



Commonwealth Bank
Commonwealth Bank of Australia
ACN 123 123 124

**Profit Announcement
For the half-year ended
31 December 1999**

Results have been subject to an independent
review by the external auditors.
Released 9 February 2000

This Profit Announcement is available on the Internet at:
www.commbank.com.au

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PERFORMANCE SUMMARY

	31/12/99 \$M	Half-year Ended 30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Profit and Loss - Summary				
Operating profit after tax	840	709	713	18
Income				
Interest income	4,148	3,795	3,950	5
Interest expense	2,289	2,025	2,193	4
Net interest income	1,859	1,770	1,757	6
Other operating income	1,206	1,002	995	21
Total operating income	3,065	2,772	2,752	11
Expenses				
Staff expenses	838	805	799	5
Occupancy and equipment expenses	214	243	212	1
Information technology services	281	261	244	15
Other expenses	300	270	236	27
Total operating expenses	1,633	1,579	1,491	10
Underlying profit*	1,432	1,193	1,261	14
Charge for bad and doubtful debts	(96)	(131)	(116)	(17)
Goodwill amortisation	(23)	(24)	(23)	-
Operating profit before income tax	1,313	1,038	1,122	17
Income tax expense on operating profit	457	318	396	15
Operating profit after income tax	856	720	726	18
Outside equity interests	(16)	(11)	(13)	23
Operating profit after income tax attributable to members of the Bank	840	709	713	18
Contributions to profit				
Banking				
Australia	660	559	584	13
New Zealand (ASB Bank)	55	55	49	12
Other countries*	8	25	43	(81)
	723	639	676	7
Life insurance and funds management				
Finance	108	73	49	large
	48	32	24	large
Profit on operations	879	744	749	17
Goodwill amortisation	(23)	(24)	(23)	-
Outside equity interests	(16)	(11)	(13)	23
Operating profit after income tax	840	709	713	18

* See Definitions (p 43).

PERFORMANCE SUMMARY (CONTINUED)

As at	31/12/99 \$M	Half-year Ended 30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Balance Sheet - Summary				
Loans, advances and other receivables	107,024	101,837	95,982	12
Total Assets	161,108	138,096	134,957	19
Deposits and other public borrowings	100,311	93,428	91,097	10
Total Liabilities	153,832	131,134	127,524	21
Shareholders' Equity	7,276	6,962	7,433	(2)
Risk weighted assets	108,561	99,556	95,718	13
Net impaired assets	318	314	328	(3)
Average interest earning assets	125,824	116,790	111,792	13
Average interest bearing liabilities	113,605	104,877	101,411	12
Assets (on balance sheet)				
Australia	135,939	115,510	112,382	21
New Zealand	14,271	13,046	12,542	14
Other	10,898	9,540	10,033	9
Total Assets*	161,108	138,096	134,957	19
Shareholder Summary				
Dividends per share (fully franked at 36%)	58c	66c	49c	18
Earnings per share (basic and fully diluted)*	92c	77c	77c	19
Net tangible asset backing per share	\$7.28	\$6.82	\$7.15	2
Weighted average number of shares (basic)	914m	924m	929m	
Shares at end of period	902m	916m	935	
Dividend payout ratio*	63.1%	86.1%	63.9%	
Performance Ratios				
	%	%	%	
Return on average shareholders' equity*	23.06	20.62	20.46	
Return on average total assets*	1.12	1.05	1.07	
Capital adequacy ratio				
Tier One	6.76	7.05	8.11	
Tier Two	3.63	3.12	2.89	
Deductions	(1.28)	(0.79)	(0.91)	
Total	9.11	9.38	10.09	
General provision/ Risk weighted assets	1.03	1.09	1.11	
Total provisions/Impaired assets	238.72	230.22	218.48	
Non interest income/Total operating income	39.36	36.15	36.14	
Cost to income ratio	53.31	56.95	54.17	
Cost to total assets ratio	2.02	2.31	2.19	
Staff expense/Total operating income	27.36	29.06	29.03	
Total operating income per FTE	\$106,689	\$95,705	\$94,518	

* See Definitions (p 43).

DIRECTORS' REPORT

The Directors submit their report for the half-year ended 31 December 1999.

REVIEW OF OPERATIONS

Except where otherwise stated, all figures relate to the half-year period ended 31 December 1999 and comparatives are to the half-year period ended 31 December 1998.

HIGHLIGHTS

Commonwealth Bank recorded a net operating profit of \$840 million for the half-year ended 31 December 1999, an increase of 18% on the previous corresponding period.

The accounting treatment of the Life Insurance business changed from 1 July 1999, with the contribution to the result from the Life Insurance business for the half-year now including the change in market value of the Bank's investment in life company subsidiaries. A market value uplift of \$41 million is included in this half-year result. The half-year result was also impacted by a 'one-off' tax charge of \$35 million relating to the net reduction of future income tax benefits consequent upon the announced reduction in the corporate tax rate to 30% over the next two years.

The Bank's strategy has been to reduce the potential earnings volatility associated with fixed costs by progressively increasing the proportion of costs that vary with revenues. For the half-year, the 10% increase in operating income over the prior comparative period compares to an 8% growth in operating expenses (both measures adjusted on a comparable basis - i.e. excluding infrastructure asset sales and life insurance accounting adjustments).

An interim dividend of 58 cents per share fully franked will be paid on 31 March 2000 (up 9 cents from 49 cents for the half-year ended 31 December 1998). The ratio of dividends per share to earnings per share for the half-year was 63%.

In order to maintain capital at an appropriate level having regard to the assessed risk in the business, the Bank undertook a share buy back of \$553 million during the period.

The half-year result comprised:

Net interest income	\$1,859m	Up 6%
Other operating income	\$1,206m	Up 21% (up 12%)
Operating expenses	\$1,633m	Up 10% (up 8%)
Bad debt charge	\$96m	Down 17%
Income tax expense	\$457m	Up 15% (up 8%)

Key performance measures were:

Return on equity	23.06%	Up from 20.46%
Earnings per share	92 cents	Up 19%
Total assets	\$161.1 billion	Up 19% (up 12%)
Risk weighted assets	\$108.6 billion	Up 13%
Net tangible assets per share	\$7.28	Up 2%
Risk weighted capital ratio	9.11%	Down from 10.09%
Tier 1 ratio	6.76%	Down from 8.11%

(Bracketed numbers in tables above represent percentage movement excluding the impact of the new life insurance accounting standard.)

The result reflects:

- Strong growth of non-interest income
- Strong lending growth, partially offset by reduced margins
- Reduction in the cost to income ratio.

Of the 8% increase in operating expenses (pre gross-up of life insurance expenses), 5% directly relates to the variable cost increments associated with the increased volumes underpinning the growth in operating income.

DIVISIONAL PERFORMANCE HIGHLIGHTS

Banking and Financial Services

Progress in the development and marketing of products and services has included activity in the following key projects:

- The roll out of Ezy Banking in 79 Woolworths and Big W stores in South East Queensland, 46 in North and Central Queensland and 125 in Melbourne. A further 400 stores will be available prior to June 2000.
- Commencement of the first phase of the mobile banking solution developed through the alliance with Network Vodafone.
- Expansion of access to the Bank's online financial services through the alliance with ninemsn. Since the launch, over 98,000 visits to the Bank's website have originated from the ninemsn portal.
- Promotion of the Bank's brand position, 'Make It Happen'.

The Bank's position in its key markets has generally been maintained, with:

- Better than expected home lending activity with satisfactory growth in home loan outstandings.
- Pleasing development of the cards business where the Bank is Australia's largest credit card issuer with 2.8 million cards. For the half-year ended 31 December 1999, merchant sales grew by 35.3% and exceeded \$15.5 billion.
- Strong growth in Personal Loans.
- More than 550,000 relationships with Business Customers serviced through over 100 Business Banking Centres.
- The Bank's market share as a payer bank in BPAY^{TM(1)} remained strong with around 31% of all BPAYTM transactions sourced through the Bank. Approximately 19% of the Bank's BPAYTM transactions were processed through Internet based payments. The Bank continues to hold the largest share of all Biller members in the BPAY scheme at 28%.
- Continuing strong response to the Bank's AgriOptions package with over \$350 million in new and existing lending business written since its launch in January 1999.

Growth of Financial Services was demonstrated by:

- An increase of 14.3% in retail funds under management to \$16.8 billion. Total funds under management grew to \$28.0 billion, up 13.4%.
- An increase in funds under management for retirement products by 12.1% to \$10.2 billion.
- Growth of 14% in annual life insurance premiums to \$50.8 million.

⁽¹⁾ Registered to BPAY Pty Ltd ACN 079 137 518

Customer Service Division

Through its large, growing and diverse distribution system, the division has achieved solid sales and service results in a competitive market environment:

- Combined Home and Investment Home Loan net approvals were up 18%.
- Owner-occupied Home Loan net approvals were up 13% and outstandings were up 7% to \$37.6 billion.
- Investment Home Loan net approvals were up 34% and outstandings were up 31% to almost \$10.3 billion.
- Credit Card outstandings were up 16% to \$2.8 billion.
- Total commercial lending approvals were up 20%. Approvals for small and middle market clients were up 13.3%; a significant contributor to this increase has been the continued success of the BetterBusiness variable rate loan product, which recorded growth of 40% in outstanding balances to \$3.9 billion.
- Gross sales of managed products, superannuation and other investment products were \$4.7 billion, an increase of 11%.

The Division manages the largest financial services distribution network in the country, meeting the needs of over 7.7 million customers through over 100,000 points of access:

Points of Access	31/12/99	31/12/98
Branches	1,118	1,175
Agencies	3,945	3,946
Business Banking Centres	105	104
ATMs	2,678	2,536
EFTPOS	101,243	87,854

- The Group has approximately 335,000 online customers, of which 155,000 use Netbank (www.commbank.com.au) and approximately 30,000 business customers use Quickline.
- The Bank has approximately 3.6 million registered telephone banking customers, managed through customer service lines and the new Ezy Banking call centre which operates 24 hours a day, seven days per week. The average weekly number of calls to the customer service line increased by 38.5% to 1.8 million calls.
- Quick Deposit Boxes (for business cheque deposits without queuing) experienced almost 22% growth in activity with average daily deposits now over 31,700.
- The proportion of customer transactions through self-service/direct channels continues to grow, standing at over 80% as at 31 December 1999.

Institutional Banking

Institutional Banking maintains banking relationships with over 1,000 of Australasia's largest corporations, government bodies and other major institutions. The Division also services the equities broking needs of over 425,000 individual and business clients through Commonwealth Securities Ltd. (ComSec).

Key outcomes for the half-year included:

- Total Revenue growth of 10.5%.
- Consistent contribution of non-interest income, representing over 70% of total operating income.

- The Financial Markets group:
 - lead managed \$2.83 billion of new Corporate Bond issues attaining the number one position in the International Financing Review's League Table for the Australian bond market.
 - launched eCommCorporate, the first corporate and business specific Internet channel in Australia, combining financial markets and transaction banking products.
- The Corporate Finance team completed:
 - a lead role in the \$1.46 billion project financing of Interger's Millmerran Power Station.
 - the lead management of a consortium to complete the \$470 million debt financing for Hills Motorway Ltd.
 - the joint lead arrangement and underwriting of a \$350 million cash advance to finance the expansion of Port Waratah's infrastructure in Newcastle.
- Commonwealth Investment Management (CIM) entered into a funds management alliance with Legal and General Investment Management (LGIM). Under the arrangement LGIM will manage, in the UK, international equity and international fixed interest indexed funds for CIM's Australian clients. CIM has exclusive rights to represent Legal and General in Australasia.
- Commonwealth Custodial Services Limited (CCSL) increased funds held in custody by 29% from \$24 billion to \$31 billion. CCSL entered into an alliance with State Street Australia Limited to offer a unique master custody solution for Australian Superannuation funds.
- The Transaction Services unit won contracts to provide transaction banking services to Foxtel and Brisbane City Council.
- ComSec continued to grow strongly with:
 - over 900,000 transactions processed during the half-year.
 - 9.3% of the total number of transactions on the ASX in December, up from 6.8% a year ago, making it the number one broker in terms of volume of ASX trades.
 - over 104,000 Internet clients. Internet trades now represent over 60% of total orders.

Technology Operations and Property

The delivery of current and future information technology and telecommunication services to the Bank is managed through the Bank's technology partner, EDS Australia. The Division also provides back office support and manages Commonwealth Property, the property investment and corporate real estate arm of the Bank.

Highlights during the last half-year were:

- The relationship between the Bank and EDS continues to mature with significant progress on a number of major projects. Cost savings continue to plan.
- Continued strong productivity characterises the Bank's processing areas with a further reduction in the number of processing centres. Operations Processing Centres reduced from 12 to 9 and there was further consolidation of International Trade Processing Centres and Global Payments Services Centres.
- Variable costs are now a significant portion of the divisional expense base, approaching 60%.
- Commonwealth Property remained one of Australia's leading property investment managers with major portfolios of property totalling around \$4 billion funds under management.

- The Bank completed the integration of its Corporate Real Estate and Investment Property Groups with the centralisation of operations in Sydney.

Year 2000 Issues

The Bank's Y2K programme was successfully completed with no interruptions to service and was within the allocated budget of \$115 million. The Bank continues to maintain a framework of Business Continuity Plans.

Financial and Risk Management

Financial and Risk Management provides integrated financial, risk and capital management services to support the activities of the Bank.

Key outcomes for the half-year included:

- The successful completion of an off-market share buy back of \$553 million, being approximately 20.5 million shares, at \$27.00 (2.2% of total issued shares).
- Re-entering the Eurobond market with a non-guaranteed issue raising US\$500 million. This was followed with a number of significant, cost effective private and public placements of senior and subordinated debt.
- Continued refinement of the Bank's Integrated Risk Management Framework through the progressive extension of the equity allocation methodology, with work underway to include return measurements at product, segment and channel levels.
- Further progress on the delivery of Group wide information to support operational and strategic decision making, with the progressive realisation of business benefits.
- Development of credit portfolio management techniques has continued, with the objective of increasing the return for each unit of risk. Credit quality measures are within targets.
- Progress continues on the implementation of GST.

Group Human Resources

Key outcomes of the half-year included:

- The introduction of new performance management and recruitment systems better aligned to the Group's business needs.
- The extension of the Effective Leadership program to manager and assistant manager staff. Over 5,000 staff have now attended the program.
- Continued staff acceptance of individual contract based employment with nearly 4,000 staff now on these arrangements.
- Completion of the Bank's move to Workers Compensation self insurance in States and Territories.

ASB Group (New Zealand)

ASB Group is 75% owned by Commonwealth Bank of Australia. ASB Group's principal trading operations are ASB Bank, a full service bank, meeting the transactional banking insurance and investment requirements of over 800,000 customers and Sovereign Limited, a life assurance and financial services company acquired on 4 December 1998. ASB has approximately 35,000 online customers using its Internet banking facility.

A recent AC Nielson Consumer Banking Monitor survey showed ASB Bank national retail Main Bank Share averaged 15.7% for the first three quarters of 1999 improving its ranking to third highest of the major banks.

Highlights of its performance were*:

- Group operating income for the half-year was NZ\$299.3 million (A\$239.9 million), up by 27.6%.
- ASB Group contributed NZ\$74.2 million (A\$61 million, pre-outside equity interest), 28.8% ahead of December 1998.
- Despite a competitive market environment, ASB Bank achieved growth for the half-year to 31 December 1999 of 15.1% in lending and 20.2% in funding, while total assets grew 19.7%.
- ASB Bank holds a 14% average share of the New Zealand mortgage market, reflecting its market share position of approximately 37% in Auckland.
- ASB Bank's Total Other Income at NZ\$88.9 million represents a growth of 20.5%.
- The cost to income ratio of ASB Bank progressively reduced to 59.7% from 61.6% in December 1998.
- Bank Direct, ASB's separately branded direct banking operation, continued to grow and now represents almost 5.1% of ASB Bank's personal advances. It accounts for 13% of ASB Bank's monthly retail lending growth.
- The integration of the operations of Sovereign Limited has progressed well. Sovereign recorded a steady margin on services profit of NZ\$5 million and ASB Life recorded an additional uplift in appraisal value of NZ\$5 million.

Despite the above positive performance improvements from ASB Group the contribution to group results was depressed by a weakening of the AUD/NZD exchange rate.

* Note percentage increases are based on NZD numbers.

Asset Quality

The overall quality of the Bank's credit portfolio remains sound, with:

- Gross impaired assets (net of interest reserved) reduced by 7%, and net impaired assets reduced by 3%.
- The flow of new impaired assets remains at low levels, primarily arising from Australian portfolios.
- Arrears past due 90 days on the statistically managed portfolio remaining at low levels.
- The charge for bad and doubtful debts reduced by 17%, reflecting continuing improvement in asset quality.
- The outlook for the credit cycle in the immediate future is positive at this stage.

International Financial Services

The Bank's international division was formed in January 2000 with the appointment of the Head of International Financial Services, based in London, to support the Bank's long term target of having 25% of market capitalisation derived from overseas sources. The move follows the completion of an extensive review of global financial services, and the identification of opportunities for the Bank to enter offshore markets.

In developing offshore businesses, the Bank is looking to leverage its strong capabilities in on-line and direct distribution to provide customers with new products that are convenient and cost effective for them. The development of market entry strategies is well progressed.

OUTLOOK

The domestic economic outlook remains sound, with continuing low inflation. Recent rises in interest rates, the introduction of the GST and reduction of Olympics-related activity are likely to moderate growth from the trend experienced in prior periods, and introduce some risk to the outlook.

Credit growth is anticipated to be lower than the prior period and is likely to continue to be offset by competitive pressure on margins. This will be compounded by the decline in traditional household savings in Australia, necessitating increased reliance on wholesale funding. In the current environment, credit quality is expected to remain sound with a relatively low charge for bad and doubtful debts.

The Bank is positioned to benefit from the continued growth in the financial services sector and the opportunities presented by e-commerce. Accordingly, the positive trend in other operating income is expected to continue.

Expenses will be affected by a number of factors including project development costs in e-commerce and other projects and the complexity of the application of the GST to financial services, where the capacity to fully recover input costs through changes in margins and other charges remains at risk.

Overall, the Directors expect robust earnings growth for the full financial year, but with second half earnings growth lower than that for the first half.

Directors expect the ratio of dividends per share to earnings per share for 1999/2000 to remain high relative to peer financial institutions.

The Bank continues to keep its capital management alternatives under review. A further share buy-back will be considered during the second half of calendar year 2000, having regard to the Bank's circumstances including ongoing capital requirements, and specifically subject to evaluating the effect of APRA's capital adequacy proposals for conglomerates.

DIRECTORS

The names of the Directors holding office during the half-year ended 31 December 1999 and until the date of this report were:

J T Ralph	Chairman (elected 28/10/99)
M A Besley	Chairman (retired 28/10/99)
D V Murray	Managing Director
N R Adler	Director
A C Booth	Director
R J Clairs	Director
K E Cowley	Director
J M Schubert	Director
F J Swan	Director
B K Ward	Director

Signed in accordance with a resolution of the Directors.

J T Ralph AO
Chairman

D V Murray
Managing Director

9 February 2000

PROFIT AND LOSS STATEMENT

	Page No. Ref	31/12/99 \$M	Half-year Ended 30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Interest income	11	4,148	3,795	3,950	5
Interest expense	11	2,289	2,025	2,193	4
Net interest income	11	1,859	1,770	1,757	6
Other operating income	13	1,206	1,002	995	21
Total operating income		3,065	2,772	2,752	11
Charge for bad and doubtful debts	24	96	131	116	(17)
Total operating income after charge for bad and doubtful debts		2,969	2,641	2,636	13
Staff expenses	15	838	805	799	5
Occupancy and equipment expenses	15	214	243	212	1
Information technology services	15	281	261	244	15
Other expenses	15	300	270	236	27
Total operating expenses	15	1,633	1,579	1,491	10
Operating profit before goodwill amortisation, and income tax		1,336	1,062	1,145	17
Goodwill amortisation		23	24	23	-
Operating profit before income tax		1,313	1,038	1,122	17
Income tax expense	17	457	318	396	15
Operating profit after income tax		856	720	726	18
Outside equity interests		16	11	13	23
Operating profit after income tax attributable to members of the Bank		840	709	713	18
Retained profits at the beginning of the period		1,698	1,005	755	large
Adjustment on adoption of new life insurance standard	33	432	-	-	large
Buy back		-	(404)	-	-
Transfers from reserves		-	1,052	35	large
Total available for appropriation		2,970	2,362	1,503	98
Transfers to reserves		526	59	40	large
Dividends (fully franked)					
Transfer to dividend reinvestment plan reserve		105	133	183	(43)
Provided for payment in cash or paid		419	472	275	52
Dividends provided for, reserved or paid		524	605	458	14
Retained profits at the end of the period		1,920	1,698	1,005	91

NET INTEREST INCOME

	31/12/99 \$M	Half-year Ended 30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Interest Income				
Loans	3,612	3,362	3,444	5
Other financial institutions	75	69	96	(22)
Liquid assets	30	29	29	3
Trading securities	153	115	131	17
Investment securities	266	206	219	21
Dividends on redeemable preference shares	12	13	29	(59)
Other	-	1	2	large
Total Interest Income	4,148	3,795	3,950	5
Interest Expense				
Deposits	1,760	1,603	1,750	1
Other financial institutions	128	97	110	16
Short term debt issues	256	203	190	35
Long term debt issues	60	46	60	-
Loan capital	85	75	80	6
Other	-	1	3	large
Total Interest Expense	2,289	2,025	2,193	4
Net Interest Income	1,859	1,770	1,757	6

Net Interest Income

31/12/99 - 31/12/98 (up 6%)

31/12/99 - 30/06/99 (up 5%)

Net Interest increased by \$102 million over the previous corresponding period due to a \$14 billion increase in interest earning assets (+ \$225 million), more than offsetting the lower net interest margin (- \$123 million).

The growth in interest income was achieved across a range of products including home loans, personal loans and business loans. Up to \$3.7 billion of additional liquid assets, including Investment Securities, were held in the lead up to year 2000, which increased net interest income, but reduced the Net Interest Margin.

Interest paid on deposits and debt issues increased predominantly in the short term categories with continued increased reliance on wholesale funding, particularly from domestic certificate of deposit issuance and the US commercial paper market. In addition, interest rates on savings and term deposits increased toward the end of the half-year following the increase of 0.25% in official cash rates.

MARGINS AND SPREADS

Interest spread represents the difference between the average interest rate earned and the average interest rate paid on funds.

Interest margin represents net interest income as a percentage of average interest earning assets.

The calculations for Australia and Overseas include intragroup cross border loans/borrowings and associated interest. The difference in margins and spreads between the Australian and Overseas operations reflects the significantly different nature of the businesses.

	31/12/99 %	Half-year Ended 30/06/99 %	31/12/98 %
Australia			
Interest spread adjusted for interest forgone on non accrual and restructured loans	2.82	2.96	3.02
Interest forgone on non accrual and restructured loans	(0.01)	(0.02)	(0.01)
Interest Spread	2.81	2.94	3.01
Benefit of net free liabilities, provisions and equity	0.41	0.39	0.39
Australia Interest Margin	3.22	3.33	3.40
Overseas			
Interest spread adjusted for interest forgone on non accrual and restructured loans	1.27	1.47	1.43
Interest forgone on non accrual and restructured loans	(0.02)	(0.05)	(0.06)
Interest Spread	1.25	1.42	1.37
Benefit of net free liabilities, provisions and equity	0.28	0.37	0.38
Overseas Interest Margin	1.53	1.79	1.75
Group			
Interest spread adjusted for interest forgone on non accrual and restructured loans	2.56	2.68	2.74
Interest forgone on non accrual and restructured loans	(0.01)	(0.02)	(0.02)
Interest Spread	2.55	2.66	2.72
Benefit of net free liabilities, provisions and equity	0.39	0.39	0.40
Group Interest Margin	2.94	3.05	3.12

Group Interest Margin

31/12/99 - 31/12/98 (down 18 basis points, 6%)

31/12/99 - 30/06/99 (down 11 basis points, 4%)

The group interest margin reduced to 2.94% for the half-year from 3.12% for the previous corresponding half.

This reduction was due to continued pressure on both asset and liability rates, reflecting high levels of competition and an increasing reliance on wholesale funding. In addition, the holding of additional levels of liquid assets in the lead up to the Year 2000 date change, while not adversely impacting Net Interest Income, depressed the margin.

The net interest margin was also adversely affected in the latter part of the half, when the domestic yield curve steepened as a result of expectations of further interest rate rises.

In New Zealand competition remained strong with ASB growing market share but at reduced margin. Overseas margins have also been impacted by increased US commercial paper borrowings used for domestic funding purposes.

OTHER OPERATING INCOME

	31/12/99 \$M	Half-year Ended 30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Lending fees	271	244	230	18
Commission and other fees	446	420	387	15
Trading income				
<i>Foreign exchange earnings</i>	69	63	92	(25)
<i>Trading securities</i>	54	31	35	54
<i>Other financial instruments (incl derivatives)</i>	38	32	20	90
	161	126	147	10
Dividends	13	4	2	large
Net gain on investment securities	17	9	70	(76)
Net profit on sale of property, plant and equipment	11	16	8	38
Life insurance and funds management (see below)	247	134	120	large
General insurance premium income	51	48	46	11
Less general insurance claims	(29)	(35)	(28)	4
Other	18	36	13	38
Total Other Operating Income	1,206	1,002	995	21

Life Insurance and Funds Management

Premium income and product management fees	189	198	98
Reinsurance recoveries	40	45	9
Outward reinsurance premiums expense	(47)	(49)	(11)
Claims expense	(88)	(88)	(19)
Investment revenue	501	192	398
Life insurance policy liabilities expense	(447)	(219)	(397)
<i>Margin on Services operating income</i>	148	79	78
Change in excess of net market value over net assets of life insurance subsidiaries	41	-	-
Funds management income	58	55	42
Life Insurance and Funds Management	247	134	120

Other Operating Income

31/12/99 - 31/12/98 (up 21%)

31/12/99 - 30/06/99 (up 20%)

During the half-year there was strong growth in Total Other Operating Income across most categories. Other Operating Income grew by \$211 million, of which \$118 million was an increase from a comparable base, \$41 million was a life insurance appraisal value uplift and \$52 million represented an accounting gross-up on adoption of the new life insurance accounting standard offset by increases in expenses and taxes.

Excluding the above-mentioned impact of changes in accounting for life insurance income, the mix of income across customer segments within Australia has remained consistent with the previous half-years at personal customers 34%, business customers 33% and institutions 33%.

Lending Fees

31/12/99 - 31/12/98 (up 18%)

31/12/99 - 30/06/99 (up 11%)

Lending Fees grew by 18% from the previous corresponding half with growth in lending volumes being experienced across all products. Competition was focussed more towards interest rates with less concessions being made on establishment fees.

Commission and Other Fees

31/12/99 - 31/12/98 (up 15%)
31/12/99 - 30/06/99 (up 6%)

Growth continued in Commission and Other Fees with Credit Cards and Commonwealth Securities being the strongest contributors. Fee structures introduced in the prior year were maintained. The proportion contributed by domestic retail transaction fees reduced slightly to approximately 10% of total other operating income (4% of total operating income).

Trading Income

31/12/99 - 31/12/98 (up 10%)
31/12/99 - 30/06/99 (up 28%)

Increases in trading income from trading securities and other financial instruments were partly offset by a reduction in foreign exchange income, reflecting lower levels of volatility in exchange rates.

Net Gain on Investment Securities

31/12/99 - 31/12/98 (down 76%)
31/12/99 - 30/06/99 (up 89%)

Net gain on investment securities in the previous corresponding half included a one-off profit on the sale of infrastructure assets. The current half includes the remaining profit on this transaction, recognised following completion of all contract clauses.

Life Insurance and Funds Management

31/12/99 - 31/12/98 (up 106%)
31/12/99 - 30/06/99 (up 84%)

Following the introduction of accounting standard AASB1038: 'Life Insurance Business', the results for both Commonwealth Life in Australia and Sovereign Ltd in New Zealand are brought to account on a market value basis. This has contributed an additional \$41 million in Appraisal Value uplift during the half-year. In addition, the accounting policy change for recognition of life insurance income on a gross basis has led to the inclusion of \$52 million of net income attributable to policyholders, which is offset entirely by increases of \$24 million in Operating Expenses and \$28 million in Tax expense.

The underlying income from life insurance and funds management (pre-appraisal value uplift and life insurance income gross ups) grew by 28% as a result of higher opening levels of in force business and funds under management, and continued growth in new business.

OPERATING EXPENSES

	31/12/99 \$M	Half-year Ended 30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Staff Expenses				
Salaries and wages	732	709	697	5
Superannuation contributions	1	-	1	-
Provision for staff leave benefits	24	22	22	9
Provisions for other employee entitlements	2	(2)	-	large
Payroll tax	39	37	40	(3)
Fringe benefits tax	16	17	17	(6)
Other staff expenses	24	22	22	9
Total Staff Expenses	838	805	799	5
Occupancy and Equipment Expenses				
Operating lease rentals	100	83	75	33
Depreciation				
<i>Buildings</i>	17	23	28	(39)
<i>Leasehold improvements</i>	14	14	12	17
<i>Equipment</i>	31	33	35	(11)
	62	70	75	(17)
Repairs and maintenance	23	37	27	(15)
Other	29	53	35	(17)
Total Occupancy and Equipment Expenses	214	243	212	1
Information Technology Services				
Projects and development	88	70	75	17
Data processing	73	77	64	14
Desktop	48	43	47	2
Communications	72	71	58	24
Total Information Technology Services	281	261	244	15
Other Expenses				
Postage	38	38	38	-
Stationery	37	35	34	9
Fees and commissions	72	65	47	53
Other	153	132	117	31
Total Other Expenses	300	270	236	27
Total Operating Expenses	1,633	1,579	1,491	10

Operating Expenses

31/12/99 - 31/12/98 (up 10%)

31/12/99 - 30/06/99 (up 3%)

Total Operating Expenses (excluding amortisation of goodwill) for the half grew by 10%, predominantly within Information Technology Services and Other Expenses. (Adjusted for life insurance expense gross ups of \$24 million following the new accounting standard, the increase was 8%). The ratio of total operating expenses to total operating income decreased to 53.3% from 54.2% for the previous corresponding half.

OPERATING EXPENSES (CONTINUED)

Staff Expenses

31/12/99 - 31/12/98 (up 5%)

31/12/99 - 30/06/99 (up 4%)

Staff expenses grew by \$39 million or 5% on the previous corresponding period following salary increases for both EBA and non award staff at the end of the last financial year, being only partly offset by a further reduction in staff numbers. The current half also includes salary costs for approximately 508 staff following the acquisition of Sovereign Limited in December 1998.

Occupancy and Equipment Expenses

31/12/99 - 31/12/98 (up 1%)

31/12/99 - 30/06/99 (down 12%)

Operating lease rentals have increased following additional sale and leasebacks during the 1999 financial year. These have been offset by reductions in depreciation, repairs and maintenance and other property expenses.

Information Technology Services

31/12/99 - 31/12/98 (up 15%)

31/12/99 - 30/06/99 (up 8%)

Information Technology Services have increased by \$37 million over the previous corresponding half. Higher project and development costs reflect the continued progress on eCommerce and other technology infrastructure requirements.

The Group capitalised \$13 million of computer software costs during the half-year. Net unamortised software costs total \$32 million at 31 December 1999.

Data processing costs increased predominantly due to increased transaction processing volumes, as reflected in higher fee incomes. Communications costs reflect higher telephone banking usage by customers.

Other Expenses

31/12/99 - 31/12/98 (up 27%)

31/12/99 - 30/06/99 (up 11%)

Other Expenses include an additional \$17 million from the accounting policy change including amounts relating to life insurance policyholders. Increases in payments under the Bank's loyalty programme were more than offset by growth in credit card income.

Expense increases across a range of other categories were experienced due to increased levels of business activities and costs associated with various project developments.

INCOME TAX

	31/12/99 \$M	Half-year Ended 30/06/99 \$M	31/12/98 \$M
INCOME TAX EXPENSE			
Operating profit before income tax			
Banking and finance	1,175	962	1,071
Life insurance and funds management	138	76	51
	<u>1,313</u>	<u>1,038</u>	<u>1,122</u>
Prima facie income tax at 36%			
Banking and Finance	423	346	386
Life insurance and funds management	50	27	18
	<u>473</u>	<u>373</u>	<u>404</u>
Add (or deduct) permanent differences expressed on a tax effect basis			
Current period			
Tax rate change	35	-	-
Provisions for offshore bad and doubtful debts not tax effected	1	1	-
Non deductible depreciation on buildings	2	3	4
Taxation rebates (net of accruals)	(19)	(15)	(12)
Unit linked business tax adjustment	17	-	-
Non assessable income - life insurance surplus	(19)	(22)	(14)
Change in excess of net market value over net assets of life insurance subsidiaries	(15)	-	-
Non deductible goodwill amortisation	8	9	8
Employee share acquisition plan	(9)	-	-
Other items	(17)	(20)	1
	<u>(16)</u>	<u>(44)</u>	<u>(13)</u>
Prior periods			
Other	-	(11)	5
Income Tax Expense attributable to operating profit			
Banking and finance	424	312	392
Life Insurance and funds management ⁽¹⁾	33	6	4
Total Income Tax Expense	<u>457</u>	<u>318</u>	<u>396</u>
Effective Tax Rate (%)			
Banking and Finance	36.1 ⁽²⁾	32.4	36.6
Life Insurance and Funds Management	23.9	7.9	7.8
	<u>34.8</u>	<u>30.6</u>	<u>35.3</u>
As at			
	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M
Assets			
Future Income Tax Benefits			
Australia	240	326	315
Overseas	11	7	7
Total Income Tax Assets	<u>251</u>	<u>333</u>	<u>322</u>
Liabilities			
Australia			
Provision for income tax	320	472	351
Provision for deferred income tax	875	933	934
Total Australia	<u>1,195</u>	<u>1,405</u>	<u>1,285</u>
Overseas			
Provision for income tax	18	5	12
Provision for deferred income tax	-	-	-
Total Overseas	<u>18</u>	<u>5</u>	<u>12</u>
Total Income Tax Liabilities	<u>1,213</u>	<u>1,410</u>	<u>1,297</u>

⁽¹⁾ In accordance with the requirements of AASB 1038: Life Insurance Business, the Group's tax expense includes \$28 million of tax expense in respect of unit linked investment policies.

⁽²⁾ 33.0%, excluding effect of tax rate change on future income tax benefits.

Refer page 43 for details of Dividend Franking Account.

CAPITAL EXPENDITURE

	31/12/99 \$M	Half-year Ended 30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Buildings	9	22	14	(36)
Equipment	14	26	20	(30)
Total	23	48	34	(32)

Total Capital Expenditure

31/12/99 - 31/12/98 (down 32%)

31/12/99 - 30/06/99 (down 52%)

The reduced capital expenditure levels principally reflect the Group's reduced property holdings.

STAFF NUMBERS AND PRODUCTIVITY

As at	31/12/99	30/06/99	31/12/98
Full time staff	26,131	26,394	26,672
Part time staff	6,554	6,655	6,523
Full Time Equivalent Staff			
Australia	25,287	25,678	25,948
New Zealand	3,237	3,061	2,941
Other Overseas	210	225	227
Total Full Time Equivalent Staff	28,734	28,964	29,116
Total operating income per full time equivalent employee (\$) for half-year	106,689	95,705	94,518
Staff expense/Total operating income (%) for half-year	27	29	29

Full time equivalent staff numbers are weighted for the lower cost per employee of staff on extended leave, e.g. maternity leave, unpaid sick leave, career break.

Total Staff Numbers (FTE)

31/12/99 - 31/12/98 (down 1%)

31/12/99 - 30/06/99 (down 1%)

Staff numbers in Australia have decreased by 661 (FTE) since 31 December 1998. Staff numbers in New Zealand have increased by 296 (FTE). This reflects the expansion of ASB's activities throughout New Zealand.

In Australia staff reductions have occurred in various processing operations, offset by growth in areas such as Share Direct and Telephone Banking.

BALANCE SHEET

As at	Page No. Ref	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Assets					
Cash and liquid assets		3,316	1,814	2,367	40
Receivables from other financial institutions		3,820	1,206	2,337	63
Trading securities		5,838	4,708	4,040	45
Investment securities		10,107	7,187	7,526	34
Loans, advances and other receivables	20	107,024	101,837	95,982	12
Bank acceptances of customers		11,282	9,672	9,833	15
Life insurance investment assets		10,198	-	-	large
Deposits with regulatory authorities		3	953	895	(100)
Property, plant and equipment		929	1,001	1,502	(38)
Investments in associates		281	281	276	2
Goodwill		468	491	514	(9)
Unrealised gains on trading derivatives		5,012	4,978	7,097	(29)
Other assets		2,830	3,968	2,588	9
Total Assets		161,108	138,096	134,957	19
Liabilities					
Deposits and other public borrowings	26	100,311	93,428	91,097	10
Payables due to other financial institutions		4,335	3,249	3,363	29
Bank acceptances		11,282	9,672	9,833	15
Provision for dividend		419	472	276	52
Income tax liability	17	1,213	1,410	1,297	(6)
Other provisions		781	805	818	(5)
Life insurance policy liabilities		9,738	-	-	large
Debt issues		15,645	10,763	9,656	62
Unrealised losses on trading derivatives		4,708	4,687	6,438	(27)
Bills payable and other liabilities		1,947	3,820	2,062	(6)
		150,379	128,306	124,840	20
Loan capital		3,453	2,828	2,684	29
Total Liabilities		153,832	131,134	127,524	21
Net Assets		7,276	6,962	7,433	(2)
Shareholders' Equity					
Share capital	40	3,110	3,526	3,570	(13)
Reserves	40	2,005	1,511	2,621	(24)
Retained profits		1,920	1,698	1,005	91
Shareholders' equity attributable to members of the Bank		7,035	6,735	7,196	(2)
Outside equity interest in controlled entities		241	227	237	2
Total Shareholders' Equity		7,276	6,962	7,433	(2)

LOANS, ADVANCES AND OTHER RECEIVABLES

As at	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Australia				
Overdrafts	3,973	3,821	2,722	46
Housing loans	47,879	45,495	42,927	12
Credit card outstandings	2,820	2,510	2,430	16
Lease financing	4,155	3,966	3,991	4
Bills discounted	684	1,650	1,187	(42)
Term loans	32,762	29,607	28,266	16
Redeemable preference share financing	694	682	732	(5)
Equity participation in leveraged leases	1,774	1,737	1,576	13
Other lending	1,350	1,607	1,504	(10)
Total Australia	96,091	91,075	85,335	13
Overseas				
Overdrafts	919	760	346	large
Housing loans	6,829	7,151	7,458	(8)
Credit card outstandings	197	162	165	19
Lease financing	247	166	61	large
Bills discounted	1	2	3	(67)
Term loans	5,498	5,250	5,253	5
Total Overseas	13,691	13,491	13,286	3
Gross Loans, Advances and Other Receivables	109,782	104,566	98,621	11
Deduct				
Provisions for impairment				
General provision	(1,117)	(1,081)	(1,059)	5
Specific provision against loans and advances	(258)	(275)	(289)	(11)
Unearned income				
<i>Term loans</i>	(479)	(437)	(434)	10
<i>Lease financing</i>	(511)	(489)	(491)	4
<i>Leveraged leases</i>	(223)	(243)	(176)	27
	(1,213)	(1,169)	(1,101)	10
Interest reserved	(45)	(68)	(92)	(51)
Unearned tax remissions on leveraged leases	(125)	(136)	(98)	28
	(2,758)	(2,729)	(2,639)	5
Net Loans, Advances and Other Receivables	107,024	101,837	95,982	12

Group Net Loans, Advances and Other Receivables increased by \$11 billion (12%), as a result of strong lending volumes in a buoyant yet competitive environment. The growth was achieved across a number of product categories including Housing Loans \$4.3 billion (net of \$600 million securitised in New Zealand), Term Loans \$4.7 billion and Overdrafts \$1.8 billion.

Gross Loans, Advances and Other Receivables: Australia

31/12/99 - 31/12/98 (up 13%)

31/12/99 - 30/06/99 (up 6%)

Largest categories of growth include home loans with both owner occupied and investment home loans growing strongly. Other areas of growth include personal loans and business loans and the lending assets acquired with the purchase of Credit Lyonnais Holding Australia Limited.

Gross Loans, Advances and Other Receivables: Overseas

31/12/99 - 31/12/98 (up 3%)

31/12/99 - 30/06/99 (up 1%)

Balances of loans in New Zealand increased during the half-year; however, this has been offset by the AUD/NZD exchange rate which changed by over 7%. In addition, \$600 million of housing loans were securitised during the half-year.

ASSET QUALITY**Ratios**

As at	31/12/99 %	30/06/99 %	31/12/98 %
Impaired Assets Ratio			
Gross impaired assets (net of interest reserved)/Credit risk	0.35	0.39	0.42
Loss Rates			
Net charge to profit and loss/Credit risk (annualised)	0.12	0.17	0.16
Net charge to profit and loss/Risk weighted assets (annualised)	0.18	0.26	0.24
Coverage Ratios			
Specific provisions for impairment/Gross impaired assets (net of interest reserved)	44.79	46.69	46.84
Total provisions for impairment/Gross impaired assets (net of interest reserved)	238.72	230.22	218.48
Net Impaired Assets as % of			
Risk weighted assets	0.29	0.32	0.34
Total shareholders' equity	4.37	4.52	4.41
General Provision Ratio			
General Provision as % of Risk Weighted Assets	1.03	1.09	1.11

Credit Risk

Credit losses arise primarily from loans but also from other credit instruments such as bank acceptances, contingent liabilities, financial instruments and investments and assets acquired through security enforcement.

Credit risk is the potential for loss arising from these credit instruments.

The Group's aggregate credit risk is:

	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Gross Credit Risk	165,897	151,984	147,153	13
Less: Unearned income	(1,213)	(1,169)	(1,101)	10
Credit Risk	164,684	150,815	146,052	13

Credit Portfolio

As at	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Credit Portfolio Segments				
Statistically managed*	56,263	54,556	52,676	7
Risk rated managed*	108,421	96,259	93,376	16
Credit Risk	164,684	150,815	146,052	13

* See Definitions (p 43).

Impaired Assets

Migration

This table shows the migration of impaired assets and the impact on the specific provision for impairment and interest reserved accounts.

Half-year Ended	Gross Impaired Assets			Specific Provisions and Interest Reserved		
	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M
Opening balance	657	709	926	343	381	381
New and increased impaired assets	187	174	241			
Provisioning and interest reservation of new and impaired assets				106	110	119
Additional provisioning and interest reservation of existing impaired assets				25	19	82
Returned to performing or repaid	(112)	(93)	(311) ⁽¹⁾			
Full write offs to provisions and interest reserved	(77)	(100)	(73)	(77)	(100)	(73)
Partial write offs to provisions and interest reserved	(34)	(33)	(74)	(34)	(33)	(74)
Write backs of provisions and interest reserved				(60)	(34)	(54)
Closing balance	621	657	709	303	343	381

⁽¹⁾ Includes a reduction of \$99 million as a result of amending the definition of impaired assets applied from 31 December 1998.

Balances of Impaired Assets

As at	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Total Impaired Assets				
Gross non accruals	620	642	709	(13)
Gross restructured	1	1	-	-
Other real estate owned	-	14	-	-
Other assets acquired through security enforcement	-	-	-	-
Total Gross impaired assets	621	657	709	(12)
Less Interest reserved	(45)	(68)	(92)	(51)
Subtotal	576	589	617	(7)
Less Specific provisions for impairment	(258)	(275)	(289)	(11)
Total Net Impaired Assets	318	314	328	(3)
Net Impaired Assets by Geographical Segments				
Australia	261	267	237	10
New Zealand	-	-	3	large
Other countries	57	47	88	(35)
Total	318	314	328	(3)

Balances of Impaired Assets (continued)**Income Received and Forgone on Impaired Assets**

Interest is only taken to profit on non accrual loans when received in cash. Interest entitlement on non accrual loans that is not received represents income forgone.

Half-year Ended	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Impaired Assets				
Income received				
Current period	5	9	6	(17)
Prior period	33	4	14	large
Total income received	38	13	20	90
Income forgone	5	11	16	(69)

Loans Accruing But Past Due 90 Days or More

Loans accruing but past due 90 days or more in the statistically managed segment are not classified as impaired assets.

Half-year Ended	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Loans accruing but past due 90 days or more				
Housing Loans (well secured)	124	182	185	(33)
Other	40	23	43	(7)
Total	164	205	228	(28)

BAD AND DOUBTFUL DEBTS

Charge for Bad and Doubtful Debts

Provisions for credit losses are maintained at an amount adequate to cover anticipated credit losses. Specific provisions for impairment are funded so that the carrying amount of the loan does not exceed the expected cash flows.

General provisions for bad and doubtful debts are maintained to cover non identified possible losses and latent risks inherent in the overall credit portfolio. The general provision is assessed using the methodology known as 'Dynamic Provisioning'.

This takes into account historical loss experience and current economic conditions to assess the balance required to cover expected losses in the portfolio.

Bad debts previously specifically provided for are written off against the related specific provisions, while bad debts not provided for are written off through the general provision. The amounts required to bring the provisions for impairment to their assessed levels are taken to profit and loss, as follows:

Half-year Ended	31/12/99	Half-year Ended 30/06/99	31/12/98
	\$M	\$M	\$M
Total charge for bad and doubtful debts	96	131	116
The charge is required for			
Specific provisioning			
New and increased provisioning	113	111	173
Less provisions no longer required (write backs)	(36)	(14)	(31)
Net specific provisioning	77	97	142
Provided from general provision	(77)	(97)	(142)
Charge for specific provision	-	-	-
General provisioning			
Direct write offs	17	18	26
Recoveries of amounts previously written off	(31)	(21)	(30)
Movement in assessed level	33	37	(22)
Fund specific provision	77	97	142
Charge for general provision	96	131	116
Total charge for bad and doubtful debts	96	131	116

Provisions for Impairment

As at	31/12/99		30/06/99		31/12/98	
	Specific	General	Specific	General	Specific	General
Movements in Provisions						
Opening balance	275	1,081	289	1,059	279	1,076
Charge to profit and loss	-	96	-	131	-	116
Transfer from general provision	77	(77)	97	(97)	142	(142)
Direct write offs		(17)	-	(18)	-	(26)
Recoveries		31	-	21	-	30
Movement in assessed level		33		37		(22)
Bad debts written off	(104)	(6)	(106)	(3)	(129)	-
Exchange rate adjustment and other items	10	9	(5)	(12)	(3)	5
Closing Balance	258	1,117	275	1,081	289	1,059

ASIAN AND OTHER REGIONAL EXPOSURES AS AT 31 DECEMBER 1999

The Bank's credit risk exposure by customer type is set out below.

Country	CUSTOMER TYPE					31/12/99 Total Exposure \$M	30/06/99 Total Exposure \$M	31/12/98 Total Exposure \$M
	Finance \$M	Corporate/ Multinational \$M	Govt \$M	Project Finance \$M	APL/ NZPL \$M			
China	70	80	-	-	-	150	107	140
Hong Kong	228	571	56	-	155	1,010	968	1,082
	298	651	56	-	155	1,160	1,075	1,222
Japan	1,273	295	224	-	-	1,792	1,482	1,838
Malaysia	7	62	-	-	3	72	71	77
Singapore	465	57	18	-	33	573	503	647
Taiwan	14	15	-	-	-	29	21	41
Other	4	4	-	-	-	8	9	10
	1,763	433	242	-	36	2,474	2,086	2,613
Indonesia	62	138	50	121	47	418	417	505
South Korea	151	16	-	-	-	167	356	435
Thailand	-	129	17	-	1	147	169	183
	213	283	67	121	48	732	942	1,123
Total Exposure	2,274	1,367	365	121	239	4,366	4,103	4,958

Region	CUSTOMER TYPE					31/12/99 Total Exposure \$M	30/06/99 Total Exposure \$M	31/12/98 Total Exposure \$M
	Finance \$M	Corporate/ Multinational \$M	Govt \$M	Project Finance \$M	APL/ NZPL \$M			
Eastern Europe*	16	-	31	-	-	47	47	54
Latin America	1	-	-	-	-	1	-	1
Middle East	127	-	-	-	-	127	116	129

* Includes nil exposure to Russia.

Total Exposure - The maximum of the limit or balance utilised for committed facilities, whichever is higher, and the balance utilised for uncommitted facilities.

Project Finance - Long term lending for large scale projects (such as mining, infrastructure) where repayment is primarily reliant on the cash flow from the project for repayment.

Other - Countries with total exposure of less than \$10 million.

DEPOSITS AND OTHER PUBLIC BORROWINGS

As at	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Australia				
Certificates of deposit	15,403	11,000	7,534	large
Term deposits	23,989	23,871	24,756	(3)
On demand and short term deposits	42,124	41,454	40,812	3
Deposits not bearing interest	5,743	4,555	4,085	41
Securities sold under agreements to repurchase	189	619	657	(71)
Other	7	7	7	-
Total Australia	87,455	81,506	77,851	12
Overseas				
Certificates of deposit	2,691	2,295	2,507	7
Term deposits	6,088	5,692	6,295	(3)
On demand and short term deposits	4,021	3,878	4,407	(9)
Deposits not bearing interest	56	57	37	51
Total Overseas	12,856	11,922	13,246	(3)
Total Deposits and Other Public Borrowings	100,311	93,428	91,097	10

Total deposits have grown by \$9 billion over the previous corresponding period, including certificates of deposit \$8 billion, deposits not bearing interest \$1.7 billion and on demand and short-term deposits \$0.9 billion.

Deposits and Other Public Borrowings: Australia

31/12/99 - 31/12/98 (up 12%)
31/12/99 - 30/06/99 (up 7%)

Within Australia the Bank has maintained its market share of retail deposits. However, with the continued growth in funds management alternatives and changes to household fund flows, retail deposit growth in the system has not kept pace with asset growth; accordingly, there has been increased reliance on wholesale funding. The Bank is well positioned to raise funds in a range of wholesale markets.

Deposits and Other Public Borrowings: Overseas

31/12/99 - 31/12/98 (down 3%)
31/12/99 - 30/06/99 (up 8%)

Overseas principally comprises ASB Bank deposits. ASB Bank balances were affected by a change in the AUD/NZD exchange rate of over 7%.

AVERAGE BALANCE SHEET AND RELATED INTEREST - HALF-YEARLY FIGURES

The table lists the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rates for each of the half-years ending 31 December 1999, 30 June 1999 and 31 December 1998. Averages used are predominantly daily averages. Investments held in life insurance statutory funds are disclosed as Non Interest

Earning Assets. The overseas component comprises overseas branches of the Bank and overseas domiciled controlled entities. Overseas intergroup borrowings have been adjusted into the interest spread and margin calculations to more appropriately reflect the overseas cost of funds. Non accrual loans are included in Interest Earning Assets under loans, advances and other receivables.

Half-year Ended	31/12/99			30/06/99			31/12/98		
	Average Balance \$M	Interest \$M	Average Rate %	Average Balance \$M	Interest \$M	Average Rate %	Average Balance \$M	Interest \$M	Average Rate %
AVERAGE ASSETS AND INTEREST INCOME									
Interest Earning Assets									
Cash and liquid assets									
Australia	1,552	30	3.8	1,628	30	3.7	1,311	28	4.2
Overseas	59	-	-	51	-	-	186	-	-
Receivables due from other financial institutions									
Australia	1,451	42	5.8	1,370	34	5.0	1,590	45	5.6
Overseas	1,289	33	5.1	1,251	35	5.6	1,789	51	5.7
Deposits with regulatory authorities									
Australia	-	-	-	921	-	-	863	-	-
Overseas	2	-	-	2	-	-	2	-	-
Trading securities									
Australia	4,559	109	4.8	2,818	74	5.3	2,624	75	5.7
Overseas	2,008	44	4.4	1,734	41	4.8	1,667	56	6.7
Investment securities									
Australia	3,785	113	5.9	2,872	85	6.0	3,229	86	5.3
Overseas	5,564	153	5.5	4,687	120	5.2	4,631	134	5.7
Loans, advances and other receivables									
Australia	92,103	3,186	6.9	85,550	2,951	7.0	81,185	2,948	7.2
Overseas	13,452	438	6.5	13,907	424	6.1	12,715	525	8.2
Other interest earning assets									
	-	-	-	-	1	n/a	-	2	n/a
Intragroup loans									
Australia	-	-	-	-	-	-	952	27	5.6
Overseas	1,866	51	5.4	133	4	6.1	-	-	-
Average interest earning assets and interest income including intragroup									
	127,690	4,199	6.5	116,923	3,799	6.6	112,744	3,977	7.0
Intragroup eliminations									
	(1,866)	(51)	5.4	(133)	(4)	6.1	(952)	(27)	5.6
Total average interest earning assets and interest income	125,824	4,148	6.6	116,790	3,795	6.6	111,792	3,950	7.0

AVERAGE BALANCE SHEET HALF-YEARLY FIGURES (CONTINUED)

Half-year Ended	31/12/99			30/06/99			31/12/98		
	Average Balance \$M	Interest \$M	Average Rate %	Average Balance \$M	Interest \$M	Average Rate %	Average Balance \$M	Interest \$M	Average Rate %
Non Interest Earning Assets									
Bank acceptances									
Australia	10,405			10,246			9,700		
Overseas	36			31			33		
Life Insurance Investment Assets ⁽¹⁾									
Australia	7,886								
Overseas	69								
Property, plant and equipment									
Australia	780			1,113			1,365		
Overseas	191			212			210		
Other assets									
Australia	7,960			8,502			10,956		
Overseas	1,607			2,384			1,791		
Provisions for impairment									
Australia	(1,226)			(1,192)			(1,228)		
Overseas	(163)			(166)			(150)		
Total average non interest earning assets	27,545			21,130			22,677		
Total Average Assets	153,369			137,920			134,469		
Percentage of total average assets applicable to overseas operations	15.7%			17.5%			17.0%		

⁽¹⁾ These investment assets include debt securities, equity securities and property. Interest earned on debt securities – Australia \$140 million, Overseas \$7 million. Such earnings are attributable to life insurance policyholders.

AVERAGE BALANCE SHEET (CONTINUED)

Half-year Ended	Average Balance \$M	31/12/99 Interest \$M	Average Rate %	Average Balance \$M	30/06/99 Interest \$M	Average Rate %	Average Balance \$M	31/12/98 Interest \$M	Average Rate %
AVERAGE LIABILITIES AND INTEREST EXPENSE									
Interest Bearing Liabilities and Loan Capital									
Time deposits									
Australia	37,891	965	5.1	32,489	812	5.0	29,771	785	5.2
Overseas	8,570	225	5.2	9,165	221	4.9	9,236	370	7.9
Saving deposits									
Australia	25,382	207	1.6	24,645	206	1.7	24,115	212	1.7
Overseas	2,086	32	3.1	2,230	34	3.1	2,012	47	4.6
Other demand deposits									
Australia	17,424	313	3.6	17,303	303	3.5	17,192	323	3.7
Overseas	1,904	18	1.9	1,745	26	3.0	1,620	14	1.7
Payables due to other financial institutions									
Australia	1,237	32	5.1	557	19	6.9	728	16	4.4
Overseas	4,048	96	4.7	3,085	79	5.2	3,644	93	5.1
Short term borrowings									
Australia	4,223	111	5.2	5,775	144	5.0	6,231	175	5.6
Overseas	5,577	145	5.2	2,920	59	4.1	1,353	15	2.2
Long term borrowings									
Australia	1,668	42	5.0	1,379	32	4.7	1,984	44	4.4
Overseas	602	18	5.9	802	14	3.5	814	16	3.9
Loan capital									
Australia	2,979	84	5.6	2,782	75	5.4	2,711	80	5.9
Overseas	14	1	8.6	-	-	-	-	-	-
Other interest bearing liabilities									
Intragroup borrowings	-	-	n/a	-	1	n/a	-	3	n/a
Australia	1,866	51	5.4	133	4	6.1	-	-	-
Overseas	-	-	-	-	-	-	952	27	5.6
Average interest bearing liabilities and loan capital and interest expense including intragroup									
	115,471	2,340	4.0	105,010	2,029	3.9	102,363	2,220	4.3
Intragroup eliminations									
	(1,866)	(51)	5.4	(133)	(4)	6.1	(952)	(27)	5.6
Total average interest bearing liabilities and loan capital and interest expense									
	113,605	2,289	4.0	104,877	2,025	3.9	101,411	2,193	4.3

AVERAGE BALANCE SHEET (CONTINUED)

Half-year Ended

	Average Balance \$M	31/12/99 Interest \$M	Average Rate %	Average Balance \$M	30/06/99 Interest \$M	Average Rate %	Average Balance \$M	31/12/98 Interest \$M	Average Rate %
Non Interest Bearing Liabilities									
Deposits not bearing interest									
Australia	4,557			4,286			3,623		
Overseas	69			70			82		
Liability on acceptances									
Australia	10,405			10,246			9,700		
Overseas	36			31			33		
Life insurance policy liabilities									
Australia	7,805								
Overseas	61								
Other liabilities									
Australia	8,259			8,543			10,703		
Overseas	1,168			3,048			1,729		
Total average non interest bearing liabilities	32,360			26,224			25,870		
Total average liabilities and loan capital	145,965			131,101			127,281		
Shareholders' equity	7,404			6,819			7,188		
Total average liabilities, loan capital and shareholders' equity	153,369			137,920			134,469		
Percentage of total average liabilities applicable to overseas operations	16.5%			17.6%			16.1%		

INTEREST RATE AND VOLUME ANALYSIS OF HALF-YEAR RESULTS

	31/12/99 vs 31/12/98 Changes due to			31/12/99 vs 30/06/99 Changes due to		
	Volume \$M	Rate \$M	Total \$M	Volume \$M	Rate \$M	Total \$M
Interest Earning Assets						
Cash and liquid assets						
Australia	5	(3)	2	(1)	1	(0)
Overseas	-	-	-	-	-	-
Receivables due from other financial institutions						
Australia	(4)	1	(3)	2	5	7
Overseas	(14)	(4)	(18)	1	(4)	(3)
Deposits with regulatory authorities						
Australia	-	-	-	-	-	-
Overseas	-	-	-	-	-	-
Trading securities						
Australia	51	(17)	34	44	(10)	34
Overseas	9	(21)	(12)	6	(4)	2
Investment securities						
Australia	16	11	27	27	(1)	27
Overseas	26	(7)	19	23	8	31
Loans, advances and other receivables						
Australia	387	(149)	238	228	(42)	186
Overseas	27	(114)	(87)	(14)	21	7
Other interest earning assets	n/a	(2)	(2)	n/a	(1)	(1)
Intragroup loans						
Australia	(14)	(14)	(27)	-	-	-
Overseas	26	26	51	50	(3)	47
Change in interest income including intragroup	509	(287)	222	355	(18)	337
Intragroup eliminations	(25)	1	(24)	(50)	3	(47)
Change in Interest Income	479	(281)	198	298	(8)	290
Interest Bearing Liabilities and Loan Capital						
Time deposits						
Australia	210	(30)	180	137	2	140
Overseas	(22)	(123)	(145)	(15)	15	0
Savings deposits						
Australia	11	(16)	(5)	6	(9)	(2)
Overseas	1	(16)	(15)	(2)	(0)	(3)
Other demand deposits						
Australia	4	(14)	(10)	2	3	5
Overseas	3	1	4	2	(10)	(8)
Payables due to other financial institutions						
Australia	12	4	16	21	(8)	13
Overseas	10	(7)	3	24	(8)	16
Short term borrowings						
Australia	(55)	(9)	(64)	(40)	5	(35)
Overseas	78	52	130	62	23	85
Long term borrowings						
Australia	(7)	5	(2)	7	2	9
Overseas	(5)	7	2	(5)	9	4
Loan capital						
Australia	8	(4)	4	5	2	8
Overseas	-	-	-	-	-	-
Other interest bearing liabilities	n/a	(3)	(3)	n/a	(1)	(1)
Intragroup borrowings						
Australia	26	26	51	50	(3)	47
Overseas	(14)	(14)	(27)	-	-	-
Change in interest expense including intragroup	275	(155)	120	209	69	277
Intragroup eliminations	(25)	1	(24)	(50)	3	(47)
Change in Interest Expense	255	(159)	96	174	57	230
Change in Net Interest Income	225	(123)	102	125	(65)	60
Change due to Variation in Time Periods			-			29

These Volume and Rate Analyses are for half-year periods. The calculations are based on balances over the half-year.

The volume and rate variances for both total interest earning assets and liabilities have been calculated separately (rather than being the sum of the individual categories). The variation in time periods allows for the different number of days in the respective half-years.

DERIVATIVES

Derivatives are financial contracts whose value depends on the values of one or more underlying assets, reference rates or indices. Derivatives include foreign exchange forward

transactions, interest rate and currency swaps, forward interest rate agreements and option contracts and can be denominated in Australian dollars or a foreign currency.

As at	Face Value			Credit Equivalent		31/12/98 \$M
	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 \$M	30/06/99 \$M	
Exchange Rate Related Contracts						
Forwards						
Trading	100,467	92,721	109,885	2,426	2,521	3,689
Other than trading	186	43	-	2	-	-
Total forwards	100,653	92,764	109,885	2,428	2,521	3,689
Swaps						
Trading	11,483	12,244	13,479	1,156	954	1,158
Other than trading	7,911	6,050	6,315	786	810	1,344
Total swaps	19,394	18,294	19,794	1,942	1,764	2,502
Futures						
Trading	125	218	153	-	-	-
Other than trading	-	-	-	-	-	-
Total futures	125	218	153	-	-	-
Options purchased and sold						
Trading	28,786	41,028	34,554	442	662	719
Other than trading	-	-	-	-	-	-
Total options purchased and sold	28,786	41,028	34,554	442	662	719
Total Exchange Rate Related Contracts	148,958	152,304	164,386	4,812	4,947	6,910
Interest Rate Related Contracts						
Forwards						
Trading	24,605	6,863	11,063	7	1	2
Other than trading	5,314	8,527	3,781	-	-	-
Total forwards	29,919	15,390	14,844	7	1	2
Swaps						
Trading	73,290	56,534	48,374	1,782	1,261	1,514
Other than trading	42,899	36,343	33,018	820	634	771
Total swaps	116,189	92,877	81,392	2,602	1,895	2,285
Futures						
Trading	29,914	44,602	30,816	-	-	-
Other than trading	584	454	72	-	-	-
Total futures	30,498	45,056	30,888	-	-	-
Options purchased and sold						
Trading	8,359	8,471	7,787	57	41	44
Other than trading	61	61	65	61	61	65
Total options purchased and sold	8,420	8,532	7,852	118	102	109
Total Interest Rate Related Contracts	185,026	161,855	134,976	2,727	1,998	2,396
Equity Risk Related Contracts						
Options purchased and sold						
Other than trading	278	278	135	-	-	-
Total Equity Risk Related Contracts	278	278	135	-	-	-
Total Derivatives Exposures	334,262	314,437	299,497	7,539	6,945	9,306

CONTINGENT LIABILITIES

As at	Face Value			Credit Equivalent		31/12/98 \$M
	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 \$M	30/06/99 \$M	
Credit Risk Related Instruments						
Guarantees	2,006	2,030	1,838	2,006	2,030	1,838
Standby letters of credit	469	487	499	469	487	499
Bill endorsements	441	510	418	441	510	418
Documentary letters of credit	220	244	330	44	49	66
Performance related contingents	1,528	1,460	1,256	764	730	628
Commitments to provide credit	34,128	32,151	28,395	13,014	12,155	10,319
Other commitments	826	819	845	788	786	827
Total Credit Risk Related Instruments	39,618	37,701	33,581	17,526	16,747	14,595

ACCOUNTING STANDARDS AND PRACTICES**Accounting Policies**

The half-year report should be read in conjunction with the annual consolidated financial statements of Commonwealth Bank of Australia (the Bank) as at 30 June 1999 and with any public announcements made by the Bank and its controlled entities during the half-year ended 31 December 1999 in accordance with the continuous disclosure obligations under the Corporations Law. These half-year consolidated financial statements are a general purpose financial report made out in accordance with the Corporations Law, applicable Accounting Standards including AASB 1029: Half-Year Accounts and Consolidated Accounts and other mandatory reporting requirements so far as the requirements are considered appropriate to a banking corporation.

In accordance with the Australian Securities and Insurance Commission Class Order No. 98/100 dated 10 July 1998, amounts in these financial statements have been rounded to the nearest million dollars unless otherwise stated.

For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

Changes in Accounting Policy*Life Insurance Business*

A new accounting standard AASB 1038: Life Insurance Business became operative for the Bank from 1 July 1999. The standard requires all life insurance assets and liabilities to be carried at market value and the first time consolidation of \$10.2 billion of assets and liabilities in statutory funds.

As part of an internal Group restructuring, the Bank sold its investment in Commonwealth Life Limited to Commonwealth Insurance Holdings Limited, a life insurance wholly owned controlled entity, as at 30 June 1999. The sale price of \$700 million was at market value based on independent advice. Under the new life insurance accounting standard this investment in Commonwealth Life Limited is carried at market value. This has resulted in an increase in the Group's retained earnings of \$432 million as from 1 July 1999 upon adoption of the new life insurance standard. This \$432 million adjustment represented the Excess of Net Market Value over Net Assets (Excess) of Life Insurance subsidiary, Commonwealth Life Limited. The total 'Excess' at 31 December 1999 is \$646 million, being \$469 million in respect of Commonwealth Life Limited and \$177 million in respect of Sovereign Limited in New Zealand. This asset is included in Other Assets in the Group's balance sheet at 31 December 1999. The change in this 'Excess' for the half-year to 31 December 1999 was \$41 million and is included in profit for the period. (Also refer to page 13.)

Future earnings will continue to be impacted by this change in accounting policy. The financial effect for the current half-year has been to increase earnings per share by 5 cents to 92 cents per share.

Accounting Practices

Risk Management

The major categories of risk actively managed by the Bank include credit risk, liquidity and funding risk, market risk and other operational risks. Refer to the 1999 Annual Report, Note 37 on pages 113-125 which explains the management of market risk.

Interest Rate Risk in the Balance Sheet is discussed within Note 37 of the 1999 Annual Report. Updated information to 31 December 1999 is as follows:

Next 12 months' Earnings

Over the half-year to 31 December 1999 the potential impact on net interest earnings of a 1% parallel rate shock and the expected change in price of assets and liabilities held for purposes other than trading is as follows:

(expressed as a % of expected next 12 months' net interest earnings)	31/12/99 %	Half-year 30/06/99 %	31/12/98 %
Average monthly exposure	1.7	1.8	2.5
High month exposure	2.1	2.1	2.9
Low month exposure	1.4	1.5	1.8

Economic Value

The figures in the following table represent the net present value of the expected change in future earnings in all future periods for the remaining term of existing assets and liabilities,

where repricing dates do not match, held for purposes other than trading.

	31/12/99 \$M	Half-year 30/06/99 \$M	31/12/98 \$M
Exposures as at period end	22	54	52
Average monthly exposure	37	59	38
High month exposure	45	65	52
Low month exposure	22	54	31

Foreign Exchange Risk in the Balance Sheet is discussed within Note 37 of the 1999 Annual Report. Updated information to 31 December 1999 is:

deteriorate by approximately 0.2% (half-year to 31/12/98: less than 0.2%).

An adverse movement of 10% in the applicable AUD foreign exchange rate would cause the Bank's capital ratio to

Value at risk (VAR) within Financial Markets Trading is discussed within Note 37 of the 1999 Annual Report. Updated information to 31 December 1999 is:

	Average VAR During December 1999 Half \$M	Correlated Average VAR During June 1999 Half \$M	Average VaR During December 1998 Half \$M
Interest rate risk	2.35	2.02	1.97
Exchange rate risk	0.67	0.83	1.35
Implied volatility risk	0.32	0.53	0.58
Equities risk	0.13	0.04	0.14
Commodities risk	0.47	0.11	-
Diversification benefit	(1.49)	(1.33)	(1.51)
Total	2.45	2.20	2.53

CAPITAL ADEQUACY

As at	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M	31/12/99 vs 31/12/98 %
Tier One Capital				
Total shareholders' equity	7,276	6,962	7,433	(2)
Eligible loan capital	616	638	936	(34)
Total shareholders' equity and loan capital	7,892	7,600	8,369	(6)
Goodwill	(468)	(491)	(514)	(9)
Preference shares	(88)	(88)	(95)	(7)
Total Tier One Capital	7,336	7,021	7,760	(5)
Tier Two Capital				
General provisions for bad and doubtful debts	1,117	1,081	1,059	5
FITB related to general provision	(326)	(347)	(300)	9
Dated note and bond issues	3,114	2,335	1,961	59
Preference shares	40	40	43	(7)
Total Tier Two Capital	3,945	3,109	2,763	43
Total Tier One and Tier Two Capital	11,281	10,130	10,523	7
Deductions ⁽¹⁾	(1,389)	(788)	(866)	60
Total Regulatory Capital	9,892	9,342	9,657	2
Tier One Capital less Eligible loan capital	6,720	6,383	6,824	(2)
Risk Weighted Capital Ratios				
	%	%	%	%
Tier One	6.76	7.05	8.11	(17)
Tier Two	3.63	3.12	2.89	26
Deductions	(1.28)	(0.79)	(0.91)	41
Total	9.11	9.38	10.09	(10)

⁽¹⁾ Includes \$473 million relating to the excess of net market value over net assets of life insurance subsidiaries at 31 December 1999, following adoption of new life insurance accounting standard.

Capital Reduction

The Bank's shareholders' equity was reduced by \$553 million in November 1999 following the buy back of 20.5 million shares.

Government Guarantee

In conjunction with the Government's sale of its remaining shareholding, transitional arrangements were implemented which provide that:

- all demand and term deposits will be guaranteed for a period of three years from 19 July 1996, with term deposits outstanding at the end of that three-year period being guaranteed until maturity; and
- all other amounts payable under a contract that was entered into before or under an instrument executed, issued, endorsed or accepted by the Bank and outstanding at 19 July 1996, will be guaranteed until their maturity.

Accordingly, demand deposits are no longer guaranteed. Term deposits outstanding at 19 July 1999 remain guaranteed until maturity. The run off of the Government guarantee has had no effect on the Bank's access to deposit markets. The Bank's credit ratings were also maintained.

CREDIT RATINGS**Debt issues not guaranteed by the Commonwealth of Australia**

	Short-term	Long Term
Standard & Poor's Corporation	A-1+	AA-
Moody's Investors Service, Inc.	P-1	Aa3
Fitch IBCA	F1+	AA
Moody's Bank Financial Strength Rating		B
Fitch IBCA Individual Rating		A/B

FINANCIAL REPORTING BY SEGMENTS

	31/12/99 \$M	%	30/06/99 \$M	%	31/12/98 \$M	31/12/99 vs 31/12/98	
						%	%
GEOGRAPHICAL SEGMENTS							
Revenue							
Australia	4,556	84.7	4,569	86.3	4,232	82.3	8
New Zealand	505	9.4	454	8.6	522	10.1	(3)
Other countries*	319	5.9	270	5.1	390	7.6	(18)
	5,380	100.0	5,293	100.0	5,144	100.0	5
Operating profit before income tax							
Australia	1,218	92.7	932	89.8	1,001	89.2	22
New Zealand	83	6.3	77	7.4	74	6.6	12
Other countries*	12	1.0	29	2.8	47	4.2	(74)
	1,313	100.0	1,038	100.0	1,122	100.0	17
Operating profit after income tax and outside equity interests							
Australia	786	93.5	638	90.0	632	88.6	24
New Zealand	44	5.2	44	6.2	36	5.1	22
Other countries*	10	1.3	27	3.8	45	6.3	(78)
	840	100.0	709	100.0	713	100.0	18
Assets							
Australia	135,939	84.4	115,510	83.6	112,382	83.3	21
New Zealand	14,271	8.9	13,046	9.5	12,542	9.3	14
Other countries*	10,898	6.7	9,540	6.9	10,033	7.4	9
	161,108	100.0	138,096	100.0	134,957	100.0	19

* See Definitions (p 43).

EXCHANGE RATE CONVERSIONS

At		31/12/99	30/06/99	31/12/98
AUD1.00 =	USD	.6534	.6599	.6136
	GBP	.4047	.4190	.3685
	JPY	66.9781	79.7934	70.3946
	NZD	1.2562	1.2478	1.1628
	HKD	5.0791	5.1197	4.7539
	DEM	1.2670	1.2487	1.0315
	CHF	1.0407	1.0228	.8498
	IDR	4645	4432	4875

FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

	31/12/99 \$M	%	30/06/99 \$M	%	31/12/98 \$M	31/12/99 vs 31/12/98	
						%	%
INDUSTRY SEGMENTS							
Revenue							
Banking	4,838	89.9	4,801	90.7	4,775	92.8	1
Life insurance and funds management	269	5.0	235	4.4	125	2.4	large
Finance	273	5.1	257	4.9	244	4.8	12
	5,380	100.0	5,293	100.0	5,144	100.0	5
Operating profit before income tax							
Banking	1,109	84.4	913	88.0	1,031	91.9	8
Life insurance and funds management	138	10.5	76	7.3	51	4.5	large
Finance	66	5.1	49	4.7	40	3.6	65
	1,313	100.0	1,038	100.0	1,122	100.0	17
Operating profit after income tax and outside equity interests							
Banking	687	81.8	610	86.0	642	90.0	7
Life insurance and funds management	105	12.5	70	9.9	47	6.6	large
Finance	48	5.7	29	4.1	24	3.4	large
	840	100.0	709	100.0	713	100.0	18
Assets							
Banking	143,879	89.3	131,043	94.9	128,390	95.2	12
Life insurance and funds management	11,197	7.0	1,309	0.9	1,004	0.7	large
Finance	6,032	3.7	5,744	4.2	5,563	4.1	8
	161,108	100.0	138,096	100.0	134,957	100.0	19

	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M
Revenue from Operating Activities			
Interest income	4,148	3,795	3,950
Fee and commissions	717	664	617
Trading income	161	126	147
Life insurance and funds management	247	134	120
Dividends	13	4	2
Proceeds from sale of property, plant and equipment	37	486	166
Proceeds from sale of investment securities	17	35	111
Other income	40	49	31
	5,380	5,293	5,144

There were no sources of non operating revenue.

Group's Business Divisions

Retail Financial Services is comprised of two divisions, Customer Services Division and Banking and Financial Services Division. Institutional Banking is a stand-alone division. Corporate comprises the various head office

functions as well as Technology, Operations and Property. ASB comprises the ASB Bank Limited and Sovereign Limited in New Zealand. International Financial Services is a new stand alone division established in January 2000.

PROFIT AND LOSS

	GROUP Half-year Ended 31 December 1999					GROUP Half-year Ended 30 June 1999					GROUP Half-year Ended 31 December 1998				
	Financial Services	Institutional Banking	ASB	Corporate	Total	Financial Services	Institutional Banking	ASB	Corporate	Total	Financial Services	Institutional Banking	ASB	Corporate	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Net interest income	1,402	155	132	170	1,859	1,366	127	140	137	1,770	1,387	141	139	90	1,757
Fees and commissions	508	145	50	14	717	478	135	47	4	664	461	105	47	4	617
Trading income	-	144	15	2	161	-	116	9	1	126	-	137	9	1	147
Life insurance and funds management	194	9	41	3	247	115	9	6	4	134	108	7	1	4	120
Other income	33	29	2	17	81	30	(2)	7	43	78	29	77	2	3	111
Internal charges ⁽¹⁾	122	127	-	228		110	85	-	229		112	84	-	232	-
Total operating income	2,259	609	240	434	3,065	2,099	470	209	418	2,772	2,097	551	198	334	2,752
Provisions for impairment	111	47	4	(66)	96	82	47	6	(4)	131	90	15	5	6	116
Staff expenses															
Provisions (non cash)	17	2	-	7	26	17	2	1	-	20	16	2	-	4	22
Other	542	113	67	90	812	499	113	67	106	785	526	99	57	95	777
Total Staff expenses	559	115	67	97	838	516	115	68	106	805	542	101	57	99	799
Occupancy and equipment expenses															
Depreciation	42	4	14	2	62	48	4	13	3	68	61	4	12	-	77
Other	111	23	16	2	152	122	23	13	17	175	106	19	14	(4)	135
Total Occupancy and equipment expenses	153	27	30	4	214	170	27	26	20	243	167	23	26	(4)	212
Information technology services	180	53	15	33	281	180	63	10	8	261	186	41	11	6	244
Other expenses	176	27	41	56	300	181	27	22	40	270	154	21	25	36	236
Internal charges ⁽¹⁾	342	134	-	1	-	310	113	-	1	-	311	116	-	1	-
Total operating expenses	1,410	356	153	191	1,633	1,357	345	126	175	1,579	1,360	302	119	138	1,491
Amortisation of goodwill	1	-	-	22	23	6	-	-	18	24	1	-	-	22	23
Profit before tax	737	206	83	287	1,313	654	78	77	229	1,038	646	234	74	168	1,122
Income tax expense	247	45	22	143	457	204	(9)	22	101	318	235	55	25	81	396
Outside equity interest	-	-	16	-	16	-	-	11	-	11	-	-	13	-	13
Profit after tax and outside equity interest	490	161	45	144	840	450	87	44	128	709	411	179	36	87	713
Balance Sheet															
Total Assets	95,607	42,609	14,009	8,883	161,108	81,583	40,697	12,855	2,961	138,096	77,985	39,484	12,544	4,944	134,957
Total Liabilities	68,286	34,498	13,107	37,941	153,832	57,390	34,251	11,992	27,501	131,134	57,119	33,166	11,904	25,335	127,524

⁽¹⁾ Internal charges are eliminated on consolidation.

The December 1998 and June 1999 half-years have been prepared on a comparable basis to the December 1999 half-year. Due to changes in the basis of inter-segment payments, the sum of the individual segment results for the December 1998 and June 1999 halves do not equal the full year segment results reported in the Annual Report for the year ended 30 June 1999.

STATEMENT OF CASH FLOWS

	31/12/99 \$M	Half-year Ended 30/06/99 \$M	31/12/98 \$M
Cash flows from operating activities			
Interest received	4,056	3,836	3,960
Dividends received	14	4	2
Interest paid	(2,018)	(2,048)	(2,023)
Other operating income received	766	1,249	723
Staff expenses paid	(876)	(688)	(822)
Occupancy and equipment expenses paid	(153)	(179)	(134)
Information technology services expenses paid	(297)	(243)	(238)
Other expenses paid	(270)	(70)	(382)
Income taxes paid	(572)	(168)	(195)
Net decrease (increase) in trading securities	(1,203)	(1,267)	859
Life Insurance:			
Interest received	107	-	-
Other investment income	171	-	-
Premiums received	1,550	-	-
Policy payments	(1,095)	-	-
Net cash provided by operating activities	180	426	1,750
Cash flows from investing activities			
Payments for acquisition of entity	(46)	10	(206)
Net movement in investment securities:			
Purchases	(9,873)	(6,823)	(6,514)
Proceeds from sale	17	35	111
Proceeds at or close to maturity	6,810	6,540	5,453
Withdrawal (Lodgment) of deposits with regulatory authorities	950	(58)	(63)
Net increase in loans, advances and other receivables	(4,810)	(6,393)	(5,426)
Proceeds from sale of property, plant and equipment	37	486	166
Purchase of property, plant and equipment	(23)	(47)	(34)
Net decrease (increase) in receivables due from other financial institutions not at call	(344)	359	(130)
Net increase in securities purchased under agreements to resell	(601)	(51)	(414)
Net (increase) decrease in other assets	1,637	(1,185)	762
Life insurance:			
Net movement in investment securities			
Purchases	(5,503)	-	-
Proceeds from sale/maturity	5,143	-	-
Net cash used in investing activities	(6,606)	(7,127)	(6,295)
Cash flows from financing activities			
Buy back of shares	(553)	(650)	-
Proceeds from issue of shares	3	4	2
Net increase in deposits and other borrowings	7,243	2,893	6,583
Proceeds from long term debt issues	1,084	131	-
Repayment of long term debt issues	(10)	(118)	-
Net movement in short term debt issues	2,221	1,668	(1,282)
Dividends paid	(474)	(260)	(311)
Payments from provisions	(40)	(60)	(78)
Net (decrease) increase in payables due to other financial institutions not at call	885	237	(714)
Net decrease in securities sold under agreements to repurchase	(431)	(38)	(5)
Issue (Repayment) of loan capital	644	(50)	(267)
Other	(1,178)	1,921	(880)
Net cash provided by financing activities	9,394	5,678	3,048
Net increase (decrease) in cash and cash equivalents	2,968	(1,023)	(1,497)
Cash and cash equivalents at beginning of period	(557)	466	1,963
Cash and cash equivalents at end of period	2,411	(557)	466

It should be noted that the Bank does not use this Statement of Cash Flows in the internal management of its cash flows and liquidity positions.

Reconciliation of Operating Profit After Income Tax to Net Cash Provided by Operating Activities

Half-year Ended	31/12/99 \$M	Half-year Ended 30/06/99 \$M	31/12/98 \$M
Operating profit after income tax	856	720	726
(Increase) decrease in interest receivable	(116)	8	(9)
Increase (decrease) in interest payable	48	(78)	43
Net (increase) decrease in trading securities	(1,203)	(1,267)	859
Net gain on investment securities	(17)	(9)	(70)
Charge for bad and doubtful debts	96	131	116
Depreciation and amortisation	85	93	99
Other provisions	15	47	21
(Increase) Decrease in income taxes payable	(139)	112	149
(Decrease) Increase in deferred income taxes payable	(58)	(2)	52
(Increase) decrease in future income tax benefits	82	(20)	12
Amortisation of discount on debt issues	167	90	116
Amortisation of premium on investment securities	15	53	4
Unrealised (gain) loss on revaluation of trading securities	(12)	368	(152)
Change in excess of net market value over net assets of life insurance subsidiaries	(41)	-	-
Other	402	180	(216)
Net cash provided by operating activities	180	426	1,750

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash at bankers, money at short call, at call deposits with other financial institutions and settlement account balances with other banks.

As at	31/12/99 \$M	30/06/99 \$M	31/12/98 \$M
Notes, coin and cash at bankers	1,687	784	1,104
Other short term liquid assets	235	238	521
Receivables due from other financial institutions - at call	3,180	912	1,683
Payables due to other financial institutions - at call	(2,691)	(2,491)	(2,842)
Cash and cash equivalents at end of period	2,411	(557)	466

Non Cash Financing and Investing Activities

The value of shares issued under the Dividend Reinvestment Plan totalled \$135 million during the half-year ended 31 December 1999 (1998: \$224 million).

SHARE CAPITAL AND RESERVES

	Ordinary Shares Issued	\$M
Share Capital		
Opening Balance 1/07/99	915,968,625	3,526
Buy back	(20,486,618)	(553)
Employee Share Acquisition Plan Issues	1,053,199	-
Employee Share Subscription Plan Issues	127,800	3
DRP 1998/99 final dividend	5,545,990	135
Issue costs	-	(1)
Closing Balance 31/12/99	902,208,996	3,110
Reserves		
Opening balance 1/07/99		1,511
Transfer of DRP Reserve to Share Capital		(132)
Transfer to DRP Reserve re 1999/2000 Dividends		105
Appropriation from profits		526
Movement in Foreign Currency Translation Reserve		(5)
Closing Balance 31/12/99		2,005

SHARE CAPITAL AND RESERVES (CONTINUED)

Following changes to the Corporations Law on 1 July 1998, shares have no par value and the related Share Premium Reserve becomes part of share capital.

Employee Share Plans

The Bank has in place the following employee share plans:

- Employee Share Acquisition Plan;
- Employee Share Subscription Plan; and
- Executive Option Plan

each of which was approved for a three-year period by shareholders at the Annual General Meeting on 8 October 1996. Continuation of each of the plans for another 3 years was approved by shareholders at the Annual General Meeting on 29 October 1998.

Employee Share Acquisition Plan

Under the Plan a grant of shares up to a value of \$1,000 is possible if the Bank achieves the performance target of growth in annual profit by the greater of 5% or consumer price index plus 2%. The target has been met for the 1998/99 year.

On 24 September 1999, a total of 1,053,199 bonus ordinary shares were allocated to 24,493 eligible, participating employees. Each employee was allocated 43 bonus ordinary shares at an issue price of \$23.12.

Employee Share Subscription Plan

The Employee Share Subscription Plan provides employees of the Bank with the opportunity to purchase ordinary shares at a 5% discount to the market price of the shares at the offer date, subject to a one-year restriction on the disposal of the shares. At the Board's discretion up to 300 shares per annum can be acquired by employees who have had at least one year's continuous service, excluding casual and overseas resident employees. The opportunity to acquire the shares is available twice a year within a period commencing two days and expiring thirty days after the Bank's half-yearly and annual results are announced.

On 24 September 1999, a total of 127,800 ordinary shares were issued to 833 eligible employees at a purchase price of \$22.64 per share. The purchase price was 95% of the weighted average market price of the shares on the ASX during the five trading days immediately before the offer date of 24 August 1999. The market value at the date of issue was \$23.10 per share.

Executive Option Plan

Under the Executive Option Plan, the Bank will grant options to purchase ordinary shares to those key executives who, are able, by virtue of their responsibility, experience and skill, to influence the generation of shareholder wealth, are declared by the Board of Directors to be eligible to participate in the plan. Non-executive directors are not eligible to participate in the Executive Option Plan.

Eligible executives must hold a minimum number of shares as determined by the Board before they are permitted to take up any options. The minimum holding must be maintained during the life of the options. The options cannot be exercised before each respective exercise period other than at Board discretion in terms of Plan rules, and exercise is conditional on the Bank achieving a prescribed performance hurdle. To reach the performance hurdle, the Bank's Total Shareholder Return (broadly, growth in share price plus dividends reinvested) over a minimum three-year period, must equal or exceed the index of Total Shareholder Return achieved by companies represented in the ASX's 'Bank's and Finance Accumulation Index', excluding the Bank. If the performance hurdle is not reached within that three years, the options may nevertheless be exercisable only where the hurdle is subsequently reached within a further two-year period. The plan is limited to no more than 50 executives. The options do not grant rights to the option holders to participate in a share issue of any other body corporate. Details of issues under this plan are:

Issue Date	Total Options Issued	Eligible Executives Participating	Exercise Price ⁽¹⁾	Expiry Date	Grant Date	Market Price at Issue Date
16/12/96	2,100,000	25	\$11.85	12/11/01	12/11/96	\$11.93
11/12/97	2,875,000	27	\$15.53 ⁽²⁾	03/11/02	03/11/97	\$16.85
30/09/98	3,275,000	32	\$19.58 ⁽²⁾	25/08/03	25/08/98	\$19.97
24/09/99	3,855,000	38	\$23.84 ⁽²⁾	25/09/09	24/08/99	\$23.10

⁽¹⁾ Market Value at the Grant Date. Market Value is defined as the weighted average of the prices at which the Bank's ordinary shares were traded on the ASX during the one-week period before the Grant Date.

⁽²⁾ Will be adjusted by the premium formula (based on the actual differences between the dividend and bond yields at the date of the vesting of the right to exercise the options).

682,500 options, from all grants to date, have been forfeited as at 31 December 1999. 26,000 options from the 1996 grant have been exercised as at 31 December 1999. There are 11,396,500 options outstanding.

SHARE CAPITAL AND RESERVES (CONTINUED)**SHAREHOLDER VALUE**

Half-year Ended	31/12/99	30/06/99	31/12/98
Dividend per share (cents) fully franked	58	66	49
Earnings per share (cents)*	92	77	77
Return on average shareholders' equity (%)*	23.06	20.62	20.46
Net tangible assets (\$M)	6,808	6,471	6,919
Net tangible assets per share (\$)	7.28	6.82	7.15
Dividend amount paid/payable (\$M)	524	605	458
Dividend cover (times)	1.6	1.2	1.6
Dividend payout ratio (%)*	63.1	86.1	63.9
Share prices for half year (\$)			
Ordinary			
Trading high	27.48	28.76	23.20
Trading low	22.60	21.90	18.00
End (closing price)	26.23	24.05	23.16
Number of shareholders	406,564	404,728	404,257

* See Definitions (p 43).

Dividend Franking Account

The amount of franking credits available for subsequent financial years stands at \$396 million. This figure represents the extent to which future dividends could be fully franked at 36%, and is based on the Bank's franking account at 31 December 1999, which has been adjusted for franking credits that will arise from the payment of income tax payable on profits of the half-year ended 31 December 1999, franking

debts that will arise from the payment of dividends proposed for the half-year and franking credits that the Bank may be prevented from distributing in subsequent financial periods.

The Dividend Reinvestment Plan continues and for the final dividend participation is capped at 10,000 shares per shareholder.

Dividend History

Half-year Ended	Cents Per Share	Half-year Payout Ratio*	Full Year Payout Ratio*	DRP Price \$	DRP Participation Rate*
31 December 1991	20	66.9%	-	6.64	57.7%
30 June 1992	20	92.6%	77.7%	5.62	57.7%
31 December 1992	20	71.9%	-	7.56	52.5%
30 June 1993	22	92.1%	81.2%	8.86	56.9%
31 December 1993	24	67.6%	-	7.81	56.2%
30 June 1994	36	87.0%	78.0%	6.93	53.7%
31 December 1994	36	72.4%	-	8.92	49.7%
30 June 1995	46	81.1%	77.2%	9.86	51.8%
31 December 1995	38	67.1%	-	9.96	48.6%
30 June 1996	52	88.3%	78.1%	10.64	46.5%
31 December 1996	45	68.2%	-	12.51	51.2%
30 June 1997	57	110.9%	87.0%	14.55	50.5%
31 December 1997 (on shares post buy back)	46	71.9%	-	18.06	43.0%
30 June 1998	58	109.3%	88.7%	18.79	42.2%
31 December 1998	49	63.9%	-	24.50	43.6%
30 June 1999	66	86.1%	75.0%	24.75	22.3%
31 December 1999	58	63.1%	-		

* See Definitions (p 43).

Record Date

The register closes for determination of dividend entitlement and for participation in the Dividend Reinvestment Plan at 5:00pm on 23 February 2000 at Perpetual Registrars Limited, Locked Bag A14, Sydney South, 1232.

Ex-Dividend Date

The ex dividend date is 17 February 2000.

DEFINITIONS

Item	Page Ref	Description
Dividend payout ratio	5, 42, 43	Dividends per share divided by earnings per share.
DRP Participation Rate	43	The percentage of total issued capital participating in the Dividend Reinvestment Plan.
Earnings per share	5, 42	Calculated in accordance with AASB 1027: Earnings per Share.
Other countries	4, 36	United Kingdom, United States of America, Japan, Singapore, Hong Kong and Grand Cayman.
Return on average shareholders' equity	5, 42	Based on operating profit after tax and outside equity interests applied to average shareholders equity.
Return on average total assets	5	Based on operating profit after tax and outside equity interests. Averages are based on beginning and end of half-year balances.
Risk rated managed	21	The segment of the credit portfolio not statistically managed (see below). Management of this segment is based on the credit risk rating system.
Statistically managed	21	The segment of the credit portfolio managed on a statistical basis comprising selected products where individual account balances are generally less than \$250,000.
Total assets	5	Includes the gross amount of trading derivative contract revaluations.
Underlying Profit	4	Represents operating profit before tax, charge for bad and doubtful debts and goodwill amortisation.

GROUP FINANCIAL INFORMATION FOR US INVESTORS

The Commonwealth Bank of Australia filed a registration statement on Form 20-F in the United States with the Securities and Exchange Commission to register its ordinary shares under the Securities Exchange Act of 1934. This registration became effective on 26 February 1997 and provides the Bank with access to the US public capital markets.

The consolidated financial statements of the Bank are prepared in accordance with Generally Accepted Accounting

Principles in Australia (Australian GAAP) which differ in some respects from Generally Accepted Accounting Principles in the United States (US GAAP).

The following are significant adjustments between net profit, shareholders' equity and consolidated balance sheet disclosed in these accounts and which would be reported in accordance with US GAAP.

Half-year Ended	31/12/99 A\$M	30/06/99 A\$M	31/12/98 A\$M
Consolidated Statement of Profit and Loss			
Net profit reported under Australian GAAP	840	709	713
Employee share compensation	(16)	(13)	(14)
Realised net gain on available for sale securities	-	-	65
Pension expense adjustment	21	19	19
Reversal of revaluation of life insurance investment	(41)	-	-
Goodwill amortisation	(4)	(4)	-
Net Income according to US GAAP	800	711	783
Basic and Diluted Earnings per share on Net Income according to US GAAP (cents)	87.5	76.9	84.3
Other Comprehensive Income			
Net Income according to US GAAP	800	711	783
Other comprehensive income			
Foreign currency translation reserve	(3)	(42)	22
Unrealised holding gains on available for sale securities	7	(126)	(80)
Less reclassification adjustment for gain/losses included in net income	(11)	(6)	(45)
	(4)	(132)	(125)
Total Other Comprehensive Income	(7)	(174)	(103)
Total Comprehensive Income according to US GAAP	793	537	680
As at	31/12/99 A\$M	30/06/99 A\$M	31/12/98 A\$M
Shareholders' Equity			
Shareholders' equity reported under Australian GAAP, excluding outside equity interests	7,035	6,735	7,196
Tax effect of foreign currency translation reserve	(1)	(3)	(27)
Provision for final cash dividend	419	472	275
Unrealised net gain on other available for sale securities	2	6	138
Prepaid pension cost	741	708	677
Tax effect of prepaid pension cost	(267)	(255)	(244)
Reversal of revaluation of life insurance investment	(473)	-	-
Goodwill amortisation	(8)	(4)	-
Shareholders' Equity according to US GAAP	7,448	7,659	8,015
As at	31/12/99 A\$M	30/06/99 A\$M	31/12/98 A\$M
Consolidated Balance Sheet			
Total assets reported under Australian GAAP	161,108	138,096	134,957
Assets relating to life insurance statutory funds	-	10,241	9,009
Deferred acquisition costs of life insurance (gross-up)	306	-	-
Reversal of revaluation of life insurance investment	(473)	-	-
Unrealised net gain on available for sale securities	3	9	216
Prepaid pension cost	741	708	677
Total Assets according to US GAAP	161,685	149,054	144,859

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Commonwealth Bank of Australia we state that in the opinion of the Directors:

- (a) the half-year consolidated financial statements as set out on pages 10 to 44:
 - (i) give a true and fair view of the financial position as at 31 December 1999 and the performance for half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standards and the Corporations Regulations; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

J T Ralph AO
Chairman

D V Murray
Managing Director

9 February 2000

INDEPENDENT REVIEW REPORT BY EXTERNAL AUDITORS

COMMONWEALTH BANK OF AUSTRALIA AND CONTROLLED ENTITIES To the members of the Commonwealth Bank of Australia

Scope

We have reviewed the financial report of the Commonwealth Bank of Australia for the half-year ended 31 December 1999, set out on pages 10 to 45, including the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising Commonwealth Bank of Australia and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Half-year Accounts and Consolidated Accounts, other mandatory professional reporting requirements and statutory requirements, and in order for the company to lodge the financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to inquiries of the disclosing entity's personnel and analytical review procedures applied to financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review Statement

As a result of our review, we have not become aware of any matters that make us believe that the half-year financial report of Commonwealth Bank of Australia is not in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 1999 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Half-year Accounts and Consolidated Accounts and the Corporations Regulations;
- (b) other mandatory professional reporting requirements.

ERNST & YOUNG
Sydney

S C Van Gorp
Partner

Date: 9 February 2000