CommonwealthBank

PROFIT ANNOUNCEMENT

FOR THE FULL YEAR ENDED 30 JUNE 2016

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 10 AUGUST 2016

ASX Appendix 4E

Results for announcement to the market [1]

Report for the year ended 30 June 2016	$M	
Revenue from ordinary activities	44,379	Down 2%
Profit/(loss) from ordinary activities after tax attributable to Equity holders	9,227	Up 2%
Net profit/(loss) for the period attributable to Equity holders	9,227	Up 2%
Dividends (distributions)		
Final dividend - fully franked (cents per share)		222
Interim dividend - fully franked (cents per share)		198
Record date for determining entitlements to the dividend		18 August 2016

(1) Rule 4.3A.

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

This report should be read in conjunction with the 30 June 2016 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	10 August 2016
Ex-dividend date	17 August 2016
Record date	18 August 2016
Final dividend payment date	29 September 2016
2017 interim results date	15 February 2017

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All figures relate to the full year ended 30 June 2016 and comparative information to the full year ended 30 June 2015 unless stated otherwise. The term "prior year" refers to the full year ended 30 June 2015, while the term "prior half" refers to the half year ended 31 December 2015.

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Strength in capital and operating performance – supporting customers, delivering for shareholders

Highlights of the Full Year 2016 Results

- Statutory net profit after tax (NPAT) up 2% to $9,227 million[1, 2]
- Cash NPAT up 3% to $9,450 million
- Cash return on equity of 16.5%
- Cash earnings of $5.55 per share
- Fully franked final dividend of $2.22 per share, taking the full year dividend to $4.20, flat on the prior year, and representing a cash dividend payout ratio of 76.5%
  - Ex-dividend date – 17 August 2016
  - Record Date for the final dividend – 18 August 2016
  - Dividend Reinvestment Plan (DRP) Record Date – 19 August 2016
  - The DRP will be offered to all shareholders with no discount applied
  - Payment date – 29 September 2016
- Operating performance increased 6% to $14,177 million
- Operating income increased 5% to $24,606 million
  - Net Interest Income - up 7% to $16,935 million
  - Net Interest Margin - down 2 basis points to 2.07%
  - Other Banking Income - up 1% to $4,860 million
  - Funds & Insurance - up 3% to $2,811 million
- Operating expenses increased 4% to $10,429 million, with continued improvement in cost-to-income ratio, down a further 40 basis points to 42.4%
- Loan impairment expense (LIE) up 27%, predominantly due to higher provisioning for resource, commodity and dairy exposures; and LIE to average gross loans and acceptances of 19 basis points
- Common Equity Tier 1 (CET1) capital ratio of 10.6% on an APRA basis, up 150 basis points; and CET1 capital ratio of 14.4% on an internationally comparable basis, up 170 basis points
- Liquid assets of $134 billion and a Liquidity Coverage Ratio of 120%
- Customer deposits up $40 billion (8%) to $518 billion, representing 66% of total funding
- Weighted average maturity of long term wholesale funding, up 0.3 years to 4.1 years

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[1] Except where otherwise stated, all figures relate to the full year ended 30 June 2016. The term “prior year” refers to the full year ended 30 June 2015, while the term “prior half” refers to the half year ended 31 December 2015. Unless otherwise indicated, all comparisons are to “prior 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 2016, which is available at www.commbank.com.au/shareholders.

MEDIA RELEASE

Wednesday, 10 August 2016: The Commonwealth Bank of Australia (the Group) today announced its results for the financial year to 30 June 2016.

Commenting on the result, Chief Executive Officer Ian Narev said, "We have pursued a simple, consistent strategy for over a decade now. Continued execution of that strategy, focused on customer satisfaction, innovation and strength, has again driven solid operating performance and balance sheet growth for the Group."

"In the banking businesses, net interest income growth was supported by continued home and business lending and strong deposit growth, particularly in transaction banking. In other parts of the Group we also saw trading income growth and an increase in funds under administration. Sound cost management saw improvements in the Group's cost-to-income ratio, and together with income growth, resulted in a 6% increase in operating performance on the prior year".

Leading in customer satisfaction

Commonwealth Bank ranked outright number one for retail customer satisfaction for each month during the financial year, and ranked first or equal first in all key segments of business customer satisfaction at year end.[3] Wealth Management regained the top spot for adviser satisfaction in April 2016 and the bank was also named Bank of the Year - Small Business by Canstar.[4]

Mr Narev said, "Customer satisfaction is the key metric we use to benchmark execution of Group strategy, because satisfied customers look to us to meet more of their needs. This year we have achieved our best ever customer satisfaction results, and this has again translated into increased customer activity."

Stronger capital, funding and liquidity positions

During the financial year, the Group responded to increased regulatory capital requirements and raised $5.1 billion through an entitlement offer for all shareholders. As at 30 June 2016, the Group had a CET1 capital ratio of 10.6% on an APRA basis, up from 9.1% as at 30 June 2015; and a CET1 capital ratio of 14.4% on an internationally comparable basis up from 12.7%. The larger capital base impacted return on equity which was down 170 basis points to 16.5%.

In the year, the Group also achieved 8% growth in customer deposits, which now contribute 66% of group funding. As at 30 June 2016, the Group's net stable funding ratio, on current calculations, exceeded 100%, and the liquidity coverage ratio was 120%.

"Our capacity to support our customers is directly related to the strength of our balance sheet. As a result of the capital raising and strong organic capital growth throughout the year, we have substantially boosted our capital position. This now places us above any 'unquestionably strong' benchmark for CET1 capital. With clarity on a number of global regulatory reforms expected by

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[3] Roy Morgan Research Retail Main Financial Institution (MFI) Customer Satisfaction, DBM Business Financial Services Monitor

[4] Wealth Insights platform service and overall satisfaction score (April 2016)

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the end of this calendar year, we are confident that we will maintain our position of strength across all required metrics. Notwithstanding the increased capital levels, global volatility and regulation have meant that funding costs have moved higher in the second half of the year," said Mr Narev.

The strength of our people

Mr Narev commented, "Our people have showed continuing commitment and dedication to their customers and the values of the Commonwealth Bank, as evidenced by the strength of our customer satisfaction performance. This year, to support our focus on embedding a values-driven way of working across the Group, we are incorporating into everyone's performance review an assessment of how we have demonstrated our values and enhanced our risk culture."

"Making the Group a place where our people feel motivated to give of their best, regardless of gender, ethnicity, sexual orientation, age, or whether they have a disability, also remains a major priority."

The Group has reached its target of having women in 35% of Executive Manager and above positions, and so has set a new target of 40% by 2020. The Board is now one third female and by the end of the calendar year, 50% of the Group Executive team will be female. The Workplace Gender Equality Agency awarded the Group the Employer of Choice for Gender Equality citation and the Group was named the second-most inclusive employer in the 2016 Australian Workplace Equality Index Awards.

"We are pleased with progress on gender diversity, but we must sustain our efforts," Mr Narev said. "We will also maintain our focus on cultural diversity, and generally creating an environment that reflects the diversity of the communities in which we live and work."

Building leading-edge technologies and supporting innovation

Momentum on innovation initiatives was maintained in 2016. For retail customers the emphasis was on fast and simple digital transactions. The CommBank app now includes 'Instant Banking', which allows new-to-bank customers to open an account and transact immediately, new online loan approval capabilities, and click-to-pay with 'Photo a Bill'. For business customers, the focus was on delivering business intelligence and integrated technology solutions, including through new partnerships with leading fintech providers. The bank also continued the successful roll-out of Albert EFTPOS tablets, with more than 40,000 now in the market.

Technology developments overseas also contributed to the Group's innovation capabilities. In New Zealand, ASB launched the Clever Kash cashless money box. In South Africa, TYME launched a MoneyTransfer remittance product through supermarkets. The Group's Innovation Labs incubator network was extended beyond Sydney to include Melbourne, London and Hong Kong, and leading-edge investments were made in blockchain and quantum computing.

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Contributing to Australia's wellbeing

In 2016, the Group distributed $7 billion in dividends to more than 800,000 shareholders and super funds, and paid $6.2 billion in salaries and wages to 41,400 Australians and to 51,700 of our people overall. Payments of $4.2 billion were made to around 5,000 SME partners and suppliers, more than 90% of which were Australian. The Group was also the biggest tax payer in Australia, contributing $3.6 billion in tax, equivalent to 4.8% of Australia's total corporate tax receipts.

Mr Narev commented, "In addition to fulfilling our responsibility to support individuals and businesses directly, we are also proud of the Group's contribution to the economy through the taxes, salaries and dividends we pay. We look for ways to make a positive contribution beyond our core business, and are committed to operating sustainably and to supporting the communities in which we operate through a range of education and community investment focused initiatives."

Outlook

Commenting on the outlook, Mr Narev said, "Continuing demand for Australian resources, a vibrant construction sector in NSW and Victoria, and employment growth in key services sectors have underpinned real GDP growth and employment stability."

"However, on-going economic strength will require a lift in the low rates of nominal growth. Income growth inside and outside Australia remains weak, so people are not feeling better off. When combined with on-going global economic and political uncertainty this makes households and businesses cautious, and hesitant to respond to monetary stimulus."

"At CBA, we are cognisant of the combined impact of weaker demand, strong competition and increasing regulation. An on-going focus on productivity and credit quality will be important. But we remain positive about Australia's economic prospects, driven by population growth, our proximity to growth in Asia and the attractiveness of Australia as a destination and a trusted source of a broad range of goods and services. So we will continue to manage for the long term, putting customers first and investing for the future."

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Key financial information

	Full Year Ended			Half Year Ended		
Group perfomance summary	**30 Jun 16 $M**	**30 Jun 15 $M**	**Jun 16 vs Jun 15 %**	**30 Jun 16 $M**	**31 Dec 15 $M**	**Jun 16 vs Dec 15 %**
Net interest income [1]	16,935	15,827	7	8,508	8,427	1
Other banking income [1]	4,860	4,811	1	2,444	2,416	1
Total banking income	21,795	20,638	6	10,952	10,843	1
Funds management income	2,016	1,938	4	984	1,032	(5)
Insurance income	795	792	-	308	487	(37)
Total operating income	24,606	23,368	5	12,244	12,362	(1)
Investment experience	141	210	(33)	83	58	43
Total income	24,747	23,578	5	12,327	12,420	(1)
Operating expenses	(10,429)	(9,993)	4	(5,213)	(5,216)	-
Loan impairment expense	(1,256)	(988)	27	(692)	(564)	23
Net profit before tax	13,062	12,597	4	6,422	6,640	(3)
Net profit after tax ("cash basis")	9,450	9,137	3	4,646	4,804	(3)
Net profit after tax ("statutory basis")	9,227	9,063	2	4,609	4,618	-

Cash net profit after tax, by division [1]	**30 Jun 16 $M**	**30 Jun 15 $M**	**Jun 16 vs Jun 15 %**	**30 Jun 16 $M**	**31 Dec 15 $M**	**Jun 16 vs Dec 15 %**
Retail Banking Services	4,436	3,994	11	2,221	2,215	-
Business and Private Banking	1,567	1,495	5	764	803	(5)
Institutional Banking and Markets	1,164	1,285	(9)	556	608	(9)
Wealth Management	617	653	(6)	245	372	(34)
New Zealand	877	882	(1)	414	463	(11)
Bankwest	763	795	(4)	367	396	(7)
IFS and Other	26	33	(21)	79	(53)	large

Shareholder ratios & performance indicators	**30 Jun 16**	**30 Jun 15**	**Jun 16 vs Jun 15 %**	**30 Jun 16**	**31 Dec 15**	**Jun 16 vs Dec 15 %**
Earnings Per Share (cents) - "cash basis" - basic [2]	555.1	557.5	-	270.8	284.4	(5)
Return on equity - "cash basis" (%)	16.5	18.2	(170)bpts	15.6	17.2	(160)bpts
Return on average total assets - "cash basis" (%)	1.0	1.1	(10)bpts	1.0	1.1	(10)bpts
Dividends per share - fully franked (cents)	420	420	-	222	198	12
Dividend payout ratio (%) - "cash basis"	76.5	75.1	140 bpts	82.3	70.8	large
Average interest earning assets ($M) [1]	817,457	755,872	8	829,127	805,916	3
Funds Under Administration (FUA) - average ($M) [1]	143,312	138,358	4	143,730	143,120	-
Assets Under Management (AUM) - average ($M)	202,000	199,264	1	200,075	203,603	(2)
Net interest margin (%) [1]	2.07	2.09	(2)bpts	2.06	2.08	(2)bpts
Operating expenses to total operating income (%)	42.4	42.8	(40)bpts	42.6	42.2	40 bpts

(1) Comparative information has been restated to reflect the changes in presentation disclosed in the prior half, and reclassification of fixed rate prepayment recoveries from Other banking income to Net interest income to align with the associated hedge costs.
(2) Comparative information has been restated to incorporate the bonus element of the rights issue in the weighted average number of ordinary shares.

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Section 2 – Highlights

Highlights

Group Performance Highlights

	Full Year Ended ("statutory basis")		Full Year Ended ("cash basis")			Half Year Ended ("cash basis")		
	30 Jun 16	Jun 16 vs Jun 15 %	30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Net profit after tax ($M)	**9,227**	2	**9,450**	9,137	3	**4,646**	4,804	(3)
Return on equity (%)	**16. 2**	(200)bpts	**16. 5**	18. 2	(170)bpts	**15. 6**	17. 2	(160)bpts
Earnings per share - basic (cents)	**542. 5**	(2)	**555. 1**	557. 5	-	**270. 8**	284. 4	(5)
Dividends per share (cents)	**420**	-	**420**	420	-	**222**	198	12

Financial Performance

The Group's net profit after tax ("statutory basis") for the year ended 30 June 2016 increased 2% on the prior year to $9,227 million.

Return on equity ("statutory basis") was 16.2% and Earnings per share ("statutory basis") was 542.5 cents, a decrease of 2% 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 audited in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Group's underlying operating results, excluding items that introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from statutory profit is provided in the reconciliation of the Net profit after tax ("cash basis") on page 3 and described in greater detail on page 15.

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

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

Operating expenses increased due to higher staff costs, the impact of foreign exchange, and increased investment spend, partly offset by the incremental benefit generated from productivity initiatives.

Loan impairment expense increased, primarily due to higher provisioning levels in Institutional Banking and Markets, New Zealand and IFS. Provisioning levels remain prudent and there has been no change to the economic overlay.

Net profit after tax ("cash basis") for the year ended 30 June 2016 increased 3% on the prior year to $9,450 million. Cash earnings per share remained flat at 555.1 cents per share.

Return on equity ("cash basis") for the year ended 30 June 2016 was 16.5%, a decrease of 170 basis points on the prior year.

Capital

The Group strengthened its capital position during the year, by undertaking a $5.1 billion institutional and retail entitlement offer, ahead of the APRA requirement to hold additional capital with respect to Australian residential mortgages effective from 1 July 2016. The capital raising places the Group in a strong position both domestically and on an internationally comparable basis. As at 30 June 2016, the Basel III Common Equity Tier 1 (CET1) ratio was 14.4% on an internationally comparable basis and 10.6% on an APRA basis.

Funding

The Group continued to maintain conservative Balance Sheet settings, with a considerable portion of the Group's lending growth funded by growth in customer deposits, which increased to $518 billion as at 30 June 2016, up $40 billion on the prior year.

Dividends

The final dividend declared was $2.22 per share, bringing the total dividend for the year ended 30 June 2016 to $4.20 per share, in line with the prior year. This represents a dividend payout ratio ("cash basis") of 76.5%.

The final dividend payment will be fully franked and paid on 29 September 2016 to owners of ordinary shares at the close of business on 18 August 2016 (record date). Shares will be quoted ex–dividend on 17 August 2016.

Outlook

Continuing demand for Australian resources, a vibrant construction sector in NSW and Victoria, and employment growth in key services sectors have underpinned real GDP growth and employment stability.

However, on-going economic strength will require a lift in the low rates of nominal growth. Income growth inside and outside Australia remains weak, so people are not feeling better off. When combined with on-going global economic and political uncertainty this makes households and businesses cautious, and hesitant to respond to monetary stimulus.

At CBA, we are cognisant of the combined impact of weaker demand, strong competition and increasing regulation. An on-going focus on productivity and credit quality will be important. But we remain positive about Australia's economic prospects, driven by population growth, our proximity to growth in Asia and the attractiveness of Australia as a destination and a trusted source of a broad range of goods and services. So we will continue to manage for the long term, putting customers first and investing for the future.

Group Performance Summary	Full Year Ended ("cash basis") 30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	Half Year Ended ("cash basis") 30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %	Full Year Ended ("statutory basis") 30 Jun 16 $M	Jun 16 vs Jun 15 %
Net interest income [1]	**16,935**	15,827	7	**8,508**	8,427	1	**16,935**	7
Other banking income [1]	**4,860**	4,811	1	**2,444**	2,416	1	**4,576**	(5)
Total banking income	**21,795**	20,638	6	**10,952**	10,843	1	**21,511**	4
Funds management income	**2,016**	1,938	4	**984**	1,032	(5)	**2,061**	3
Insurance income	**795**	792	-	**308**	487	(37)	**1,006**	(1)
Total operating income	**24,606**	23,368	5	**12,244**	12,362	(1)	**24,578**	4
Investment experience	**141**	210	(33)	**83**	58	43	**-**	-
Total income	**24,747**	23,578	5	**12,327**	12,420	(1)	**24,578**	4
Operating expenses	**(10,429)**	(9,993)	4	**(5,213)**	(5,216)	-	**(10,468)**	4
Loan impairment expense	**(1,256)**	(988)	27	**(692)**	(564)	23	**(1,256)**	27
Net profit before tax	**13,062**	12,597	4	**6,422**	6,640	(3)	**12,854**	2
Corporate tax expense [2]	**(3,592)**	(3,439)	4	**(1,767)**	(1,825)	(3)	**(3,607)**	2
Non-controlling interests [3]	**(20)**	(21)	(5)	**(9)**	(11)	(18)	**(20)**	(5)
Net profit after tax ("cash basis")	**9,450**	9,137	3	**4,646**	4,804	(3)	**n/a**	n/a
Hedging and IFRS volatility [4]	**(200)**	6	large	**(49)**	(151)	(68)	**n/a**	n/a
Other non-cash items [4]	**(23)**	(80)	(71)	**12**	(35)	large	**n/a**	n/a
Net profit after tax ("statutory basis")	**9,227**	9,063	2	**4,609**	4,618	-	**9,227**	2
Represented by: [1]								
Retail Banking Services	**4,436**	3,994	11	**2,221**	2,215	-		
Business and Private Banking	**1,567**	1,495	5	**764**	803	(5)		
Institutional Banking and Markets	**1,164**	1,285	(9)	**556**	608	(9)		
Wealth Management	**617**	653	(6)	**245**	372	(34)		
New Zealand	**877**	882	(1)	**414**	463	(11)		
Bankwest	**763**	795	(4)	**367**	396	(7)		
IFS and Other	**26**	33	(21)	**79**	(53)	large		
Net profit after tax ("cash basis")	**9,450**	9,137	3	**4,646**	4,804	(3)		
Investment experience after tax	**(100)**	(150)	(33)	**(56)**	(44)	27		
Net profit after tax ("underlying basis")	**9,350**	8,987	4	**4,590**	4,760	(4)		

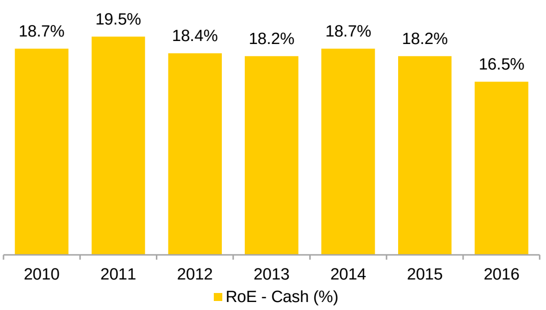
(1) Comparative information has been restated to reflect the changes in presentation disclosed in the prior half, and reclassification of fixed rate prepayment recoveries from Other banking income to Net interest income to align with the associated hedge costs.

(2) For the purposes of presentation of Net profit after tax ("cash basis"), policyholder tax expense components of corporate tax expense are shown on a net basis (30 June 2016: $101 million and 30 June 2015: $99 million, and for the half years ended 30 June 2016: $92 million and 31 December 2015: $9 million).

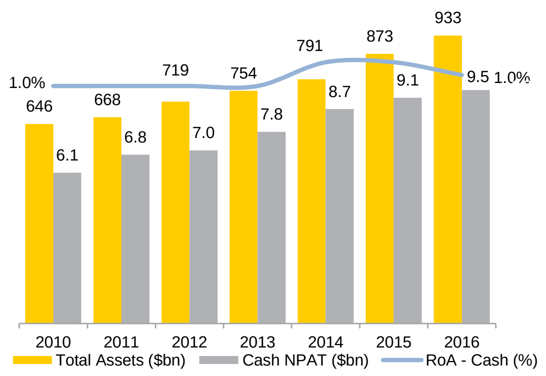
(3) Non-controlling interests include preference dividends paid to holders of preference shares in ASB Capital Limited and ASB Capital No.2 Limited.

(4) Refer to page 15 for details.

Group Return on Equity



Group Return on Assets



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Highlights

Key Performance Indicators	Full Year Ended (1) 30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	Half Year Ended (1) 30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Group						
Statutory net profit after tax ($M)	**9,227**	9,063	2	**4,609**	4,618	-
Cash net profit after tax ($M)	**9,450**	9,137	3	**4,646**	4,804	(3)
Net interest margin (%)	**2. 07**	2. 09	(2)bpts	**2. 06**	2. 08	(2)bpts
Net interest margin excluding Treasury and Markets (%)	**2. 06**	2. 06	-	**2. 05**	2. 06	(1)bpt
Average interest earning assets ($M)	**817,457**	755,872	8	**829,127**	805,916	3
Average interest bearing liabilities ($M)	**760,615**	713,084	7	**758,994**	762,221	-
Funds Under Administration (FUA) - average ($M)	**143,312**	138,358	4	**143,730**	143,120	-
Assets Under Management (AUM) - average ($M)	**202,000**	199,264	1	**200,075**	203,603	(2)
Average inforce premiums ($M)	**3,401**	3,259	4	**3,417**	3,386	1
Operating expenses to total operating income (%)	**42. 4**	42. 8	(40)bpts	**42. 6**	42. 2	40 bpts
Effective corporate tax rate ("cash basis") (%)	**27. 5**	27. 3	20 bpts	**27. 5**	27. 5	-
Retail Banking Services						
Cash net profit after tax ($M)	**4,436**	3,994	11	**2,221**	2,215	-
Operating expenses to total banking income (%)	**32. 6**	34. 1	(150)bpts	**32. 3**	32. 8	(50)bpts
Business and Private Banking						
Cash net profit after tax ($M)	**1,567**	1,495	5	**764**	803	(5)
Operating expenses to total banking income (%)	**38. 1**	38. 4	(30)bpts	**38. 4**	37. 8	60 bpts
Institutional Banking and Markets						
Cash net profit after tax ($M)	**1,164**	1,285	(9)	**556**	608	(9)
Operating expenses to total banking income (%)	**37. 9**	34. 6	330 bpts	**38. 7**	37. 1	160 bpts
Wealth Management						
Cash net profit after tax ($M)	**617**	653	(6)	**245**	372	(34)
FUA - average ($M)	**132,632**	128,880	3	**132,723**	132,721	-
AUM - average ($M)	**197,569**	195,406	1	**195,513**	199,294	(2)
Average inforce premiums ($M)	**2,474**	2,388	4	**2,480**	2,470	-
Operating expenses to total operating income (%)	**70. 0**	73. 5	(350)bpts	**76. 8**	64. 3	large
New Zealand						
Cash net profit after tax ($M)	**877**	882	(1)	**414**	463	(11)
FUA - average ($M)	**10,680**	9,478	13	**11,007**	10,399	6
AUM - average ($M)	**4,431**	3,858	15	**4,562**	4,309	6
Average inforce premiums ($M)	**672**	638	5	**682**	664	3
Operating expenses to total operating income (%) (2)	**40. 0**	40. 2	(20)bpts	**40. 8**	39. 3	150 bpts
Bankwest						
Cash net profit after tax ($M)	**763**	795	(4)	**367**	396	(7)
Operating expenses to total banking income (%)	**41. 7**	42. 0	(30)bpts	**41. 9**	41. 5	40 bpts
Capital (Basel III)						
Common Equity Tier 1 (Internationally Comparable) (%) (3)	**14. 4**	12. 7	170 bpts	**14. 4**	14. 3	10 bpts
Common Equity Tier 1 (APRA) (%)	**10. 6**	9. 1	150 bpts	**10. 6**	10. 2	40 bpts
Leverage Ratio (Basel III) (4)						
Leverage Ratio (Internationally Comparable) (%) (5)	**5. 6**	n/a	n/a	**5. 6**	5. 6	-
Leverage Ratio (APRA) (%)	**5. 0**	n/a	n/a	**5. 0**	5. 0	-

(1) Comparative information has been restated to reflect the changes in presentation disclosed in the prior half, and reclassification of fixed rate prepayment recoveries from Other banking income to Net interest income to align with the associated hedge costs.
(2) Key financial metrics are calculated in New Zealand dollar terms.
(3) Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".
(4) As the Group commenced disclosure of its leverage ratio at 30 September 2015, no full year comparatives have been presented.
(5) The Tier 1 Capital included in the calculation of the internationally comparable leverage ratio aligns with the 13 July 2015 APRA study titled "International capital comparison study", and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

Shareholder Summary	Full Year Ended 30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	Half Year Ended 30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Dividends per share - fully franked (cents)	**420**	420	-	**222**	198	12
Dividend cover - "cash basis" (times)	**1. 3**	1. 3	-	**1. 2**	1. 4	(14)
Earnings Per Share (EPS) (cents) (1) (2)						
Statutory basis - basic	**542. 5**	553. 7	(2)	**268. 9**	273. 6	(2)
Cash basis - basic	**555. 1**	557. 5	-	**270. 8**	284. 4	(5)
Dividend payout ratio (%) (2)						
Statutory basis	**78. 3**	75. 7	260 bpts	**82. 9**	73. 7	large
Cash basis	**76. 5**	75. 1	140 bpts	**82. 3**	70. 8	large
Weighted average no. of shares ("statutory basis") - basic (M) (1) (2) (3)	**1,692**	1,627	4	**1,707**	1,676	2
Weighted average no. of shares ("cash basis") - basic (M) (1) (2) (3)	**1,693**	1,630	4	**1,709**	1,678	2
Return on equity - "statutory basis" (%) (2)	**16. 2**	18. 2	(200)bpts	**15. 6**	16. 6	(100)bpts
Return on equity - "cash basis" (%) (2)	**16. 5**	18. 2	(170)bpts	**15. 6**	17. 2	(160)bpts

(1) Comparative information has been restated to incorporate the bonus element of the rights issue in the weighted average number of ordinary shares.
(2) For definitions refer to Appendix 23.
(3) Diluted EPS and weighted average number of shares are disclosed in Appendix 20.

Market Share (1)	As at 30 Jun 16 %	31 Dec 15 %	30 Jun 15 %	Jun 16 vs Dec 15	Jun 16 vs Jun 15
Home loans	**25. 3**	25. 1	25. 2	20 bpts	10 bpts
Credit cards - RBA (2)	**24. 4**	24. 7	24. 3	(30)bpts	10 bpts
Other household lending (3)	**16. 8**	16. 9	17. 4	(10)bpts	(60)bpts
Household deposits	**29. 2**	29. 3	29. 4	(10)bpts	(20)bpts
Business lending - RBA	**16. 9**	17. 0	17. 0	(10)bpts	(10)bpts
Business lending - APRA	**18. 7**	18. 7	18. 8	-	(10)bpts
Business deposits - APRA	**20. 2**	20. 3	20. 3	(10)bpts	(10)bpts
Asset Finance	**12. 8**	13. 1	13. 2	(30)bpts	(40)bpts
Equities trading	**4. 7**	5. 6	6. 0	(90)bpts	(130)bpts
Australian Retail - administrator view (4)	**15. 7**	15. 6	15. 8	10 bpts	(10)bpts
FirstChoice Platform (4)	**11. 1**	11. 0	11. 1	10 bpts	-
Australia life insurance (total risk) (4)	**11. 4**	11. 6	12. 1	(20)bpts	(70)bpts
Australia life insurance (individual risk) (4)	**10. 9**	11. 0	11. 6	(10)bpts	(70)bpts
NZ home loans	**21. 8**	21. 8	21. 7	-	10 bpts
NZ retail deposits	**21. 0**	20. 9	21. 4	10 bpts	(40)bpts
NZ business lending	**12. 4**	11. 9	11. 6	50 bpts	80 bpts
NZ retail FUA (4)	**15. 6**	15. 7	16. 2	(10)bpts	(60)bpts
NZ annual inforce premiums (4)	**28. 5**	28. 7	28. 8	(20)bpts	(30)bpts

(1) Prior periods have been restated in line with market updates and comparatives have not been restated to include the impact of new market entrants in the current period.
(2) As at 31 May 2016.
(3) Other household lending market share includes personal loans, margin loans and other forms of lending to individuals.
(4) As at 31 March 2016.

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

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Contents

Section 3 – Group Performance Analysis

Financial Performance and Business Review

Year Ended June 2016 versus June 2015

The Group's net profit after tax ("cash basis") increased 3% on the prior year to $9,450 million.

Earnings per share ("cash basis") was flat on the prior year at 555.1 cents per share and return on equity ("cash basis") decreased 170 basis points on the prior year to 16.5%.

The key components of the Group result were:

- **Net interest income** increased 7% to $16,935 million, reflecting 8% growth in average interest earning assets, partly offset by a two basis point decrease in net interest margin. Net interest margin excluding Treasury and Markets remained flat at 2.06%;
- **Other banking income** increased 1% to $4,860 million, reflecting a strong sales performance in Markets and an increased share of profits from associates, partly offset by unfavourable derivative valuation adjustments;
- **Funds management income** increased 4% to $2,016 million including a 3% benefit from the lower Australian dollar. This reflects a 4% increase in average Funds Under Administration (FUA), and improved FUA margins;
- **Insurance income** was flat at $795 million with average inforce premium growth of 4% and fewer event claims, offset by an increase in income protection claims reserves resulting in loss recognition;
- **Operating expenses** increased 4% to $10,429 million, including a 1% increase from the lower Australian dollar, higher staff costs, increased investment spend, and higher amortisation. This was partly offset by the continued realisation of incremental benefits from productivity initiatives; and
- **Loan impairment expense** increased 27% to $1,256 million, due to higher provisioning primarily in Institutional Banking and Markets, New Zealand and IFS.

Half Year Ended June 2016 versus December 2015

The Group's net profit after tax ("cash basis") decreased 3% on the prior half to $4,646 million.

Earnings per share ("cash basis") decreased 5% on the prior half to 270.8 cents per share, and return on equity ("cash basis") decreased 160 basis points on the prior half to 15.6%.

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

- **Net interest income** increased 1% to $8,508 million, reflecting 3% growth in average interest earning assets, partly offset by a two basis point decrease in net interest margin. Net interest margin excluding Treasury and Markets decreased one basis point to 2.05%;
- **Other banking income** increased 1% to $2,444 million, reflecting strong growth in trading income, partly offset by lower commissions;
- **Funds management income** decreased 5% to $984 million including a 1% decrease from the higher Australian dollar, and a 2% decrease in average Assets Under Management (AUM) and lower AUM margins;
- **Insurance income** decreased 37% to $308 million due to higher event claims, and an increase in income protection claims reserves resulting in loss recognition;
- **Operating expenses** were flat at $5,213 million due to higher occupancy costs, offset by the continued realisation of incremental benefits from productivity initiatives; and
- **Loan impairment expense** increased 23% to $692 million, primarily due to higher provisioning in Retail Banking Services and New Zealand, partly offset by increased write-backs in Institutional Banking and Markets.

Net Interest Income

	Full Year Ended (1)			Half Year Ended (1)		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Net interest income - "cash basis"	**16,935**	15,827	7	**8,508**	8,427	1
Average interest earning assets						
Home loans	**436,530**	410,306	6	**443,497**	429,639	3
Personal loans	**23,722**	23,481	1	**23,838**	23,608	1
Business and corporate loans	**211,356**	190,537	11	**215,027**	207,726	4
Total average lending interest earning assets	**671,608**	624,324	8	**682,362**	660,973	3
Non-lending interest earning assets	**145,849**	131,548	11	**146,765**	144,943	1
Total average interest earning assets	**817,457**	755,872	8	**829,127**	805,916	3
Net interest margin (%)	**2. 07**	2. 09	(2)bpts	**2. 06**	2. 08	(2)bpts
Net interest margin excluding Treasury and Markets (%)	**2. 06**	2. 06	-	**2. 05**	2. 06	(1)bpt

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

Year Ended June 2016 versus June 2015

Net interest income increased 7% on the prior year to $16,935 million. The result was driven by growth in average interest earning assets of 8%, partly offset by a two basis point decrease in net interest margin.

Average Interest Earning Assets

Average interest earning assets increased $62 billion on the prior year to $817 billion, driven by:

- Home loan average balances increased $26 billion or 6% on the prior year to $437 billion. The growth in home loan balances was largely driven by domestic banking growth;
- Average balances for business and corporate loans increased $21 billion or 11% on the prior year to $211 billion driven by growth in institutional and business banking lending balances; and
- Average non-lending interest earning assets increased $14 billion or 11% on the prior year to $146 billion due to higher cash, liquid assets and trading assets.

Net Interest Margin

The Group's net interest margin decreased two basis points on the prior year to 2.07%. The key drivers of the movement were:

Asset pricing: Flat with the impact of home loan repricing, offset by the impact of competition on home and business lending.

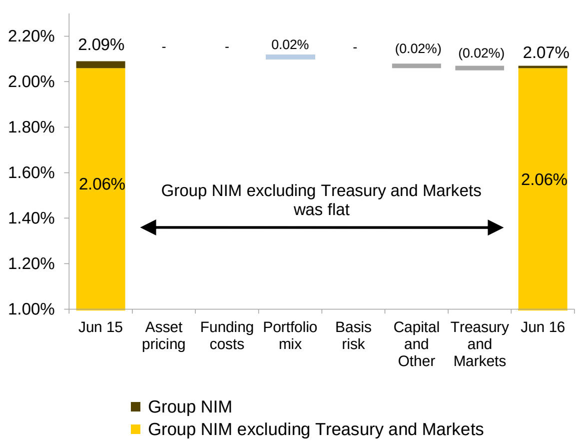
Funding costs: Flat with the benefit from lower wholesale funding costs of one basis point offset by a one basis point increase in deposit costs, mainly due to the lower cash rate.

Portfolio mix: Increased margin of two basis points reflecting a favourable change in funding mix from proportionally higher levels of transactions and savings deposits, partly offset by an unfavourable change in lending mix.

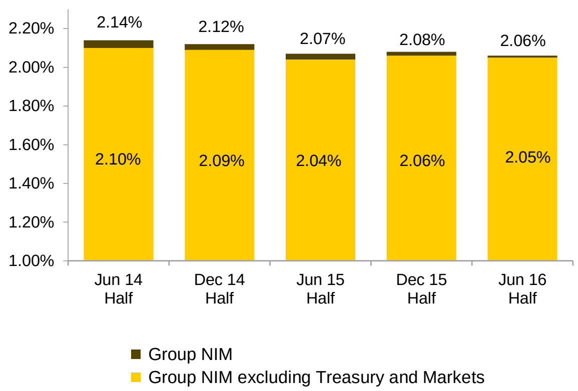
Capital and Other: Decreased margin of two basis points. The positive impact from higher capital was offset by the impact of the falling cash rate environment on free equity funding.

Treasury and Markets: Decreased margin of two basis points driven by increased holdings of liquid assets and a lower contribution from Treasury and Markets.

NIM movement since June 2015 (1)



Group NIM (Half Year Ended) (1)



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

Net Interest Income (continued)

Half Year Ended June 2016 versus December 2015

Net interest income increased 1% on the prior half, with growth in average interest earning assets of 3% partly offset by a two basis point decrease in net interest margin to 2.06%.

Average Interest Earning Assets

Average interest earning assets increased $23 billion on the prior half to $829 billion, driven by:

- Home loan average balances increased $14 billion or 3% on the prior half to $443 billion, primarily driven by growth in the domestic banking business;
- Average balances for business and corporate loans increased $7 billion or 4% on the prior half to $215 billion, driven by growth in institutional and business banking lending balances; and
- Average non-lending interest earning assets increased $2 billion or 1% on the prior half.

Net Interest Margin

The Group's net interest margin decreased two basis points on the prior half to 2.06%. The key drivers were:

Asset pricing: Increased margin of one basis point, reflecting the impact of home loan repricing, partly offset by the impact of competition on home and business lending.

Funding costs: Decreased margin of two basis points, reflecting an increase in deposit costs due to the lower cash rate, and an increase in wholesale funding costs.

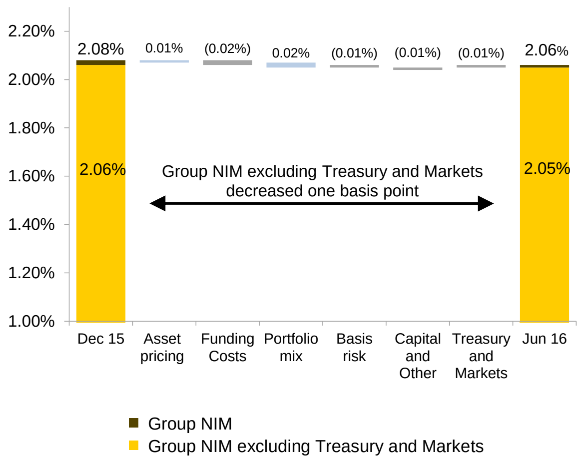
Portfolio mix: Increased margin of two basis points reflecting a favourable change in funding mix from proportionally higher levels of transactions and savings deposits.

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

Capital and Other: Decreased margin of one basis point. The positive impact from higher capital was offset by the impact of the falling cash rate.

Treasury and Markets: Decreased margin of one basis point driven by a lower contribution from Treasury and Markets.

NIM movement since December 2015 [1]



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

Other Banking Income

	Full Year Ended (1)			Half Year Ended (1)		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Commissions	**2,215**	2,209	-	**1,064**	1,151	(8)
Lending fees	**1,010**	1,005	-	**503**	507	(1)
Trading income	**1,087**	1,039	5	**591**	496	19
Other income	**548**	558	(2)	**286**	262	9
Other banking income - "cash basis"	**4,860**	4,811	1	**2,444**	2,416	1

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

Year Ended June 2016 versus June 2015

Other banking income increased 1% on the prior year to $4,860 million, driven by the following revenue items:

Commissions were flat on the prior year, with higher merchant fee income offset by lower credit card income following a reduction in the interchange rate;

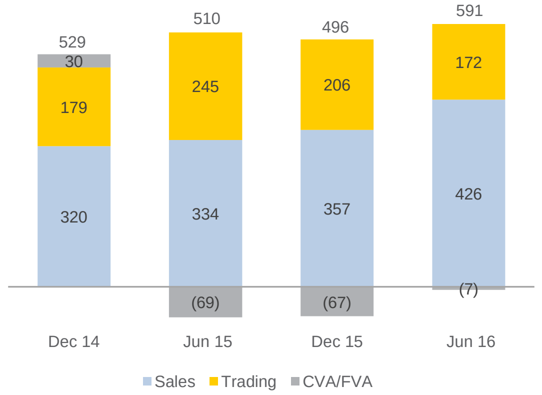
Lending fees were flat on the prior year with volume driven increases offset by lower Institutional fees reflecting competitive pressures;

Trading income increased 5% on the prior year to $1,087 million. This was primarily driven by a strong sales performance in Markets and higher Treasury earnings, partly offset by unfavourable derivative valuation adjustments; and

Other income decreased 2% on the prior year to $548 million, with a higher realised loss on the hedge of New Zealand earnings and lower structured asset finance income partly offset by a higher contribution from investments in associates.

Other Banking Income (continued)

Net Trading Income ($M)



Half Year Ended June 2016 versus December 2015

Other banking income increased 1% on the prior half to $2,444 million, driven by the following revenue items:

Commissions decreased 8% on the prior half to $1,064 million driven by a decrease in credit card income reflecting the interchange rate reduction, seasonally lower purchases and an increase in loyalty points issued in the half;

Lending fees decreased 1% on the prior half to $503 million, with higher business lending fee income offset by a decrease in Institutional fees, reflecting competitive pressures;

Trading income increased 19% on the prior half to $591 million due to a strong sales performance in Markets, and less unfavourable derivative valuation adjustments, partly offset by a reclassification of interest on collateral to Net interest income; and

Other income increased 9% on the prior half to $286 million due to recognition of a new associate investment, and higher gains on sales of investments, partly offset by lower structured asset finance income.

Funds Management Income

	Full Year Ended			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Colonial First State (CFS) (1)	**929**	866	7	**462**	467	(1)
CFS Global Asset Management (CFSGAM)	**842**	847	(1)	**405**	437	(7)
CommInsure	**120**	133	(10)	**60**	60	-
New Zealand	**80**	71	13	**40**	40	-
Other	**45**	21	large	**17**	28	(39)
Funds management income - "cash basis"	**2,016**	1,938	4	**984**	1,032	(5)

(1) Colonial First State incorporates the results of all Wealth Management Financial Planning businesses.

Year Ended June 2016 versus June 2015

Funds management income increased 4% on the prior year to $2,016 million, driven by:

- A 4% increase in average FUA reflecting positive net flows and investment market returns across the Australia and New Zealand businesses;
- A 1% increase in average AUM as a result of strong net flows in New Zealand and positive investment performance across the Australia and New Zealand businesses; and
- Improved FUA margins as a result of reduced provisioning for Advice customer remediation in CFS.

Half Year Ended June 2016 versus December 2015

Funds management income decreased 5% on the prior half to $984 million, driven by:

- A 2% decrease in average AUM reflecting weakness in global investment markets;
- A decline in AUM margins as a result of a change in asset mix in the Australia business; and
- Flat average FUA due to subdued industry flows in Australia and New Zealand.

Group Performance Analysis

Insurance Income

	Full Year Ended			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
CommInsure	502	503	-	172	330	(48)
New Zealand	242	232	4	115	127	(9)
IFS	46	42	10	22	24	(8)
Other	5	15	(67)	(1)	6	large
Insurance income - "cash basis"	795	792	-	308	487	(37)

Year Ended June 2016 versus June 2015

Insurance income was flat on the prior year at $795 million, driven by:

- A 4% increase in average inforce premiums to $3,401 million;
- Fewer severe weather related event claims in CommInsure General Insurance; and
- Higher Wholesale Life income from repricing; offset by
- An increase in income protection claims reserves resulting in loss recognition in CommInsure in the current year.

Half Year Ended June 2016 versus December 2015

Insurance income decreased 37% on the prior half to $308 million, driven by:

- Lower CommInsure Retail life income due to higher claims, and an increase in income protection claims reserves resulting in loss recognition;
- Higher weather related event claims in the current half in CommInsure; and
- Unfavourable claims experience in New Zealand and lower investment returns in the IFS business.

Operating Expenses

	Full Year Ended			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Staff expenses	6,164	5,816	6	3,079	3,085	-
Occupancy and equipment expenses	1,134	1,086	4	575	559	3
Information technology services expenses	1,485	1,292	15	733	752	(3)
Other expenses	1,646	1,799	(9)	826	820	1
Operating expenses - "cash basis"	10,429	9,993	4	5,213	5,216	-
Operating expenses to total operating income (%)	42. 4	42. 8	(40)bpts	42. 6	42. 2	40 bpts
Banking expense to operating income (%)	38. 2	39. 1	(90)bpts	38. 0	38. 6	(60)bpts

Year Ended June 2016 versus June 2015

Operating expenses increased 4% on the prior year to $10,429 million. The key drivers were:

Staff expenses increased 6% to $6,164 million, driven by a 1% impact from the lower Australian dollar, salary increases and investment in frontline;

Occupancy and equipment expenses increased 4% to $1,134 million, primarily due to rental reviews and an increase in depreciation;

Information technology services expenses increased 15% to $1,485 million, due to higher software amortisation, increased investment spend, and volume-driven maintenance and data processing costs;

Other expenses decreased 9% to $1,646 million, due to lower professional fees, lower remediation costs, and reduced marketing spend; and

Group expense to income ratio improved 40 basis points on the prior year to 42.4%, reflecting income growth and productivity initiatives. The banking expense to income ratio improved 90 basis points on the prior year to 38.2%.

Half Year Ended June 2016 versus December 2015

Operating expenses were flat on the prior half at $5,213 million. The key drivers were:

Staff expenses were flat at $3,079 million with benefits from productivity initiatives, offset by the timing of provisions for employee entitlements;

Occupancy and equipment expenses increased 3% to $575 million, primarily due to rental reviews and an increase in depreciation;

Information technology services expenses decreased 3% to $733 million, driven by benefits from productivity initiatives, partly offset by higher software amortisation and increased investment spend;

Other expenses increased 1% to $826 million, due to higher professional fees and an increase in non-lending losses, partly offset by reduced marketing spend; and

Group expense to income ratio increased 40 basis points on the prior half to 42.6% reflecting lower relative income growth, partly offset by productivity initiatives. The banking expense to income ratio improved 60 basis points on the prior half to 38.0%.

Operating Expenses (continued)

Investment Spend

	Full Year Ended			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Expensed investment spend [1]	604	539	12	305	299	2
Capitalised investment spend	769	707	9	387	382	1
Investment spend	1,373	1,246	10	692	681	2
Comprising:						
Productivity and growth	701	728	(4)	346	355	(3)
Risk and compliance	505	378	34	262	243	8
Branch refurbishment and other	167	140	19	84	83	1
Investment spend	1,373	1,246	10	692	681	2

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

Year Ended June 2016 versus June 2015

The Group continued to invest strongly to deliver on the strategic priorities of the business with $1,373 million incurred in the full year to 30 June 2016, an increase of 10% on the prior year.

The increase is due to higher spend on risk and compliance and branch refurbishment.

Significant spend on risk and compliance projects continued as systems are implemented to assist in satisfying new regulatory obligations, including Anti-Money Laundering, Stronger Super, and Future of Financial Advice (FOFA) reforms. In addition, the Group further invested in safeguarding information security to mitigate risks and provide greater stability for customers.

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

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

Ongoing investment in the Group's One Commbank strategy, continued to focus on better understanding customer needs and developing deeper customer relationships.

Loan Impairment Expense

	Full Year Ended			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Retail Banking Services	660	626	5	355	305	16
Business and Private Banking	179	152	18	108	71	52
Institutional Banking and Markets	252	167	51	112	140	(20)
New Zealand	120	83	45	83	37	large
Bankwest	(10)	(50)	(80)	6	(16)	large
IFS and Other	55	10	large	28	27	4
Loan impairment expense - "cash basis"	1,256	988	27	692	564	23

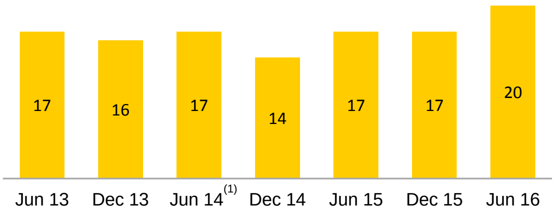
Year Ended June 2016 versus June 2015

Loan impairment expense increased 27% on the prior year to $1,256 million. The increase was driven by:

- An increase in Retail Banking Services as a result of higher home loan arrears and losses, predominantly from deterioration in mining towns, and higher personal loan arrears;
- A lower level of write-backs in Business and Private Banking;
- An increase in Institutional Banking and Markets due to a small number of large individual provisions, a lower level of write-backs and higher collective provisions;
- Higher rural lending provisioning within the New Zealand dairy sector, and higher unsecured retail provisioning, partly offset by improved home loan arrears;
- Continued albeit slower run-off of the troublesome and impaired book in Bankwest; and
- An increase in IFS as a result of provisions in the commercial lending portfolio.

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 2016 versus December 2015

Loan impairment expense increased 23% on the prior half to $692 million mainly driven by:

- An increase in home loan and personal loan arrears due to expected seasonal trends and deterioration in Western Australia and Queensland, in Retail Banking Services;
- A lower level of write-backs and higher collective provisions in Business and Private Banking;
- An increase in New Zealand rural lending provisioning and higher unsecured retail expense due to seasonal trends; and
- Seasonally higher consumer arrears, and slower run-off of the troublesome and impaired book in Bankwest; partly offset by
- Lower collective provision charges and higher write-backs in Institutional Banking and Markets, partly offset by increased individual provisions.

Taxation Expense

	Full Year Ended			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Corporate tax expense ($M)	**3,592**	3,439	4	**1,767**	1,825	(3)
Effective tax rate (%)	**27. 5**	27. 3	20 bpts	**27. 5**	27. 5	-

Year Ended June 2016 versus June 2015

Corporate tax expense for the year ended 30 June 2016 increased 4% on the prior year representing a 27.5% 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 2016 versus December 2015

Corporate tax expense for the half year ended 30 June 2016 decreased 3% on the prior half representing a 27.5% effective tax rate.

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

Non-Cash Items Included in Statutory Profit

	Full Year Ended			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Hedging and IFRS volatility	**(200)**	6	large	**(49)**	(151)	(68)
Bankwest non-cash items	**(27)**	(52)	(48)	**(1)**	(26)	(96)
Treasury shares valuation adjustment	**4**	(28)	large	**13**	(9)	large
Other non-cash items	**(23)**	(80)	(71)	**12**	(35)	large
Total non-cash items (after tax)	**(223)**	(74)	large	**(37)**	(186)	(80)

Non-cash items are excluded from net profit after tax ("cash basis"), which is management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or are not considered representative of the Group's ongoing financial performance. The impact of these items on the Group's net profit after tax ("statutory basis") is outlined below and treated consistently with prior comparative period and prior half disclosures. Refer to Appendix 18 for the detailed profit reconciliation.

Hedging and IFRS volatility

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

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

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

Fair value gains or losses on all of these economic hedges 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 $200 million after tax loss was recognised in statutory profit for the year ended 30 June 2016 (30 June 2015: $6 million after tax gain).

Bankwest non-cash items

The acquisition of Bankwest resulted in the recognition of assets at fair value, representing certain financial instruments, core deposits, customer lists and brand name totalling $463 million. The core deposits and customer lists have been amortising over their useful life, resulting in amortisation charges of $27 million after tax in the year ended 30 June 2016 (30 June 2015: $52 million). The core deposits have now been fully amortised.

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

Treasury shares valuation adjustment

Under IFRS, Commonwealth Bank of Australia shares held by the Group in the managed funds and life insurance businesses are defined as treasury shares and are held at cost. Distributions, realised and unrealised gains and losses were recognised in cash profit representing the underlying performance of the asset portfolio attributable to the wealth and life insurance businesses. These distributions, gains and losses are reversed as non-cash items for statutory reporting purposes. A $4 million after tax gain was included in statutory profit in the year ended 30 June 2016 (30 June 2015: $28 million after tax loss).

Policyholder tax

Policyholder tax is included in the Wealth Management business results for statutory reporting purposes. In the year ended 30 June 2016, tax expense of $101 million (30 June 2015: $99 million), funds management income refund of $8 million (30 June 2015: $21 million income) and insurance income of $109 million (30 June 2015: $78 million) were recognised. The gross up of these items is 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 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 16 $M	31 Dec 15 $M	30 Jun 15 $M	Jun 16 vs Dec 15 %	Jun 16 vs Jun 15 %
Interest earning assets					
Home loans	**456,074**	437,176	422,851	4	8
Consumer finance	**23,862**	24,012	23,497	(1)	2
Business and corporate loans	**220,611**	213,278	198,476	3	11
Loans, bills discounted and other receivables (1)	**700,547**	674,466	644,824	4	9
Non-lending interest earning assets (2)	**137,838**	138,499	138,166	-	-
Total interest earning assets	**838,385**	812,965	782,990	3	7
Other assets (1) (2)	**94,693**	90,110	90,456	5	5
Total assets	**933,078**	903,075	873,446	3	7
Interest bearing liabilities					
Transaction deposits (2) (3)	**89,780**	97,327	89,360	(8)	-
Savings deposits	**191,313**	189,560	176,497	1	8
Investment deposits	**197,085**	195,814	195,065	1	1
Other demand deposits	**71,293**	60,861	67,074	17	6
Total interest bearing deposits	**549,471**	543,562	527,996	1	4
Debt issues	**162,716**	162,438	156,372	-	4
Other interest bearing liabilities	**54,101**	58,147	57,523	(7)	(6)
Total interest bearing liabilities	**766,288**	764,147	741,891	-	3
Non-interest bearing transaction deposits (2) (3)	**37,000**	15,652	14,168	large	large
Other non-interest bearing liabilities	**69,034**	63,429	64,394	9	7
Total liabilities	**872,322**	843,228	820,453	3	6

(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 period.
(3) During the period, following a change in terms, Interest bearing transaction deposits of $18,314 million became Non-interest bearing and have been disclosed accordingly.

Year Ended June 2016 versus June 2015

Asset growth of $60 billion or 7% on the prior year was driven by increased home lending and business and corporate lending.

The Group continued to satisfy a significant portion of lending growth from customer deposits. Customer deposits represent 66% of total funding (30 June 2015: 65%).

Home loans

Home loan balances increased $33 billion to $456 billion, reflecting an 8% increase on the prior year, driven by growth in Retail Banking Services, New Zealand and Bankwest.

Consumer finance

Personal loans, including credit cards and margin lending increased 2% on the prior year to $24 billion, reflecting growth in credit cards within a competitive market environment.

Business and corporate loans

Business and corporate loans increased $22 billion to $221 billion, an 11% increase on the prior year. This was driven by strong growth in institutional lending, particularly in the strategic focus industries of Financial Institutions and Infrastructure, and business lending in Business and Private Banking and New Zealand.

Non-lending interest earning assets

Non-lending interest earning assets were flat on the prior year.

Other assets

Other assets, including derivative assets, insurance assets and intangibles, increased $4 billion to $95 billion, a 5% increase on the prior year, reflecting higher trading and derivative asset balances.

Interest bearing deposits

Interest bearing deposits increased $21 billion to $549 billion, a 4% increase on the prior year. This was driven by strong growth of $15 billion in savings deposits and a $4 billion increase in other demand deposits.

Debt issues

Debt issues increased $6 billion to $163 billion, a 4% increase on the prior year. While deposits satisfied the majority of the Group's funding requirements, strong access was maintained to both domestic and international wholesale debt markets.

Refer to page 26 for further information on debt programs and issuance for the year ended 30 June 2016.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, decreased $3 billion to $54 billion, a 6% decrease on the prior year.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits, including business and personal transaction accounts, increased $23 billion to $37 billion. This includes an $18 billion increase in non-interest bearing transaction deposits following a change in terms, with underlying growth remaining strong.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, increased $5 billion to $69 billion, a 7% increase on the prior year, reflecting higher derivative liability balances driven by foreign exchange volatility.

Review of Group Assets and Liabilities (continued)

Half Year Ended June 2016 versus December 2015

Asset growth of $30 billion or 3% on the prior half was driven by increased home lending and business and corporate lending.

Continued deposit growth allowed the Group to continue to satisfy a significant portion of its funding requirements through customer deposits. Customer deposits made up 66% of total funding (31 December 2015: 66%).

Total assets and total liabilities include a 1% decrease due to the higher Australian dollar.

Home loans

Home loan balances increased $19 billion, a 4% increase on the prior half, reflecting growth in Retail Banking Services, New Zealand and Bankwest.

Consumer finance

Personal loans, including credit cards and margin lending, decreased 1% on the prior half, due to seasonally lower credit card balances.

Business and corporate loans

Business and corporate loans increased $7 billion, a 3% increase on the prior half. This includes a 1% decrease due to the higher Australian dollar, and solid growth in commercial and lending balances.

Non-lending interest earning assets

Non-lending interest earning assets were flat on the prior half.

Other assets

Other assets, including derivative assets, insurance assets and intangibles increased $5 billion, a 5% increase on the prior half, reflecting higher trading and derivative asset balances.

Interest bearing deposits

Interest bearing deposits increased $6 billion, a 1% increase on the prior half, reflecting growth in other demand deposits, partly offset by an $18 billion decrease in transaction deposits following a change in terms.

Debt issues

Debt issues were flat on the prior half.

Refer to page 26 for further information on debt programs and issuance for the half year ended 30 June 2016.

Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, decreased $4 billion, a 7% decrease on the prior half.

Non-interest bearing transaction deposits

Non-interest bearing transaction deposits, including business and personal transaction accounts, increased $21 billion to $37 billion. This was primarily due to an $18 billion increase in non-interest bearing transaction deposits following a change in terms, with underlying growth remaining strong.

Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities and insurance policy liabilities, increased $6 billion, a 9% increase on the prior half, reflecting higher derivative liability balances driven by foreign exchange volatility.

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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 16 $M	31 Dec 15 $M	30 Jun 15 $M	Jun 16 vs Dec 15 %	Jun 16 vs Jun 15 %
Provisions for impairment losses					
Collective provision	**2,818**	2,801	2,762	1	2
Individually assessed provisions	**944**	909	887	4	6
Total provisions for impairment losses	**3,762**	3,710	3,649	1	3
Less: Provision for Off Balance Sheet exposures	**(44)**	(47)	(31)	(6)	42
Total provisions for loan impairment	**3,718**	3,663	3,618	2	3

Year Ended June 2016 versus June 2015

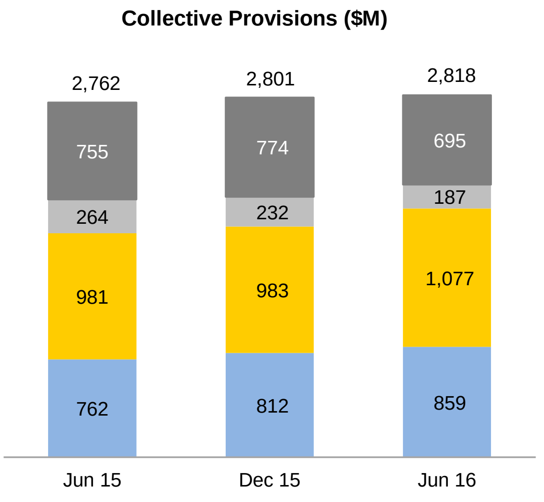
Total provisions for impairment losses increased 3% on the prior year to $3,762 million. The movement in the level of provisioning reflects:

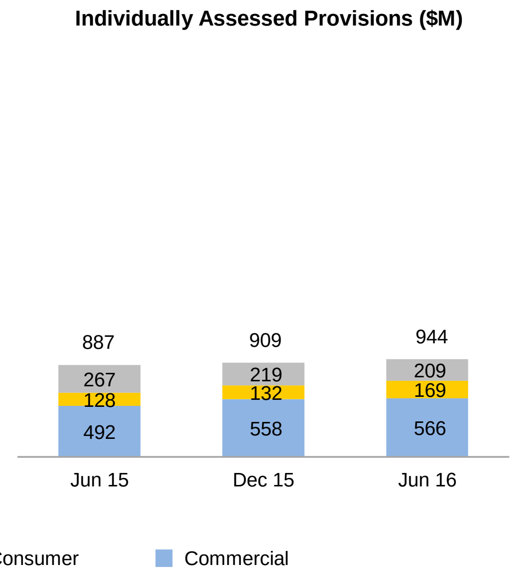
- A small number of large individually assessed provisions in Institutional Banking and Markets;
- An increase in commercial collective provisions from the annual review of provisioning factors and an increase in Institutional Banking and Markets collective provisions; and
- An increase in consumer collective provisioning, mainly due to higher home loan and personal loan arrears; partly offset by
- A reduction in Bankwest collective and individually assessed provisions from run-off of the troublesome and impaired book; and
- Reduced management overlays, mainly due to model factor updates. Economic overlays remain unchanged on the prior year.

Half Year Ended June 2016 versus December 2015

Total provisions for impairment losses increased 1% on the prior half. The movement in the level of provisioning reflects:

- An increase in consumer collective provisions in home loans and personal loans;
- Higher commercial collective provisions, mainly due to the annual review of provisioning factors; and
- An increase in consumer individually assessed provisions due to home loan impairments in Western Australia and Queensland; partly offset by
- A reduction in Bankwest collective provisions from run-off of the troublesome book and stabilising credit quality in the business portfolio; and
- Reduction in management overlays, mainly due to model factor updates. Economic overlays remain unchanged.





Loan Impairment Provisions and Credit Quality (continued)

Credit Quality

Credit Quality Metrics	Full Year Ended			Half Year Ended		
	30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Gross loans and acceptances (GLAA) ($M)	**701,730**	646,172	9	**701,730**	675,728	4
Risk weighted assets (RWA) ($M) - Basel III	**394,667**	368,721	7	**394,667**	392,662	1
Credit RWA ($M) - Basel III	**344,030**	319,174	8	**344,030**	334,957	3
Gross impaired assets ($M)	**3,116**	2,855	9	**3,116**	2,788	12
Net impaired assets ($M)	**1,989**	1,829	9	**1,989**	1,756	13
Provision Ratios						
Collective provision as a % of credit RWA - Basel III	**0. 82**	0. 87	(5)bpts	**0. 82**	0. 84	(2)bpts
Total provisions as a % of credit RWA - Basel III	**1. 09**	1. 14	(5)bpts	**1. 09**	1. 11	(2)bpts
Total provisions for impaired assets as a % of gross impaired assets	**36. 17**	35. 94	23 bpts	**36. 17**	37. 02	(85)bpts
Total provisions for impairment losses as a % of GLAAs	**0. 54**	0. 56	(2)bpts	**0. 54**	0. 55	(1)bpt
Asset Quality Ratios						
Gross impaired assets as a % of GLAAs	**0. 44**	0. 44	-	**0. 44**	0. 41	3 bpts
Loans 90+ days past due but not impaired as a % of GLAAs	**0. 33**	0. 36	(3)bpts	**0. 33**	0. 30	3 bpts
Loan impairment expense ("cash basis") annualised as a % of average GLAAs	**0. 19**	0. 16	3 bpts	**0. 20**	0. 17	3 bpts

Provision Ratios

Provision coverage ratios remain prudent. The impaired asset portfolio remains well provisioned with provision coverage of 36.17%.

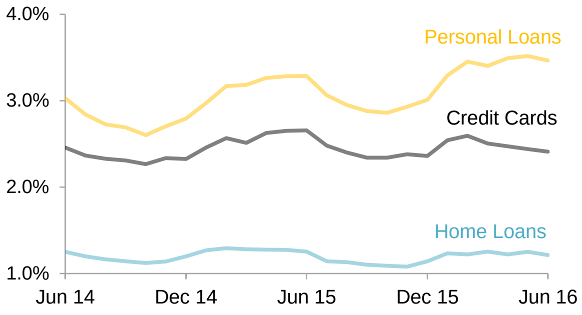
Asset Quality

Troublesome and impaired assets have increased over the year reflecting increased stress in the commodity and commodity related sectors. The arrears for the home loan and credit card portfolios are relatively low, however personal loan arrears continues to be elevated, primarily in Western Australia and Queensland.

Retail Portfolios – Arrears Rates

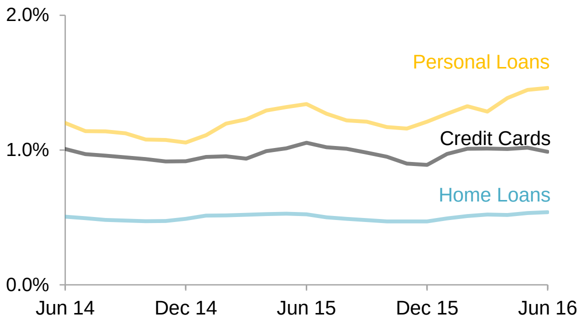
Home loan arrears were mixed over the year, with 30+ day arrears decreasing from 1.25% to 1.21% and 90+ day arrears increasing from 0.52% to 0.54%. Credit card arrears improved over the year with 30+ day arrears falling from 2.66% to 2.41% and 90+ day arrears reducing from 1.05% to 0.99%. Personal loan arrears deteriorated with 30+ day arrears increasing from 3.28% to 3.46%, and 90+ day arrears increasing from 1.34% to 1.46%.

30+ Days Arrears Ratios (%) (1)



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

90+ Days Arrears Ratios (%) (1)

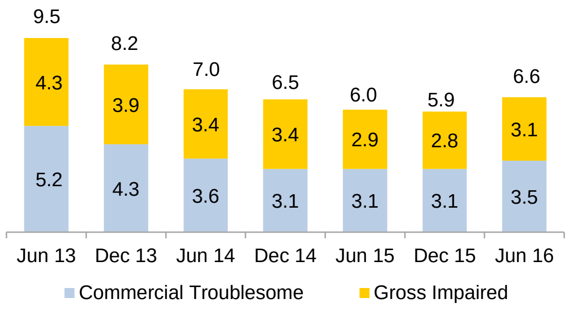


Troublesome and Impaired Assets

Commercial troublesome assets increased 14% during the year to $3,476 million.

Gross impaired assets increased 9% on the prior year to $3,116 million. Gross impaired assets as a proportion of GLAAs of 0.44% was unchanged on the prior year.

Troublesome and Impaired Assets ($B)



Capital

Basel Regulatory Framework

Background

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

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

The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5%, inclusive of a Domestic Systemically Important Bank (DSIB) requirement of 1% and a countercyclical capital buffer (CCyB)(1) of 0%, was effective from 1 January 2016, bringing the CET1 requirement to at least 8%.

Financial System Inquiry

In December 2014, the Government released the final report of the Financial System Inquiry (FSI).

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

- Information paper: "International capital comparison study" (APRA study), which endorsed the FSI recommendation that the capital of Australian ADIs should be unquestionably strong; and
- An announcement in relation to increases in the capital requirements under the IRB approach for Australian residential mortgages, effective from 1 July 2016, with the change aimed at increasing mortgage competition between the major banks and non-major banks.

In September 2015, the Group completed a $5.1 billion institutional and retail entitlement offer, ahead of the implementation of the increased capital requirements for Australian residential mortgages.

APRA is expected to consult further with the industry on the FSI recommendations during 2017.

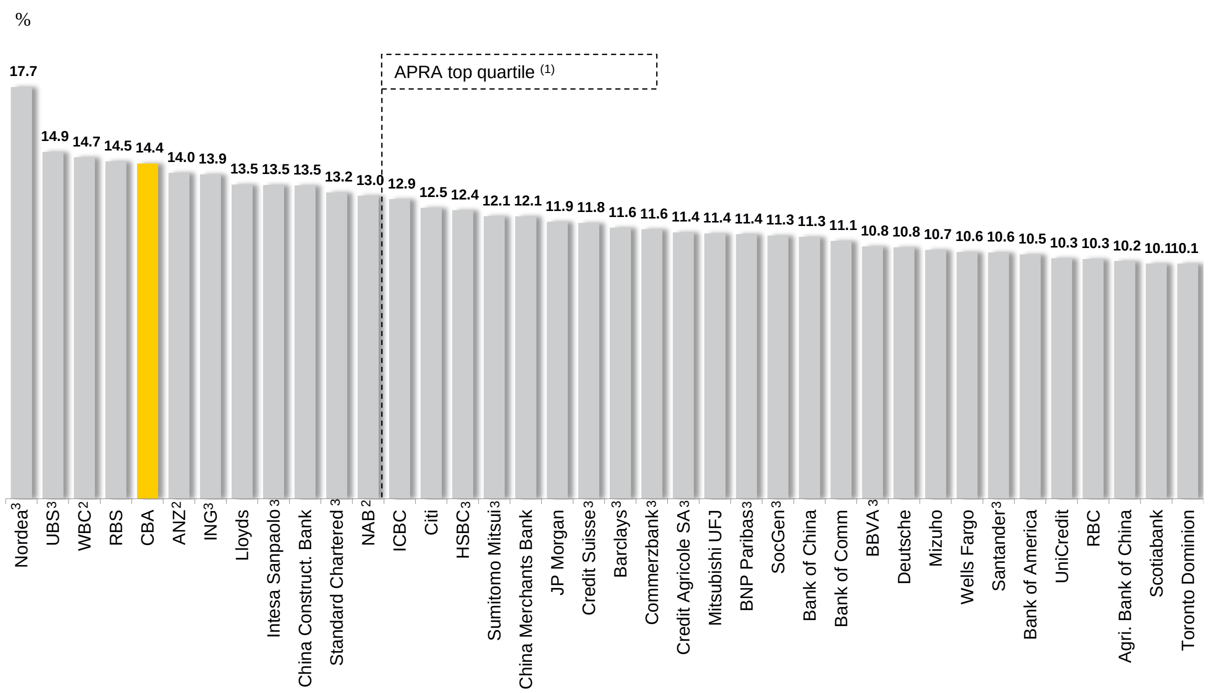
Internationally Comparable Capital Position

The Group's CET1 as measured on an internationally comparable basis was 14.4% as at 30 June 2016, placing it amongst the top quartile of international peer banks.

In July 2016, APRA updated their analysis of the international capital comparison and confirmed that the major Australian banks all hold capital at levels which place them in the top quartile of international peer banks.

(1) In December 2015, APRA announced that the CCyB for Australian exposures has been set at 0%, and the Group has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed.

International Peer Basel III CET1



Source: Morgan Stanley and CBA. Based on last reported CET1 ratios up to 5 August 2016 assuming Basel III capital reforms fully implemented.

Peer group comprises listed commercial banks with total assets in excess of AUD750 billion and which have disclosed fully implemented Basel III ratios or provided sufficient disclosure for a Morgan Stanley estimate.

(1) APRA Insight Issue Two "International capital comparison update" (4 July 2016).

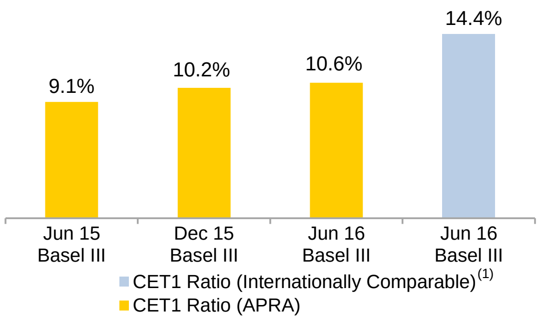
(2) Domestic peer figures as at 31 March 2016. NAB included in peer bank top quartile in accordance with APRA update (see 1 above).

(3) Deduction for accrued expected future dividends added back for comparability.

Capital (continued)

Capital Position

The Group strengthened its capital position during the year with its CET1 ratio as measured on an APRA basis of 10.6% at 30 June 2016, compared with 10.2% at 31 December 2015 and 9.1% at 30 June 2015. The capital ratios were maintained well in excess of regulatory minimum capital adequacy requirements at all times throughout the year.



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

The increase in the Group's CET1 ratio across the June 2016 half year reflects the impact of the capital generated from earnings, partly offset by the December 2015 interim dividend (net of issuance of shares in respect of the impact of the Dividend Reinvestment Plan (DRP)). The movement in Total Risk Weighted Assets (RWA) over the half year was minimal with growth in credit, operational and market RWA, offset by a decrease in interest rate risk in the banking book (IRRBB) RWA.

The increase in the Group's CET1 ratio across the June 2016 full year incorporates the benefit of the issuance of shares as part of the entitlement offer completed in September 2015.

Capital Initiatives

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

- $5.1 billion institutional and retail entitlement offer;
- The DRP in respect of the 2015 final dividend was satisfied by the issuance of $657 million of ordinary shares, representing a participation rate of 18.1%; and
- The DRP in respect of the 2016 interim dividend was satisfied by the issuance of $552 million of ordinary shares, representing a participation rate of 16.3%.

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

Pillar 3 Disclosures

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

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

Other Regulatory Changes

Basel Committee on Banking Supervision

The BCBS has issued a number of consultation documents, associated with:

- Design of a framework for the application of capital floors based on standardised approaches;
- Revisions to the standardised approach for credit risk;
- Implementation of constraints on the use of internal credit risk models;
- Fundamental review of the trading book;
- Revisions to operational risk; and
- Interest rate risk in the banking book.

Finalisation of the review of the trading book requirements was completed in January 2016 with an effective implementation date of 1 January 2019. The review of IRRBB was completed in April 2016, with the BCBS concluding that there will be no requirement to include this risk in the capital ratio calculation. However, additional disclosure requirements will be implemented from 1 January 2018.

Finalisation with respect to the remaining proposals is expected to be completed by the BCBS by the end of 2016. APRA is expected to consult on the domestic application of the above changes in 2017.

Composition of Level 2 ADI Groups

In May 2014, APRA provided more clarity on the definition of the Level 2 Banking Group. Subsidiary intermediate holding companies are considered part of the Level 2 Group, regardless of the nature of any activity undertaken by their operating subsidiaries. As a result, capital benefits arising from the debt issued by the Colonial Group are being phased out. APRA granted transition arrangements on these changes, in line with the maturity profile of the debt.

Conglomerate Groups

APRA is extending its prudential supervision framework to Conglomerate Groups that have material operations in more than one APRA regulated industry and/or have one or more material unregulated entities. In March 2016, APRA advised that it was deferring finalisation of the capital requirements with respect to conglomerates until after the completion of other domestic and international policy initiatives. APRA does not anticipate that consultation on the capital requirements will commence earlier than mid-2017, and implementation will be no earlier than 2019. Non-capital related requirements, which include such items as governance, risk exposures and intra group exposures, will become effective on 1 July 2017.

Group Operations and Business Settings

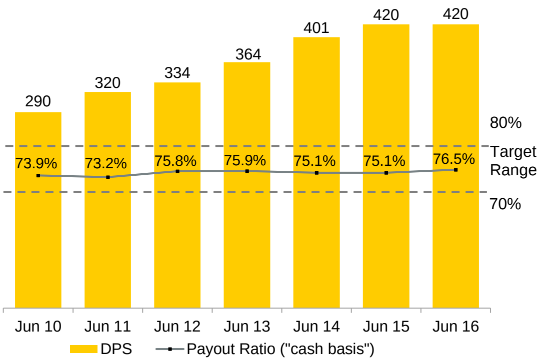
Dividends

Final Dividend for the Year Ended 30 June 2016

The final dividend declared was $2.22 per share, bringing the total dividend for the year ended 30 June 2016 to $4.20 per share, in line with the prior full year dividend. This represents a dividend payout ratio ("cash basis") of 76.5%.

The final dividend will be fully franked and will be paid on 29 September 2016 to owners of ordinary shares at the close of business on 18 August 2016 (record date). Shares will be quoted ex-dividend on 17 August 2016.

Full Year Dividend History (cents per share)



Dividend Reinvestment Plan (DRP)

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

Dividend Policy

The Group will seek to:

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

Leverage Ratio

Summary Group Leverage Ratio	As at 30 Jun 16	As at 31 Dec 15
Tier 1 Capital ($M)	48,553	47,972
Total Exposures ($M) (1)	980,846	952,969
Leverage Ratio (APRA) (%)	**5. 0**	**5. 0**
Leverage Ratio (Internationally Comparable) (%) (2)	**5. 6**	**5. 6**

(1) Total exposures is the sum of on Balance Sheet exposures, derivatives, Securities Financing Transactions (SFTs), and off Balance Sheet exposures, net of any Tier 1 regulatory deductions, as outlined in APS 110 "Capital Adequacy".

(2) The Tier 1 Capital included in the calculation of the internationally comparable leverage ratio aligns with the 13 July 2015 APRA study titled "International capital comparison study", and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

The Group's leverage ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.0% at 30 June 2016 on an APRA basis and 5.6% on an internationally comparable basis.

The ratio remained stable across the June 2016 half year with an increase in capital levels offset by growth in exposures.

The Group commenced disclosure of its leverage ratio from 30 September 2015, thus no prior year comparatives have been presented.

The BCBS has advised that the leverage ratio will migrate to a Pillar 1 minimum capital requirement of 3% from 1 January 2018. The BCBS will confirm the final calibration in 2017.

Liquidity

Level 2	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M	Jun 16 vs Dec 15 %	Jun 16 vs Jun 15 %
	As at				
Liquidity Coverage Ratio (LCR) Liquid Assets					
High Quality Liquid Assets (HQLA) (1)	**75,147**	73,657	65,940	2	14
Committed Liquidity Facility (CLF)	**58,500**	66,000	66,000	(11)	(11)
Total LCR liquid assets	**133,647**	139,657	131,940	(4)	1
Net Cash Outflows (NCO)					
Customer deposits	**70,139**	67,137	65,832	4	7
Wholesale funding (2)	**19,406**	25,316	30,753	(23)	(37)
Other net cash outflows (3)	**21,854**	20,754	13,819	5	58
Total NCO	**111,399**	113,207	110,404	(2)	1
Liquidity Coverage Ratio (%)	**120**	123	120	(300)bpts	-
LCR surplus	**22,248**	26,450	21,536	(16)	3

(1) Includes all repo-eligible securities with the Reserve Bank of New Zealand. The Exchange Settlement Account (ESA) cash balance is netted down by the Reserve Bank of Australia open-repo of internal Residential Mortgage-Backed Securities (RMBS).
(2) Includes all interbank deposits that are included as short-term wholesale funding on page 83.
(3) Includes cash inflows.

June 2016 versus June 2015

The Group holds high quality, well diversified liquid assets to meet Balance Sheet liquidity needs and internal and external regulatory requirements, such as APRA's Liquidity Coverage Ratio (LCR). At 30 June 2016, the Group's LCR was 120%, which remained flat on the prior year.

High Quality Liquid Assets (HQLA) in the form of cash, deposits with central banks, Australian Commonwealth Government and Semi-Government securities increased $9 billion to $75 billion, as the group managed its liquidity position ahead of a reduction in the RBA's Committed Liquidity Facility (CLF) effective 1 January 2016.

Liquid assets surplus to regulatory requirements remained stable at $22 billion, with total liquid assets as at 30 June 2016 of $134 billion, including the CLF.

Projected Net Cash Outflows (NCOs) increased $1 billion on the prior year to $111 billion. Projected customer deposit cash outflows increased $4 billion to $70 billion. Wholesale funding projected cash outflows decreased $11 billion to $19 billion as a result of lower debt maturities in the next 30 days. Other projected cash outflows increased $8 billion to $22 billion due to an increase in collateral requirements and growth in credit facilities.

June 2016 versus December 2015

At 30 June 2016, the Group's LCR was 120%, down from 123% on the prior half. LCR liquid assets of $134 billion decreased $6 billion on the prior half, primarily due to a decrease in the CLF.

Projected NCOs decreased $2 billion on the prior half. Projected customer deposit cash outflows increased $3 billion while wholesale funding projected cash outflows decreased $6 billion due to lower debt maturities in the next 30 days.

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

Funding

Group Funding [2]	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M	Jun 16 vs Dec 15 %	Jun 16 vs Jun 15 %
	As at [1]				
Customer deposits	**517,974**	500,356	477,811	4	8
Short-term wholesale funding	**110,714**	108,783	106,763	2	4
Long-term wholesale funding - less than or equal to one year residual maturity	**29,297**	28,075	28,392	4	3
Long-term wholesale funding - more than one year residual maturity [3]	**118,121**	113,332	111,429	4	6
IFRS MTM and derivative FX revaluations	**4,149**	2,488	2,346	67	77
Total wholesale funding	**262,281**	252,678	248,930	4	5
Short-term collateral deposits [4]	**8,323**	9,942	11,729	(16)	(29)
Total funding	**788,578**	762,976	738,470	3	7

(1) Total funding has been restated to better align with peers and international best practice.
(2) Shareholders' Equity is excluded from this view of funding sources, other than the USD Trust Preferred Securities (redeemed March 2016), which are classified as other equity instruments in the statutory Balance Sheet.
(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) Short-term collateral deposits includes net collateral received and the amount of internal RMBS pledged with the Reserve Bank to facilitate intra-day cash flows in the Exchange Settlement Account.

June 2016 versus June 2015

Customer Deposits

Customer deposits accounted for 66% of total funding at 30 June 2016, an increase of 1% on the prior year. Strong deposit growth has seen the Group satisfy a significant proportion of its funding requirements from retail, business and institutional customer deposits.

Short-Term Wholesale Funding

Short-term wholesale funding[1] accounted for 42% of total wholesale funding at 30 June 2016, a decrease of 1% on the prior year. The increase in short-term wholesale funding of $4 billion was driven largely by the impact of the lower Australian dollar.

Long-Term Wholesale Funding

The cost of new long-term wholesale funding[2] increased compared to the prior year. During the period, the Group raised $38 billion of long-term wholesale funding in multiple currencies including AUD, USD, EUR, and GBP.

Most issuance was in senior unsecured format, although the Group used its covered bond and RMBS programs to provide cost, tenor and diversification benefits. The Group also issued Basel III compliant Tier 2 capital deals in the Australian and US dollar markets.

The Weighted Average Maturity (WAM) of new long-term wholesale debt issued in the year to June 2016 was 5.2 years. The WAM of outstanding long-term wholesale debt with a residual maturity greater than 12 months was 4.1 years at 30 June 2016.

Long-term wholesale funding (including an adjustment for IFRS MTM and derivative FX revaluations) accounted for 58% of total wholesale funding at 30 June 2016, compared to 57% in the prior year.

Short-Term Collateral Deposits

Short-term collateral deposits accounted for 1% of total funding at 30 June 2016, a decrease of 1% on the prior year. Net collateral received decreased $3 billion driven by restructure of swaps and lower interest yields, partly offset by the impact of the lower Australian dollar.

June 2016 versus December 2015

Customer Deposits

Customer deposits accounted for 66% of total funding at 30 June 2016, in line with the prior half. Strong deposit growth has seen the Group satisfy a significant proportion of its funding requirements from retail, business and institutional customer deposits.

Short-Term Wholesale Funding

Short-term wholesale funding accounted for 42% of total wholesale funding at 30 June 2016, a decrease of 1% on the prior half.

Long-Term Wholesale Funding

The cost of new long-term wholesale funding increased on the prior half as ongoing macroeconomic uncertainty, particularly in commodity markets and emerging economies, weighed on markets. During the half, the Group raised $21 billion of long-term wholesale funding.

The WAM of new long-term wholesale debt issued in the six months to June 2016 was 5.2 years.

Long-term funding (including an adjustment for IFRS MTM and derivative FX revaluations) accounted for 58% of total wholesale funding at 30 June 2016, compared to 57% in the prior half.

Short-Term Collateral Deposits

Short-term collateral deposits accounted for 1% of total funding at 30 June 2016, which was in line with the prior half. Net collateral received decreased $2 billion, largely due to the impact of the higher Australian dollar.

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

(1) Short term wholesale funding includes debt with an original maturity or call date of less than or equal to 12 months, and consists of certificates of deposit and bank acceptances, debt issued under the EMTN program and the domestic, Euro and US commercial paper programs of Commonwealth Bank of Australia and ASB. Short-term wholesale funding also includes deposits from banks and central banks as well as net repurchase agreements.
(2) Long-term wholesale funding includes debt with an original maturity or call date of greater than 12 months.

Contents

Section 5 – Divisional Performance

Retail Banking Services

	Full Year Ended (1)			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Net interest income	**8,599**	7,848	10	**4,363**	4,236	3
Other banking income	**1,762**	1,754	-	**838**	924	(9)
Total banking income	**10,361**	9,602	8	**5,201**	5,160	1
Operating expenses	**(3,373)**	(3,276)	3	**(1,679)**	(1,694)	(1)
Loan impairment expense	**(660)**	(626)	5	**(355)**	(305)	16
Net profit before tax	**6,328**	5,700	11	**3,167**	3,161	-
Corporate tax expense	**(1,892)**	(1,706)	11	**(946)**	(946)	-
Cash net profit after tax	**4,436**	3,994	11	**2,221**	2,215	-
Income analysis						
Net interest income						
Home loans	**3,887**	3,561	9	**1,916**	1,971	(3)
Consumer finance (2)	**2,012**	1,879	7	**1,015**	997	2
Retail deposits	**2,639**	2,336	13	**1,401**	1,238	13
Other (3)	**61**	72	(15)	**31**	30	3
Total net interest income	**8,599**	7,848	10	**4,363**	4,236	3
Other banking income						
Home loans	**213**	217	(2)	**103**	110	(6)
Consumer finance (2)	**508**	545	(7)	**227**	281	(19)
Retail deposits	**510**	503	1	**250**	260	(4)
Distribution (4)	**427**	396	8	**204**	223	(9)
Other (3)	**104**	93	12	**54**	50	8
Total other banking income	**1,762**	1,754	-	**838**	924	(9)
Total banking income	**10,361**	9,602	8	**5,201**	5,160	1

	As at (1)				
Balance Sheet	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M	Jun 16 vs Dec 15 %	Jun 16 vs Jun 15 %
Home loans	**311,351**	298,693	289,633	4	7
Consumer finance (2)	**17,165**	17,168	16,897	-	2
Other interest earning assets	**1,891**	1,766	1,943	7	(3)
Total interest earning assets	**330,407**	317,627	308,473	4	7
Other assets	**1,411**	1,250	1,070	13	32
Total assets	**331,818**	318,877	309,543	4	7
Transaction deposits (5) (6)	**17,975**	32,558	27,095	(45)	(34)
Savings deposits	**118,444**	117,657	107,069	1	11
Investment deposits and other	**72,932**	74,183	79,663	(2)	(8)
Total interest bearing deposits	**209,351**	224,398	213,827	(7)	(2)
Non-interest bearing transaction deposits (6)	**25,336**	6,013	5,298	large	large
Other non-interest bearing liabilities	**3,078**	2,354	2,825	31	9
Total liabilities	**237,765**	232,765	221,950	2	7

	Full Year Ended (1)			Half Year Ended		
Key Financial Metrics	30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Performance indicators						
Return on assets (%)	**1. 4**	1. 3	10 bpts	**1. 4**	1. 4	-
Impairment expense annualised as a % of average GLAAs (%)	**0. 21**	0. 21	-	**0. 22**	0. 19	3 bpts
Operating expenses to total banking income (%)	**32. 6**	34. 1	(150)bpts	**32. 3**	32. 8	(50)bpts
Other asset/liability information						
Average interest earning assets ($M)	**317,838**	297,856	7	**322,856**	312,875	3
Average interest bearing liabilities ($M)	**215,746**	206,739	4	**212,149**	219,303	(3)

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Consumer finance includes personal loans and credit cards.
(3) Other includes asset finance, merchants and business lending.
(4) Distribution includes income associated with the sale of foreign exchange products, and commissions received from the distribution of wealth management products through the retail network.
(5) Includes 'Everyday Offset' accounts.
(6) During the period, following a change in terms, Interest bearing transaction deposits of $17,224 million became Non-interest bearing and have been disclosed accordingly.

Financial Performance and Business Review

Year Ended June 2016 versus June 2015

Retail Banking Services cash net profit after tax for the full year ended 30 June 2016 was $4,436 million, an increase of 11% on the prior year. The result was driven by strong growth in total banking income, partly offset by higher expenses and increased loan impairment expense. As at June 2016, the Retail bank remained ranked number one in customer satisfaction amongst its peers(1).

Net Interest Income

Net interest income was $8,599 million, an increase of 10% on the prior year. This was driven by improved net interest margin and strong volume growth, primarily in home lending.

Balance Sheet growth included:

- Home loan growth of 7%, with continued growth in the broker channel, consistent with market trend;
- Consumer finance growth of 2% in a competitive environment; and
- Total deposit balance growth of 7%, resulting from strong growth in savings and transaction accounts.

Net interest margin increased, reflecting:

- Improved margins across the lending portfolio; and
- Increased deposit margins, in particular investment and savings margins, partly offset by a reduction in the cash rate.

Other Banking Income

Other banking income was $1,762 million, flat on the prior year, reflecting:

- An increase in deposit fee income from higher transaction volumes; and
- Higher distribution income, driven by increased foreign exchange transactions; offset by
- Lower consumer finance income, primarily due to the interchange rate reduction.

Operating Expenses

Operating expenses were $3,373 million, an increase of 3% on the prior year. The key drivers were higher staff costs, increased volume-related expenses and ongoing investment in technology and digital capabilities, partly offset by the benefit of productivity savings.

The operating expense to total banking income ratio was 32.6%, a decrease of 150 basis points on the prior year.

Loan Impairment Expense

Loan impairment expense was $660 million, an increase of 5% on the prior year. The increase was driven by higher home loan arrears and losses, predominantly due to deterioration in mining towns, and higher personal loan arrears, partly offset by improvement in the credit card portfolio.

Half Year Ended June 2016 versus December 2015

Cash net profit after tax for the half year ended 30 June 2016 was $2,221 million, flat on the prior half. The result was driven by higher total banking income and lower expenses, offset by higher loan impairment expense.

Net Interest Income

Net interest income increased 3% on the prior half, reflecting solid balance growth and higher net interest margin, partly offset by two fewer calendar days than the prior half.

Balance Sheet growth included:

- Home loan growth of 4%, slightly above system;
- Total deposit balance growth of 2%, driven by solid growth in transaction and savings accounts; and
- Stable consumer finance balances, impacted by seasonality and competition.

Net interest margin improved, reflecting:

- Improved margins across the deposit portfolio; partly offset by
- Reduced home lending margins, driven by higher cash basis risk and competitive market pressures.

Other Banking Income

Other banking income decreased 9% on the prior half, reflecting:

- Lower home loan income, driven by seasonally higher sales in the prior half;
- A decrease in consumer finance fees, due to the interchange rate reduction, seasonally lower purchases in the half, and an increase in loyalty points issued; and
- Lower distribution income, driven by decreased foreign exchange transactions.

Operating Expenses

Operating expenses decreased 1% on the prior half, driven by seasonally lower credit card loyalty redemption activity and benefits from productivity initiatives, partly offset by continued investment in technology and digital capabilities.

Loan Impairment Expense

Loan impairment expense increased $50 million on the prior half, driven by higher home and personal loan arrears due to expected seasonal trends and deterioration in Western Australia and Queensland.

(1) Roy Morgan Research. Retail Main Financial Institution (MFI) Customer Satisfaction, Australians 14+, % "Very Satisfied" or "Fairly Satisfied" with relationship with that MFI. Six month rolling average to June 2016. Rank based on the major four Australian banks.

Business and Private Banking

	Full Year Ended [1]			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Net interest income	3,049	2,925	4	1,511	1,538	(2)
Other banking income	859	793	8	436	423	3
Total banking income	3,908	3,718	5	1,947	1,961	(1)
Operating expenses	(1,489)	(1,428)	4	(747)	(742)	1
Loan impairment expense	(179)	(152)	18	(108)	(71)	52
Net profit before tax	2,240	2,138	5	1,092	1,148	(5)
Corporate tax expense	(673)	(643)	5	(328)	(345)	(5)
Cash net profit after tax	1,567	1,495	5	764	803	(5)
Income analysis						
Net interest income						
Corporate Financial Services	1,085	1,036	5	531	554	(4)
Regional and Agribusiness	554	558	(1)	274	280	(2)
Local Business Banking	953	915	4	475	478	(1)
Private Bank	304	270	13	153	151	1
CommSec	153	146	5	78	75	4
Total net interest income	3,049	2,925	4	1,511	1,538	(2)
Other banking income						
Corporate Financial Services	310	286	8	156	154	1
Regional and Agribusiness	92	84	10	48	44	9
Local Business Banking	184	171	8	93	91	2
Private Bank	62	59	5	31	31	-
CommSec	211	193	9	108	103	5
Total other banking income	859	793	8	436	423	3
Total banking income	3,908	3,718	5	1,947	1,961	(1)
Income by product						
Business products	2,232	2,167	3	1,102	1,130	(2)
Retail products	1,110	985	13	564	546	3
Equities and margin lending	330	317	4	166	164	1
Markets	140	131	7	69	71	(3)
Other	96	118	(19)	46	50	(8)
Total banking income	3,908	3,718	5	1,947	1,961	(1)

	As at [1]				
Balance Sheet	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M	Jun 16 vs Dec 15 %	Jun 16 vs Jun 15 %
Home loans	34,318	33,232	32,580	3	5
Consumer finance	724	727	712	-	2
Business loans	65,780	63,156	62,278	4	6
Margin loans	2,697	2,821	2,676	(4)	1
Total interest earning assets	103,519	99,936	98,246	4	5
Non-lending interest earning assets	238	346	259	(31)	(8)
Other assets [2]	454	318	485	43	(6)
Total assets	104,211	100,600	98,990	4	5
Transaction deposits [3]	12,030	11,859	11,383	1	6
Savings deposits	31,237	30,559	28,830	2	8
Investment deposits and other	25,677	25,618	24,755	-	4
Total interest bearing deposits	68,944	68,036	64,968	1	6
Non-interest bearing transaction deposits [3]	6,912	5,417	5,252	28	32
Other non-interest bearing liabilities	834	645	886	29	(6)
Total liabilities	76,690	74,098	71,106	3	8

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Other assets include Intangible assets.
(3) During the period, following a change in terms, Interest bearing transaction deposits of $1,090 million became Non-interest bearing and have been disclosed accordingly.

Key Financial Metrics	Full Year Ended (1)			Half Year Ended		
	30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Performance indicators						
Return on assets (%)	**1.5**	1.5	-	**1.5**	1.6	(10)bpts
Impairment expense annualised as a % of average GLAAs (%)	**0.18**	0.16	2 bpts	**0.21**	0.14	7 bpts
Operating expenses to total banking income (%)	**38.1**	38.4	(30)bpts	**38.4**	37.8	60 bpts
Other asset/liability information						
Average interest earning assets ($M)	**100,336**	95,781	5	**101,844**	98,845	3
Average interest bearing liabilities ($M)	**68,835**	62,654	10	**69,881**	67,800	3

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

Financial Performance and Business Review

Year Ended June 2016 versus June 2015

Business and Private Banking cash net profit after tax for the full year ended 30 June 2016 was $1,567 million, an increase of 5% on the prior year. The result was driven by solid growth in total banking income, partly offset by higher expenses and increased loan impairment expense.

Net Interest Income

Net interest income was $3,049 million, an increase of 4% on the prior year. This was driven by solid growth in deposit and business lending balances.

Balance Sheet growth included:

- Deposit growth of 8%, reflecting strong growth for at-call products;
- Business lending growth of 6% in a competitive environment; and
- Home loan growth of 5%, reflecting the lower exposure to broker channels.

Net interest margin was stable reflecting higher deposit and home lending margins, offset by lower business lending margins.

Other Banking Income

Other banking income was $859 million, an increase of 8% on the prior year, reflecting:

- An increase of 20% in equities trading volumes;
- Increased merchant income driven by the interchange rate reduction; and
- Higher business lending fee income driven by volume growth and a mix shift towards products with a higher relative proportion of fee income.

Operating Expenses

Operating expenses were $1,489 million, an increase of 4% on the prior year, reflecting higher staff costs, investment in frontline and product development initiatives, partly offset by productivity savings.

Loan Impairment Expense

Loan impairment expense was $179 million, an increase of $27 million on the prior year, driven by a lower level of write-backs. The credit quality of the underlying portfolio remains stable, due in part to a low interest rate environment.

Loan impairment expense as a percentage of average gross loans and acceptances increased two basis points to 18 basis points.

Half Year Ended June 2016 versus December 2015

Cash net profit after tax for the half year ended 30 June 2016 was $764 million, a decrease of 5% on the prior half. The result was driven by lower net interest income, and higher loan impairment expense, partly offset by solid growth in other banking income.

Net Interest Income

Net interest income decreased 2% on the prior half, reflecting a lower net interest margin and two fewer calendar days in the half, partly offset by solid volume growth.

Balance Sheet growth included:

- Business lending growth of 4%;
- Deposit growth of 3%, reflecting continued strong growth in transactions and savings accounts; and
- Home loan growth of 3%.

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

Other Banking Income

Other banking income increased 3% on the prior half reflecting:

- Higher business lending fee income;
- An increase of 9% in equities trading volumes; and
- Increased merchant income.

Operating Expenses

Operating expenses increased 1% on the prior half, driven by investment in frontline and product development initiatives, partly offset by productivity savings.

Loan Impairment Expense

Loan impairment expense was $108 million, an increase of $37 million on the prior half reflecting a lower level of write-backs and higher collective provisions.

Institutional Banking and Markets

	Full Year Ended (1)			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Net interest income	1,565	1,442	9	780	785	(1)
Other banking income	1,288	1,360	(5)	635	653	(3)
Total banking income	2,853	2,802	2	1,415	1,438	(2)
Operating expenses	(1,081)	(970)	11	(547)	(534)	2
Loan impairment expense	(252)	(167)	51	(112)	(140)	(20)
Net profit before tax	1,520	1,665	(9)	756	764	(1)
Corporate tax expense	(356)	(380)	(6)	(200)	(156)	28
Cash net profit after tax	1,164	1,285	(9)	556	608	(9)
Income analysis						
Net interest income						
Institutional Banking	1,406	1,336	5	682	724	(6)
Markets	159	106	50	98	61	61
Total net interest income	1,565	1,442	9	780	785	(1)
Other banking income						
Institutional Banking	758	836	(9)	355	403	(12)
Markets	530	524	1	280	250	12
Total other banking income	1,288	1,360	(5)	635	653	(3)
Total banking income	2,853	2,802	2	1,415	1,438	(2)
Income by product						
Institutional products	1,814	1,770	2	887	927	(4)
Asset leasing	289	309	(6)	123	166	(26)
Markets	760	664	14	385	375	3
Other	61	93	(34)	27	34	(21)
Total banking income excluding derivative valuation adjustments	2,924	2,836	3	1,422	1,502	(5)
Derivative valuation adjustments	(71)	(34)	large	(7)	(64)	(89)
Total banking income	2,853	2,802	2	1,415	1,438	(2)

	As at (1)				
Balance Sheet	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M	Jun 16 vs Dec 15 %	Jun 16 vs Jun 15 %
Interest earning lending assets	112,487	110,135	98,223	2	15
Non-lending interest earning assets	27,594	29,466	28,722	(6)	(4)
Other assets (2)	42,118	37,067	38,018	14	11
Total assets	182,199	176,668	164,963	3	10
Transaction deposits	41,485	36,441	36,598	14	13
Savings deposits	6,395	5,793	8,113	10	(21)
Investment deposits	39,587	40,126	34,677	(1)	14
Certificates of deposit and other	14,494	12,321	12,876	18	13
Total interest bearing deposits	101,961	94,681	92,264	8	11
Due to other financial institutions	15,610	16,391	15,365	(5)	2
Debt issues and other (3)	9,064	8,058	9,501	12	(5)
Non-interest bearing liabilities (2)	28,134	24,853	26,031	13	8
Total liabilities	154,769	143,983	143,161	7	8

	Full Year Ended (1)			Half Year Ended		
Key Financial Metrics	30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Performance indicators						
Return on assets (%)	0. 7	0. 8	(10)bpts	0. 6	0. 7	(10)bpts
Impairment expense annualised as a % of average GLAAs (%)	0. 23	0. 18	5 bpts	0. 20	0. 27	(7)bpts
Operating expenses to total banking income (%)	37. 9	34. 6	330 bpts	38. 7	37. 1	160 bpts
Other asset/liability information						
Average interest earning assets ($M)	137,066	115,097	19	138,158	135,986	2
Average interest bearing liabilities ($M)	120,061	104,267	15	120,069	120,053	-

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Other assets include Intangible assets and Derivative assets. Non-interest bearing liabilities include Derivative liabilities. Intercompany settlement accounts that eliminate on Group consolidation have been excluded from Other assets.
(3) Debt issues and other includes Bank acceptances, Liabilities at fair value and Loan capital.

Financial Performance and Business Review

Year Ended June 2016 versus June 2015

Institutional Banking and Markets cash net profit after tax for the full year ended 30 June 2016 was $1,164 million, a decrease of 9% on the prior year. The result was driven by strong balance growth, and positive sales revenue in Markets. This was offset by lower lending margins, unfavourable derivative valuation adjustments, higher operating expenses and increased loan impairment expense.

Net Interest Income

Net interest income was $1,565 million, an increase of 9% on the prior year. This was driven by strong sales and trading performance in Markets, and growth in lending volumes, partly offset by lower lending and leasing margins.

Average balance growth included:

- A 15% increase in average lending balances, driven by growth in the strategic focus industries of Financial Institutions and Infrastructure; and
- Average deposit balance volumes increased 5%, driven by growth in transaction and investment deposits.

Net interest margin decreased reflecting the impact of continued competitive pressure on lending margins.

Other Banking Income

Other banking income was $1,288 million, a decrease of 5% on the prior year, reflecting:

- Unfavourable derivative valuation adjustments of $71 million, compared to a $34 million unfavourable adjustment in the prior year;
- Lower lending fee income; and
- Timing of gains and losses in the structured asset finance portfolio; partly offset by
- Strong Markets performance, resulting in a $43 million increase on the prior year.

Operating Expenses

Operating expenses were $1,081 million, an increase of 11% on the prior year. Excluding the impact of the lower Australian dollar, operating expenses increased 9%.

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

Loan Impairment Expense

Loan impairment expense was $252 million, an increase of $85 million on the prior year. The increase was driven by a small number of large individual provisions, a lower level of write-backs and higher collective provisions, partly offset by higher recoveries.

Loan impairment expense as a percentage of average gross loans and acceptances increased five basis points to 23 basis points.

Corporate Tax Expense

The corporate tax expense was $356 million. The effective tax rate of 23.4% was largely in line with the prior year.

Half Year Ended June 2016 versus December 2015

Cash net profit after tax for the half year ended 30 June 2016 was $556 million, a decrease of 9% on the prior half. The result was driven by higher Markets revenue, offset by lower lending margins and higher operating expenses.

Net Interest Income

Net interest income decreased 1% on the prior half driven by:

- Continued competitive pressure on lending margins; partly offset by
- Growth of 5% in average lending balances, driven by Financial Institutions and Infrastructure lending conducted in the prior half of the financial year;
- Higher average deposit balances, particularly in transaction and investment deposits; and
- Strong Markets performance particularly in Fixed Income & Rates.

Other Banking Income

Other banking income decreased 3% on the prior half, reflecting:

- Strong sales revenue in Markets, particularly in Fixed Income & Rates and Commodities;
- Favourable turnaround in derivative valuation adjustments, from an unfavourable adjustment of $64 million in the prior half to an unfavourable adjustment of $7 million in the current period; offset by
- Restructure of Institutional Equities service offering resulting in a lower Equities revenue in the current half; and
- Non-recurring gains and losses in the structured asset finance portfolio which largely offset in the current half, compared with net gains in the prior half.

Operating Expenses

Operating expenses increased 2% on the prior half. Excluding the impact of the higher Australian dollar, operating expenses increased 4%, reflecting higher technology related amortisation.

Loan Impairment Expense

Loan impairment expense was $112 million, a decrease of $28 million on the prior half. The decrease was driven by lower collective provision charges and higher write-backs partly offset by increased individual provisions and lower recoveries.

Corporate Tax Expense

The corporate tax expense was $200 million. The effective tax rate of 26.5% was higher than the prior half due to a change in the mix of taxable earnings across domestic and offshore locations together with the introduction of a UK banking levy.

Wealth Management

	Full Year Ended (1)			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Funds management income	**1,891**	1,846	2	**927**	964	(4)
Insurance income	**502**	503	-	**172**	330	(48)
Total operating income	**2,393**	2,349	2	**1,099**	1,294	(15)
Operating expenses	**(1,676)**	(1,726)	(3)	**(844)**	(832)	1
Net profit before tax	**717**	623	15	**255**	462	(45)
Corporate tax expense	**(185)**	(148)	25	**(54)**	(131)	(59)
Underlying profit after tax	**532**	475	12	**201**	331	(39)
Investment experience after tax	**85**	178	(52)	**44**	41	7
Cash net profit after tax	**617**	653	(6)	**245**	372	(34)
Represented by:						
CFS Global Asset Management	**227**	287	(21)	**107**	120	(11)
Colonial First State (2)	**230**	94	large	**115**	115	-
CommInsure	**274**	316	(13)	**83**	191	(57)
Other	**(114)**	(44)	large	**(60)**	(54)	11
Cash net profit after tax	**617**	653	(6)	**245**	372	(34)

Key Financial Metrics	Full Year Ended (1)			Half Year Ended		
	30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Performance indicators						
Operating expenses to total operating income (%)	**70. 0**	73. 5	(350)bpts	**76. 8**	64. 3	large
FUA - average ($M)	**132,632**	128,880	3	**132,723**	132,721	-
FUA - spot ($M)	**134,248**	131,903	2	**134,248**	133,886	-
AUM - average ($M) (3)	**197,569**	195,406	1	**195,513**	199,294	(2)
AUM - spot ($M) (3)	**199,735**	202,168	(1)	**199,735**	195,248	2
Annual Inforce Premiums - average ($M)	**2,474**	2,388	4	**2,480**	2,470	-
Annual Inforce Premiums - spot ($M)	**2,508**	2,467	2	**2,508**	2,472	1

	Full Year Ended (1)											
	CFS Global Asset Management			Colonial First State (2)			CommInsure			Other		
	Jun 16 $M	Jun 15 $M	Jun 16 vs Jun 15 %	Jun 16 $M	Jun 15 $M	Jun 16 vs Jun 15 %	Jun 16 $M	Jun 15 $M	Jun 16 vs Jun 15 %	Jun 16 $M	Jun 15 $M	Jun 16 vs Jun 15 %
Funds management income	**842**	847	(1)	**929**	866	7	**120**	133	(10)	**-**	-	-
Insurance income	**-**	-	-	**-**	-	-	**502**	503	-	**-**	-	-
Total operating income	**842**	847	(1)	**929**	866	7	**622**	636	(2)	**-**	-	-
Operating expenses	**(567)**	(526)	8	**(609)**	(735)	(17)	**(339)**	(319)	6	**(161)**	(146)	10
Net profit before tax	**275**	321	(14)	**320**	131	large	**283**	317	(11)	**(161)**	(146)	10
Corporate tax expense	**(51)**	(61)	(16)	**(99)**	(39)	large	**(80)**	(91)	(12)	**45**	43	5
Underlying profit after tax	**224**	260	(14)	**221**	92	large	**203**	226	(10)	**(116)**	(103)	13
Investment experience after tax	**3**	27	(89)	**9**	2	large	**71**	90	(21)	**2**	59	(97)
Cash net profit after tax	**227**	287	(21)	**230**	94	large	**274**	316	(13)	**(114)**	(44)	large

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Colonial First State incorporates the results of all Wealth Management financial planning businesses.
(3) AUM includes Realindex Investments and excludes the Group's interest in the First State Cinda Fund Management Company Limited.

Financial Performance and Business Review

Year Ended June 2016 versus June 2015

Wealth Management cash net profit after tax for the full year ended 30 June 2016 was $617 million, a decrease of 6% on the prior year. The result was driven by growth in funds management income and lower operating expenses, offset by lower investment experience. Insurance income was flat reflecting strong growth in general insurance income offset by a significantly lower life insurance result.

The Open Advice Review program closed for registrations on 3 July 2016 and as of 30 June 2016 over 8,600 completed registration forms had been received.

Funds Management Income

Funds management income was $1,891 million, an increase of 2% on the prior year.

Average Assets Under Management (AUM) increased 1% to $198 billion, reflecting positive investment performance, with 78% of CFS GAM assets outperforming their three year benchmark, in a volatile environment. Weaker investor sentiment and global market volatility contributed to higher net outflows in emerging markets, however the unlisted infrastructure business grew through the acquisition of a number of new investments following the drawdown of commitments. The AUM margin remained stable over the year despite the challenging environment, supported by a strong contribution from the infrastructure business.

Average Funds Under Administration (FUA) increased 3% to $133 billion. The FirstChoice and Custom Solutions platforms experienced continued growth in average FUA of 4% and 10% respectively, reflecting positive net flows and positive investment market returns. FUA margin improved as a result of reduced provisioning for Advice customer remediation costs, partly offset by the continued run-off in the legacy component of the investment business.

Insurance Income

Insurance income was $502 million, flat on the prior year. Wholesale life insurance income increased reflecting continued benefits from the repricing activity in the prior year, partly offset by higher claims.

General insurance income experienced strong growth as a result of significantly lower weather events and a 6% increase in inforce premiums due to higher renewals, partly offset by lower new business sales.

Retail life income decreased due to higher claims and lower sales partly offset by an improvement in lapses. In addition an increase in income protection claims reserves resulted in loss recognition.

Operating Expenses

Operating expenses were $1,676 million, a decrease of 3% on the prior year. This was mainly driven by lower compliance and remediation program costs and benefits from productivity initiatives, partly offset by the impact of the lower Australian dollar, higher staff costs, and continued investment in business growth and regulatory change projects.

Investment Experience

Investment experience after tax decreased 52%, driven by non-recurrence of benefits from divestments and investment revaluation gains in the prior year, partly offset by changes in economic assumptions.

Half Year Ended June 2016 versus December 2015

Cash net profit after tax for the half year ended 30 June 2016 was $245 million, a decrease of 34% on the prior half driven by a decline in insurance and funds management income, and higher operating expenses, partly offset by positive investment experience.

Funds Management Income

Funds management income decreased 4% on the prior half.

Average AUM decreased 2%, reflecting weakness in investment markets, partly offset by positive net flows in the unlisted infrastructure business following the acquisition of a number of new investments as a result of the drawdown of commitments.

Underlying product margins remained stable despite a challenging environment, although a change in asset mix resulted in an overall decrease in the AUM margin.

Average FUA remained flat on the prior half, reflecting subdued industry flows and flat investment market performance.

FUA margin remained stable compared to the prior half.

Insurance Income

Insurance income decreased 48% on the prior half.

Wholesale life income remained flat on the prior half offset by significantly lower Retail life income which was impacted by higher claims, and an increase in income protection claims reserves resulting in loss recognition.

General insurance income declined as a result of higher event claims in the half, partly offset by a 4% growth in inforce premiums.

Operating Expenses

Operating expenses increased 1% driven by higher project related spend including investment in digital customer experience, partly offset by the benefits from productivity initiatives.

Investment Experience

Investment experience after tax increased 7% on the prior half, primarily due to changes in economic assumptions.

Wealth Management

Assets Under Management (AUM) [2]	30 Jun 15 $M	Inflows $M	Outflows $M	Net Flows $M	Other [3] $M	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Jun 15 %	Jun 16 vs Dec 15 %
	Full Year Ended [1]								
Australian equities	28,451	3,937	(5,385)	(1,448)	237	**27,240**	27,965	(4)	(3)
Global equities	95,109	24,179	(27,379)	(3,200)	(1,009)	**90,900**	89,755	(4)	1
Fixed income [4]	73,138	54,654	(56,743)	(2,089)	3,621	**74,670**	71,680	2	4
Infrastructure	5,470	1,044	(267)	777	678	**6,925**	5,848	27	18
Total	202,168	83,814	(89,774)	(5,960)	3,527	**199,735**	195,248	(1)	2

Funds Under Administration (FUA)	30 Jun 15 $M	Inflows $M	Outflows $M	Net Flows $M	Other [3] $M	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Jun 15 %	Jun 16 vs Dec 15 %
	Full Year Ended [1]								
FirstChoice	73,582	14,186	(13,443)	743	1,369	**75,694**	74,874	3	1
Custom Solutions [5]	21,303	6,250	(4,580)	1,670	(83)	**22,890**	22,276	7	3
CFS Non-Platform	15,920	8,006	(8,263)	(257)	(609)	**15,054**	16,029	(5)	(6)
CommInsure Investments	13,108	472	(1,529)	(1,057)	221	**12,272**	12,580	(6)	(2)
Other	7,990	621	(437)	184	164	**8,338**	8,127	4	3
Total	131,903	29,535	(28,252)	1,283	1,062	**134,248**	133,886	2	-

Insurance Inforce	30 Jun 15 $M	Sales $M	Lapses $M	Net Flows $M	Other $M	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Jun 15 %	Jun 16 vs Dec 15 %
	Full Year Ended [1]								
Life Insurance	1,774	242	(243)	(1)	-	**1,773**	1,766	-	-
General Insurance	693	148	(106)	42	-	**735**	706	6	4
Total	2,467	390	(349)	41	-	**2,508**	2,472	2	1

(1) Comparative information has been restated to conform to presentation in the current period.
(2) AUM includes Realindex Investments and excludes the Group's interest in the First State Cinda Fund Management Company Limited.
(3) Other includes investment income and foreign exchange gains and losses from translation of internationally sourced business.
(4) Fixed income include short-term investments and global credit.
(5) Custom Solutions include FirstWrap product.

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New Zealand

	Full Year Ended (1)			Half Year Ended (1)		
	30 Jun 16 A$M	30 Jun 15 A$M	Jun 16 vs Jun 15 %	30 Jun 16 A$M	31 Dec 15 A$M	Jun 16 vs Dec 15 %
Net interest income	**1,575**	1,533	3	**782**	793	(1)
Other banking income (2)	**288**	280	3	**141**	147	(4)
Total banking income	**1,863**	1,813	3	**923**	940	(2)
Funds management income	**80**	71	13	**40**	40	-
Insurance income	**242**	232	4	**115**	127	(9)
Total operating income	**2,185**	2,116	3	**1,078**	1,107	(3)
Operating expenses	**(889)**	(861)	3	**(448)**	(441)	2
Loan impairment expense	**(120)**	(83)	45	**(83)**	(37)	large
Net profit before tax	**1,176**	1,172	-	**547**	629	(13)
Corporate tax expense	**(309)**	(296)	4	**(139)**	(170)	(18)
Underlying profit after tax	**867**	876	(1)	**408**	459	(11)
Investment experience after tax	**10**	6	67	**6**	4	50
Cash net profit after tax	**877**	882	(1)	**414**	463	(11)

	Full Year Ended (1)			Half Year Ended (1)		
	30 Jun 16 NZ$M	30 Jun 15 NZ$M	Jun 16 vs Jun 15 %	30 Jun 16 NZ$M	31 Dec 15 NZ$M	Jun 16 vs Dec 15 %
Net interest income	**1,711**	1,649	4	**847**	864	(2)
Other banking income	**346**	337	3	**172**	174	(1)
Total banking income	**2,057**	1,986	4	**1,019**	1,038	(2)
Funds management income	**87**	77	13	**44**	43	2
Insurance income	**264**	250	6	**124**	140	(11)
Total operating income	**2,408**	2,313	4	**1,187**	1,221	(3)
Operating expenses	**(964)**	(929)	4	**(484)**	(480)	1
Loan impairment expense	**(130)**	(89)	46	**(89)**	(41)	large
Net profit before tax	**1,314**	1,295	1	**614**	700	(12)
Corporate tax expense	**(347)**	(325)	7	**(158)**	(189)	(16)
Underlying profit after tax	**967**	970	-	**456**	511	(11)
Investment experience after tax	**11**	7	57	**7**	4	75
Cash net profit after tax	**978**	977	-	**463**	515	(10)
Represented by:						
ASB	**908**	864	5	**433**	475	(9)
Sovereign	**105**	123	(15)	**51**	54	(6)
Other (3)	**(35)**	(10)	large	**(21)**	(14)	50
Cash net profit after tax	**978**	977	-	**463**	515	(10)

	Full Year Ended (1)			Half Year Ended (1)		
Key Financial Metrics (4)	30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Operating expenses to total operating income (%)	**40. 0**	40. 2	(20)bpts	**40. 8**	39. 3	150 bpts
FUA - average (NZ$M)	**11,632**	10,291	13	**11,902**	11,420	4
FUA - spot (NZ$M)	**12,063**	11,117	9	**12,063**	11,731	3
AUM - average (NZ$M)	**4,825**	4,197	15	**4,932**	4,752	4
AUM - spot (NZ$M)	**5,222**	4,486	16	**5,222**	4,791	9

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Other banking income disclosed in AUD includes realised gains or losses associated with the hedge of the New Zealand operations.
(3) Other includes ASB and Sovereign funding entities and elimination entries between Sovereign and ASB.
(4) Key financial metrics are calculated in New Zealand dollar terms.

Financial Performance and Business Review

Year Ended June 2016 versus June 2015

New Zealand(1) cash net profit after tax(2) for the full year ended 30 June 2016 was NZD978 million, flat on the prior year, driven by solid performance from ASB offset by lower profit in Sovereign.

(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.

Half Year Ended June 2016 versus December 2015

New Zealand cash net profit after tax decreased 10% on the prior half. ASB's result decreased 9% reflecting higher loan impairment expense and net fixed rate loan prepayment expense, while Sovereign's profit decreased 6% on the prior half.

ASB	Full Year Ended (1) 30 Jun 16 NZ$M	30 Jun 15 NZ$M	Jun 16 vs Jun 15 %	Half Year Ended (1) 30 Jun 16 NZ$M	31 Dec 15 NZ$M	Jun 16 vs Dec 15 %
Net interest income	**1,755**	1,650	6	**875**	880	(1)
Other banking income	**383**	370	4	**191**	192	(1)
Total banking income	**2,138**	2,020	6	**1,066**	1,072	(1)
Funds management income	**85**	74	15	**43**	42	2
Total operating income	**2,223**	2,094	6	**1,109**	1,114	-
Operating expenses	**(829)**	(805)	3	**(415)**	(414)	-
Loan impairment expense	**(130)**	(89)	46	**(89)**	(41)	large
Net profit before tax	**1,264**	1,200	5	**605**	659	(8)
Corporate tax expense	**(356)**	(336)	6	**(172)**	(184)	(7)
Cash net profit after tax	**908**	864	5	**433**	475	(9)

Balance Sheet	As at 30 Jun 16 NZ$M	31 Dec 15 NZ$M	30 Jun 15 NZ$M	Jun 16 vs Dec 15 %	Jun 16 vs Jun 15 %
Home loans	**47,784**	45,662	43,737	5	9
Business and rural lending	**22,588**	21,310	20,019	6	13
Other interest earning assets	**1,951**	1,910	1,809	2	8
Total lending interest earning assets	**72,323**	68,882	65,565	5	10
Non-lending interest earning assets	**7,130**	6,413	7,297	11	(2)
Other assets	**2,106**	2,179	2,993	(3)	(30)
Total assets	**81,559**	77,474	75,855	5	8
Customer deposits	**49,811**	48,524	46,751	3	7
Debt issues	**13,431**	11,221	11,076	20	21
Other interest bearing liabilities (2)	**3,972**	4,812	4,198	(17)	(5)
Total interest bearing liabilities	**67,214**	64,557	62,025	4	8
Non-interest bearing liabilities	**6,192**	5,473	6,013	13	3
Total liabilities	**73,406**	70,030	68,038	5	8

Key Financial Metrics (3)	Full Year Ended (1) 30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	Half Year Ended (1) 30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Performance indicators						
Return on assets (%)	**1. 2**	1. 2	-	**1. 1**	1. 2	(10)bpts
Impairment expense annualised as a % of average GLAAs (%)	**0. 19**	0. 14	5 bpts	**0. 25**	0. 12	13 bpts
Operating expenses to total operating income (%)	**37. 3**	38. 4	(110)bpts	**37. 4**	37. 2	20 bpts
Other asset/liability information						
Average interest earning assets (NZ$M)	**75,554**	69,380	9	**77,412**	73,717	5
Average interest bearing liabilities (NZ$M)	**64,563**	59,308	9	**65,937**	63,203	4
FUA - average (NZ$M)	**11,632**	10,291	13	**11,902**	11,420	4
FUA - spot (NZ$M)	**12,063**	11,117	9	**12,063**	11,731	3
AUM - average (NZ$M)	**4,120**	3,517	17	**4,232**	4,031	5
AUM - spot (NZ$M)	**4,523**	3,802	19	**4,523**	4,051	12

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Other interest bearing liabilities includes NZD119 million due to Group companies (31 December 2015: NZD1,498 million; 30 June 2015: NZD1,394 million).
(3) Key financial metrics are calculated in New Zealand dollar terms.

Financial Performance and Business Review

Year Ended June 2016 versus June 2015

ASB cash net profit after tax for the full year ended 30 June 2016 was NZD908 million, an increase of 5% on the prior year. The result was driven by operating income growth of 6% resulting from strong lending and deposit growth, partly offset by margin compression across key products, higher operating expenses and increased loan impairment expense.

Net Interest Income

Net interest income was NZD1,755 million, an increase of 6% on the prior year. Strong volume growth was partly offset by continued margin pressure across key portfolios.

Balance Sheet growth included:

- Home loan growth of 9%, above system, with continued customer preference for fixed rate borrowing;
- Business and rural loan growth of 13%, which remained above system following continued investment in this business; and
- Growth in customer deposits of 7%, with strong demand in the retail deposit portfolio.

Net interest margin decreased, reflecting continued competitive pressure on lending and deposit margins and a customer preference for lower margin fixed rate borrowing.

Other Banking and Funds Management Income

Other banking income was NZD383 million, an increase of 4% on the prior year, driven by higher markets income, lending and service fees, and insurance and brokerage commissions, partly offset by lower card fees.

Funds management income was NZD85 million, an increase of 15% on the prior year, due to strong net flows and a solid performance in investment markets.

Operating Expenses

Operating expenses were NZD829 million, an increase of 3% on the prior year. This increase was driven by higher staff costs and continued investment in frontline capability, higher marketing costs and ongoing investment in technology.

The operating expenses to total operating income ratio for ASB was 37.3%, a decrease of 110 basis points, reflecting continued focus on productivity.

Loan Impairment Expense

Loan impairment expense was NZD130 million, an increase of NZD41 million on the prior year, primarily due to an increase in rural lending provisioning within the dairy sector and higher unsecured retail provisioning. This was partly offset by improved home loan arrears.

Half Year Ended June 2016 versus December 2015

Cash net profit after tax for the half year ended 30 June 2016 was NZD433 million, a decrease of 9% on the prior half. This result was driven by an increase in loan impairment expense.

Net Interest Income

Net interest income decreased 1% on the prior half with higher net fixed rate prepayment expense and two fewer calendar days than the prior half, partly offset by strong lending growth and improved deposit portfolio margin.

Balance Sheet growth included:

- Home loan growth of 5%, in line with system;
- Business and rural loan growth of 6%, with growth remaining above system; and
- Customer deposit growth of 3%, with overall retail deposit growth above system.

Net interest margin decreased, reflecting ongoing pressure on lending margins and higher net fixed rate prepayment expense, partly offset by an increase in deposit portfolio margin.

Other Banking and Funds Management Income

Other banking income decreased 1% on the prior half, driven by lower lending fees, partly offset by a stronger markets performance and higher card fees.

Funds management income increased 2%, mainly due to the performance of the ASB KiwiSaver scheme.

Operating Expenses

Operating expenses were flat on the prior half, with lower staff costs offset by higher operational losses, marketing costs and continued investment in technology.

The operating expenses to total operating income ratio for ASB was 37.4%, an increase of 20 basis points.

Loan Impairment Expense

Loan impairment expense increased NZD48 million on the prior half due to an increase in rural lending provisioning and a seasonal increase in unsecured retail provisioning.

Sovereign	Full Year Ended 30 Jun 16 NZ$M	30 Jun 15 NZ$M	Jun 16 vs Jun 15 %	Half Year Ended 30 Jun 16 NZ$M	31 Dec 15 NZ$M	Jun 16 vs Dec 15 %
Insurance income	**230**	225	2	**107**	123	(13)
Operating expenses	**(135)**	(124)	9	**(70)**	(65)	8
Net profit before tax	**95**	101	(6)	**37**	58	(36)
Corporate tax (expense)/benefit	**(5)**	5	large	**5**	(10)	large
Underlying profit after tax	**90**	106	(15)	**42**	48	(13)
Investment experience after tax	**15**	17	(12)	**9**	6	50
Cash net profit after tax	**105**	123	(15)	**51**	54	(6)
Represented by:						
Planned profit margins	**93**	87	7	**48**	45	7
Experience variations	**(3)**	19	large	**(6)**	3	large
Operating margins	**90**	106	(15)	**42**	48	(13)
Investment experience after tax	**15**	17	(12)	**9**	6	50
Cash net profit after tax	**105**	123	(15)	**51**	54	(6)

Key Financial Metrics	Full Year Ended 30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	Half Year Ended 30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Performance indicators						
Average inforce premiums - average (NZ$M)	**732**	705	4	**737**	727	1
Annual inforce premiums - spot (NZ$M)	**744**	721	3	**744**	733	2

Insurance Inforce	Full Year Ended 30 Jun 15 $M	Sales $M	Lapses $M	Net Flows $M	Other $M	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Jun 15 %	Jun 16 vs Dec 15 %
Life Insurance	721	113	(83)	30	(7)	**744**	733	3	2
Total	721	113	(83)	30	(7)	**744**	733	3	2

Financial Performance and Business Review

Year Ended June 2016 versus June 2015

Sovereign cash net profit after tax for the full year ended 30 June 2016 was NZD105 million, a decrease of 15% on the prior year.

Insurance Income

Insurance income was NZD230 million, an increase of 2% on the prior year, due to annual inforce premium growth and reduced policy liability expense following the expiry of transitional tax relief, partly offset by unfavourable claims experience.

Operating Expenses

Operating expenses were NZD135 million, an increase of 9% on the prior year, driven by expenditure on technology and higher staff costs, partly offset by benefits from productivity initiatives.

Corporate Tax Expense

Corporate tax expense increased NZD10 million on the prior year, driven by a change in tax legislation, resulting in premium income on some life insurance policies becoming assessable for tax.

Half Year Ended June 2016 versus December 2015

Cash net profit after tax for the half year ended 30 June 2016 was NZD51 million, a decrease of 6% on the prior half.

Insurance Income

Insurance income decreased 13% on the prior half, driven by unfavourable claims experience, partly offset by annual inforce premium growth and improved lapse rates.

Operating Expenses

Operating expenses increased 8% on the prior half, driven by expenditure on technology.

Corporate Tax Expense

Corporate tax expense decreased compared to the prior half due to timing differences in tax provisions.

Bankwest

	Full Year Ended [1]			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Net interest income	**1,638**	1,658	(1)	**805**	833	(3)
Other banking income	**217**	216	-	**110**	107	3
Total banking income	**1,855**	1,874	(1)	**915**	940	(3)
Operating expenses	**(773)**	(787)	(2)	**(383)**	(390)	(2)
Loan impairment benefit/(expense)	**10**	50	(80)	**(6)**	16	large
Net profit before tax	**1,092**	1,137	(4)	**526**	566	(7)
Corporate tax expense	**(329)**	(342)	(4)	**(159)**	(170)	(6)
Cash net profit after tax	**763**	795	(4)	**367**	396	(7)

	As at [1]				
Balance Sheet	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M	Jun 16 vs Dec 15 %	Jun 16 vs Jun 15 %
Home loans	**64,412**	62,041	61,472	4	5
Other interest earning lending assets	**18,184**	17,832	17,748	2	2
Total interest earning assets	**82,596**	79,873	79,220	3	4
Other assets	**284**	219	269	30	6
Total assets	**82,880**	80,092	79,489	3	4
Transaction deposits	**12,155**	11,369	10,009	7	21
Savings deposits	**10,569**	11,017	10,882	(4)	(3)
Investment deposits	**26,152**	26,339	26,473	(1)	(1)
Certificates of deposit and other	**37**	45	42	(18)	(12)
Total interest bearing deposits	**48,913**	48,770	47,406	-	3
Other interest bearing liabilities	**66**	27	57	large	16
Non-interest bearing transaction deposits	**1,565**	1,525	1,402	3	12
Other non-interest bearing liabilities	**556**	515	634	8	(12)
Total liabilities	**51,100**	50,837	49,499	1	3

	Full Year Ended [1]			Half Year Ended		
Key Financial Metrics	30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Performance indicators						
Return on assets (%)	**0.9**	1.0	(10)bpts	**0.9**	1.0	(10)bpts
Impairment expense annualised as a % of average GLAAs (%)	**(0.01)**	(0.06)	5 bpts	**0.01**	(0.04)	5 bpts
Operating expenses to total banking income (%)	**41.7**	42.0	(30)bpts	**41.9**	41.5	40 bpts
Other asset/liability information						
Average interest earning assets ($M)	**80,329**	77,611	4	**81,383**	79,287	3
Average interest bearing liabilities ($M)	**48,849**	45,540	7	**49,440**	48,265	2

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

Financial Performance and Business Review

Year Ended June 2016 versus June 2015

Bankwest cash net profit after tax for the full year ended 30 June 2016 was $763 million, a decrease of 4% on the prior year. The result was driven by a reduction in loan impairment benefit and lower total banking income, partly offset by lower operating expenses.

Net Interest Income

Net interest income was $1,638 million, a decrease of 1% on the prior year, reflecting lower margins partly offset by solid volume growth in home lending, core business lending and transaction deposits.

Balance Sheet growth included:

- Home loan growth of 5%, reflecting lower system growth in Western Australia and tightening of lending criteria;
- Core business lending growth of 6%; and
- Growth of 20% in total transaction deposits due to strengthened customer relationships, particularly in retail products; partly offset by
- A 3% decrease in savings deposits, reflecting impacts from repricing;
- A decrease of 1% in investment deposits; and
- A decrease in higher risk, non-core business lending.

Net interest margin decreased, reflecting competitive pressures on lending margins and higher funding costs. This was partly offset by repricing of savings products and home lending products.

Other Banking Income

Other banking income was $217 million, flat on the prior year.

Operating Expenses

Operating expenses were $773 million, a decrease of 2% on the prior year, reflecting a continued focus on productivity and disciplined expense management, partly offset by higher staff costs. The expense to income ratio was 41.7%, an improvement of 30 basis points compared to the prior year.

Loan Impairment Expense

Loan impairment was a benefit of $10 million compared to $50 million benefit in the prior year. This was primarily driven by slower run-off of the troublesome and impaired book.

Half Year Ended June 2016 versus December 2015

Cash net profit after tax for the half year ended 30 June 2016 was $367 million, a decrease of 7% on the prior half driven by a reduction in loan impairment benefit and a decrease in net interest income, partly offset by higher other banking income and lower operating expenses.

Net Interest Income

Net interest income decreased 3% on the prior half, reflecting a lower net interest margin and two fewer calendar days than the prior half. This was partly offset by volume growth in home lending and core business lending.

Balance Sheet growth included:

- Home loan growth of 4%, broadly in line with system;
- Core business lending growth of 4% within a slower business credit growth environment; and
- Growth of 6% in total transaction deposits; partly offset by
- A decrease of 4% in savings deposits, reflecting impacts from repricing; and
- A decrease in non-core business lending due to continued run-off of exposures.

Net interest margin decreased, reflecting strong competition in new business lending and higher cost of funds. Deposit margins decreased due to the impact of the falling cash rate and higher liquidity costs, partly offset by repricing.

Other Banking Income

Other banking income increased 3% on the prior half, reflecting an increase in retail lending and benefits from changes to credit card reward program costs.

Operating Expenses

Operating expenses were $383 million, a decrease of 2% on the prior half, reflecting a continued focus on productivity combined with disciplined ongoing expense management.

Loan Impairment Expense

Loan impairment for the half was an expense of $6 million compared to a credit benefit of $16 million in the prior half. This reflects seasonal trends in consumer arrears and modest deterioration in Western Australia. The quality of the business portfolio has been stable with continued but slower run off of the troublesome and impaired book.

IFS and Other

	Full Year Ended (1)			Half Year Ended (1)		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
IFS	**45**	104	(57)	**34**	11	large
Corporate Centre	**(200)**	(257)	(22)	**(78)**	(122)	(36)
Eliminations/Unallocated	**181**	186	(3)	**123**	58	large
Cash net profit after tax	**26**	33	(21)	**79**	(53)	large

	Full Year Ended			Half Year Ended		
IFS (2)	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Net interest income	**147**	137	7	**73**	74	(1)
Other banking income	**281**	241	17	**138**	143	(3)
Total banking income	**428**	378	13	**211**	217	(3)
Insurance income	**46**	42	10	**22**	24	(8)
Total operating income	**474**	420	13	**233**	241	(3)
Operating expenses	**(382)**	(274)	39	**(184)**	(198)	(7)
Loan impairment expense	**(66)**	(25)	large	**(39)**	(27)	44
Net profit before tax	**26**	121	(79)	**10**	16	(38)
Corporate tax expense	**(2)**	(21)	(90)	**6**	(8)	large
Non-controlling interests	**(4)**	(4)	-	**(2)**	(2)	-
Underlying profit after tax	**20**	96	(79)	**14**	6	large
Investment experience after tax	**25**	8	large	**20**	5	large
Cash net profit after tax	**45**	104	(57)	**34**	11	large

(1) Comparative information has been restated to conform to presentation in the current period.
(2) International Financial Services (IFS) incorporates the Asian retail and business banking operations (Indonesia, China, Vietnam, and India), associate investments in two Chinese and one Vietnamese bank, and a Chinese life insurance business, the life insurance operations in Indonesia and a financial services technology business in South Africa. 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 2016 versus June 2015

International Financial Services (IFS) cash net profit after tax for the full year ended 30 June 2016 was $45 million, a decrease of 57% on prior year, including a 10% benefit from the lower Australian dollar.

The economic slowdown experienced in China, Indonesia and other emerging markets continued to adversely impact business volume growth, and resulted in higher loan impairment expense. A strategic shift away from the commercial segment has resulted in a reduction in commercial lending balances by 53%.

The business has continued to invest in its digital banking capability and talent.

The total number of direct customers grew 7% to over 497,000.

Net Interest Income

Net interest income was $147 million, an increase of 7% on the prior year, including a 6% benefit from the lower Australian dollar. This reflected strong consumer lending and deposit growth in the China County Banks of 25% and 45% respectively, and stable consumer lending balances in PT Bank Commonwealth (PTBC). Commercial lending balances in PTBC have decreased by 62% due to the wind-down of the non-strategic commercial segment.

Net interest margin remained stable despite competitive pressure and a reduction in the cash rates.

Other Banking Income

Other banking income was $281 million, an increase of 17% on the prior year, including a 9% benefit from the lower Australian dollar. This reflected strong contributions from associates in China due to above system asset growth, partly offset by lower sales of wealth management products in PTBC.

Insurance Income

Insurance income in PT Commonwealth Life (PTCL) was $46 million, a 10% increase on prior year. The result was driven by higher renewal premiums, partly offset by lower first year premiums and investment return.

Operating Expenses

Operating expenses were $382 million, an increase of 39% on prior year, including a 7% increase from the lower Australian dollar. This reflected increased investment in the proprietary business in Indonesia and China, digital banking in South Africa, and people capability across the portfolio.

Loan Impairment Expense

Loan impairment expense was $66 million, an increase of $41 million on prior year, driven by an increase in commercial loan impairments in PTBC.

Investment Experience

Investment experience after tax was $25 million, an increase of $17 million on prior year, reflecting strong contributions, driven by investment gains in China.

Half Year Ended June 2016 versus December 2015

Cash net profit after tax for the half year ended 30 June 2016 was $34 million, an increase of $23 million on the prior half. The result was driven by strong contributions from the investment in China, and lower expenses due to disciplined cost management, partly offset by higher loan impairment expense in PTBC.

Net Interest Income

Net interest income decreased 1% on the prior half. This reflected lending growth in the China County Banks, offset by the impact of lower commercial lending balances in PTBC. Net interest margin remained stable despite competitive pressure.

Other Banking Income

Other banking income decreased 3% on the prior half, largely driven by a flat performance from associates in China and the impact of the higher Australian dollar.

Insurance Income

Insurance income in PTCL decreased 8% on the prior half due to lower investment return.

Operating Expenses

Operating expenses decreased 7% on the prior half, including a 3% decrease from the higher Australian dollar. The result reflected disciplined expense management, offset by continued investment in digital banking in South Africa, and people capability across the portfolio.

Loan Impairment Expense

Loan impairment expense increased $12 million on the prior half, driven by an increase in commercial loan impairment expense in PTBC.

Investment Experience

Investment experience increased $15 million on the prior half. This reflects a strong contribution driven by investment gains in China.

Corporate Centre (2)	Full Year Ended (1) 30 Jun 16 $M	Full Year Ended (1) 30 Jun 15 $M	Jun 16 vs Jun 15 %	Half Year Ended (1) 30 Jun 16 $M	Half Year Ended (1) 31 Dec 15 $M	Jun 16 vs Dec 15 %
Net interest income	**372**	219	70	**203**	169	20
Other banking income	**137**	131	5	**84**	53	58
Total banking income	**509**	350	45	**287**	222	29
Operating expenses	**(766)**	(671)	14	**(381)**	(385)	(1)
Net loss before tax	**(257)**	(321)	(20)	**(94)**	(163)	(42)
Corporate tax benefit	**57**	64	(11)	**16**	41	(61)
Cash net loss after tax	**(200)**	(257)	(22)	**(78)**	(122)	(36)

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

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

Year Ended June 2016 versus June 2015

Corporate Centre cash net loss after tax for the full year ended 30 June 2016 reduced $57 million on the prior year to a loss of $200 million.

Total banking income was $509 million, an increase of 45% on the prior year, reflecting higher Treasury income from increased capital and favourable market positioning.

Operating expenses were $766 million, an increase of 14% on the prior year, driven by increased investment in risk related projects and safeguarding of the Group's information security.

Half Year Ended June 2016 versus December 2015

Cash net loss after tax for the half year ended 30 June 2016 reduced $44 million on the prior half to a loss of $78 million.

Total banking income was $287 million, an increase of 29% on the prior half, reflecting higher Treasury income from increased capital and favourable market positioning.

Operating expenses were $381 million, a decrease of 1% on the prior half driven by the timing of investment spend.

Eliminations/Unallocated [2]	Full Year Ended [1] 30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	Half Year Ended 30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Net interest income	**(10)**	65	large	**(9)**	(1)	large
Other banking income	**28**	36	(22)	**62**	(34)	large
Total banking income	**18**	101	(82)	**53**	(35)	large
Funds management income	**45**	21	large	**17**	28	(39)
Insurance income	**5**	15	(67)	**(1)**	6	large
Total operating income	**68**	137	(50)	**69**	(1)	large
Loan impairment benefit	**11**	15	(27)	**11**	-	large
Net profit before tax	**79**	152	(48)	**80**	(1)	large
Corporate tax expense	**138**	92	50	**65**	73	(11)
Non-controlling interests	**(16)**	(17)	(6)	**(7)**	(9)	(22)
Underlying profit after tax	**201**	227	(11)	**138**	63	large
Investment experience after tax	**(20)**	(41)	(51)	**(15)**	(5)	large
Cash net profit after tax	**181**	186	(3)	**123**	58	large

(1) Comparative information has been restated to conform to presentation in the current period.
(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 2016 versus June 2015

Eliminations/Unallocated cash net profit after tax for the full year ended 30 June 2016 was $181 million, a decrease of $5 million on the prior year. This was primarily driven by the timing of recognition of unallocated revenue items.

Half Year Ended June 2016 versus December 2015

Cash net profit after tax for the half year ended 30 June 2016 was $123 million, an increase of $65 million on the prior half. This was primarily driven by the timing of recognition of unallocated revenue items.

Investment Experience

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

Investment Experience	Full Year Ended 30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	Half Year Ended 30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Wealth Management [1]	**122**	231	(47)	**66**	56	18
New Zealand	**16**	12	33	**11**	5	large
IFS and Other [1]	**3**	(33)	large	**6**	(3)	large
Investment experience before tax	**141**	210	(33)	**83**	58	43
Tax on Investment experience	**(41)**	(60)	(32)	**(27)**	(14)	93
Investment experience after tax	**100**	150	(33)	**56**	44	27

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

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.

Shareholder Investment Asset Mix (%)	As at 30 June 2016 Australia [1] %	New Zealand %	Asia %	Total %
Equities	-	-	-	-
Fixed interest	2	57	95	20
Cash	97	43	5	80
Other	1	-	-	-
Total	100	100	100	100

Shareholder Investment Asset Mix ($M)	As at 30 June 2016 Australia [1] $M	New Zealand $M	Asia $M	Total $M
Equities	-	3	-	3
Fixed interest	54	405	279	738
Cash	2,676	305	14	2,995
Other	14	-	-	14
Total	2,744	713	293	3,750

(1) Includes Shareholders' 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 2016

		Full Year Ended (1)		Half Year Ended (1)	
	Appendix	30 Jun 16 $M	30 Jun 15 $M	30 Jun 16 $M	31 Dec 15 $M
Interest income	1	**33,817**	34,145	**16,974**	16,843
Interest expense	1	**(16,882)**	(18,322)	**(8,465)**	(8,417)
Net interest income	1	**16,935**	15,823	**8,509**	8,426
Other banking income	5	**4,576**	4,828	**2,372**	2,204
Net banking operating income		**21,511**	20,651	**10,881**	10,630
Funds management income		**2,315**	2,396	**1,129**	1,186
Investment revenue		**283**	618	**193**	90
Claims, policyholder liability and commission expense		**(537)**	(1,011)	**(285)**	(252)
Net funds management operating income		**2,061**	2,003	**1,037**	1,024
Premiums from insurance contracts		**2,921**	2,797	**1,458**	1,463
Investment revenue		**467**	543	**337**	130
Claims, policyholder liability and commission expense from insurance contracts		**(2,382)**	(2,326)	**(1,341)**	(1,041)
Net insurance operating income		**1,006**	1,014	**454**	552
Total net operating income before impairment and operating expenses		**24,578**	23,668	**12,372**	12,206
Loan impairment expense	9	**(1,256)**	(988)	**(692)**	(564)
Operating expenses	6	**(10,468)**	(10,068)	**(5,215)**	(5,253)
Net profit before income tax		**12,854**	12,612	**6,465**	6,389
Corporate tax expense	7	**(3,506)**	(3,429)	**(1,755)**	(1,751)
Policyholder tax expense	7	**(101)**	(99)	**(92)**	(9)
Net profit after income tax		**9,247**	9,084	**4,618**	4,629
Non-controlling interests		**(20)**	(21)	**(9)**	(11)
Net profit attributable to Equity holders of the Bank		**9,227**	9,063	**4,609**	4,618

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

	Full Year Ended (2)		Half Year Ended	
	30 Jun 16	30 Jun 15	30 Jun 16	31 Dec 15
		Cents per Share		
Earnings per share:				
Basic	**542. 5**	553. 7	**268. 9**	273. 6
Diluted	**529. 5**	539. 6	**262. 3**	266. 9

(1) Comparative information has been reclassified to conform to presentation in the current period.
(2) Comparative information has been restated to incorporate the bonus element of the rights issue in the weighted average number of ordinary shares.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Full Year Ended		Half Year Ended	
	30 Jun 16 $M	30 Jun 15 $M	30 Jun 16 $M	31 Dec 15 $M
Net profit after income tax for the period	**9,247**	9,084	**4,618**	4,629
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit/(loss):				
Foreign currency translation reserve net of tax	**383**	398	**2**	381
Gains and (losses) on cash flow hedging instruments net of tax	**210**	39	**336**	(126)
Gains and (losses) on available-for-sale investments net of tax	**(316)**	(45)	**(220)**	(96)
Total of items that may be reclassified	**277**	392	**118**	159
Items that will not be reclassified to profit/(loss):				
Actuarial gains and (losses) from defined benefit superannuation plans net of tax	**10**	311	**(120)**	130
Gains and (losses) on liabilities at fair value due to changes in own credit risk net of tax	**(1)**	(3)	**-**	(1)
Revaluation of properties net of tax	**1**	15	**1**	-
Total of items that will not be reclassified	**10**	323	**(119)**	129
Other comprehensive income/(expense) net of income tax	**287**	715	**(1)**	288
Total comprehensive income for the period	**9,534**	9,799	**4,617**	4,917
Total comprehensive income for the period is attributable to:				
Equity holders of the Bank	**9,514**	9,778	**4,608**	4,906
Non-controlling interests	**20**	21	**9**	11
Total comprehensive income net of income tax	**9,534**	9,799	**4,617**	4,917

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

	Full Year Ended		Half Year Ended	
	30 Jun 16	30 Jun 15	30 Jun 16	31 Dec 15
	Cents per Share			
Dividends per share attributable to shareholders of the Bank:				
Ordinary shares	**420**	420	**222**	198
Trust preferred securities	**7,994**	7,387	**3,686**	4,308

Financial Statements

Consolidated Balance Sheet

As at 30 June 2016

Assets	Appendix	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M
Cash and liquid assets		**23,372**	31,587	33,116
Receivables due from other financial institutions		**11,591**	12,350	13,063
Assets at fair value through Income Statement:				
Trading		**34,067**	27,140	26,424
Insurance		**13,547**	13,316	14,088
Other		**1,480**	1,488	1,278
Derivative assets		**46,567**	45,532	46,154
Available-for-sale investments		**80,898**	78,161	74,684
Loans, bills discounted and other receivables	8	**695,398**	669,163	639,262
Bank acceptances of customers		**1,431**	1,640	1,944
Property, plant and equipment		**3,940**	3,321	2,833
Investment in associates and joint ventures		**2,776**	2,673	2,637
Intangible assets	10	**10,384**	10,018	9,970
Deferred tax assets		**345**	394	455
Other assets		**7,282**	6,292	7,538
Total assets		**933,078**	903,075	873,446

Liabilities	Appendix	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M
Deposits and other public borrowings	11	**588,045**	560,498	543,231
Payables due to other financial institutions		**28,771**	35,053	36,416
Liabilities at fair value through Income Statement		**10,292**	9,011	8,493
Derivative liabilities		**39,921**	37,357	35,213
Bank acceptances		**1,431**	1,640	1,944
Current tax liabilities		**1,022**	559	661
Deferred tax liabilities		**340**	360	351
Other provisions		**1,656**	1,657	1,726
Insurance policy liabilities		**12,636**	12,611	12,911
Debt issues		**161,284**	160,798	154,429
Managed funds units on issue		**1,606**	1,326	1,149
Bills payable and other liabilities		**9,774**	7,959	11,105
		856,778	828,829	807,629
Loan capital		**15,544**	14,399	12,824
Total liabilities		**872,322**	843,228	820,453
Net assets		**60,756**	59,847	52,993

Shareholders' Equity	Appendix	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M
Share capital:				
Ordinary share capital	16	**33,845**	33,252	27,619
Other equity instruments	16	**-**	939	939
Reserves	16	**2,734**	2,554	2,345
Retained profits	16	**23,627**	22,548	21,528
Shareholders' Equity attributable to Equity holders of the Bank		**60,206**	59,293	52,431
Non-controlling interests	16	**550**	554	562
Total Shareholders' Equity		**60,756**	59,847	52,993

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 2016

	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 2014	27,039	939	2,674	19,823	**50,475**	556	**51,031**
Net profit after income tax	-	-	-	4,528	**4,528**	11	**4,539**
Net other comprehensive income	-	-	(307)	325	**18**	-	**18**
Total comprehensive income for the period	-	-	(307)	4,853	**4,546**	11	**4,557**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(3,210)	**(3,210)**	-	**(3,210)**
Dividends paid on other equity instruments	-	-	-	(19)	**(19)**	-	**(19)**
Dividend reinvestment plan (net of issue costs)	571	-	-	-	**571**	-	**571**
Issue of shares (net of issue costs)	-	-	-	-	-	-	-
Share-based payments	-	-	43	-	**43**	-	**43**
Purchase of treasury shares	(63)	-	-	-	**(63)**	-	**(63)**
Sale and vesting of treasury shares	72	-	-	-	**72**	-	**72**
Redemptions	-	-	-	-	**-**	-	**-**
Other changes	-	-	(65)	81	**16**	(5)	**11**
As at 30 June 2015	27,619	939	2,345	21,528	**52,431**	562	**52,993**
Net profit after income tax	-	-	-	4,618	**4,618**	11	**4,629**
Net other comprehensive income	-	-	159	129	**288**	-	**288**
Total comprehensive income for the period	-	-	159	4,747	**4,906**	11	**4,917**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(3,613)	**(3,613)**	-	**(3,613)**
Dividends paid on other equity instruments	-	-	-	(32)	**(32)**	-	**(32)**
Dividend reinvestment plan (net of issue costs)	657	-	-	-	**657**	-	**657**
Issue of shares (net of issue costs)	5,022	-	-	-	**5,022**	-	**5,022**
Share-based payments	-	-	(37)	-	**(37)**	-	**(37)**
Purchase of treasury shares	(99)	-	-	-	**(99)**	-	**(99)**
Sale and vesting of treasury shares	53	-	-	-	**53**	-	**53**
Redemptions	-	-	-	-	**-**	-	**-**
Other changes	-	-	87	(82)	**5**	(19)	**(14)**
As at 31 December 2015	33,252	939	2,554	22,548	**59,293**	554	**59,847**
Net profit after income tax	-	-	-	4,609	**4,609**	9	**4,618**
Net other comprehensive income	-	-	119	(120)	**(1)**	-	**(1)**
Total comprehensive income for the period	-	-	119	4,489	**4,608**	9	**4,617**
Transactions with Equity holders in their capacity as Equity holders:							
Dividends paid on ordinary shares	-	-	-	(3,381)	**(3,381)**	-	**(3,381)**
Dividends paid on other equity instruments	-	-	-	(18)	**(18)**	-	**(18)**
Dividend reinvestment plan (net of issue costs)	552	-	-	-	**552**	-	**552**
Issue of shares (net of issue costs)	-	-	-	-	-	-	-
Share-based payments	-	-	47	-	**47**	-	**47**
Purchase of treasury shares	(9)	-	-	-	**(9)**	-	**(9)**
Sale and vesting of treasury shares	50	-	-	-	**50**	-	**50**
Redemptions	-	(939)	-	-	**(939)**	-	**(939)**
Other changes	-	-	14	(11)	**3**	(13)	**(10)**
As at 30 June 2016	33,845	-	2,734	23,627	**60,206**	550	**60,756**

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

Consolidated Statement of Cash Flows [1]

For the year ended 30 June 2016

		Full Year Ended	
	Appendix	30 Jun 16 $M	30 Jun 15 $M
Cash flows from operating activities			
Interest received [2]		**34,047**	34,112
Interest paid [2]		**(16,285)**	(17,442)
Other operating income received [2]		**5,688**	5,439
Expenses paid		**(9,981)**	(8,740)
Income taxes paid		**(3,071)**	(3,444)
Net (outflows)/inflows from assets at fair value through Income Statement (excluding life insurance)		**(2,642)**	1,457
Net inflows/(outflows) from liabilities at fair value through Income Statement:			
Insurance:			
Investment income		**(362)**	118
Premiums received [3]		**3,114**	2,910
Policy payments and commission expense [3]		**(3,301)**	(3,307)
Other liabilities at fair value through Income Statement		**1,872**	738
Cash flows from operating activities before changes in operating assets and liabilities		**9,079**	11,841
Changes in operating assets and liabilities arising from cash flow movements			
Movement in available-for-sale investments:			
Purchases		**(50,233)**	(60,967)
Proceeds		**46,150**	53,569
Net increase in loans, bills discounted and other receivables		**(52,825)**	(41,768)
Net decrease/(increase) in receivables due from other financial institutions and regulatory authorities [2]		**803**	(3,799)
Net decrease/(increase) in securities purchased under agreements to resell		**4,574**	(6,174)
Insurance business:			
Purchase of insurance assets at fair value through Income Statement		**(2,020)**	(2,741)
Proceeds from sale/maturity of insurance assets at fair value through Income Statement		**4,276**	4,789
Net (increase)/decrease in other assets [2]		**(108)**	39
Net increase in deposits and other public borrowings		**37,783**	41,229
Net (decrease)/increase in payables due to other financial institutions		**(6,323)**	8,598
Net increase in securities sold under agreements to repurchase		**4,148**	3,015
Net increase/(decrease) in other liabilities		**135**	(448)
Changes in operating assets and liabilities arising from cash flow movements		**(13,640)**	(4,658)
Net cash (used in)/provided by operating activities	19 (a)	**(4,561)**	7,183
Cash flows from investing activities			
Payments for acquisition of controlled entities	19 (d)	**(857)**	(29)
Net proceeds from disposal of entities and businesses (net of cash disposals)		**110**	72
Dividends received		**78**	71
Proceeds from sale of property, plant and equipment		**405**	69
Purchases of property, plant and equipment		**(1,259)**	(578)
Payments for acquisitions of investments in associates/joint ventures		**-**	(270)
Net purchase of intangible assets		**(509)**	(550)
Net cash used in investing activities		**(2,032)**	(1,215)

(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 period.
(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 2016

	Appendix	Full Year Ended 30 Jun 16 $M	Full Year Ended 30 Jun 15 $M
Cash flows from financing activities			
Dividends paid (excluding Dividend Reinvestment Plan)		**(5,827)**	(6,200)
Redemption of other equity instruments (net of costs)		**(939)**	-
Proceeds from issuance of debt securities		**98,958**	68,655
Redemption of issued debt securities		**(97,740)**	(73,377)
Purchase of treasury shares		**(108)**	(790)
Sale of treasury shares		**50**	744
Issue of loan capital		**3,949**	6,184
Redemption of loan capital		**(1,678)**	(2,971)
Proceeds from issuance of shares (net of issue costs)		**5,022**	-
Other		**(67)**	(120)
Net cash provided by/(used in) financing activities		**1,620**	(7,875)
Net decrease in cash and cash equivalents		**(4,973)**	(1,907)
Effect of foreign exchange rates on cash and cash equivalents		**150**	2,049
Cash and cash equivalents at beginning of year		**19,270**	19,128
Cash and cash equivalents at end of year	19 (b)	**14,447**	19,270

(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 (1)			Half Year Ended (1)		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Interest Income						
Loans and bills discounted	**30,966**	31,476	(2)	**15,506**	15,460	-
Other financial institutions	**137**	73	88	**91**	46	98
Cash and liquid assets	**291**	268	9	**162**	129	26
Assets at fair value through Income Statement	**576**	518	11	**279**	297	(6)
Available-for-sale investments	**1,847**	1,810	2	**936**	911	3
Total interest income - "statutory basis"	**33,817**	34,145	(1)	**16,974**	16,843	1
Interest Expense						
Deposits	**11,685**	12,936	(10)	**5,680**	6,005	(5)
Other financial institutions	**277**	220	26	**146**	131	11
Liabilities at fair value through Income Statement	**211**	222	(5)	**107**	104	3
Debt issues	**4,125**	4,372	(6)	**2,230**	1,895	18
Loan capital	**584**	572	2	**302**	282	7
Total interest expense - "statutory basis"	**16,882**	18,322	(8)	**8,465**	8,417	1
Net interest income - "statutory basis"	**16,935**	15,823	7	**8,509**	8,426	1

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

Net Interest Income – Reconciliation of Cash to Statutory Basis

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

	Full Year Ended (1)			Half Year Ended (1)		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Total interest income - "cash basis"	**33,817**	34,149	(1)	**16,975**	16,842	1
Hedging and IFRS volatility	**-**	(4)	large	**(1)**	1	large
Total interest income - "statutory basis"	**33,817**	34,145	(1)	**16,974**	16,843	1
Total interest expense - "cash basis"	**16,882**	18,322	(8)	**8,467**	8,415	1
Hedging and IFRS volatility	**-**	-	-	**(2)**	2	large
Total interest expense - "statutory basis"	**16,882**	18,322	(8)	**8,465**	8,417	1

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

2. Net Interest Margin

	Full Year Ended (1)		Half Year Ended (1)	
	30 Jun 16	30 Jun 15	30 Jun 16	31 Dec 15
	%	%	%	%
Australia				
Interest spread (2)	**2.01**	2.04	**1.96**	2.04
Benefit of interest-free liabilities, provisions and equity (3)	**0.14**	0.10	**0.18**	0.12
Net interest margin (4)	**2.15**	2.14	**2.14**	2.16
New Zealand				
Interest spread (2)	**1.81**	1.81	**1.75**	1.86
Benefit of interest-free liabilities, provisions and equity (3)	**0.36**	0.47	**0.35**	0.38
Net interest margin (4)	**2.17**	2.28	**2.10**	2.24
Other Overseas				
Interest spread (2)	**0.70**	0.90	**0.70**	0.69
Benefit of interest-free liabilities, provisions and equity (3)	**0.03**	0.05	**0.05**	0.02
Net interest margin (4)	**0.73**	0.95	**0.75**	0.71
Total Group				
Interest spread (2)	**1.92**	1.95	**1.88**	1.96
Benefit of interest-free liabilities, provisions and equity (3)	**0.15**	0.14	**0.18**	0.12
Net interest margin (4)	**2.07**	2.09	**2.06**	2.08

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Difference between the average interest rate earned and the average interest rate paid on funds.
(3) A portion of the Group's interest earning assets is funded by net interest-free liabilities and Shareholders' Equity. The benefit to the Group of these interest-free funds is the amount it would cost to replace them at the average cost of funds.
(4) Net interest income divided by average interest earning assets for the year or the half year annualised.

3. Average Balances and Related Interest

The following tables list the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for the years ended 30 June 2016 and 30 June 2015, as well as half years ended 30 June 2016, 31 December 2015 and 30 June 2015. 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 25 basis points, while rates in New Zealand decreased 100 basis points during the year.

	Full Year Ended 30 Jun 16			Full Year Ended 30 Jun 15 (1)		
Interest Earning Assets	**Avg Bal $M**	**Interest $M**	**Yield %**	**Avg Bal $M**	**Interest $M**	**Yield %**
Home loans	**436,530**	**19,283**	**4. 42**	410,306	19,563	4. 77
Personal loans (2)	**23,722**	**2,922**	**12. 32**	23,481	2,887	12. 30
Business and corporate loans	**211,356**	**8,761**	**4. 15**	190,537	9,027	4. 74
Loans, bills discounted and other receivables	**671,608**	**30,966**	**4. 61**	624,324	31,477	5. 04
Cash and other liquid assets	**44,092**	**428**	**0. 97**	41,131	341	0. 83
Assets at fair value through Income Statement (excluding life insurance)	**22,444**	**576**	**2. 57**	21,985	518	2. 36
Available-for-sale investments	**79,313**	**1,847**	**2. 33**	68,432	1,813	2. 65
Non-lending interest earning assets	**145,849**	**2,851**	**1. 95**	131,548	2,672	2. 03
Total interest earning assets (3)	**817,457**	**33,817**	**4. 14**	755,872	34,149	4. 52
Non-interest earning assets	**98,913**			87,508		
Total average assets	**916,370**			843,380		

	Full Year Ended 30 Jun 16			Full Year Ended 30 Jun 15 (1)		
Interest Bearing Liabilities	**Avg Bal $M**	**Interest $M**	**Yield %**	**Avg Bal $M**	**Interest $M**	**Yield %**
Transaction deposits (4)	**88,528**	**606**	**0. 68**	78,140	609	0. 78
Savings deposits	**189,791**	**3,394**	**1. 79**	165,464	3,777	2. 28
Investment deposits	**196,024**	**5,421**	**2. 77**	199,849	6,305	3. 15
Certificates of deposit and other	**66,470**	**2,264**	**3. 41**	65,576	2,245	3. 42
Total interest bearing deposits	**540,813**	**11,685**	**2. 16**	509,029	12,936	2. 54
Payables due to other financial institutions	**37,031**	**277**	**0. 75**	31,691	220	0. 69
Liabilities at fair value through Income Statement	**6,865**	**211**	**3. 07**	7,094	222	3. 13
Debt issues	**162,017**	**4,125**	**2. 55**	153,789	4,372	2. 84
Loan capital	**13,889**	**584**	**4. 20**	11,481	572	4. 98
Total interest bearing liabilities	**760,615**	**16,882**	**2. 22**	713,084	18,322	2. 57
Non-interest bearing liabilities (4)	**97,890**			79,125		
Total average liabilities	**858,505**			792,209		

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Personal loans include consumer finance, credit cards, and margin loans.
(3) Used for calculating Net interest margin.
(4) During the period, following a change in terms, Interest beating transaction deposits of $18,314 million became Non-interest bearing and have been disclosed accordingly.

3. Average Balances and Related Interest (continued)

Net Interest Margin	Full Year Ended 30 Jun 16 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30 Jun 15 [1] Avg Bal $M	Interest $M	Yield %
Total interest earning assets	817,457	33,817	4. 14	755,872	34,149	4. 52
Total interest bearing liabilities	760,615	16,882	2. 22	713,084	18,322	2. 57
Net interest income and interest spread		16,935	1. 92		15,827	1. 95
Benefit of free funds			0. 15			0. 14
Net interest margin			2. 07			2. 09

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

Geographical Analysis of Key Categories	Full Year Ended 30 Jun 16 Avg Bal $M	Interest $M	Yield %	Full Year Ended 30 Jun 15 [1] Avg Bal $M	Interest $M	Yield %
Loans, Bills Discounted and Other Receivables						
Australia	581,067	26,620	4. 58	542,138	27,118	5. 00
New Zealand [2]	66,417	3,661	5. 51	61,714	3,731	6. 05
Other Overseas [2]	24,124	685	2. 84	20,472	628	3. 07
Total	671,608	30,966	4. 61	624,324	31,477	5. 04
Non-Lending Interest Earning Assets						
Australia	100,820	2,374	2. 35	88,075	2,249	2. 55
New Zealand [2]	6,723	191	2. 84	6,478	246	3. 80
Other Overseas [2]	38,306	286	0. 75	36,995	177	0. 48
Total	145,849	2,851	1. 95	131,548	2,672	2. 03
Total Interest Bearing Deposits						
Australia	475,296	9,847	2. 07	449,585	11,261	2. 50
New Zealand [2]	46,374	1,548	3. 34	42,099	1,565	3. 72
Other Overseas [2]	19,143	290	1. 51	17,345	110	0. 63
Total	540,813	11,685	2. 16	509,029	12,936	2. 54
Other Interest Bearing Liabilities						
Australia	164,778	4,105	2. 49	155,541	4,371	2. 81
New Zealand [2]	16,288	658	4. 04	14,647	737	5. 03
Other Overseas [2]	38,736	434	1. 12	33,867	278	0. 82
Total	219,802	5,197	2. 36	204,055	5,386	2. 64

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

(2) 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 16 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 15 [1] Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 15 [1] Avg Bal $M	Interest $M	Yield %
Home loans	**443,497**	**9,637**	**4.37**	429,639	9,646	4.47	416,761	9,603	4.65
Personal loans [2]	**23,838**	**1,464**	**12.35**	23,608	1,458	12.28	23,722	1,452	12.34
Business and corporate loans	**215,027**	**4,406**	**4.12**	207,726	4,355	4.17	195,518	4,493	4.63
Loans, bills discounted and other receivables	**682,362**	**15,507**	**4.57**	660,973	15,459	4.65	636,001	15,548	4.93
Cash and other liquid assets	**42,328**	**253**	**1.20**	45,838	175	0.76	43,879	169	0.78
Assets at fair value through Income Statement (excluding life insurance)	**24,246**	**279**	**2.31**	20,661	297	2.86	21,697	231	2.15
Available-for-sale investments	**80,191**	**936**	**2.35**	78,444	911	2.31	71,170	887	2.51
Non-lending interest earning assets	**146,765**	**1,468**	**2.01**	144,943	1,383	1.90	136,746	1,287	1.90
Total interest earning assets [3]	**829,127**	**16,975**	**4.12**	805,916	16,842	4.16	772,747	16,835	4.39
Non-interest earning assets	**94,394**			103,383			98,205		
Total average assets	**923,521**			909,299			870,952		

Interest Bearing Liabilities	Half Year Ended 30 Jun 16 Avg Bal $M	Interest $M	Yield %	Half Year Ended 31 Dec 15 [1] Avg Bal $M	Interest $M	Yield %	Half Year Ended 30 Jun 15 [1] Avg Bal $M	Interest $M	Yield %
Transaction deposits [4]	**84,951**	**303**	**0.72**	92,066	303	0.65	81,571	300	0.74
Savings deposits	**193,276**	**1,578**	**1.64**	186,344	1,816	1.94	172,436	1,851	2.16
Investment deposits	**195,980**	**2,674**	**2.74**	196,068	2,747	2.79	202,133	3,067	3.06
Certificates of deposit and other	**68,315**	**1,127**	**3.32**	64,646	1,137	3.50	64,249	1,056	3.31
Total interest bearing deposits	**542,522**	**5,682**	**2.11**	539,124	6,003	2.21	520,389	6,274	2.43
Payables due to other financial institutions	**32,390**	**146**	**0.91**	41,622	131	0.63	34,989	118	0.68
Liabilities at fair value through Income Statement	**7,583**	**107**	**2.84**	6,155	104	3.36	6,162	103	3.37
Debt issues	**161,879**	**2,230**	**2.77**	162,155	1,895	2.32	158,161	2,117	2.70
Loan capital	**14,620**	**302**	**4.15**	13,165	282	4.26	12,409	297	4.83
Total interest bearing liabilities	**758,994**	**8,467**	**2.24**	762,221	8,415	2.20	732,110	8,909	2.45
Non-interest bearing liabilities [4]	**105,202**			90,657			86,677		
Total average liabilities	**864,196**			852,878			818,787		

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Personal loans include consumer finance, credit cards, and margin loans.
(3) Used for calculating Net interest margin.
(4) During the period, following a change in terms, Interest bearing transaction deposits of $18,314 million became Non-interest bearing and have been disclosed accordingly.

3. Average Balances and Related Interest (continued)

Net Interest Margin	Half Year Ended 30 Jun 16 Avg Bal $M	Half Year Ended 30 Jun 16 Interest $M	Half Year Ended 30 Jun 16 Yield %	Half Year Ended 31 Dec 15 (1) Avg Bal $M	Half Year Ended 31 Dec 15 (1) Interest $M	Half Year Ended 31 Dec 15 (1) Yield %	Half Year Ended 30 Jun 15 (1) Avg Bal $M	Half Year Ended 30 Jun 15 (1) Interest $M	Half Year Ended 30 Jun 15 (1) Yield %
Total interest earning assets	**829,127**	**16,975**	**4. 12**	805,916	16,842	4. 16	772,747	16,835	4. 39
Total interest bearing liabilities	**758,994**	**8,467**	**2. 24**	762,221	8,415	2. 20	732,110	8,909	2. 45
Net interest income and interest spread		**8,508**	**1. 88**		8,427	1. 96		7,926	1. 94
Benefit of free funds			**0. 18**			0. 12			0. 13
Net interest margin			**2. 06**			2. 08			2. 07

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

Geographical Analysis of Key Categories	Half Year Ended 30 Jun 16 Avg Bal $M	Half Year Ended 30 Jun 16 Interest $M	Half Year Ended 30 Jun 16 Yield %	Half Year Ended 31 Dec 15 (1) Avg Bal $M	Half Year Ended 31 Dec 15 (1) Interest $M	Half Year Ended 31 Dec 15 (1) Yield %	Half Year Ended 30 Jun 15 (1) Avg Bal $M	Half Year Ended 30 Jun 15 (1) Interest $M	Half Year Ended 30 Jun 15 (1) Yield %
Loans, Bills Discounted and Other Receivables									
Australia	**589,743**	**13,369**	**4. 56**	572,488	13,251	4. 60	550,314	13,307	4. 88
New Zealand (2)	**68,358**	**1,787**	**5. 26**	64,496	1,874	5. 78	64,009	1,909	6. 01
Other Overseas (2)	**24,261**	**351**	**2. 91**	23,989	334	2. 77	21,678	332	3. 09
Total	**682,362**	**15,507**	**4. 57**	660,973	15,459	4. 65	636,001	15,548	4. 93
Non-Lending Interest Earning Assets									
Australia	**102,338**	**1,197**	**2. 35**	99,318	1,177	2. 36	89,406	1,052	2. 37
New Zealand (2)	**7,058**	**90**	**2. 56**	6,392	101	3. 14	6,905	129	3. 77
Other Overseas (2)	**37,369**	**181**	**0. 97**	39,233	105	0. 53	40,435	106	0. 53
Total	**146,765**	**1,468**	**2. 01**	144,943	1,383	1. 90	136,746	1,287	1. 90
Total Interest Bearing Deposits									
Australia	**474,964**	**4,829**	**2. 04**	475,627	5,018	2. 10	458,677	5,384	2. 37
New Zealand (2)	**46,935**	**720**	**3. 08**	45,819	828	3. 59	44,848	833	3. 75
Other Overseas (2)	**20,623**	**133**	**1. 30**	17,678	157	1. 77	16,864	57	0. 68
Total	**542,522**	**5,682**	**2. 11**	539,124	6,003	2. 21	520,389	6,274	2. 43
Other Interest Bearing Liabilities									
Australia	**161,790**	**2,200**	**2. 73**	167,733	1,905	2. 26	159,195	2,105	2. 67
New Zealand (2)	**17,828**	**347**	**3. 91**	14,766	311	4. 19	14,649	362	4. 98
Other Overseas (2)	**36,854**	**238**	**1. 30**	40,598	196	0. 96	37,877	168	0. 89
Total	**216,472**	**2,785**	**2. 59**	223,097	2,412	2. 15	211,721	2,635	2. 51

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

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

4. Interest Rate and Volume Analysis

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

	Full Year Ended Jun 16 vs Jun 15 [1]			Full Year Ended Jun 15 vs Jun 14 [1]		
	Volume	Rate	Total	Volume	Rate	Total
Interest Earning Assets [2]	$M	$M	$M	$M	$M	$M
Home loans	1,204	(1,484)	(280)	1,181	(980)	201
Personal loans	30	5	35	122	(59)	63
Business and corporate loans	925	(1,191)	(266)	652	(627)	25
Loans, bills discounted and other receivables	2,282	(2,793)	(511)	1,991	(1,702)	289
Cash and other liquid assets	27	60	87	45	(24)	21
Assets at fair value through Income Statement (excluding life insurance)	11	47	58	(7)	78	71
Available-for-sale investments	271	(237)	34	182	(94)	88
Non-lending interest earning assets	285	(106)	179	238	(58)	180
Total interest earning assets	2,665	(2,997)	(332)	2,323	(1,854)	469

	Full Year Ended Jun 16 vs Jun 15 [1]			Full Year Ended Jun 15 vs Jun 14 [1]		
	Volume	Rate	Total	Volume	Rate	Total
Interest Bearing Liabilities [2]	$M	$M	$M	$M	$M	$M
Transaction deposits	76	(79)	(3)	92	(1)	91
Savings deposits	495	(878)	(383)	473	(282)	191
Investment deposits	(113)	(771)	(884)	18	(531)	(513)
Certificates of deposit and other	31	(12)	19	163	(311)	(148)
Total interest bearing deposits	747	(1,998)	(1,251)	984	(1,363)	(379)
Payables due to other financial institutions	39	18	57	42	(50)	(8)
Liabilities at fair value through Income Statement	(7)	(4)	(11)	(39)	31	(8)
Debt issues	222	(469)	(247)	278	(249)	29
Loan capital	111	(99)	12	94	45	139
Total interest bearing liabilities	1,138	(2,578)	(1,440)	1,404	(1,631)	(227)

	Full Year Ended [1]	
	Jun 16 vs Jun 15	Jun 15 vs Jun 14
	Increase/(Decrease)	Increase/(Decrease)
Change in Net Interest Income [3]	$M	$M
Due to changes in average volume of interest earning assets	1,283	1,060
Due to changes in interest margin	(175)	(364)
Change in net interest income	1,108	696

(1) Comparative information has been restated to conform to presentation in the current period.
(2) 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).
(3) "Volume" reflects the change in net interest income over the period due to balance growth (assuming average rates were held constant), and "Rate" reflects the change due to movements in yield (assuming average volumes were held constant). "Variation in time periods" only applies to reporting periods of differing lengths (e.g. between leap years).

4. Interest Rate and Volume Analysis (continued)

Geographical Analysis of Key Categories [2]	Full Year Ended Jun 16 vs Jun 15 [1]			Full Year Ended Jun 15 vs Jun 14 [1]		
	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
Loans, Bills Discounted and Other Receivables						
Australia	1,865	(2,363)	(498)	1,513	(1,800)	(287)
New Zealand	272	(342)	(70)	280	183	463
Other Overseas	108	(51)	57	139	(26)	113
Total	2,282	(2,793)	(511)	1,991	(1,702)	289
Non-Lending Interest Earning Assets						
Australia	313	(188)	125	117	(54)	63
New Zealand	8	(63)	(55)	5	57	62
Other Overseas	8	101	109	30	25	55
Total	285	(106)	179	238	(58)	180
Total Interest Bearing Deposits						
Australia	588	(2,002)	(1,414)	849	(1,482)	(633)
New Zealand	151	(168)	(17)	190	60	250
Other Overseas	19	161	180	(1)	5	4
Total	747	(1,998)	(1,251)	984	(1,363)	(379)
Other Interest Bearing Liabilities						
Australia	245	(511)	(266)	194	(304)	(110)
New Zealand	74	(153)	(79)	42	112	154
Other Overseas	47	109	156	59	49	108
Total	394	(583)	(189)	420	(268)	152

(1) Comparative information has been restated to conform to presentation in the current period.
(2) 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 [2]	Half Year Ended Jun 16 vs Dec 15 [1] Volume $M	Rate $M	Total $M	Half Year Ended Jun 16 vs Jun 15 [1] Volume $M	Rate $M	Total $M
Home loans	306	(315)	(9)	599	(565)	34
Personal loans	14	(8)	6	7	5	12
Business and corporate loans	151	(100)	51	424	(511)	(87)
Loans, bills discounted and other receivables	493	(445)	48	1,093	(1,134)	(41)
Cash and other liquid assets	(17)	95	78	(8)	92	84
Assets at fair value through Income Statement (excluding life insurance)	46	(64)	(18)	28	20	48
Available-for-sale investments	20	5	25	109	(60)	49
Non-lending interest earning assets	18	67	85	97	84	181
Total interest earning assets	480	(347)	133	1,191	(1,051)	140

Interest Bearing Liabilities [2]	Half Year Ended Jun 16 vs Dec 15 [1] Volume $M	Rate $M	Total $M	Half Year Ended Jun 16 vs Jun 15 [1] Volume $M	Rate $M	Total $M
Transaction deposits	(24)	24	-	12	(9)	3
Savings deposits	62	(300)	(238)	197	(470)	(273)
Investment deposits	(1)	(72)	(73)	(89)	(304)	(393)
Certificates of deposit and other	63	(73)	(10)	67	4	71
Total interest bearing deposits	37	(358)	(321)	249	(841)	(592)
Payables due to other financial institutions	(35)	50	15	(10)	38	28
Liabilities at fair value through Income Statement	22	(19)	3	22	(18)	4
Debt issues	(4)	339	335	50	63	113
Loan capital	31	(11)	20	49	(44)	5
Total interest bearing liabilities	(36)	88	52	314	(756)	(442)

Change in Net Interest Income [3]	Half Year Ended [1] Jun 16 vs Dec 15 Increase/(Decrease) $M	Jun 16 vs Jun 15 Increase/(Decrease) $M
Due to changes in average volume of interest earning assets	239	580
Due to changes in interest margin	(67)	(42)
Due to variation in time periods	(91)	44
Change in net interest income	81	582

(1) Comparative information has been restated to conform to presentation in the current period.
(2) 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).
(3) "Volume" reflects the change in net interest income over the period due to balance growth (assuming average rates were held constant), and "Rate" reflects the change due to movements in yield (assuming average 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 [2]	Half Year Ended Jun 16 vs Dec 15 [1]			Half Year Ended Jun 16 vs Jun 15 [1]		
	Volume	Rate	Total	Volume	Rate	Total
	$M	$M	$M	$M	$M	$M
Loans, Bills Discounted and Other Receivables						
Australia	395	(277)	118	924	(862)	62
New Zealand	107	(194)	(87)	122	(244)	(122)
Other Overseas	4	13	17	38	(19)	19
Total	493	(445)	48	1,093	(1,134)	(41)
Non-Lending Interest Earning Assets						
Australia	36	(16)	20	152	(7)	145
New Zealand	10	(21)	(11)	2	(41)	(39)
Other Overseas	(7)	83	76	(11)	86	75
Total	18	67	85	97	84	181
Total Interest Bearing Deposits						
Australia	(7)	(182)	(189)	178	(733)	(555)
New Zealand	19	(127)	(108)	35	(148)	(113)
Other Overseas	23	(47)	(24)	18	58	76
Total	37	(358)	(321)	249	(841)	(592)
Other Interest Bearing Liabilities						
Australia	(74)	369	295	35	60	95
New Zealand	62	(26)	36	70	(85)	(15)
Other Overseas	(21)	63	42	(6)	76	70
Total	(78)	451	373	60	90	150

(1) Comparative information has been restated to conform to presentation in the current period.
(2) 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 (1)			Half Year Ended (1)		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Lending fees	**1,010**	1,005	-	**503**	507	(1)
Commissions	**2,215**	2,209	-	**1,064**	1,151	(8)
Trading income	**1,087**	1,039	5	**591**	496	19
Net gain/(loss) on non-trading financial instruments (2)	**(27)**	251	large	**95**	(122)	large
Net loss on sale of property, plant and equipment	**(21)**	(8)	large	**(15)**	(6)	large
Net hedging ineffectiveness	**(72)**	(95)	(24)	**(37)**	(35)	6
Dividends	**12**	16	(25)	**7**	5	40
Share of profit of associates and joint ventures net of impairment	**289**	285	1	**144**	145	(1)
Other (3)	**83**	126	(34)	**20**	63	(68)
Total other banking income - "statutory basis"	**4,576**	4,828	(5)	**2,372**	2,204	8

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Inclusive of non-trading derivatives that are held for risk management purposes.
(3) Includes depreciation expense of $55 million (31 December 2015: $52 million; 30 June 2015: $39 million) in relation to operating leases where the Group is the lessor.

Other Banking Income – Reconciliation of Cash and Statutory Basis

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

	Full Year Ended			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Other banking income - "cash basis" (1)	**4,860**	4,811	1	**2,444**	2,416	1
Revenue hedge of New Zealand operations - unrealised	**(197)**	90	large	**(46)**	(151)	(70)
Hedging and IFRS volatility	**(87)**	(73)	19	**(26)**	(61)	(57)
Other banking income - "statutory basis" (1)	**4,576**	4,828	(5)	**2,372**	2,204	8

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

6. Operating Expenses

	Full Year Ended			Half Year Ended		
	30 Jun 16 $M	30 Jun 15 $M	Jun 16 vs Jun 15 %	30 Jun 16 $M	31 Dec 15 $M	Jun 16 vs Dec 15 %
Staff Expenses						
Salaries and related on-costs	**5,652**	5,321	6	**2,820**	2,832	-
Share-based compensation	**102**	96	6	**52**	50	4
Superannuation	**410**	399	3	**207**	203	2
Total staff expenses	**6,164**	5,816	6	**3,079**	3,085	-
Occupancy and Equipment Expenses						
Operating lease rentals	**650**	620	5	**329**	321	2
Depreciation of property, plant and equipment	**266**	253	5	**136**	130	5
Other occupancy expenses	**218**	213	2	**110**	108	2
Total occupancy and equipment expenses	**1,134**	1,086	4	**575**	559	3
Information Technology Services						
Application maintenance and development	**511**	430	19	**231**	280	(18)
Data processing	**197**	183	8	**98**	99	(1)
Desktop	**143**	110	30	**82**	61	34
Communications	**203**	190	7	**95**	108	(12)
Amortisation of software assets	**379**	308	23	**202**	177	14
Software write-offs	**1**	11	(91)	**-**	1	large
IT equipment depreciation	**51**	60	(15)	**25**	26	(4)
Total information technology services	**1,485**	1,292	15	**733**	752	(3)
Other Expenses						
Postage and stationery	**192**	195	(2)	**96**	96	-
Transaction processing and market data	**179**	153	17	**84**	95	(12)
Fees and commissions:						
Professional fees	**247**	390	(37)	**130**	117	11
Other	**93**	97	(4)	**46**	47	(2)
Advertising, marketing and loyalty	**491**	522	(6)	**232**	259	(10)
Amortisation of intangible assets (excluding software and merger related amortisation)	**14**	16	(13)	**7**	7	-
Non-lending losses	**103**	118	(13)	**63**	40	58
Other	**327**	308	6	**168**	159	6
Total other expenses	**1,646**	1,799	(9)	**826**	820	1
Total operating expenses - "cash basis"	**10,429**	9,993	4	**5,213**	5,216	-
Investment and Restructuring						
Merger related amortisation (1)	**39**	75	(48)	**2**	37	(95)
Total investment and restructuring	**39**	75	(48)	**2**	37	(95)
Total operating expenses - "statutory basis"	**10,468**	10,068	4	**5,215**	5,253	(1)

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

7. Income Tax Expense

	Full Year Ended		Half Year Ended	
	30 Jun 16	30 Jun 15	30 Jun 16	31 Dec 15
	$M	$M	$M	$M
Profit before Income Tax	**12,854**	12,612	**6,465**	6,389
Prima facie income tax at 30%	**3,856**	3,784	**1,939**	1,917
Effect of amounts which are non-deductible/(assessable) in calculating taxable income:				
Taxation offsets and other dividend adjustments	**(4)**	(6)	**-**	(4)
Tax adjustment referable to policyholder income	**71**	69	**65**	6
Tax losses not previously brought to account	**(5)**	(9)	**(3)**	(2)
Offshore tax rate differential	**(79)**	(116)	**(36)**	(43)
Offshore banking unit	**(33)**	(39)	**(9)**	(24)
Effect of changes in tax rates	**1**	2	**1**	-
Income tax over provided in previous years	**(177)**	(163)	**(91)**	(86)
Other	**(23)**	6	**(19)**	(4)
Total income tax expense - "statutory basis"	**3,607**	3,528	**1,847**	1,760
Corporate tax expense	**3,506**	3,429	**1,755**	1,751
Policyholder tax expense	**101**	99	**92**	9
Total income tax expense - "statutory basis"	**3,607**	3,528	**1,847**	1,760
Effective Tax Rate (%) - "statutory basis" (1)	**27.5**	27. 4	**27.5**	27. 4

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

8. Loans, Bills Discounted and Other Receivables

	As at		
	30 Jun 16	31 Dec 15	30 Jun 15
	$M	$M	$M
Australia			
Overdrafts	**26,857**	22,066	22,353
Home loans	**409,452**	393,395	383,174
Credit card outstandings	**12,122**	12,243	11,887
Lease financing	**4,412**	4,414	4,485
Bills discounted	**10,507**	11,615	14,847
Term loans and other lending (1)	**140,784**	138,365	124,312
Total Australia	**604,134**	582,098	561,058
New Zealand			
Overdrafts	**1,119**	984	925
Home loans	**45,640**	42,834	38,763
Credit card outstandings	**912**	912	816
Lease financing	**45**	283	287
Term loans and other lending (1)	**24,696**	23,196	20,669
Total New Zealand	**72,412**	68,209	61,460
Other Overseas			
Overdrafts	**473**	480	448
Home loans	**982**	947	914
Lease financing	**27**	38	48
Term loans and other lending (1)	**22,271**	22,316	20,300
Total Other Overseas	**23,753**	23,781	21,710
Gross loans, bills discounted and other receivables	**700,299**	674,088	644,228
Less:			
Provisions for Loan Impairment:			
Collective provision	**(2,783)**	(2,763)	(2,739)
Individually assessed provisions	**(935)**	(900)	(879)
Unearned income:			
Term loans	**(701)**	(722)	(756)
Lease financing	**(482)**	(540)	(592)
	(4,901)	(4,925)	(4,966)
Net loans, bills discounted and other receivables	**695,398**	669,163	639,262

(1) Comparatives have been aggregated to align to presentation in the current period.

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 2016				
	Home Loans $M	Other Personal [1] $M	Asset Financing $M	Other Commercial Industrial $M	Total $M
Loans which were neither past due nor impaired					
Investment Grade	290,404	4,454	768	131,535	427,161
Pass Grade	142,180	15,628	7,468	73,852	239,128
Weak	10,189	3,669	257	1,475	15,590
Total loans which were neither past due nor impaired	442,773	23,751	8,493	206,862	681,879
Loans which were past due but not impaired					
Past due 1 - 29 days	7,494	830	93	1,044	9,461
Past due 30 - 59 days	1,942	229	47	194	2,412
Past due 60 - 89 days	946	139	24	116	1,225
Past due 90 - 179 days	1,065	16	1	183	1,265
Past due 180 days or more	834	11	2	231	1,078
Total loans past due but not impaired	12,281	1,225	167	1,768	15,441

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

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

9. Provisions for Impairment and Asset Quality (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 16 $M	30 Jun 15 $M	30 Jun 16 $M	31 Dec 15 $M
Movement in gross impaired assets				
Gross impaired assets - opening balance	**2,855**	3,367	**2,788**	2,855
New and increased	**2,370**	2,095	**1,302**	1,068
Balances written off	**(1,328)**	(1,355)	**(698)**	(630)
Returned to performing or repaid	**(1,460)**	(1,903)	**(650)**	(810)
Portfolio managed - new/increased/return to performing/repaid	**679**	651	**374**	305
Gross impaired assets - closing balance (1)	**3,116**	2,855	**3,116**	2,788

(1) Includes $2,979 million of loans and advances and $137 million of other financial assets (31 December 2015: $2,690 million of loans and advances and $98 million of other financial assets; 30 June 2015: $2,692 million of loans and advances and $163 million of other financial assets).

	As at	
	30 Jun 16 $M	30 Jun 15 $M
Impaired assets by size of asset		
Less than $1 million	**1,293**	1,333
$1 million to $10 million	**876**	843
Greater than $10 million	**947**	679
Gross impaired assets	**3,116**	2,855
Less total provisions for impaired assets (1)	**(1,127)**	(1,026)
Net impaired assets	**1,989**	1,829

(1) Includes $944 million of individually assessed provisions and $183 million of collective provisions (30 June 2015: $887 million of individually assessed provisions and $139 million of collective provisions).

9. Provisions for Impairment and Asset Quality (continued)

Provisioning Policy

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

For loans and other receivables the Group assesses at each Balance Sheet date whether there is any objective evidence of impairment. Individually assessed provisions are made against financial assets that are individually significant, or which have been individually assessed as impaired. All loans and other receivables that do not have an individually assessed provision are assessed collectively for impairment. 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 (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. Short-term balances are not discounted.

	Full Year Ended		Half Year Ended	
	30 Jun 16 $M	30 Jun 15 $M	30 Jun 16 $M	31 Dec 15 $M
Provision for impairment losses				
Collective provision				
Opening balance	**2,762**	2,779	**2,801**	2,762
Net collective provision funding	**664**	589	**340**	324
Impairment losses written off	**(846)**	(770)	**(431)**	(415)
Impairment losses recovered	**225**	176	**105**	120
Other	**13**	(12)	**3**	10
Closing balance	**2,818**	2,762	**2,818**	2,801
Individually assessed provisions				
Opening balance	**887**	1,127	**909**	887
Net new and increased individual provisioning	**788**	659	**454**	334
Write-back of provisions no longer required	**(196)**	(260)	**(102)**	(94)
Discount unwind to interest income	**(27)**	(38)	**(14)**	(13)
Impairment losses written off	**(571)**	(709)	**(339)**	(232)
Other	**63**	108	**36**	27
Closing balance	**944**	887	**944**	909
Total provisions for impairment losses	**3,762**	3,649	**3,762**	3,710
Less: Provision for Off Balance Sheet exposures	**(44)**	(31)	**(44)**	(47)
Total provisions for loan impairment	**3,718**	3,618	**3,718**	3,663

	Full Year Ended		Half Year Ended	
	30 Jun 16 %	30 Jun 15 %	30 Jun 16 %	31 Dec 15 %
Provision ratios				
Total provisions for impaired assets as a % of gross impaired assets	**36. 17**	35. 94	**36. 17**	37. 02
Total provisions for impairment losses as a % of gross loans and acceptances	**0. 54**	0. 56	**0. 54**	0. 55

	Full Year Ended		Half Year Ended	
	30 Jun 16 $M	30 Jun 15 $M	30 Jun 16 $M	31 Dec 15 $M
Loan impairment expense				
Net collective provisioning funding	**664**	589	**340**	324
Net new and increased individual provisioning	**788**	659	**454**	334
Write-back of individually assessed provisions	**(196)**	(260)	**(102)**	(94)
Total loan impairment expense	**1,256**	988	**692**	564

10. Intangible Assets

	As at		
	30 Jun 16	31 Dec 15	30 Jun 15
	$M	$M	$M
Goodwill			
Purchased goodwill at cost	**7,925**	7,597	7,599
Closing balance	**7,925**	7,597	7,599
Computer Software Costs			
Cost	**3,823**	3,592	3,359
Accumulated amortisation	**(1,595)**	(1,409)	(1,270)
Closing balance	**2,228**	2,183	2,089
Core Deposits (1)			
Cost	**495**	495	495
Accumulated amortisation	**(495)**	(495)	(461)
Closing balance	**-**	-	34
Brand Names (2)			
Cost	**190**	190	190
Accumulated amortisation	**(1)**	(1)	(1)
Closing balance	**189**	189	189
Other Intangibles (3)			
Cost	**156**	154	162
Accumulated amortisation	**(114)**	(105)	(103)
Closing balance	**42**	49	59
Total Intangible assets	**10,384**	10,018	9,970

(1) Core deposits represent the value of the Bankwest deposit base compared to the avoided cost of alternative funding sources such as securitisation and wholesale funding. This asset was acquired on 19 December 2008 with a useful life of seven years based on the weighted average attrition rates of the Bankwest deposit portfolio. It was fully amortised during the 2016 financial year.

(2) Brand names predominantly represent the value of royalty costs foregone by the Group through acquiring the Bankwest brand name. The royalty costs that would have been incurred by an entity using the Bankwest brand name are based on an annual percentage of income generated by Bankwest. The Bankwest brand name has an indefinite useful life as there is no foreseeable limit to the period over which the brand name is expected to generate cash flows. It is not subject to amortisation, but is subject to annual impairment testing. No impairment was required as a result of this test. The balance also includes Count Financial Limited brand name ($4 million) that is amortised over the estimated useful life of 20 years.

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

11. Deposits and Other Public Borrowings

	As at		
	30 Jun 16	31 Dec 15	30 Jun 15
	$M	$M	$M
Australia			
Certificates of deposit	**43,762**	38,800	46,083
Term deposits	**138,443**	140,409	143,285
On-demand and short-term deposits (1) (2)	**281,648**	285,414	265,620
Deposits not bearing interest (1) (2)	**35,164**	13,699	12,568
Securities sold under agreements to repurchase	**17,124**	11,910	12,964
Total Australia	**516,141**	490,232	480,520
New Zealand			
Certificates of deposit	**2,779**	2,210	1,862
Term deposits	**22,060**	21,694	21,494
On-demand and short-term deposits	**23,752**	22,750	19,880
Deposits not bearing interest	**3,345**	3,170	2,592
Securities sold under agreements to repurchase	**-**	29	-
Total New Zealand	**51,936**	49,853	45,828
Other Overseas			
Certificates of deposit	**6,319**	6,962	5,198
Term deposits	**10,009**	10,967	9,318
On-demand and short-term deposits	**3,575**	2,417	2,279
Deposits not bearing interest	**65**	67	76
Securities sold under agreements to repurchase	**-**	-	12
Total Other Overseas	**19,968**	20,413	16,883
Total deposits and other public borrowings	**588,045**	560,498	543,231

(1) Comparative information has been restated to conform to presentation in the current period.
(2) During the period, following a change in terms, Interest bearing transaction deposits of $18,314 million became Non-interest bearing and have been disclosed accordingly.

12. Financial Reporting by Segments

	Full Year Ended 30 June 2016							
	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	8,599	3,049	1,565	-	1,575	1,638	509	**16,935**
Other banking income	1,762	859	1,288	-	288	217	446	**4,860**
Total banking income	10,361	3,908	2,853	-	1,863	1,855	955	**21,795**
Funds management income	-	-	-	1,891	80	-	45	**2,016**
Insurance income	-	-	-	502	242	-	51	**795**
Total operating income	10,361	3,908	2,853	2,393	2,185	1,855	1,051	**24,606**
Investment experience [1]	-	-	-	122	16	-	3	**141**
Total income	10,361	3,908	2,853	2,515	2,201	1,855	1,054	**24,747**
Operating expenses	(3,373)	(1,489)	(1,081)	(1,676)	(889)	(773)	(1,148)	**(10,429)**
Loan impairment expense	(660)	(179)	(252)	-	(120)	10	(55)	**(1,256)**
Net profit before tax	6,328	2,240	1,520	839	1,192	1,092	(149)	**13,062**
Corporate tax expense	(1,892)	(673)	(356)	(222)	(315)	(329)	195	**(3,592)**
Non-controlling interests	-	-	-	-	-	-	(20)	**(20)**
Net profit after tax - "cash basis" [2]	4,436	1,567	1,164	617	877	763	26	**9,450**
Hedging and IFRS volatility	-	-	-	-	(139)	-	(61)	**(200)**
Other non-cash items	-	-	-	4	-	(27)	-	**(23)**
Net profit after tax - "statutory basis"	4,436	1,567	1,164	621	738	736	(35)	**9,227**
Additional information								
Amortisation and depreciation	(206)	(86)	(124)	(39)	(77)	(60)	(157)	**(749)**
Balance Sheet								
Total assets	331,818	104,211	182,199	21,080	80,386	82,880	130,504	**933,078**
Total liabilities	237,765	76,690	154,769	26,119	73,831	51,100	252,048	**872,322**

(1) Investment experience is presented on a pre-tax basis.
(2) This balance excludes non-cash items, including unrealised gains and losses relating to hedging and IFRS volatility ($200 million expense), Bankwest non-cash items ($27 million expense) and treasury shares valuation adjustment ($4 million gain).

12. Financial Reporting by Segments (continued)

	Full Year Ended 30 June 2015 [1]							
	Retail Banking Services $M	Business and Private Banking $M	Institutional Banking and Markets $M	Wealth Management $M	New Zealand $M	Bankwest $M	IFS and Other $M	Total $M
Net interest income	7,848	2,925	1,442	-	1,533	1,658	421	**15,827**
Other banking income	1,754	793	1,360	-	280	216	408	**4,811**
Total banking income	9,602	3,718	2,802	-	1,813	1,874	829	**20,638**
Funds management income	-	-	-	1,846	71	-	21	**1,938**
Insurance income	-	-	-	503	232	-	57	**792**
Total operating income	9,602	3,718	2,802	2,349	2,116	1,874	907	**23,368**
Investment experience [2]	-	-	-	231	12	-	(33)	**210**
Total income	9,602	3,718	2,802	2,580	2,128	1,874	874	**23,578**
Operating expenses	(3,276)	(1,428)	(970)	(1,726)	(861)	(787)	(945)	**(9,993)**
Loan impairment expense	(626)	(152)	(167)	-	(83)	50	(10)	**(988)**
Net profit before tax	5,700	2,138	1,665	854	1,184	1,137	(81)	**12,597**
Corporate tax expense	(1,706)	(643)	(380)	(201)	(302)	(342)	135	**(3,439)**
Non-controlling interests	-	-	-	-	-	-	(21)	**(21)**
Net profit after tax - "cash basis" [3]	3,994	1,495	1,285	653	882	795	33	**9,137**
Hedging and IFRS volatility	-	-	-	-	43	-	(37)	**6**
Other non-cash items	-	-	-	(28)	-	(52)	-	**(80)**
Net profit after tax - "statutory basis"	3,994	1,495	1,285	625	925	743	(4)	**9,063**
Additional information								
Amortisation and depreciation	(185)	(84)	(65)	(33)	(78)	(112)	(155)	**(712)**
Balance Sheet								
Total assets	309,543	98,990	164,963	20,792	69,608	79,489	130,061	**873,446**
Total liabilities	221,950	71,106	143,161	24,655	62,488	49,499	247,594	**820,453**

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Investment experience is presented on a pre-tax basis.
(3) This balance excludes non-cash items, including unrealised gains and losses relating to hedging and IFRS volatility ($6 million gain), Bankwest non-cash items ($52 million expense) and treasury shares valuation adjustment ($28 million expense).

12. Financial Reporting by Segments (continued)

	Half Year Ended 30 June 2016							
	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	4,363	1,511	780	-	782	805	267	**8,508**
Other banking income	838	436	635	-	141	110	284	**2,444**
Total banking income	5,201	1,947	1,415	-	923	915	551	**10,952**
Funds management income	-	-	-	927	40	-	17	**984**
Insurance income	-	-	-	172	115	-	21	**308**
Total operating income	5,201	1,947	1,415	1,099	1,078	915	589	**12,244**
Investment experience [1]	-	-	-	66	11	-	6	**83**
Total income	5,201	1,947	1,415	1,165	1,089	915	595	**12,327**
Operating expenses	(1,679)	(747)	(547)	(844)	(448)	(383)	(565)	**(5,213)**
Loan impairment expense	(355)	(108)	(112)	-	(83)	(6)	(28)	**(692)**
Net profit before tax	3,167	1,092	756	321	558	526	2	**6,422**
Corporate tax expense	(946)	(328)	(200)	(76)	(144)	(159)	86	**(1,767)**
Non-controlling interests	-	-	-	-	-	-	(9)	**(9)**
Net profit after tax - "cash basis" [2]	2,221	764	556	245	414	367	79	**4,646**
Hedging and IFRS volatility	-	-	-	-	(30)	-	(19)	**(49)**
Other non-cash items	-	-	-	13	-	(1)	-	**12**
Net profit after tax - "statutory basis"	2,221	764	556	258	384	366	60	**4,609**
Additional information								
Amortisation and depreciation	(110)	(44)	(67)	(23)	(38)	(12)	(78)	**(372)**
Balance Sheet								
Total assets	331,818	104,211	182,199	21,080	80,386	82,880	130,504	**933,078**
Total liabilities	237,765	76,690	154,769	26,119	73,831	51,100	252,048	**872,322**

(1) Investment experience is presented on a pre-tax basis.
(2) This balance excludes non-cash items, including unrealised gains and losses relating to hedging and IFRS volatility ($49 million expense), Bankwest non-cash items ($1 million expense) and treasury shares valuation adjustment ($13 million gain).

12. Financial Reporting by Segments (continued)

Geographical Information Financial Performance and Position	Full Year Ended (1) 30 Jun 16 $M	 30 Jun 16 %	 30 Jun 15 $M	 30 Jun 15 %
Income				
Australia	**36,721**	**82. 7**	37,656	83. 1
New Zealand	**5,015**	**11. 3**	5,215	11. 5
Other locations (2)	**2,643**	**6. 0**	2,456	5. 4
Total income	**44,379**	**100. 0**	45,327	100. 0
Non-Current Assets				
Australia	**15,687**	**91. 7**	14,149	91. 7
New Zealand	**1,087**	**6. 4**	994	6. 4
Other locations (2)	**326**	**1. 9**	297	1. 9
Total non-current assets (3)	**17,100**	**100. 0**	15,440	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, Vietnam and South Africa.
(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 2016 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 16 %	31 Dec 15 %	30 Jun 15 %
Agriculture, forestry and fishing	**1. 9**	1. 8	1. 8
Banks	**6. 8**	7. 8	8. 6
Business services	**1. 2**	1. 3	1. 2
Construction	**0. 8**	0. 8	0. 9
Consumer	**54. 9**	54. 0	54. 2
Culture and recreational services	**0. 7**	0. 7	0. 8
Energy	**1. 1**	1. 1	0. 9
Finance - Other	**5. 2**	5. 1	4. 6
Health and community service	**0. 7**	0. 7	0. 6
Manufacturing	**1. 6**	1. 8	1. 7
Mining	**1. 5**	1. 8	1. 9
Property	**6. 6**	6. 4	6. 3
Retail trade and wholesale trade	**2. 4**	2. 3	2. 3
Sovereign	**9. 0**	8. 7	8. 4
Transport and storage (2)	**1. 5**	1. 6	1. 5
Other (2)	**4. 1**	4. 1	4. 3
	100. 0	100. 0	100. 0

By Region (1)	30 Jun 16 %	31 Dec 15 %	30 Jun 15 %
Australia	**76. 7**	75. 4	76. 6
New Zealand	**9. 2**	8. 8	8. 5
Europe	**5. 4**	6. 4	5. 6
Americas	**4. 5**	5. 1	5. 5
Asia	**3. 8**	4. 1	3. 6
Other	**0. 4**	0. 2	0. 2
	100. 0	100. 0	100. 0

Commercial Portfolio Quality (1)	30 Jun 16 %	31 Dec 15 %	30 Jun 15 %
AAA/AA	**31. 8**	30. 7	31. 3
A	**17. 8**	19. 0	20. 6
BBB	**19. 1**	20. 1	18. 0
Other	**31. 3**	30. 2	30. 1
	100. 0	100. 0	100. 0

(1) Committed exposures by industry, region and commercial credit quality are disclosed on a gross basis (calculated before collateralisation).
(2) Comparative information has been reclassified to conform to presentation in the current period.

As a measure of individually risk-rated commercial portfolio exposure (including finance and insurance), the Group has 68.7% (December 2015: 69.8%; June 2015: 69.9%) of commercial exposures at investment grade quality.

13. Integrated Risk Management (continued)

Market Risk

Market risk in the Balance Sheet is discussed within Note 33 of the 2016 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 16	31 Dec 15	30 Jun 15	31 Dec 14
Traded Market Risk (1)	$M	$M	$M	$M
Risk Type				
Interest rate risk (2)	**9. 6**	6. 3	5. 8	5. 7
Foreign exchange risk	**1. 9**	2. 6	2. 1	1. 9
Equities risk	**0. 5**	0. 4	0. 4	0. 9
Commodities risk	**2. 2**	2. 1	1. 9	1. 1
Credit spread risk	**3. 1**	2. 9	2. 9	2. 6
Diversification benefit	**(8. 2)**	(8. 4)	(7. 3)	(7. 4)
Total general market risk	**9. 1**	5. 9	5. 8	4. 8
Undiversified risk	**2. 3**	2. 3	3. 4	3. 5
ASB	**0. 1**	0. 2	0. 1	0. 2
Total	**11. 5**	8. 4	9. 3	8. 5

(1) Average VaR is at 1 day 97.5% confidence, and is calculated for each six month period.
(2) The increase in traded market risk average VaR on prior periods was driven by higher market volatility and a conservative measurement approach for longer term interest rates, particularly in currencies with negative or near zero rates. The measurement approach is under review.

	Average VaR (1)			
Non-Traded VaR in Australian Life Insurance	30 Jun 16	31 Dec 15	30 Jun 15	31 Dec 14
Business (20 day 97.5% confidence)	$M	$M	$M	$M
Shareholder funds (2)	**2. 1**	5. 7	11. 7	14. 5
Guarantees (to Policyholders) (3)	**21. 7**	17. 0	13. 5	16. 8

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

Non-Traded Equity

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

	As at			
Non-Traded Equity Risk VaR	30 Jun 16	31 Dec 15	30 Jun 15	31 Dec 14
(20 day 97.5% confidence)	$M	$M	$M	$M
VaR	**34. 0**	43. 5	57. 9	68. 5

13. Integrated Risk Management (continued)

Interest Rate Risk in the Banking Book

Interest rate risk in the Banking Book is discussed within Note 33 of the 2016 Annual Report.

(a) Next 12 Months' Earnings

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

Net Interest Earnings at Risk [(1)]		30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M	31 Dec 14 $M
Average monthly exposure	AUD	**307. 6**	324. 6	237. 8	250. 9
	NZD	**31. 0**	29. 5	28. 9	23. 4
High month exposure	AUD	**338. 5**	408. 7	360. 5	298. 2
	NZD	**38. 9**	37. 7	35. 7	27. 4
Low month exposure	AUD	**286. 5**	227. 1	168. 9	200. 4
	NZD	**16. 5**	23. 9	25. 2	19. 4

(1) For the half year ended.

(b) Economic Value

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

Non-Traded Interest Rate Risk (20 day 97.5% confidence)	Average VaR [(1)] 30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M	31 Dec 14 $M
AUD Interest rate risk	**79. 5**	51. 8	49. 2	84. 8
NZD Interest rate risk [(2)]	**3. 3**	3. 8	2. 9	3. 6

(1) For the half year ended.
(2) Relates specifically to ASB data as at month end.

13. Integrated Risk Management (continued)

Funding Sources

The following table provides the funding sources for the Group including customer deposits, short-term and long-term wholesale funding. Shareholders' equity is excluded from this view of funding sources other than the USD Trust Preferred Securities which are classified as other equity instruments in the statutory Balance Sheet.

	As at (1)				
	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M	Jun 16 vs Dec 15 %	Jun 16 vs Jun 15 %
Transaction deposits	**89,780**	97,327	89,360	(8)	-
Savings deposits	**191,313**	189,560	176,497	1	8
Investment deposits	**197,085**	195,814	195,065	1	1
Other customer deposits (2)	**39,796**	17,655	16,889	large	large
Total customer deposits	**517,974**	500,356	477,811	4	8
Wholesale funding					
Short-term					
Certificates of deposit (3)	**43,702**	37,438	40,805	17	7
Euro commercial paper programme	**2,210**	3,518	1,379	(37)	60
US commercial paper programme	**28,395**	37,919	36,663	(25)	(23)
Euro medium-term note programme	**9,135**	6,092	3,742	50	large
Central Bank deposits	**17,826**	18,120	17,665	(2)	1
Other (4)	**9,446**	5,696	6,509	66	45
Total short-term wholesale funding	**110,714**	108,783	106,763	2	4
Net collateral received	**4,009**	5,642	7,435	(29)	(46)
Internal RMBS sold under agreement to repurchase with RBA	**4,314**	4,300	4,294	-	-
Total short-term collateral deposits	**8,323**	9,942	11,729	(16)	(29)
Total long-term funding - less than or equal to one year residual maturity	**29,297**	28,075	28,392	4	3
Long-term - greater than one year residual maturity					
Domestic debt programme	**17,001**	12,292	11,388	38	49
Euro medium-term note programme	**25,272**	23,199	27,883	9	(9)
US medium-term note programme (5)	**24,602**	23,418	21,968	5	12
Covered bond programs	**21,777**	27,839	25,499	(22)	(15)
Securitisation	**9,431**	9,205	9,724	2	(3)
Loan capital	**14,945**	12,778	10,999	17	36
Other	**5,093**	4,601	3,968	11	28
Total long-term funding - greater than one year residual maturity	**118,121**	113,332	111,429	4	6
IFRS MTM and derivative FX revaluations	**4,149**	2,488	2,346	67	77
Total funding	**788,578**	762,976	738,470	3	7
Reported as					
Deposits and other public borrowings	**588,045**	560,498	543,231	5	8
Payables due to other financial institutions	**28,771**	35,053	36,416	(18)	(21)
Liabilities at fair value through income statement	**10,292**	9,011	8,493	14	21
Bank acceptances	**1,431**	1,640	1,944	(13)	(26)
Debt issues	**161,284**	160,798	154,429	-	4
Loan capital	**15,544**	14,399	12,824	8	21
Shareholders' equity - other equity instruments	**-**	939	939	large	large
Loans and other receivables - collateral posted	**(720)**	(502)	(249)	43	large
Receivables due from other financial institutions - collateral posted	**(7,144)**	(7,352)	(6,438)	(3)	11
Securities purchased under agreements to resell	**(8,925)**	(11,508)	(13,119)	(22)	(32)
Total funding	**788,578**	762,976	738,470	3	7

(1) Total funding has been restated to better align with peers and international best practice.
(2) Other customer deposits primarily consist of non-interest bearing deposits and deposits held at fair value through the Income Statement.
(3) Includes Bank acceptances.
(4) Includes net securities sold under agreement to repurchase and purchased under agreement to resell and interbank borrowings.
(5) Includes notes issued under the Bank's 3(a)(2) program.

14. Counterparty and Other Credit Risk Exposures

Securitisation Vehicles

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

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

Asset-backed Securities

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

The primary source of repayment of the debt instruments is the cash flows from the underlying assets. Investors in the debt instruments have no recourse to the general assets of the sponsor (except in the case of covered bonds where investors have recourse to both the underlying pool and the sponsor for repayment of principal and interest). The majority of the Group's asset-backed securities portfolio consists of notes externally rated AAA that are carried at fair value on the Balance Sheet.

Special Purpose Vehicles

The Group invests in or establishes SPVs in the ordinary course of business, primarily to provide funding and financial services for its customers. These SPVs are consolidated in the Financial Statements whenever they meet the criteria of control as outlined in Note 36 to the Financial Statements of the 2016 Annual Report. The definition of control depends upon substance rather than form and accordingly, determination of the existence of control involves management judgement. The Group assesses, at inception and periodically, whether an SPV should be consolidated based on the power the Group has over relevant activities of the entity, and the significance of the Group's exposure to variable returns of the structured entity.

The lending and investment arrangements are entered into under the Group's approved lending criteria and are subject to appropriate credit approval processes. The assets arising from these financing activities are generally included in Receivables due from other financial institutions, Available-for-sale investments or Loans, bills discounted and other receivables. Exposures in the form of guarantees or undrawn credit lines are included within contingent liabilities and credit related commitments.

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

Other Exposures

Leveraged Finance

The Group provides debt financing to companies acquired by private equity firms. These acquisitions can be 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 highly leveraged 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 2015 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 instrument wrapped by a monoline insurer is Australian domiciled and has a rating of AA/A2 by S&P/Moody's. As at 30 June 2016, the Group had $45 million in exposure to this instrument (30 June 2015: Two underlying debt instruments with cumulative exposure of $47 million).

14. Counterparty and Other Credit Risk Exposures (continued)

Securitisation Vehicles

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

	Covered bonds		Securitisation	
	2016	2015	2016	2015
	$M	$M	$M	$M
Carrying amount of transferred assets	36,770	32,316	13,863	14,264
Carrying amount of associated liabilities	31,802	28,755	12,106	12,603
Net position (1)	4,968	3,561	1,757	1,661

(1) Net position on covered bonds exclude hedging derivatives and cash received.

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 16	30 Jun 15
Summary of Asset-backed Securities	$M	$M
Commercial mortgage-backed securities	35	46
Residential mortgage-backed securities	7,118	7,799
Other asset-backed securities	836	955
Total	7,989	8,800

Asset-backed Securities by Underlying Asset

	Trading Portfolio		AFS Portfolio (1)		Other		Total	
	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15
	$M	$M	$M	$M	$M	$M	$M	$M
Sub-prime	-	-	-	-	-	-	-	-
Non-conforming	-	-	355	457	-	-	355	457
Prime mortgages	4	33	6,759	7,309	-	-	6,763	7,342
Consumer receivables	-	-	-	-	-	-	-	-
Other assets	-	-	871	1,001	-	-	871	1,001
Total	4	33	7,985	8,767	-	-	7,989	8,800

(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 16	30 Jun 15	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Australia	7,922	8,716	5	10	3	4	24	24	7,954	8,754
UK	-	-	35	46	-	-	-	-	35	46
Total	7,922	8,716	40	56	3	4	24	24	7,989	8,800

	Funded Commitments		Unfunded Commitments		Total	
	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15	30 Jun 16	30 Jun 15
Warehousing Financing Facilities	$M	$M	$M	$M	$M	$M
Australia	3,664	2,093	1,408	1,451	5,072	3,544
New Zealand	362	107	121	23	483	130
UK	11	-	260	308	271	308
Total	4,037	2,200	1,789	1,782	5,826	3,982

15. Capital

The tables below show the APRA Basel III capital adequacy calculation at 30 June 2016 together with prior period comparatives.

Risk Weighted Capital Ratios	30 Jun 16 %	31 Dec 15 %	30 Jun 15 %
Common Equity Tier 1	**10. 6**	10. 2	9. 1
Tier 1	**12. 3**	12. 2	11. 2
Tier 2	**2. 0**	1. 9	1. 5
Total Capital	**14. 3**	14. 1	12. 7

	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M
Ordinary Share Capital and Treasury Shares			
Ordinary Share Capital	**33,845**	33,252	27,619
Treasury Shares [(1)]	**284**	325	279
Ordinary Share Capital and Treasury Shares	**34,129**	33,577	27,898
Reserves			
Reserves	**2,734**	2,554	2,345
Reserves related to non-consolidated subsidiaries [(2)]	**(143)**	(181)	(93)
Total Reserves	**2,591**	2,373	2,252
Retained Earnings and Current Period Profits			
Retained earnings and current period profits	**23,627**	22,548	21,528
Retained earnings adjustment from non-consolidated subsidiaries [(3)]	**(451)**	(481)	(529)
Net Retained Earnings	**23,176**	22,067	20,999
Non-controlling interest			
Non-controlling interest [(4)]	**550**	554	562
Less ASB perpetual preference shares	**(505)**	(505)	(505)
Less other non-controlling interests not eligible for inclusion in regulatory capital	**(45)**	(49)	(57)
Minority Interest	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**59,896**	58,017	51,149

(1) Represents shares held by the Group's life insurance operations ($104 million) and employee share scheme trusts ($180 million).
(2) Represents foreign currency translation reserve and available-for-sale investments reserve balances associated with the insurance and funds management entities, and those entities through which securitisation of the Group's assets are conducted. These entities are classified as non-consolidated subsidiaries by APRA and are excluded from the Level 2 Regulatory Consolidated Banking Group.
(3) Cumulative current period 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 16	31 Dec 15	30 Jun 15
	$M	$M	$M
Common Equity Tier 1 regulatory adjustments			
Goodwill [1]	**(7,603)**	(7,597)	(7,599)
Other intangibles (including software) [2]	**(2,313)**	(2,294)	(2,253)
Capitalised costs and deferred fees	**(535)**	(498)	(559)
Defined benefit superannuation plan surplus [3]	**(183)**	(307)	(193)
General reserve for credit losses [4]	**(386)**	(270)	(242)
Deferred tax asset	**(1,443)**	(1,078)	(1,164)
Cash flow hedge reserve	**(473)**	(137)	(263)
Employee compensation reserve	**(132)**	(85)	(122)
Equity investments [5]	**(3,120)**	(3,263)	(3,179)
Equity investments in non-consolidated subsidiaries [1] [6]	**(1,458)**	(1,688)	(1,705)
Shortfall of provisions to expected losses [7]	**(314)**	(245)	(134)
Gain due to changes in own credit risk on fair valued liabilities	**(161)**	(132)	(144)
Other	**(112)**	(207)	(194)
Common Equity Tier 1 regulatory adjustments	**(18,233)**	(17,801)	(17,751)
Common Equity Tier 1	**41,663**	40,216	33,398
Additional Tier 1 Capital			
Basel III complying instruments [8]	**6,450**	5,000	5,000
Basel III non-complying instruments net of transitional amortisation [9]	**640**	2,756	2,749
Holding of Additional Tier 1 Capital [10]	**(200)**	-	-
Additional Tier 1 Capital	**6,890**	7,756	7,749
Tier 1 Capital	**48,553**	47,972	41,147
Tier 2 Capital			
Basel III complying instruments [11]	**5,834**	5,033	3,268
Basel III non-complying instruments net of transitional amortisation [12]	**1,934**	2,141	2,257
Holding of Tier 2 Capital	**(25)**	(19)	(20)
Prudential general reserve for credit losses [13]	**181**	178	156
Total Tier 2 Capital	**7,924**	7,333	5,661
Total Capital	**56,477**	55,305	46,808

(1) Goodwill excludes $322 million which is included in equity investments in non-controlled subsidiaries.
(2) Other intangibles (including capitalised software costs), net of any associated deferred tax liability.
(3) In accordance with APRA regulations, the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability, must be deducted from Common Equity Tier 1.
(4) 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.
(5) Represents the Group's non-controlling interest in other entities.
(6) Non-consolidated subsidiaries primarily represents the insurance and funds management companies operating within the Colonial Group. The adjustment at 30 June 2016 is net of $900 million in non-recourse debt (31 December 2015: $900 million, 30 June 2015: $900 million) and $1,000 million in Colonial Group Subordinated Notes (31 December 2015: $1,000 million, 30 June 2015: $1,000 million). The Group's insurance and fund management companies held $1,215 million of capital in excess of minimum regulatory capital requirements at 30 June 2016.
(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) As at 30 June 2016, comprises PERLS VIII $1,450 million issued March 2016, PERLS VII $3,000 million issued in October 2014 and PERLS VI $2,000 million issued in October 2012.
(9) Represents APRA Basel III non-compliant Additional Tier 1 Capital Instruments that are eligible for Basel III transitional relief. In the June 2016 half year the Group redeemed USD700 million in Trust Preferred Securities 2006 and bought back and cancelled AUD1,166 million of PERLS III.
(10) Represents holdings of Additional Tier 1 capital instruments issued by the Colonial Mutual Life Assurance Society Limited.
(11) In the June half year, the Group issued AUD750 million Tier 2 subordinated notes (December half year issued USD1,250 million Tier 2 subordinated notes).
(12) Includes both perpetual and term instruments subordinated to depositors and general creditors, having an original maturity of at least five years. APRA require these to be included as if they were unhedged. Term instruments are amortised 20% of the original amount during each of the last five years to maturity. These instruments are eligible for Basel III transitional relief.
(13) Represents the collective provision and general reserve for credit losses for exposures in the Group which are measured for capital purposes under the Standardised approach to credit risk.

15. Capital (continued)

Risk Weighted Assets	30 Jun 16 $M	31 Dec 15 $M	30 Jun 15 $M
Credit Risk			
Subject to Advanced IRB approach			
Corporate	**67,624**	69,392	60,879
SME Corporate	**28,261**	25,066	25,289
SME Retail	**4,673**	5,328	5,068
SME Retail secured by residential mortgage	**2,654**	2,670	2,949
Sovereign	**6,247**	6,147	5,163
Bank	**12,357**	12,581	12,024
Residential mortgage	**79,017**	75,010	74,382
Qualifying revolving retail	**9,337**	9,306	8,861
Other retail	**14,247**	14,249	13,942
Impact of the regulatory scaling factor (1)	**13,465**	13,185	12,513
Total Risk Weighted Assets subject to Advanced IRB approach	**237,882**	232,934	221,070
Specialised lending exposures subject to slotting criteria	**56,795**	54,885	51,081
Subject to Standardised approach			
Corporate	**10,982**	10,284	10,357
SME Corporate	**4,133**	4,571	5,921
SME Retail	**6,122**	6,093	5,843
Sovereign	**268**	206	209
Bank	**224**	236	244
Residential mortgage	**7,428**	7,044	6,728
Other retail	**2,750**	2,744	2,679
Other assets	**5,360**	5,811	4,982
Total Risk Weighted Assets subject to Standardised approach	**37,267**	36,989	36,963
Securitisation	**1,511**	1,567	1,653
Credit valuation adjustment	**8,273**	7,686	7,712
Central counterparties	**2,302**	896	695
Total Risk Weighted Assets for Credit Risk Exposures	**344,030**	334,957	319,174
Traded market risk	**9,439**	7,451	6,335
Interest rate risk in the banking book	**7,448**	17,511	10,847
Operational risk	**33,750**	32,743	32,365
Total Risk Weighted Assets	**394,667**	392,662	368,721

(1) 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 16	30 Jun 15	30 Jun 16	31 Dec 15
	$M	$M	$M	$M
Ordinary Share Capital				
Shares on issue:				
Opening balance	**27,898**	27,327	**33,577**	27,898
Issue of shares (net of issue costs) (1)	**5,022**	-	**-**	5,022
Dividend reinvestment plan (net of issue costs) (2) (3)	**1,209**	571	**552**	657
	34,129	27,898	**34,129**	33,577
Less treasury shares:				
Opening balance	**(279)**	(291)	**(325)**	(279)
Purchase of treasury shares (4)	**(108)**	(790)	**(9)**	(99)
Sale and vesting of treasury shares (4)	**103**	802	**50**	53
	(284)	(279)	**(284)**	(325)
Closing balance	**33,845**	27,619	**33,845**	33,252
Other Equity Instruments				
Opening balance	**939**	939	**939**	939
Redemptions (5)	**(939)**	-	**(939)**	-
Closing balance	**-**	939	**-**	939
Retained Profits				
Opening balance	**21,528**	18,827	**22,548**	21,528
Actuarial gains and losses from defined benefit superannuation plans	**10**	311	**(120)**	130
Gains and losses on liabilities at fair value due to changes in own credit risk	**(1)**	(3)	**-**	(1)
Realised gains and dividend income on treasury shares	**20**	42	**13**	7
Operating profit attributable to Equity holders of the Bank	**9,227**	9,063	**4,609**	4,618
Total available for appropriation	**30,784**	28,240	**27,050**	26,282
Net loss on sale/redemption of other equity (6)	**(10)**	-	**(10)**	-
Transfers (to)/from general reserve	**(120)**	47	**(19)**	(101)
Transfers from asset revaluation reserve	**19**	21	**5**	14
Transfers from employee compensation reserve	**(2)**	-	**-**	(2)
Interim dividend - cash component	**(2,829)**	(2,636)	**(2,829)**	-
Interim dividend - dividend reinvestment plan (2)	**(552)**	(574)	**(552)**	-
Final dividend - cash component	**(2,958)**	(3,534)	**-**	(2,958)
Final dividend - dividend reinvestment plan (2)	**(655)**	-	**-**	(655)
Other dividends (7)	**(50)**	(36)	**(18)**	(32)
Closing balance	**23,627**	21,528	**23,627**	22,548

(1) During the period the Group undertook a capital raising through a rights issue to all shareholders. An accelerated institutional offer closed on 13 August 2015, while the retail entitlement offer closed on 8 September 2015, jointly raising $5,022 million net of issue costs.
(2) The determined dividend includes an amount attributable to Dividend Reinvestment Plan (DRP) of $552 million (interim 2015/2016), $655 million (final 2014/2015) and $574 million (interim 2014/2015) with $552 million, $657 million and $571 million ordinary shares being issued under plan rules, which include the carry forward of DRP balance from previous dividends.
(3) The DRP in respect of 2013/2014 final dividend was satisfied in full through the on-market purchase and transfer of 8,749,607 shares to participating shareholders.
(4) Relates to the movement in treasury shares held within Life Insurance Statutory Funds and the employee share scheme trust.
(5) Redemption of Trust Preferred Securities (TPS 2006) on 15 March 2016.
(6) Includes other equity instruments of minority interests.
(7) Includes dividends relating to equity instruments on issue other than ordinary shares.

16. Shareholders' Equity (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 16 $M	30 Jun 15 $M	30 Jun 16 $M	31 Dec 15 $M
Reserves				
General Reserve				
Opening balance	**819**	866	**920**	819
Appropriation from/(to) retained profits	**120**	(47)	**19**	101
Closing balance	**939**	819	**939**	920
Asset Revaluation Reserve				
Opening balance	**191**	197	**177**	191
Revaluation of properties	**2**	19	**2**	-
Transfer to retained profits	**(19)**	(21)	**(5)**	(14)
Tax on revaluation of properties	**(1)**	(4)	**(1)**	-
Closing balance	**173**	191	**173**	177
Foreign Currency Translation Reserve				
Opening balance	**356**	(42)	**737**	356
Currency translation adjustments of foreign operations	**389**	439	**11**	378
Currency translation on net investment hedge	**(12)**	(3)	**(8)**	(4)
Tax on translation adjustments	**6**	(38)	**(1)**	7
Closing balance	**739**	356	**739**	737
Cash Flow Hedge Reserve				
Opening balance	**263**	224	**137**	263
Gains and losses on cash flow hedging instruments:				
Recognised in other comprehensive income	**250**	706	**249**	1
Transferred to Income Statement:				
Interest income	**(968)**	(1,135)	**(410)**	(558)
Interest expense	**1,018**	488	**639**	379
Tax on cash flow hedging instruments	**(90)**	(20)	**(142)**	52
Closing balance	**473**	263	**473**	137
Employee Compensation Reserve				
Opening balance	**122**	125	**85**	122
Current period movement	**10**	(3)	**47**	(37)
Closing balance	**132**	122	**132**	85
Available-for-sale Investments Reserve				
Opening balance	**594**	639	**498**	594
Net gains and losses on revaluation of available-for-sale investments	**(236)**	140	**(162)**	(74)
Net gains and losses on available-for-sale investments transferred to Income Statement on disposal	**(222)**	(223)	**(150)**	(72)
Tax on available-for-sale investments	**142**	38	**92**	50
Closing balance	**278**	594	**278**	498
Total Reserves	**2,734**	2,345	**2,734**	2,554
Shareholders' Equity attributable to Equity holders of the Bank	**60,206**	52,431	**60,206**	59,293
Shareholders' Equity attributable to Non-controlling interests	**550**	562	**550**	554
Total Shareholders' Equity	**60,756**	52,993	**60,756**	59,847

16. Shareholders' Equity (continued)

Shares on Issue	Full Year Ended		Half Year Ended	
	30 Jun 16	30 Jun 15	30 Jun 16	31 Dec 15
	Number	Number	Number	Number
Opening balance (excluding Treasury Shares deduction)	**1,627,592,713**	1,621,319,194	**1,707,544,714**	1,627,592,713
Issue of shares [(1)]	**71,161,207**	-	**-**	71,161,207
Dividend reinvestment plan issues:				
2013/2014 Final dividend fully paid ordinary shares $80.39 [(2)]	**-**	-	**-**	-
2014/2015 Interim dividend fully paid ordinary shares $91.26	**-**	6,273,519	**-**	-
2014/2015 Final dividend fully paid ordinary shares $74.75	**8,790,794**	-	**-**	8,790,794
2015/2016 Interim dividend fully paid ordinary shares $72.68	**7,597,463**	-	**7,597,463**	-
Closing balance (excluding Treasury Shares deduction)	**1,715,142,177**	1,627,592,713	**1,715,142,177**	1,707,544,714
Less: Treasury Shares [(3)]	**(4,080,435)**	(4,654,277)	**(4,080,435)**	(4,578,698)
Closing balance	**1,711,061,742**	1,622,938,436	**1,711,061,742**	1,702,966,016

(1) During the period the Group undertook a capital raising through a rights issue to all shareholders. An accelerated institutional offer closed on 13 August 2015 resulting in the issue of 28,897,186 shares on 26 August 2015. The retail entitlement offer closed on 8 September 2015 resulting in the issues of 42,264,021 shares on 18 September 2015.

(2) The DRP in respect of 2013/2014 final dividend was satisfied in full through the on market purchase and transfer of 8,749,607 shares to participating shareholders.

(3) Relates to Treasury shares held within the Life Insurance statutory funds and the employees share scheme trusts.

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 2016 to frank dividends for subsequent financial years, is $532 million (December 2015: $395 million; June 2015: $569 million). This figure is based on the franking accounts of the Bank at 30 June 2016, 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 2016.

Dividends

The Directors have declared a fully franked final dividend of 222 cents per share amounting to $3,808 million. There is no foreign conduit income attributed to the final dividend. The dividend will be payable on 29 September 2016 to shareholders on the register at 5:00pm AEST on 18 August 2016.

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

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

Dividend Reinvestment Plan

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

Record Date

The register closes for determination of dividend entitlement at 5:00pm AEST on 18 August 2016. The deadline for notifying participation in the DRP is 5:00pm AEST on 19 August 2016.

Ex-Dividend Date

The ex-dividend date is 17 August 2016.

17. ASX Appendix 4E

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

As at 30 June 2016	Ownership Interest Held (%)
AHL Holdings Pty Limited (1)	80%
Aegis Correctional Partnership Pty Limited	50%
Aegis Correctional Partnership Trust	50%
Aegis Securitisation Nominees Pty Limited	50%
Aegis Securitisation Trust	50%
equigroup Holdings Pty Limited	50%
First State Cinda Fund Management Company Limited	46%
BoCommLife Insurance Company Limited	38%
Countplus Limited	36%
Vipro Pty Limited	33%
Cardlink Services Limited	25%
Cash Services Australia Pty Limited	25%
Paymark Limited (2)	25%
Bank of Hangzhou Co., Ltd.	20%
Qilu Bank Co., Ltd.	20%
Vietnam International Commercial Joint Stock Bank	20%
Payments NZ Limited	19%
Property Exchange Australia Ltd	14%
First State European Diversified Infrastructure Fund FCP-SIF	4%

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

(2) Formerly known as Electronic Transaction Services Limited.

17. ASX Appendix 4E (continued)

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

The Bank expects the DRP for the final dividend for the year ended 30 June 2016 will be satisfied by the issue of shares of approximately $628 million.

Foreign Entities (Rule 4.3A Item No. 13)

Not Applicable.

Compliance Statement

This preliminary final report for the year ended 30 June 2016 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 15 August 2016. 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.

Taryn Morton
Company Secretary
9 August 2016

18. Profit Reconciliation

	Full Year Ended 30 June 2016						
Profit Reconciliation	Net profit after tax "cash basis" $M	Hedging and IFRS volatility $M	Bankwest non-cash items (1) $M	Treasury shares valuation adjustment $M	Policyholder tax $M	Investment experience $M	Net profit after tax "statutory basis" $M
Group							
Interest income	33,817	-	-	-	-	-	33,817
Interest expense	(16,882)	-	-	-	-	-	(16,882)
Net interest income	16,935	-	-	-	-	-	16,935
Other banking income	4,860	(284)	-	-	-	-	4,576
Total banking income	21,795	(284)	-	-	-	-	21,511
Funds management income	2,016	-	-	14	(8)	39	2,061
Insurance income	795	-	-	-	109	102	1,006
Total operating income	24,606	(284)	-	14	101	141	24,578
Investment experience	141	-	-	-	-	(141)	-
Total income	24,747	(284)	-	14	101	-	24,578
Operating expenses	(10,429)	-	(39)	-	-	-	(10,468)
Loan impairment expense	(1,256)	-	-	-	-	-	(1,256)
Net profit before tax	13,062	(284)	(39)	14	101	-	12,854
Corporate tax expense	(3,592)	84	12	(10)	(101)	-	(3,607)
Non-controlling interests	(20)	-	-	-	-	-	(20)
Net profit after tax	9,450	(200)	(27)	4	-	-	9,227

(1) Includes merger related amortisation through operating expenses of $39 million and an income tax benefit of $12 million.

18. Profit Reconciliation (continued)

	Full Year Ended 30 June 2015 [1]						
Profit Reconciliation	Net profit after tax "cash basis" $M	Hedging and IFRS volatility $M	Bankwest non-cash items [2] $M	Treasury shares valuation adjustment $M	Policyholder tax $M	Investment experience $M	Net profit after tax "statutory basis" $M
Group							
Interest income	**34,149**	(4)	-	-	-	-	**34,145**
Interest expense	**(18,322)**	-	-	-	-	-	**(18,322)**
Net interest income	**15,827**	(4)	-	-	-	-	**15,823**
Other banking income	**4,811**	17	-	-	-	-	**4,828**
Total banking income	**20,638**	13	-	-	-	-	**20,651**
Funds management income	**1,938**	-	-	(22)	21	66	**2,003**
Insurance income	**792**	-	-	-	78	144	**1,014**
Total operating income	**23,368**	13	-	(22)	99	210	**23,668**
Investment experience	**210**	-	-	-	-	(210)	**-**
Total income	**23,578**	13	-	(22)	99	-	**23,668**
Operating expenses	**(9,993)**	-	(75)	-	-	-	**(10,068)**
Loan impairment expense	**(988)**	-	-	-	-	-	**(988)**
Net profit before tax	**12,597**	13	(75)	(22)	99	-	**12,612**
Corporate tax expense	**(3,439)**	(7)	23	(6)	(99)	-	**(3,528)**
Non-controlling interests	**(21)**	-	-	-	-	-	**(21)**
Net profit after tax	**9,137**	6	(52)	(28)	-	-	**9,063**

(1) Comparative information has been reclassified to conform to presentation in the current period.
(2) Includes merger related amortisation through operating expenses of $75 million, and an income tax benefit of $23 million.

18. Profit Reconciliation (continued)

Profit Reconciliation	Net profit after tax "cash basis" $M	Hedging and IFRS volatility $M	Bankwest non-cash items [1] $M	Treasury shares valuation adjustment $M	Policyholder tax $M	Investment experience $M	Net profit after tax "statutory basis" $M
	Half Year Ended 30 June 2016						
Group							
Interest income	16,975	(1)	-	-	-	-	16,974
Interest expense	(8,467)	2	-	-	-	-	(8,465)
Net interest income	8,508	1	-	-	-	-	8,509
Other banking income	2,444	(72)	-	-	-	-	2,372
Total banking income	10,952	(71)	-	-	-	-	10,881
Funds management income	984	-	-	24	3	26	1,037
Insurance income	308	-	-	-	89	57	454
Total operating income	12,244	(71)	-	24	92	83	12,372
Investment experience	83	-	-	-	-	(83)	-
Total income	12,327	(71)	-	24	92	-	12,372
Operating expenses	(5,213)	-	(2)	-	-	-	(5,215)
Loan impairment expense	(692)	-	-	-	-	-	(692)
Net profit before tax	6,422	(71)	(2)	24	92	-	6,465
Corporate tax expense	(1,767)	22	1	(11)	(92)	-	(1,847)
Non-controlling interests	(9)	-	-	-	-	-	(9)
Net profit after tax	4,646	(49)	(1)	13	-	-	4,609

(1) Includes merger related amortisation through operating expenses of $2 million; and an income tax benefit of $1 million.

19. Notes to the Statement of Cash Flows

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

	Full Year Ended	
	30 Jun 16	30 Jun 15
	$M	$M
Net profit after income tax	9,247	9,084
(Increase)/decrease in interest receivable	(148)	3
(Decrease)/increase in interest payable	(312)	14
Net increase in assets at fair value through Income Statement (excluding life insurance)	(8,538)	(5,490)
Net gain on sale of controlled entities and associates	-	(13)
Net movement in derivative assets/liabilities	5,988	6,180
Net loss on sale of property, plant and equipment	21	8
Equity accounting profit	(289)	(268)
Loan impairment expense	1,256	988
Depreciation and amortisation (including asset write downs)	857	803
Increase in liabilities at fair value through Income Statement (excluding life insurance)	1,651	975
(Decrease)/increase in other provisions	(78)	354
Increase/(decrease) in income taxes payable	486	(32)
Decrease in deferred tax liabilities	(162)	(15)
Decrease in deferred tax assets	110	131
Decrease in accrued fees/reimbursements receivable	137	66
(Decrease)/increase in accrued fees and other items payable	(265)	349
Decrease in life insurance contract policy liabilities	(991)	(1,133)
Cash flow hedge ineffectiveness	5	20
Gains on changes in fair value of hedged items	(642)	(493)
Changes in operating assets and liabilities arising from cash flow movements	(13,640)	(4,658)
Other	746	310
Net cash (used in)/provided by operating activities	(4,561)	7,183

(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 16	30 Jun 15
	$M	$M
Notes, coins and cash at banks	12,103	15,683
Other short term liquid assets	2,344	3,587
Cash and cash equivalents at end of year	14,447	19,270

(c) Non-Cash Financing and Investing Activities

	Full Year Ended	
	30 Jun 16	30 Jun 15
	$M	$M
Shares issued under the Dividend Reinvestment Plan (1)	1,209	571

(1) No part of the Dividend Reinvestment Plan paid out in the 2016 financial year was satisfied through the on-market purchase and transfer of shares to participating shareholders (June 2015: $704 million).

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

(d) Acquisition of Controlled Entities

On 20 April 2016, 100% of the contributed equity of Vector Gas Limited was purchased for NZD952.5 million and renamed to First Gas Limited (FGL). The acquisition occurred via the Global Diversified Infrastructure Fund (GDIF), which is partly owned by the Group's life insurance business.

The investment in GDIF is used to back life insurance policy liabilities, the majority of which are investment-linked contracts where the returns to policyholders are linked to GDIF's overall returns. Notwithstanding this, GDIF and consequently FGL, have been consolidated due to the overall equity ownership in GDIF.

FGL is the owner and operator of gas transmission and distribution networks within New Zealand. The determination of the fair value of identifiable assets acquired and liabilities assumed is ongoing. The provisional fair value of net tangible assets acquired was $553 million, resulting in provisional goodwill of $304 million. These figures will be revised upon completion of the purchase price allocation, in accordance with Australian Accounting Standards.

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

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

	Full Year Ended	
	30 Jun 16	30 Jun 15
	$M	$M
Net identifiable assets at fair value (1)	553	(2)
Add: Goodwill	304	43
Purchase consideration transferred	857	41
Less: Cash and cash equivalents acquired	-	-
	857	41
Less: Contingent consideration	-	(12)
Net cash outflow on acquisition	857	29

(1) As the purchase price allocation is ongoing, the provisional fair value of net identifiable assets has been disclosed in accordance with Australian Accounting Standards.

20. Analysis Template

Profit Summary - Input Schedule	Full Year Ended (1) 30 Jun 16 $M	30 Jun 15 $M	Half Year Ended (1) 30 Jun 16 $M	31 Dec 15 $M
Net interest income	**16,935**	15,827	**8,508**	8,427
Other banking income	**4,860**	4,811	**2,444**	2,416
Total banking income	**21,795**	20,638	**10,952**	10,843
Funds management income	**2,016**	1,938	**984**	1,032
Insurance income	**795**	792	**308**	487
Total operating income	**24,606**	23,368	**12,244**	12,362
Investment experience	**141**	210	**83**	58
Total income	**24,747**	23,578	**12,327**	12,420
Operating Expenses				
Retail Banking Services	**(3,373)**	(3,276)	**(1,679)**	(1,694)
Business and Private Banking	**(1,489)**	(1,428)	**(747)**	(742)
Institutional Banking and Markets	**(1,081)**	(970)	**(547)**	(534)
Wealth Management	**(1,676)**	(1,726)	**(844)**	(832)
New Zealand	**(889)**	(861)	**(448)**	(441)
Bankwest	**(773)**	(787)	**(383)**	(390)
IFS and Other	**(1,148)**	(945)	**(565)**	(583)
Total operating expenses	**(10,429)**	(9,993)	**(5,213)**	(5,216)
Profit before loan impairment expense	**14,318**	13,585	**7,114**	7,204
Loan impairment expense	**(1,256)**	(988)	**(692)**	(564)
Net profit before income tax	**13,062**	12,597	**6,422**	6,640
Corporate tax expense	**(3,592)**	(3,439)	**(1,767)**	(1,825)
Operating profit after tax	**9,470**	9,158	**4,655**	4,815
Non-controlling interests	**(20)**	(21)	**(9)**	(11)
Net profit after tax - "cash basis"	**9,450**	9,137	**4,646**	4,804
Treasury shares valuation adjustment (after tax)	**4**	(28)	**13**	(9)
Hedging and IFRS volatility (after tax)	**(200)**	6	**(49)**	(151)
Bankwest non-cash items (after tax)	**(27)**	(52)	**(1)**	(26)
Net profit after tax - "statutory basis"	**9,227**	9,063	**4,609**	4,618
Total Operating Income				
Retail Banking Services	**10,361**	9,602	**5,201**	5,160
Business and Private Banking	**3,908**	3,718	**1,947**	1,961
Institutional Banking and Markets	**2,853**	2,802	**1,415**	1,438
Wealth Management	**2,393**	2,349	**1,099**	1,294
New Zealand	**2,185**	2,116	**1,078**	1,107
Bankwest	**1,855**	1,874	**915**	940
IFS and Other	**1,051**	907	**589**	462

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

20. Analysis Template (continued)

Profit Summary - Input Schedule	Full Year Ended (1) 30 Jun 16 $M	30 Jun 15 $M	Half Year Ended (1) 30 Jun 16 $M	31 Dec 15 $M
Other Data				
Net interest income	**16,935**	15,827	**8,508**	8,427
Average interest earning assets	**817,457**	755,872	**829,127**	805,916
Average net assets (2)	**57,865**	51,124	**60,301**	56,420
Average non-controlling interests (2)	**555**	552	**552**	558
Average other equity instruments (2)	**626**	939	**469**	939
Average treasury shares (2)	**(296)**	(285)	**(304)**	(302)
Distributions - other equity instruments	**50**	52	**18**	32
Interest expense (after tax) - PERLS III	**16**	23	**6**	10
Interest expense (after tax) - PERLS V	**-**	19	**-**	-
Interest expense (after tax) - PERLS VI	**89**	93	**44**	45
Interest expense (after tax) - PERLS VII	**76**	61	**38**	38
Interest expense (after tax) - PERLS VIII	**14**	-	**14**	-
Interest expense (after tax) - TPS	**-**	27	**-**	-
Interest expense (after tax) - Convertible notes	**-**	2	**-**	-
Weighted average number of shares - statutory basic (M)	**1,692**	1,627	**1,707**	1,676
Weighted average number of shares - statutory diluted (M)	**1,771**	1,711	**1,789**	1,753
Weighted average number of shares - cash basic (M)	**1,693**	1,630	**1,709**	1,678
Weighted average number of shares - cash diluted (M)	**1,772**	1,714	**1,791**	1,755
Weighted average number of shares - PERLS III (M)	**11**	14	**8**	14
Weighted average number of shares - PERLS V (M)	**-**	8	**-**	-
Weighted average number of shares - PERLS VI (M)	**24**	24	**25**	24
Weighted average number of shares - PERLS VII (M)	**37**	27	**37**	36
Weighted average number of shares - PERLS VIII (M)	**4**	-	**9**	-
Weighted average number of shares - TPS (M)	**-**	9	**-**	-
Weighted average number of shares - Convertible notes (M)	**-**	1	**-**	-
Weighted average number of shares - Employee share plans (M)	**3**	1	**3**	3
Dividends per share (cents) - fully franked	**420**	420	**222**	198
No. of shares at end of period excluding Treasury shares deduction (M)	**1,715**	1,628	**1,715**	1,708
Funds Under Administration (FUA) - average	**143,312**	138,358	**143,730**	143,120
Assets Under Management (AUM) - average	**202,000**	199,264	**200,075**	203,603
Average inforce premiums	**3,401**	3,259	**3,417**	3,386
Net assets	**60,756**	52,993	**60,756**	59,847
Total intangible assets	**10,384**	9,970	**10,384**	10,018
Non-controlling interests	**550**	562	**550**	554
Other equity instruments	**-**	939	**-**	939

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

20. Analysis Template (continued)

	Full Year Ended (1)		Half Year Ended	
	30 Jun 16	30 Jun 15	30 Jun 16	31 Dec 15
Ratios - Output Summary	$M	$M	$M	$M
Earnings Per Share (EPS)				
Net profit after tax - "cash basis"	9,450	9,137	4,646	4,804
Less distribution - other equity instruments	(50)	(52)	(18)	(32)
Adjusted profit for EPS calculation	9,400	9,085	4,628	4,772
Average number of shares (M) - "cash basis"	1,693	1,630	1,709	1,678
Earnings Per Share basic - "cash basis" (cents) (2)	555. 1	557. 5	270. 8	284. 4
Net profit after tax - "statutory basis"	9,227	9,063	4,609	4,618
Less distribution - other equity instruments	(50)	(52)	(18)	(32)
Adjusted profit for EPS calculation	9,177	9,011	4,591	4,586
Average number of shares (M) - "statutory basis"	1,692	1,627	1,707	1,676
Earnings Per Share basic - "statutory basis" (cents) (2)	542. 5	553. 7	268. 9	273. 6
Interest expense (after tax) - PERLS III	16	23	6	10
Interest expense (after tax) - PERLS V	-	19	-	-
Interest expense (after tax) - PERLS VI	89	93	44	45
Interest expense (after tax) - PERLS VII	76	61	38	38
Interest expense (after tax) - PERLS VIII	14	-	14	-
Interest expense (after tax) - TPS	-	27	-	-
Interest expense (after tax) - Convertible notes	-	2	-	-
Profit impact of assumed conversions (after tax)	195	225	102	93
Weighted average number of shares - PERLS III (M)	11	14	8	14
Weighted average number of shares - PERLS V (M)	-	8	-	-
Weighted average number of shares - PERLS VI (M)	24	24	25	24
Weighted average number of shares - PERLS VII (M)	37	27	37	36
Weighted average number of shares - PERLS VIII (M)	4	-	9	-
Weighted average number of shares - TPS (M)	-	9	-	-
Weighted average number of shares - Convertible notes (M)	-	1	-	-
Weighted average number of shares - Employee share plans (M)	3	1	3	3
Weighted average number of shares - dilutive securities (M)	79	84	82	77
Adjusted cash profit for EPS calculation	9,400	9,085	4,628	4,772
Add back profit impact of assumed conversions (after tax)	195	225	102	93
Adjusted diluted profit for EPS calculation	9,595	9,310	4,730	4,865
Average number of shares (M) - "cash basis"	1,693	1,630	1,709	1,678
Add back weighted average number of shares (M)	79	84	82	77
Diluted average number of shares (M)	1,772	1,714	1,791	1,755
Earnings Per Share diluted - "cash basis" (cents) (2)	541. 5	543. 2	264. 1	277. 2
Adjusted profit for EPS calculation	9,177	9,011	4,591	4,586
Add back profit impact of assumed conversions (after tax)	195	225	102	93
Adjusted diluted profit for EPS calculation	9,372	9,236	4,693	4,679
Average number of shares (M) - "statutory basis"	1,692	1,627	1,707	1,676
Add back weighted average number of shares (M)	79	84	82	77
Diluted average number of shares (M)	1,771	1,711	1,789	1,753
Earnings Per Share diluted - "statutory basis" (cents) (2)	529. 5	539. 6	262. 3	266. 9
Dividends Per Share (DPS)				
Dividends				
Dividends per share (cents) - fully franked	420	420	222	198
No. of shares at end of period excluding Treasury shares deduction (M)	1,715	1,628	1,715	1,708
Total dividends	7,189	6,823	3,808	3,381
Dividend payout ratio - "cash basis"				
Net profit after tax - "cash basis"	9,450	9,137	4,646	4,804
Net profit after tax - attributable to ordinary shareholders	9,400	9,085	4,628	4,772
Total dividends	7,189	6,823	3,808	3,381
Payout ratio - "cash basis" (%)	76. 5	75. 1	82. 3	70. 8
Dividend cover				
Net profit after tax - attributable to ordinary shareholders	9,400	9,085	4,628	4,772
Total dividends	7,189	6,823	3,808	3,381
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 period.
(2) EPS calculations are based on actual NPAT, interest expense, distributions and number of shares prior to rounding to the nearest million.

20. Analysis Template (continued)

Ratios - Output Summary	Full Year Ended 30 Jun 16 $M	Full Year Ended 30 Jun 15 $M	Half Year Ended 30 Jun 16 $M	Half Year Ended 31 Dec 15 $M
Return on Equity (ROE)				
Return on Equity - "cash basis"				
Average net assets	**57,865**	51,124	**60,301**	56,420
Less:				
Average non-controlling interests	**(555)**	(552)	**(552)**	(558)
Average other equity instruments	**(626)**	(939)	**(469)**	(939)
Average equity	**56,684**	49,633	**59,280**	54,923
Add average treasury shares	**296**	285	**304**	302
Net average equity	**56,980**	49,918	**59,584**	55,225
Net profit after tax - "cash basis"	**9,450**	9,137	**4,646**	4,804
Less distribution - other equity instruments	**(50)**	(52)	**(18)**	(32)
Adjusted profit for ROE calculation	**9,400**	9,085	**4,628**	4,772
ROE - "cash basis" (%)	**16. 5**	18. 2	**15. 6**	17. 2
Return on Equity - "statutory basis"				
Average net assets	**57,865**	51,124	**60,301**	56,420
Average non-controlling interests	**(555)**	(552)	**(552)**	(558)
Average other equity interests	**(626)**	(939)	**(469)**	(939)
Average equity	**56,684**	49,633	**59,280**	54,923
Net profit after tax - "statutory basis"	**9,227**	9,063	**4,609**	4,618
Less distribution - other equity instruments	**(50)**	(52)	**(18)**	(32)
Adjusted profit for ROE calculation	**9,177**	9,011	**4,591**	4,586
ROE - "statutory basis" (%)	**16. 2**	18. 2	**15. 6**	16. 6
Net Tangible Assets per share				
Net assets	**60,756**	52,993	**60,756**	59,847
Less:				
Intangible assets	**(10,384)**	(9,970)	**(10,384)**	(10,018)
Non-controlling interests	**(550)**	(562)	**(550)**	(554)
Other equity instruments	**-**	(939)	**-**	(939)
Total net tangible assets	**49,822**	41,522	**49,822**	48,336
No. of shares at end of period excluding Treasury shares deduction (M)	**1,715**	1,628	**1,715**	1,708
Net Tangible Assets per share ($)	**29. 05**	25. 50	**29. 05**	28. 30

21. Summary

Group		Full Year Ended (1)			Half Year Ended (1)		
		30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Net profit after tax - "cash basis"	$M	**9,450**	9,137	3	**4,646**	4,804	(3)
Treasury shares valuation adjustment (after tax)	$M	**4**	(28)	large	**13**	(9)	large
Hedging and IFRS volatility (after tax)	$M	**(200)**	6	large	**(49)**	(151)	(68)
Bankwest non-cash items (after tax)	$M	**(27)**	(52)	(48)	**(1)**	(26)	(96)
Net profit after tax - "statutory basis"	$M	**9,227**	9,063	2	**4,609**	4,618	-
Earnings per share basic - "cash basis"	cents	**555.1**	557.5	-	**270.8**	284.4	(5)
Dividends per share (fully franked)	cents	**420**	420	-	**222**	198	12
Dividend payout ratio - "cash basis"	%	**76.5**	75.1	140 bpts	**82.3**	70.8	large
Common Equity Tier 1 (Internationally Comparable) - Basel III (2)	%	**14.4**	12.7	170 bpts	**14.4**	14.3	10 bpts
Common Equity Tier 1 (APRA) - Basel III	%	**10.6**	9.1	150 bpts	**10.6**	10.2	40 bpts
Leverage ratio (Internationally comparable) (3) (4)	%	**5.6**	n/a	n/a	**5.6**	5.6	-
Leverage ratio (APRA) (4)	%	**5.0**	n/a	n/a	**5.0**	5.0	-
Number of full time equivalent staff	No.	**45,129**	45,948	(2)	**45,129**	45,221	-
Return on equity - "cash basis"	%	**16.5**	18.2	(170)bpts	**15.6**	17.2	(160)bpts
Return on equity - "statutory basis"	%	**16.2**	18.2	(200)bpts	**15.6**	16.6	(100)bpts
Weighted average no. of shares - "statutory basis" - basic	M	**1,692**	1,627	4	**1,707**	1,676	2
Net tangible assets per share	$	**29.05**	25.50	14	**29.05**	28.30	3
Net interest income - "cash basis"	$M	**16,935**	15,827	7	**8,508**	8,427	1
Net interest margin	%	**2.07**	2.09	(2)bpts	**2.06**	2.08	(2)bpts
Net interest margin excluding Treasury and Markets	%	**2.06**	2.06	-	**2.05**	2.06	(1)bpt
Other banking income - "cash basis"	$M	**4,860**	4,811	1	**2,444**	2,416	1
Other banking income to total banking income - "cash basis"	%	**22.3**	23.3	(100)bpts	**22.3**	22.3	-
Operating expenses to total operating income - "cash basis"	%	**42.4**	42.8	(40)bpts	**42.6**	42.2	40 bpts
Average interest earning assets	$M	**817,457**	755,872	8	**829,127**	805,916	3
Average interest bearing liabilities	$M	**760,615**	713,084	7	**758,994**	762,221	-
Loan impairment expense - "cash basis"	$M	**1,256**	988	27	**692**	564	23
Loan impairment expense - "cash basis" annualised as a % of average gross loans and acceptances	%	**0.19**	0.16	3 bpts	**0.20**	0.17	3 bpts
Total provisions for impaired assets as a % of gross impaired assets	%	**36.17**	35.94	23 bpts	**36.17**	37.02	(85)bpts
Risk weighted assets (APRA) - Basel III	$M	**394,667**	368,721	7	**394,667**	392,662	1
Retail Banking Services							
Cash net profit after tax	$M	**4,436**	3,994	11	**2,221**	2,215	-
Operating expenses to total banking income	%	**32.6**	34.1	(150)bpts	**32.3**	32.8	(50)bpts
Effective tax rate - "cash basis"	%	**29.9**	29.9	-	**29.9**	29.9	-
Business and Private Banking							
Cash net profit after tax	$M	**1,567**	1,495	5	**764**	803	(5)
Operating expenses to total banking income	%	**38.1**	38.4	(30)bpts	**38.4**	37.8	60 bpts
Effective tax rate - "cash basis"	%	**30.0**	30.1	(10)bpts	**30.0**	30.1	(10)bpts
Institutional Banking and Markets							
Cash net profit after tax	$M	**1,164**	1,285	(9)	**556**	608	(9)
Operating expenses to total banking income	%	**37.9**	34.6	330 bpts	**38.7**	37.1	160 bpts
Effective tax rate - "cash basis"	%	**23.4**	22.8	60 bpts	**26.5**	20.4	large

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".
(3) The Tier 1 Capital included in the calculation of the internationally comparable leverage ratio aligns with the 13 July 2015 APRA study titled "International capital comparison study" and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.
(4) As the Group commenced disclosure of its leverage ratio at 30 September 2015, no full year comparatives have been presented.

21. Summary (continued)

		Full Year Ended [1]			Half Year Ended		
		30 Jun 16	30 Jun 15	Jun 16 vs Jun 15 %	30 Jun 16	31 Dec 15	Jun 16 vs Dec 15 %
Wealth Management							
Cash net profit after tax	$M	**617**	653	(6)	**245**	372	(34)
Underlying profit after tax	$M	**532**	475	12	**201**	331	(39)
Investment experience after tax	$M	**85**	178	(52)	**44**	41	7
FUA - average	$M	**132,632**	128,880	3	**132,723**	132,721	-
FUA - spot	$M	**134,248**	131,903	2	**134,248**	133,886	-
AUM - average	$M	**197,569**	195,406	1	**195,513**	199,294	(2)
AUM - spot	$M	**199,735**	202,168	(1)	**199,735**	195,248	2
Annual inforce premiums - average	$M	**2,474**	2,388	4	**2,480**	2,470	-
Annual inforce premiums - spot	$M	**2,508**	2,467	2	**2,508**	2,472	1
Operating expenses to total operating income	%	**70. 0**	73. 5	(350)bpts	**76. 8**	64. 3	large
Effective tax rate - "cash basis"	%	**26. 5**	23. 5	300 bpts	**23. 7**	28. 4	(470)bpts
New Zealand							
Cash net profit after tax	$M	**877**	882	(1)	**414**	463	(11)
Underlying profit after tax	$M	**867**	876	(1)	**408**	459	(11)
FUA - average	$M	**10,680**	9,478	13	**11,007**	10,399	6
FUA - spot	$M	**11,522**	9,853	17	**11,522**	11,004	5
AUM - average	$M	**4,431**	3,858	15	**4,562**	4,309	6
AUM - spot	$M	**4,988**	3,976	25	**4,988**	4,495	11
Average inforce premiums - average	$M	**672**	638	5	**682**	664	3
Annual inforce premiums - spot	$M	**710**	639	11	**710**	688	3
Operating expenses to total operating income [2]	%	**40. 0**	40. 2	(20)bpts	**40. 8**	39. 3	150 bpts
Effective tax rate - "cash basis" [2]	%	**26. 6**	25. 3	130 bpts	**26. 0**	27. 0	(100)bpts
Bankwest							
Cash net profit after tax	$M	**763**	795	(4)	**367**	396	(7)
Operating expenses to total banking income	%	**41. 7**	42. 0	(30)bpts	**41. 9**	41. 5	40 bpts
Effective tax rate - "cash basis"	%	**30. 1**	30. 1	-	**30. 2**	30. 0	20 bpts

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Key financial metrics are calculated in New Zealand dollar terms.

22. Foreign Exchange Rates

		As at		
Exchange Rates Utilised [1]	Currency	30 Jun 16	31 Dec 15	30 Jun 15
AUD 1.00 =	USD	**0.7431**	0.7308	0.7681
	EUR	**0.6689**	0.6688	0.6880
	GBP	**0.5534**	0.4929	0.4893
	NZD	**1.0470**	1.0660	1.1283
	JPY	**76.2441**	88.0051	94.0578

(1) End of day, Sydney time.

23. Definitions

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