596	4,290
Europe	-	-	-	-	-	-	294	302	294	302
UK	-	-	50	34	-	-	-	-	50	34
Total	5,499	4,247	114	51	5	-	322	328	5,940	4,626

	Funded Commitments		Unfunded Commitments		Total	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
Warehousing financing facilities	$M	$M	$M	$M	$M	$M
Australia	2,541	2,703	995	1,212	3,536	3,915
New Zealand	427	637	57	36	484	673
Europe	389	352	-	-	389	352
Total	3,357	3,692	1,052	1,248	4,409	4,940

15. Capital

The tables below show the APRA Basel III capital adequacy calculation at 30 June 2014 together with prior period comparatives.

Risk Weighted Capital Ratios	30 Jun 14 %	31 Dec 13 %	30 Jun 13 %
Common Equity Tier 1	**9. 3**	8. 5	8. 2
Tier 1	**11. 1**	10. 6	10. 3
Tier 2	**0. 9**	0. 8	0. 9
Total Capital	**12. 0**	11. 4	11. 2

	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M
Ordinary Share Capital and Treasury Shares			
Ordinary Share Capital	**27,036**	26,327	26,323
Treasury Shares (1)	**291**	293	297
Ordinary Share Capital and Treasury Shares	**27,327**	26,620	26,620
Reserves			
Reserves	**2,009**	1,780	1,333
Reserves related to non-consolidated subsidiaries (2)	**(47)**	(59)	56
Total Reserves	**1,962**	1,721	1,389
Retained Earnings and Current Period Profits			
Retained earnings and current period profits	**18,827**	17,455	16,405
Retained earnings adjustment from non-consolidated subsidiaries (3)	**(368)**	(472)	(345)
Net Retained Earnings	**18,459**	16,983	16,060
Non controlling interest			
Non controlling interest (4)	**537**	536	537
Less ASB perpetual preference shares	**(505)**	(505)	(505)
Less other non controlling interests not eligible for inclusion in regulatory capital	**(32)**	(31)	(32)
Minority Interest	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**47,748**	45,324	44,069

(1) Represents shares held by the Group's life insurance operations ($129 million) and employee share scheme trusts ($162 million).
(2) 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 14 $M	31 Dec 13 $M	30 Jun 13 $M
Common Equity Tier 1 regulatory adjustments			
Goodwill	**(7,566)**	(7,694)	(7,723)
Other intangibles (excluding software) (1)	**(295)**	(644)	(682)
Capitalised costs	**(285)**	(275)	(272)
Capitalised software	**(1,854)**	(1,950)	(1,923)
General reserve for credit losses (2)	**(214)**	(198)	(208)
Deferred tax asset (3)	**(1,164)**	(1,248)	(1,400)
Cash flow hedge reserve (4)	**(224)**	(169)	(368)
Employee compensation reserve (4)	**(125)**	(79)	(132)
Equity investments (5)	**(2,589)**	(2,924)	(2,738)
Equity investments in non-consolidated subsidiaries (6)	**(1,219)**	(1,218)	(1,196)
Shortfall of provisions to expected losses (7)	**(502)**	(236)	(271)
Deferred fees	**(103)**	7	59
Gain due to changes in own credit risk on fair valued liabilities	**(48)**	(6)	(11)
Other	**(148)**	(152)	(174)
Common Equity Tier 1 regulatory adjustments	**(16,336)**	(16,786)	(17,039)
Common Equity Tier 1	**31,412**	28,538	27,030
Additional Tier 1 Capital			
Basel III complying instruments (8)	**2,000**	2,000	2,000
Basel III non complying instruments net of transitional amortisation (9)	**4,196**	4,720	4,720
Additional Tier 1 Capital	**6,196**	6,720	6,720
Tier 1 Capital	**37,608**	35,258	33,750
Tier 2 Capital			
Basel III complying instruments (10)	**234**	-	-
Basel III non complying instruments net of transitional amortisation (11)	**2,530**	2,728	2,901
Holding of own Tier 2 Capital	**-**	-	(15)
Prudential general reserve for credit losses (12)	**171**	194	202
Total Tier 2 Capital	**2,935**	2,922	3,088
Total Capital	**40,543**	38,180	36,838

(1) Other intangibles (excluding capitalised software costs), net of any associated deferred tax liability.
(2) 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.
(3) Deferred tax assets net of deferred tax liabilities.
(4) Cash flow Hedge Reserve and Employee Compensation Reserve balances are ineligible for inclusion in CET1.
(5) Represents the Group's non-controlling interest in other entities.
(6) Represents the net tangible assets within the non-consolidated subsidiaries (primarily the insurance and funds management businesses operating within the Colonial Group). The adjustment is net of $1,250 million in non-recourse debt (31 December 2013: $1,215 million, 30 June 2013: $1,315 million) and $1,000 million in Colonial Group Subordinated Notes (31 December 2013: $1,000 million, 30 June 2013: $1,000 million). The Group's Insurance and fund management companies held $1,374 million of capital in excess of minimum regulatory capital requirements at 30 June 2014.
(7) Regulatory Expected Loss (pre-tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions (pre-tax).
(8) Comprises PERLS VI $2 billion issued in October 2012.
(9) Represents APRA Basel III non-compliant Additional Tier 1 Capital Instruments (PERLS III, PERLS V, Trust Preferred Securities (TPS) 03, TPS 06, ASB Perpetual Preference Shares, and Perpetual Exchangeable Floating Rate Note). These instruments are eligible for Basel III transitional relief.
(10) In April 2014, the Group issued NZD400 million ASB Subordinated Notes through ASB, its New Zealand subsidiary. The notes are Basel III compliant Tier 2 securities and fully contribute towards ASB capital ratios. The amount of these 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 2014 ineligible amount, AUD$138 million).
(11) 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. The June 2014 financial year included the redemption of $500 million in subordinated Tier 2 debt.
(12) 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 [1]	30 Jun 14 $M	31 Dec 13 $M	30 Jun 13 $M
Credit Risk			
Subject to Advanced IRB approach			
Corporate	**49,067**	48,331	53,468
SME Corporate	**22,478**	22,548	30,835
SME Retail	**5,280**	4,711	4,203
SME Retail secured by residential mortgage [2]	**3,543**	3,329	2,862
Sovereign	**5,330**	3,985	3,684
Bank	**10,131**	10,073	10,328
Residential mortgage	**65,986**	64,468	63,879
Qualifying revolving retail	**8,215**	6,553	6,683
Other retail	**12,757**	11,827	11,093
Impact of the regulatory scaling factor [3]	**10,967**	10,550	11,222
Total Risk Weighted Assets subject to Advanced IRB approach	**193,754**	186,375	198,257
Specialised lending exposures subject to slotting criteria	**48,935**	48,514	50,392
Subject to Standardised approach			
Corporate	**10,850**	11,087	3,684
SME Corporate	**4,924**	5,382	525
SME Retail	**5,207**	4,615	4,572
Sovereign	**124**	106	249
Bank	**220**	247	176
Residential mortgage	**6,040**	6,182	2,432
Other retail	**2,648**	2,571	2,224
Other assets	**4,214**	4,586	4,395
Total Risk Weighted Assets subject to Standardised approach	**34,227**	34,776	18,257
Securitisation	**5,010**	5,722	5,373
Credit valuation adjustment	**6,636**	6,381	7,395
Central counterparties	**576**	436	-
Total Risk Weighted Assets for Credit Risk Exposures	**289,138**	282,204	279,674
Traded market risk	**5,284**	5,970	5,151
Interest rate risk in the banking book	**14,762**	17,543	16,289
Operational risk	**28,531**	28,480	28,044
Total Risk Weighted Assets	**337,715**	334,197	329,158

(1) Effective 31 December 2013 APRA revoked the extension of the Group's AIRB accreditation to the Bankwest non-retail portfolio. This resulted in a reclassification of exposures and RWA from Advanced to Standardised. The impact on the Group's RWA and overall capital levels was not material.

(2) Advanced RWA for SME retail exposures secured by residential mortgages is calculated using the same method as advanced residential mortgages. From June 2014, unless specified otherwise, the Group will include these exposures under SME retail. Prior to that date, these exposures were included in residential mortgages.

(3) 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 14	30 Jun 13	30 Jun 14	31 Dec 13
	$M	$M	$M	$M
Ordinary share capital				
Opening balance	**26,323**	25,175	**26,327**	26,323
Issue of shares	**-**	193	**-**	-
Dividend reinvestment plan (net of issue costs) [1]	**707**	929	**707**	-
Purchase of treasury shares [2]	**(813)**	(664)	**(9)**	(804)
Sale and vesting of treasury shares [2]	**819**	690	**11**	808
Closing balance	**27,036**	26,323	**27,036**	26,327
Other equity instruments				
Opening balance	**939**	939	**939**	939
Closing balance	**939**	939	**939**	939
Retained profits				
Opening balance [3]	**16,405**	13,404	**17,455**	16,405
Actuarial gains and losses from defined benefit superannuation plans [3]	**42**	367	**(65)**	107
Gains and losses on liabilities at fair value due to changes in own credit risk	**6**	-	**6**	-
Realised gains and dividend income on treasury shares	**27**	29	**11**	16
Operating profit attributable to Equity holders of the Bank	**8,631**	7,618	**4,424**	4,207
Total available for appropriation	**25,111**	21,418	**21,831**	20,735
Transfers (to)/from general reserve	**(101)**	436	**(49)**	(52)
Transfers from capital reserve	**-**	355	**-**	-
Transfers from asset revaluation reserve	**23**	-	**11**	12
Interim dividend - cash component	**(2,243)**	(2,639)	**(2,243)**	-
Interim dividend - dividend reinvestment plan	**(707)**	-	**(707)**	-
Final dividend - cash component	**(3,224)**	(2,207)	**-**	(3,224)
Final dividend - Dividend Reinvestment Plan (DRP) [1]	**-**	(930)	**-**	-
Other dividends [4]	**(32)**	(28)	**(16)**	(16)
Closing balance	**18,827**	16,405	**18,827**	17,455

(1) The DRP in respect of the 2013/2014 interim dividend was satisfied by the allocation of $707 million of ordinary shares representing a participation rate of 24%.
(2) Relates to movements in treasury shares held within Life Insurance Statutory Funds and the employee share scheme trust.
(3) Comparative information has been restated to conform to presentation in the current period.
(4) Dividends relating to equity instruments on issue other than ordinary shares.

The balances disclosed above include a share of associates' and joint ventures' other comprehensive income of: $nil million as at 30 June 2014, $1 million as at 31 December 2013, and $1 million as at 30 June 2013.

16. Shareholders' Equity (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 14	30 Jun 13	30 Jun 14	31 Dec 13
	$M	$M	$M	$M
Reserves				
General reserve				
Opening balance	**765**	1,201	**817**	765
Appropriation from/(to) retained profits	**101**	(436)	**49**	52
Closing balance	**866**	765	**866**	817
Capital reserve				
Opening balance	**-**	351	**-**	-
Revaluation surplus on sale of property	**-**	4	**-**	-
Transfer to retained profits	**-**	(355)	**-**	-
Closing balance	**-**	-	**-**	-
Asset revaluation reserve				
Opening balance	**194**	195	**182**	194
Revaluation of properties	**28**	4	**28**	-
Transfers on sale of properties	**-**	(4)	**-**	-
Transfer to retained profits	**(23)**	-	**(11)**	(12)
Tax on revaluation of properties	**(2)**	(1)	**(2)**	-
Closing balance	**197**	194	**197**	182
Foreign currency translation reserve				
Opening balance	**(427)**	(893)	**7**	(427)
Currency translation adjustments of foreign operations	**405**	489	**(53)**	458
Currency translation on net investment hedge	**(6)**	(13)	**5**	(11)
Tax on translation adjustments	**(14)**	(10)	**(1)**	(13)
Closing balance	**(42)**	(427)	**(42)**	7
Cash flow hedge reserve				
Opening balance	**368**	644	**169**	368
Gains and losses on cash flow hedging instruments:				
Recognised in other comprehensive income	**338**	(575)	**592**	(254)
Transferred to Income Statement:				
Interest income	**(1,294)**	(1,046)	**(612)**	(682)
Interest expense	**698**	1,272	**95**	603
Tax on cash flow hedging instruments	**114**	73	**(20)**	134
Closing balance	**224**	368	**224**	169
Employee compensation reserve				
Opening balance	**132**	136	**79**	132
Current period movement	**(7)**	(4)	**46**	(53)
Closing balance	**125**	132	**125**	79
Available-for-sale investments reserve				
Opening balance	**301**	(63)	**526**	301
Net gains and losses on revaluation of available-for-sale investments	**509**	553	**184**	325
Net gains and losses on available-for-sale investments transferred to Income Statement on disposal	**(12)**	(31)	**(8)**	(4)
Tax on available-for-sale investments	**(159)**	(158)	**(63)**	(96)
Closing balance	**639**	301	**639**	526
Total reserves	**2,009**	1,333	**2,009**	1,780
Shareholders' equity attributable to equity holders of the Bank	**48,811**	45,000	**48,811**	46,501
Shareholders' equity attributable to non-controlling interests	**537**	537	**537**	536
Total Shareholders' equity	**49,348**	45,537	**49,348**	47,037

17. Share Capital

Ordinary Share Capital	Full Year Ended 30 Jun 14 $M	Full Year Ended 30 Jun 13 $M	Half Year Ended 30 Jun 14 $M	Half Year Ended 31 Dec 13 $M
Opening balance (excluding Treasury Shares deduction)	**26,620**	25,498	**26,620**	26,620
Issue of shares [(1)]	**-**	193	**-**	-
Dividend reinvestment plan: Final dividend prior year [(2)]	**-**	929	**-**	-
Dividend reinvestment plan: Interim dividend [(3)]	**707**	-	**707**	-
Closing balance (excluding Treasury Shares deduction)	**27,327**	26,620	**27,327**	26,620
Less: Treasury shares [(4)]	**(291)**	(297)	**(291)**	(293)
Closing balance	**27,036**	26,323	**27,036**	26,327

(1) During the prior year the number of shares issued included the acquisition of an additional 47% interest in Aussie Home Loans Pty Limited.
(2) The determined dividend includes an amount attributable to DRP of $930 million (final 2011/2012) with $929 million ordinary shares being issued under plan rules, which include the carry forward of DRP balance from previous dividends. The DRP in respect of 2012/2013 final dividend was satisfied in full through the on-market purchase and transfer of $722 million of shares to participating shareholders.
(3) The determined dividends include an amount attributable to DRP of $707 million (interim 2013/2014) with $707 million ordinary shares being issued under plan rules. The DRP in respect of 2012/2013 interim dividend was satisfied in full through the on-market purchase and transfer of $596 million of shares to participating shareholders.
(4) Relates to Treasury shares held within Life Insurance statutory funds and the employee share scheme trust.

Shares on Issue	Full Year Ended 30 Jun 14 Number	Full Year Ended 30 Jun 13 Number	Half Year Ended 30 Jun 14 Number	Half Year Ended 31 Dec 13 Number
Opening balance (excluding Treasury Shares deduction)	**1,611,928,836**	1,592,154,780	**1,611,928,836**	1,611,928,836
Issue of shares [(1)]	**-**	2,747,995	**-**	-
Dividend reinvestment plan issue: [(2)]				
2011/2012 Final dividend fully paid ordinary shares $54.54	**-**	17,026,061	**-**	-
2013/2014 Interim dividend fully paid ordinary shares $75.26	**9,390,358**	-	**9,390,358**	-
Closing balance (excluding Treasury Shares deduction)	**1,621,319,194**	1,611,928,836	**1,621,319,194**	1,611,928,836
Less: Treasury shares [(3)]	**(5,516,035)**	(6,076,006)	**(5,516,035)**	(5,629,235)
Closing balance	**1,615,803,159**	1,605,852,830	**1,615,803,159**	1,606,299,601

(1) During the prior year the number of shares issued included the acquisition of an additional 47% interest in Aussie Home Loans Pty Limited.
(2) The DRP in respect of 2012/2013 interim, and final dividend were satisfied in full through the on-market purchase and transfer of 8,662,389 and 9,829,242 shares to participating shareholders.
(3) 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 2014 to frank dividends for subsequent financial years, is $533 million (December 2013: $849 million; June 2013: $742 million). This figure is based on the franking accounts of the Bank at 30 June 2014, 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 2014.

Dividends

The Directors have declared a fully franked final dividend of 218 cents per share amounting to $3,534 million. There is no foreign conduit income attributed to the final dividend. The dividend will be payable on 2 October 2014 to shareholders on the register at 5:00pm EST on 21 August 2014.

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.

The DRP for the 2014 final dividend is anticipated to be satisfied in full by an on-market purchase of shares.

Record Date

The register closes for determination of dividend entitlement and for participation in the DRP at 5:00pm EST on 21 August 2014.

Ex-Dividend Date

The ex-dividend date is 19 August 2014.

18. ASX Appendix 4E

Cross Reference Index

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

As at 30 June 2014	Ownership Interest Held (%)
Aussie Home Loans Pty Limited [1]	80%
Acadian Asset Management (Australia) Limited	50%
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%
Sentinel Finance Holding Trust	50%
Sentinel Financing Holdings Pty Limited	50%
Sentinel Financing Pty Limited	50%
Sentinel Partnership Pty Limited	50%
First State Cinda Fund Management Company Limited	46%
BoCommLife Insurance Company Limited	38%
Countplus Limited	37%
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	11%

(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.

18. 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 2014 will be satisfied in full by an on-market purchase and transfer of shares of approximately $884 million.

Open Advice Review Program

On 3 July 2014, the Group announced an Open Advice Review program for customers of Commonwealth Financial Planning and Financial Wisdom, who received financial advice between 1 September 2003 and 1 July 2012. The program involves:

- A free review of past advice by a specialist Commonwealth Bank team for customers who have a concern;
- Customers having access to an independent customer advocate funded by the Group and an Independent Review Panel chaired by Hon Ian Callinan AC;
- The Group being bound by any determinations made by the Independent Review Panel. However, customers will retain their rights to escalate their concerns to the Financial Ombudsman Service or otherwise pursue a claim; and
- Independent reporting by Promontory Financial Group.

Customer registrations opened on 3 July 2014 and will remain open for 12 months. As this program has only recently commenced, and the outcomes are therefore uncertain, the Group considers that provisions held are adequate and that the overall costs of the program will not be material to the Group results.

There is no other significant information about events subsequent to 30 June 2014 that has not otherwise been reflected in the Profit Announcement.

Foreign Entities (Rule 4.3A Item No. 13)

Not Applicable.

Compliance Statement

This preliminary final report for the year ended 30 June 2014 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 18 August 2014. 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.

M. K. Taylor

Margaret Taylor
Company Secretary
12 August 2014

19. Profit Reconciliation

Profit Reconciliation	Net profit after tax "cash basis"	Hedging and IFRS volatility	Bankwest non-cash items [1]	Treasury shares valuation adjustment	Bell Group litigation	Gain on sale of management rights	Policyholder tax	Investment experience	Net profit after tax "statutory basis"
	Full Year Ended 30 June 2014								
	$M	$M	$M	$M	$M	$M	$M	$M	$M
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.

19. Profit Reconciliation (continued)

	Full Year Ended 30 June 2013								
	Net profit after tax "cash basis"	Hedging and IFRS volatility	Bankwest non-cash items [(1)]	Treasury shares valuation adjustment	Bell Group litigation	Gain on sale of management rights	Policyholder tax	Investment experience	Net profit after tax "statutory basis"
Profit Reconciliation	$M	$M	$M	$M	$M	$M	$M	$M	$M
Group									
Interest income	34,754	16	(31)	-	-	-	-	-	34,739
Interest expense	(20,810)	5	-	-	-	-	-	-	(20,805)
Net interest income	13,944	21	(31)	-	-	-	-	-	13,934
Other banking income	4,156	16	-	-	-	-	-	-	4,172
Total banking income	18,100	37	(31)	-	-	-	-	-	18,106
Funds management income	1,828	-	-	(63)	-	-	77	5	1,847
Insurance income	739	-	-	-	-	-	35	149	923
Total operating income	20,667	37	(31)	(63)	-	-	112	154	20,876
Investment experience	154	-	-	-	-	-	-	(154)	-
Total income	20,821	37	(31)	(63)	-	-	112	-	20,876
Operating expenses	(9,010)	-	(75)	-	-	-	-	-	(9,085)
Loan impairment expense	(1,082)	-	-	-	(64)	-	-	-	(1,146)
Net profit before tax	10,729	37	(106)	(63)	(64)	-	112	-	10,645
Corporate tax expense	(2,953)	(10)	35	10	19	-	(112)	-	(3,011)
Non-controlling interests	(16)	-	-	-	-	-	-	-	(16)
Net profit after tax	7,760	27	(71)	(53)	(45)	-	-	-	7,618

(1) Includes merger related amortisation through net interest income of $31 million; merger related amortisation through operating expense of $75 million; and an income tax benefit of $35 million.

19. Profit Reconciliation (continued)

	Half Year Ended 30 June 2014								
	Net profit after tax "cash basis"	Hedging and IFRS volatility	Bankwest non-cash items [1]	Treasury shares valuation adjustment	Bell Group litigation	Gain on sale of management rights	Policyholder tax	Investment experience	Net profit after tax "statutory basis"
Profit Reconciliation	$M	$M	$M	$M	$M	$M	$M	$M	$M
Group									
Interest income	16,805	-	1	-	-	-	-	-	16,806
Interest expense	(9,158)	(1)	-	-	-	-	-	-	(9,159)
Net interest income	7,647	(1)	1	-	-	-	-	-	7,647
Other banking income	2,089	(3)	-	-	-	26	-	-	2,112
Total banking income	9,736	(4)	1	-	-	26	-	-	9,759
Funds management income	930	-	-	(14)	-	-	17	58	991
Insurance income	433	-	-	-	-	-	49	96	578
Total operating income	11,099	(4)	1	(14)	-	26	66	154	11,328
Investment experience	154	-	-	-	-	-	-	(154)	-
Total income	11,253	(4)	1	(14)	-	26	66	-	11,328
Operating expenses	(4,748)	-	(37)	-	-	-	-	-	(4,785)
Loan impairment expense	(496)	-	-	-	35	-	-	-	(461)
Net profit before tax	6,009	(4)	(36)	(14)	35	26	66	-	6,082
Corporate tax expense	(1,588)	15	10	1	(10)	(11)	(66)	-	(1,649)
Non-controlling interests	(9)	-	-	-	-	-	-	-	(9)
Net profit after tax	**4,412**	11	(26)	(13)	25	15	-	-	**4,424**

(1) Includes merger related amortisation through net interest income of $1 million; merger related amortisation through operating expense of $37 million; and an income tax benefit of $10 million.

20. 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 14	30 Jun 13
	$M	$M
Net profit after income tax (1)	8,650	7,634
(Increase)/decrease in interest receivable	(22)	130
Decrease in interest payable	(295)	(251)
Net increase in assets at fair value through Income Statement (excluding life insurance)	(1,016)	(3,472)
Net gain on sale of controlled entities and associates	(60)	(7)
Net gain on sale of investments	(2)	-
Net movement in derivative assets/liabilities	5,375	2,372
Net loss on sale of property, plant and equipment	12	14
Equity accounting profit	(192)	(210)
Loan impairment expense	918	1,146
Depreciation and amortisation (including asset write downs)	874	716
(Decrease)/increase in liabilities at fair value through Income Statement (excluding life insurance)	(1,674)	1,569
Increase in other provisions	7	19
(Decrease)/increase in income taxes payable	(617)	45
(Decrease)/increase in deferred tax liabilities	(104)	133
Decrease/(increase) in deferred tax assets	363	(26)
Increase in accrued fees/reimbursements receivable	(158)	(272)
Increase in accrued fees and other items payable	94	315
Decrease in life insurance contract policy liabilities	(1,082)	(1,401)
Increase in cash flow hedge reserve	9	27
Loss/(gains) on changes in fair value of hedged items	71	(617)
Changes in operating assets and liabilities arising from cash flow movements	(8,280)	(2,411)
Other (1)	1,092	1,124
Net cash provided by operating activities	3,963	6,577

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

(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 14	30 Jun 13
	$M	$M
Notes, coins and cash at banks	12,490	7,653
Other short term liquid assets	6,638	4,965
Cash and cash equivalents at end of year	19,128	12,618

(c) Non-Cash Financing and Investing Activities

	Full Year Ended	
	30 Jun 14	30 Jun 13
	$M	$M
Shares issued under the Dividend Reinvestment Plan (1)	707	929

(1) Part of the Dividend Reinvestment Plan paid out in the 2014 financial year was satisfied through the on-market purchase and transfer of $722 million of shares to participating shareholders (2013: $596 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 14	30 Jun 13
	$M	$M
Net assets	440	-
Cash consideration received	569	-
Cash and cash equivalents held in disposed entities	38	-

21. Analysis Template

Profit Summary - Input Schedule	Full Year Ended [1]		Half Year Ended	
	30 Jun 14	30 Jun 13	30 Jun 14	31 Dec 13
	$M	$M	$M	$M
Net interest income	15,091	13,944	7,647	7,444
Other banking income	4,323	4,156	2,089	2,234
Total banking income	19,414	18,100	9,736	9,678
Funds management income	1,933	1,828	930	1,003
Insurance income	819	739	433	386
Total operating income	22,166	20,667	11,099	11,067
Investment experience	235	154	154	81
Total income	22,401	20,821	11,253	11,148
Operating Expenses				
Retail Banking Services	(3,103)	(2,992)	(1,531)	(1,572)
Business and Private Banking	(1,426)	(1,392)	(717)	(709)
Institutional Banking and Markets	(947)	(871)	(492)	(455)
Wealth Management [2]	(1,588)	(1,494)	(798)	(790)
New Zealand	(805)	(686)	(412)	(393)
Bankwest	(799)	(825)	(398)	(401)
IFS and Other	(831)	(750)	(400)	(431)
Total operating expenses	(9,499)	(9,010)	(4,748)	(4,751)
Profit before loan impairment expense	12,902	11,811	6,505	6,397
Loan impairment expense	(953)	(1,082)	(496)	(457)
Net profit before income tax	11,949	10,729	6,009	5,940
Corporate tax expense	(3,250)	(2,953)	(1,588)	(1,662)
Operating profit after tax	8,699	7,776	4,421	4,278
Non-controlling interests	(19)	(16)	(9)	(10)
Net profit after tax ("cash basis")	8,680	7,760	4,412	4,268
Treasury shares valuation adjustment (after tax)	(41)	(53)	(13)	(28)
Hedging and IFRS volatility (after tax)	6	27	11	(5)
Bankwest non-cash items (after tax)	(56)	(71)	(26)	(30)
Bell Group litigation (after tax)	25	(45)	25	-
Gain on sale of management rights (after tax)	17	-	15	2
Net profit after tax ("statutory basis")	8,631	7,618	4,424	4,207
Total Operating Income				
Retail Banking Services	8,623	7,929	4,377	4,246
Business and Private Banking	3,856	3,769	1,921	1,935
Institutional Banking and Markets	2,679	2,579	1,311	1,368
Wealth Management (net of volume expenses) [2]	2,412	2,277	1,173	1,239
New Zealand	1,832	1,550	949	883
Bankwest	1,783	1,747	876	907
IFS and Other	981	816	492	489

(1) Comparative information has been restated to conform to presentation in the current year.
(2) Includes Property; Property includes the operations of the CFS Retail Property Trust, Commonwealth Property Office Fund, Kiwi Income Property Trust, unlisted property funds (the 'Trusts') as well as the asset management and development business.

21. Analysis Template (continued)

Profit Summary - Input Schedule	Full Year Ended 30 Jun 14 $M	Full Year Ended 30 Jun 13 $M	Half Year Ended 30 Jun 14 $M	Half Year Ended 31 Dec 13 $M
Other Data				
Net interest income	**15,091**	13,944	**7,647**	7,444
Average interest earning assets	**705,371**	653,637	**720,889**	690,106
Average net assets (1)	**47,307**	43,502	**48,193**	46,287
Average non-controlling interests (1)	**537**	533	**537**	537
Average other equity instruments (1)	**939**	939	**939**	939
Average treasury shares (1)	**(293)**	(307)	**(292)**	(295)
Distributions - other equity instruments	**45**	40	**22**	23
Interest expense (after tax) - PERLS III	**34**	37	**17**	17
Interest expense (after tax) - PERLS IV	**-**	13	**-**	-
Interest expense (after tax) - PERLS V	**66**	72	**33**	33
Interest expense (after tax) - PERLS VI	**65**	49	**32**	33
Interest expense (after tax) - TPS	**25**	22	**12**	13
Weighted average number of shares - statutory basic (M)	**1,608**	1,598	**1,611**	1,606
Weighted average number of shares - statutory diluted (M)	**1,681**	1,686	**1,684**	1,685
Weighted average number of shares - cash basic (M)	**1,611**	1,601	**1,614**	1,609
Weighted average number of shares - cash diluted (M)	**1,684**	1,689	**1,687**	1,688
Weighted average number of shares - PERLS III (M)	**14**	18	**14**	16
Weighted average number of shares - PERLS IV (M)	**-**	7	**-**	-
Weighted average number of shares - PERLS V (M)	**25**	31	**25**	27
Weighted average number of shares - PERLS VI (M)	**25**	22	**25**	27
Weighted average number of shares - TPS (M)	**8**	9	**8**	8
Weighted average number of shares - Executive options (M)	**1**	1	**1**	1
Dividends per share (cents) - fully franked	**401**	364	**218**	183
No. of shares at end of period excluding Treasury Shares deduction (M)	**1,621**	1,612	**1,621**	1,612
Funds Under Administration (FUA) - average	**263,860**	227,780	**266,221**	262,578
Average inforce premiums	**3,068**	2,834	**3,152**	3,057
Net assets	**49,348**	45,537	**49,348**	47,037
Total intangible assets	**9,792**	10,423	**9,792**	9,942
Non-controlling interests	**537**	537	**537**	536
Other equity instruments	**939**	939	**939**	939

(1) Average of reporting period balances.
(2) Comparative information has been restated to conform to presentation in the current year.

21. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30 Jun 14 $M	Full Year Ended 30 Jun 13 $M	Half Year Ended 30 Jun 14 $M	Half Year Ended 31 Dec 13 $M
Earnings Per Share (EPS)				
Net profit after tax - "cash basis"	**8,680**	7,760	**4,412**	4,268
Less distribution - other equity instruments	**(45)**	(40)	**(22)**	(23)
Adjusted profit for EPS calculation	**8,635**	7,720	**4,390**	4,245
Average number of shares (M) - "cash basis"	**1,611**	1,601	**1,614**	1,609
Earnings Per Share basic - "cash basis" (cents) (1)	**535.9**	482.1	**272.0**	263.9
Net profit after tax - "statutory basis"	**8,631**	7,618	**4,424**	4,207
Less distribution - other equity instruments	**(45)**	(40)	**(22)**	(23)
Adjusted profit for EPS calculation	**8,586**	7,578	**4,402**	4,184
Average number of shares (M) - "statutory basis"	**1,608**	1,598	**1,611**	1,606
Earnings Per Share basic - "statutory basis" (cents) (1)	**533. 8**	474. 2	**273. 3**	260. 5
Interest expense (after tax) - PERLS III	**34**	37	**17**	17
Interest expense (after tax) - PERLS IV	**-**	13	**-**	-
Interest expense (after tax) - PERLS V	**66**	72	**33**	33
Interest expense (after tax) - PERLS VI	**65**	49	**32**	33
Interest expense (after tax) - TPS	**25**	22	**12**	13
Profit impact of assumed conversions (after tax)	**190**	193	**94**	96
Weighted average number of shares - PERLS III (M)	**14**	18	**14**	16
Weighted average number of shares - PERLS IV (M)	**-**	7	**-**	-
Weighted average number of shares - PERLS V (M)	**25**	31	**25**	27
Weighted average number of shares - PERLS VI (M)	**25**	22	**25**	27
Weighted average number of shares - TPS (M)	**8**	9	**8**	8
Weighted average number of shares - Executive options (M)	**1**	1	**1**	1
Weighted average number of shares - dilutive securities (M)	**73**	88	**73**	79
Adjusted cash profit for EPS calculation	**8,635**	7,720	**4,390**	4,245
Add back profit impact of assumed conversions (after tax)	**190**	193	**94**	96
Adjusted diluted profit for EPS calculation	**8,825**	7,913	**4,484**	4,341
Average number of shares (M) - "cash basis"	**1,611**	1,601	**1,614**	1,609
Add back weighted average number of shares (M)	**73**	88	**73**	79
Diluted average number of shares (M)	**1,684**	1,689	**1,687**	1,688
Earnings Per Share diluted - "cash basis" (cents) (1)	**524. 0**	468. 6	**265. 8**	257. 1
Adjusted profit for EPS calculation	**8,586**	7,578	**4,402**	4,184
Add back profit impact of assumed conversions (after tax)	**190**	193	**94**	96
Adjusted diluted profit for EPS calculation	**8,776**	7,771	**4,496**	4,280
Average number of shares (M) - "statutory basis"	**1,608**	1,598	**1,611**	1,606
Add back weighted number of shares (M)	**73**	88	**73**	79
Diluted average number of shares (M)	**1,681**	1,686	**1,684**	1,685
Earnings Per Share diluted - "statutory basis" (cents) (1)	**521. 9**	461. 0	**267. 0**	253. 9
Dividends Per Share (DPS)				
Dividends				
Dividends per share (cents)	**401**	364	**218**	183
No. of shares at end of period (M)	**1,621**	1,612	**1,621**	1,612
Total dividends	**6,484**	5,863	**3,534**	2,950
Dividend payout ratio - "cash basis"				
Net profit after tax - "cash basis"	**8,680**	7,760	**4,412**	4,268
Net profit after tax - attributable to ordinary shareholders	**8,635**	7,720	**4,390**	4,245
Total dividends	**6,484**	5,863	**3,534**	2,950
Payout ratio - "cash basis" (%)	**75.1**	75.9	**80.5**	69.5
Dividend cover				
Net profit after tax - attributable to ordinary shareholders	**8,635**	7,720	**4,390**	4,245
Total dividends	**6,484**	5,863	**3,534**	2,950
Dividend cover - "cash basis" (times)	**1.3**	1.3	**1.2**	1.4

(1) Comparative information has been restated to conform to presentation in the current year.
(2) EPS calculations based on actual NPAT, interest expense, distributions and number of shares prior to rounding to the nearest million.

21. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30 Jun 14 $M	30 Jun 13 $M	Half Year Ended 30 Jun 14 $M	31 Dec 13 $M
Return on Equity (ROE)				
Return on Equity - "cash basis"				
Average net assets	**47,307**	43,502	**48,193**	46,287
Less:				
Average non-controlling interests	**(537)**	(533)	**(537)**	(537)
Average other equity instruments	**(939)**	(939)	**(939)**	(939)
Average equity	**45,831**	42,030	**46,717**	44,811
Add average treasury shares	**293**	307	**292**	295
Net average equity	**46,124**	42,337	**47,009**	45,106
Net profit after tax - "cash basis"	**8,680**	7,760	**4,412**	4,268
Less distribution - other equity instruments	**(45)**	(40)	**(22)**	(23)
Adjusted profit for ROE calculation	**8,635**	7,720	**4,390**	4,245
ROE - "cash basis" (%)	**18.7**	18.2	**18.8**	18.7
Return on Equity - "statutory basis"				
Average net assets	**47,307**	43,502	**48,193**	46,287
Average non-controlling interests	**(537)**	(533)	**(537)**	(537)
Average other equity interests	**(939)**	(939)	**(939)**	(939)
Average equity	**45,831**	42,030	**46,717**	44,811
Net profit after tax - "statutory basis"	**8,631**	7,618	**4,424**	4,207
Less distribution other equity instruments	**(45)**	(40)	**(22)**	(23)
Adjusted profit for ROE calculation	**8,586**	7,578	**4,402**	4,184
ROE - "statutory basis" (%)	**18. 7**	18. 0	**19. 0**	18. 5
Net Tangible Assets per share				
Net assets	**49,348**	45,537	**49,348**	47,037
Less:				
Intangible assets	**(9,792)**	(10,423)	**(9,792)**	(9,942)
Non-controlling interests	**(537)**	(537)	**(537)**	(536)
Other equity instruments	**(939)**	(939)	**(939)**	(939)
Total net tangible assets	**38,080**	33,638	**38,080**	35,620
No. of shares at end of period (M)	**1,621**	1,612	**1,621**	1,612
Net Tangible Assets per share ($)	**23. 49**	20. 87	**23. 49**	22. 10

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

22. Summary

Group		Full Year Ended (1) 30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	Half Year Ended 30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Net profit after tax ("cash basis")	$M	**8,680**	7,760	12	**4,412**	4,268	3
Treasury shares valuation adjustment (after tax)	$M	**(41)**	(53)	(23)	**(13)**	(28)	(54)
Hedging and IFRS volatility (after tax)	$M	**6**	27	(78)	**11**	(5)	large
Bankwest non-cash items (after tax)	$M	**(56)**	(71)	(21)	**(26)**	(30)	(13)
Gain on sale of management rights (after tax)	$M	**17**	-	large	**15**	2	large
Bell Group litigation (after tax)	$M	**25**	(45)	large	**25**	-	large
Net profit after tax ("statutory basis")	$M	**8,631**	7,618	13	**4,424**	4,207	5
Earnings per share ("cash basis") - basic	cents	**535. 9**	482. 1	11	**272. 0**	263. 9	3
Dividends per share (fully franked)	cents	**401**	364	10	**218**	183	19
Dividends payout ratio ("cash basis")	%	**75. 1**	75. 9	(80)bpts	**80. 5**	69. 5	large
Common Equity Tier 1 (Internationally Harmonised) - Basel III	%	**12. 1**	11. 0	110 bpts	**12. 1**	11. 4	70 bpts
Common Equity Tier 1 (APRA) - Basel III	%	**9. 3**	8. 2	110 bpts	**9. 3**	8. 5	80 bpts
Number of full-time equivalent staff	No.	**44,329**	44,969	(1)	**44,329**	44,007	1
Return on equity ("cash basis")	%	**18. 7**	18. 2	50 bpts	**18. 8**	18. 7	10 bpts
Return on equity ("statutory basis")	%	**18. 7**	18. 0	70 bpts	**19. 0**	18. 5	50 bpts
Weighted average no. of shares ("statutory basis") - basic	M	**1,608**	1,598	1	**1,611**	1,606	-
Net tangible assets per share	$	**23. 49**	20. 87	13	**23. 49**	22. 10	6
Net interest income	$M	**15,091**	13,944	8	**7,647**	7,444	3
Net interest margin	%	**2. 14**	2. 13	1 bpt	**2. 14**	2. 14	-
Other banking income	$M	**4,323**	4,156	4	**2,089**	2,234	(6)
Other banking income to total banking income	%	**22. 3**	23. 0	(70)bpts	**21. 5**	23. 1	(160)bpts
Operating expenses to total operating income	%	**42. 9**	43. 6	(70)bpts	**42. 8**	42. 9	(10)bpts
Average interest earning assets	$M	**705,371**	653,637	8	**720,889**	690,106	4
Average interest bearing liabilities	$M	**661,733**	609,557	9	**675,749**	647,944	4
Loan impairment expense ("cash basis")	$M	**953**	1,082	(12)	**496**	457	9
Loan impairment expense ("cash basis") annualised as a % of average gross loans and acceptances	%	**0. 16**	0. 20	(4)bpts	**0. 17**	0. 16	1 bpt
Total provisions for impaired assets as a % of gross impaired assets	%	**37. 60**	40. 62	(302)bpts	**37. 60**	39. 07	(147)bpts
Risk weighted assets (APRA) - Basel III	$M	**337,715**	329,158	3	**337,715**	334,197	1
Retail Banking Services							
Cash net profit after tax	$M	**3,472**	3,089	12	**1,801**	1,671	8
Operating expenses to total banking income	%	**36. 0**	37. 7	(170)bpts	**35. 0**	37. 0	(200)bpts
Business and Private Banking							
Cash net profit after tax	$M	**1,526**	1,474	4	**729**	797	(9)
Operating expenses to total banking income	%	**37. 0**	36. 9	10 bpts	**37. 3**	36. 6	70 bpts
Institutional Banking and Markets							
Cash net profit after tax	$M	**1,258**	1,195	5	**584**	674	(13)
Operating expenses to total banking income	%	**35. 3**	33. 8	150 bpts	**37. 5**	33. 3	420 bpts

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

22. Summary (continued)

		Full Year Ended [1]			Half Year Ended		
		30 Jun 14	30 Jun 13	Jun 14 vs Jun 13 %	30 Jun 14	31 Dec 13	Jun 14 vs Dec 13 %
Wealth Management							
Cash net profit after tax	$M	**793**	679	17	**398**	395	1
Underlying profit after tax	$M	**621**	577	8	**280**	341	(18)
Investment experience after tax	$M	**172**	102	69	**118**	54	large
Funds Under Administration (FUA) - (average) [2]	$M	**241,405**	202,259	19	**247,645**	235,678	5
FUA - (spot) [2]	$M	**253,483**	223,507	13	**253,483**	244,996	3
Net funds flow [2]	$M	**6,268**	15,905	(61)	**3,310**	2,958	12
Average inforce premiums	$M	**2,237**	2,068	8	**2,291**	2,219	3
Annual inforce premiums - (spot)	$M	**2,309**	2,165	7	**2,309**	2,273	2
Funds management income to average FUA [2]	%	**0. 70**	0. 76	(6)bpts	**0. 69**	0. 72	(3)bpts
Insurance income to average inforce premiums	%	**25. 7**	26. 2	(50)bpts	**25. 9**	25. 1	80 bpts
Operating expenses to total operating income [2]	%	**66. 7**	66. 8	(10)bpts	**68. 3**	65. 1	320 bpts
New Zealand							
Cash net profit after tax	$M	**742**	621	19	**387**	355	9
Underlying profit after tax	$M	**739**	616	20	**384**	355	8
FUA - (average)	$M	**10,877**	8,484	28	**11,507**	10,263	12
FUA - (spot)	$M	**12,082**	9,343	29	**12,082**	10,984	10
Average inforce premiums	$M	**590**	516	14	**628**	582	8
Annual inforce premiums - (spot)	$M	**636**	544	17	**636**	620	3
Funds management income to average FUA	%	**0. 55**	0. 58	(3)bpts	**0. 54**	0. 58	(4)bpts
Insurance income to average inforce premiums	%	**33. 2**	33. 2	-	**37. 1**	29. 0	large
Operating expenses to total operating income	%	**42. 0**	43. 9	(190)bpts	**41. 5**	42. 6	(110)bpts
Bankwest							
Cash net profit after tax	$M	**680**	561	21	**327**	353	(7)
Operating expenses to total banking income	%	**44. 8**	47. 2	(240)bpts	**45. 4**	44. 2	120 bpts

(1) Comparative information has been restated to conform to presentation in the current year.
(2) Property is excluded from the calculation of the key performance indicators and comparative information. Property includes the operations of the CFS Retail Property Trust, Commonwealth Property Office Fund, Kiwi Income Property Trust, unlisted property funds as well as the asset management and development businesses.

23. Foreign Exchange Rates

Exchange Rates Utilised [1]	Currency	As at 30 Jun 14	31 Dec 13	30 Jun 13
AUD 1.00 =	USD	**0.9405**	0.8939	0.9268
	EUR	**0.6892**	0.6480	0.7098
	GBP	**0.5525**	0.5424	0.6076
	NZD	**1.0762**	1.0867	1.1860
	JPY	**95.4517**	93.9090	91.5647

(1) End of day, Sydney time.

24. Definitions

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