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For further information contact:
Carolyn Kerr **Investor Relations**
Ph **02 9378 2747**
Fax **02 9378 2344**
E-mail address: **ir@cba.com.au**

Highlights

(All figures relate to the half year ended 31 December 2000. Comparisons of profit and loss items are to the proforma for the half year ended 31 December 1999 and comparisons of balance sheet items are to 30 June 2000 unless otherwise stated.)

For the half year ended 31 December 2000, the Commonwealth Bank Group recorded a net operating profit after income tax of $1,135 million, an increase of 8% compared with the prior comparative period.

The net operating profit for the half year to 31 December 2000 after tax, and before goodwill amortisation and appraisal value uplift is $1,109 million. This is an increase of $76 million or 7% over the half year ended 31 December 1999 proforma result.

A fully franked interim dividend of 61 cents per ordinary share will be paid on 30 March 2001 to owners of ordinary shares at the close of business on 23 February 2001.

The Group half year result comprised:

	$M	
Segment profit after tax		
- Banking	875	up 10%
- Funds Management	78	up 63%
- Life Insurance	156	down 19%
Net operating profit before goodwill amortisation and appraisal value uplift	1,109	up 7%
Net operating profit after goodwill amortisation and appraisal value uplift	1,135	up 8%

- The contribution to profit after tax from the Group's banking businesses increased by 10% to $875 million over the prior comparative period, including:
  - Net Interest income growth of $151 million or 7%, which was achieved on a 9% growth in average interest earning assets compared with the prior comparative period, partially offset by a reduction in Net Interest Margin of 5 basis points.
  - Other Banking income growth of $124 million or 12%.
- The contribution from the Group's funds management business to profit after tax has increased to $78 million, 63% over the prior comparative period. Funds under management have grown by 8% to $79 billion, contributing to a 33% increase in funds management income, partly offset by an increase in sales and processing expenses.
- The contribution from life insurance to profit after tax was down to $156 million, 19% less than the prior comparative period. Whilst life insurance operating margins in Australia and New Zealand have been consistent with the prior comparative period, lower investment earnings as a result of the decline in equity markets has reduced the after tax profit from life insurance by $37 million.
- Excluding expenses relating to businesses that have been acquired (State Street custody and Trust Bank) or in the course of development (European Banking), operating expenses increased 5% to $2,470 million. The majority of this increase in operating expenses related to higher business volumes (funds management, securities broking and card products – $53 million) and salary and wage increases – $30 million. Increased expenses relating to acquired and developing businesses and GST amounted to $115 million. Total expenses increased to $2,585 million, 10% over the prior comparative period ($2,349 million).
- The integration of the Colonial business into the Group is proceeding according to plan, and is expected to meet business targets of $380 million in cost and revenue synergies. Substantive realisation of synergy savings will commence during the 2001 calendar year.
- On a proforma basis, realisation of the anticipated cost and revenue synergies from the integration would reduce the Group cost to income ratio for the current half by over 3 percentage points[6].
- Income tax expense has reduced by $114 million to $514 million, 18% less than the prior comparative period. Of this reduction, $87 million relates to tax on behalf of life insurance policyholders. In addition, the reduction of 2 percentage points in the corporate tax rate to 34% has reduced tax expense by approximately $30 million.

The components of the segment results are detailed below:

Banking[1]	**$M**	
Total operating income	3,417	up 9%
Net interest income	2,221	up 7%
Other operating income	1,196	up 12%
Bad debt charge	182	up 8%
Income tax expense	364	down 10%
Operating profit after tax	875	up 10%
Net interest margin	2.79%	down 5 basis points
Lending assets[3]	152,463	up 3%
Average interest earning assets[2]	157,897	up 9%

Funds Management	**$M**	
Operating income	320	up 33%
Operating expenses	224	up 20%
Income tax expense	38	up 81%
Operating profit after tax	78	up 63%
Funds under management[4]	78,878	up 8%
- Retail	28,754	up 17%
- Wholesale	50,124	up 3%

Life Insurance	**$M**	
Operating margin		
- Australia and New Zealand	106	up 1%
- Asia	(14)	large
Investment earnings on assets in excess of policyholder liabilities	68	down 25%
Operating profit after tax	156	down 19%
Total life insurance assets	36,047	up 9%

Appraisal Value Uplift

For the half year ended 31 December 2000, Appraisal values of the life insurance and funds management businesses, increased by $449 million. Of the increase, $189 million[5] comprised appraisal value uplift reflected in the profit and loss and $260 million net asset movements (comprising net profit and capital contributions).

Goodwill Amortisation

The goodwill amortisation for the half year was $163 million. There was no accelerated goodwill amortisation for the half year, as the relevant synergy benefits are not expected to arise until the second half of the financial year.

1 Includes General Insurance.
2 Comparison with 31 December 1999 proforma.
3 Includes loans securitised of $4,704 million ($3,006 million at 30 June 2000).
4 Excluding life insurance assets managed by the Funds Management segment.
5 AASB 1038 requires that all investments owned by a life company be recorded at market value. The "appraisal value uplift" is the periodic movement in the Balance Sheet asset "excess of market value over net assets".
6 Assumes half of the per annum benefits as set out on page 8.

Highlights

Key performance measures:

Return on equity[7]	12.47%	up 0.03%
Earnings per share (cents) (cash basis)[8]	88	down 2 cents
Total assets held and funds under management	$302.2bn	up 4%

As expected, earnings per share on a cash basis is down 2 cents to 88 cents compared with the prior comparative period. However, given the progress to date on the Colonial integration and the expectation of cost and revenue synergy benefits emerging during 2001, management continues to expect the EPS to exceed prior levels by June 2002.

These results are discussed in more detail in the Management Discussion and Analysis.

Capital Management

Total risk weighted capital ratio at 31 December 2000 was 9.37%. This ratio is higher than the 31 December 1999 ratio of 9.11% but lower than ratio at 30 June 2000 of 9.75%. Tier 1 capital ratio at 31 December 2000 was 6.71% compared to 6.76% at 31 December 1999 and 7.49% at 30 June 2000.

Approximately 0.5 percentage points of this change was due to a different method of calculating Tier 1 following advice received from APRA in February 2001. Further details appear in Appendix 4.

An off-market buyback of up to $700 million is planned for March 2001 along with an issue of innovative Tier 1 capital "PERLS" (Preferred Exchangeable Resettable Listed Shares) for a similar amount.

This will reduce the cost of the capital structure of the Bank and improve ROE and EPS. The ultimate size of the buyback will be dependent upon the take-up of PERLS by investors.

The Bank's current on-market share buyback has been deferred pending the off-market buyback.

7 On a proforma basis, ROE has increased 0.03 percentage points. Compared with the actual ROE for the half year to 31 December 2000, ROE has reduced by 10.11 percentage points. The fall in ROE reflects the inclusion of the equity issued to acquire the Colonial business at market value on 13 June 2000.

8 Comparison with actual 31 December 1999.

Group Performance Summary

	Half Year Ended 31/12/00 $M	30/06/00 $M	31/12/99 $M	Proforma Group (4) 31/12/99 $M	31/12/00 vs 31/12/99 Proforma %
Profit and Loss - Summary					
Operating profit after tax ("cash basis (1)")	**1,109**	**856**	**822**	**1,033**	**7**
Operating profit after tax and abnormal items	**1,135**	**1,860**	**840**	**1,051**	**8**
Income					
Interest income	6,024	4,694	4,148	4,889	23
Interest expense	3,803	2,834	2,289	2,819	35
Net interest income	**2,221**	**1,860**	**1,859**	**2,070**	**7**
Other banking operating income	1,196	992	959	1,072	12
Total banking income	**3,417**	**2,852**	**2,818**	**3,142**	**9**
Life insurance income	664	178	148	818	(19)
Funds management income	320	85	58	241	33
Total Income	**4,401**	**3,115**	**3,024**	**4,201**	**5**
Expenses					
Operating expenses - existing operations	2,470	1,774	1,633	2,349	5
- business acquisitions (2) and GST	115	-	-	-	-
Total operating expenses	**2,585**	**1,774**	**1,633**	**2,349**	**10**
Charge for bad and doubtful debts	182	100	96	168	8
Total Expenses	**2,767**	**1,874**	**1,729**	**2,517**	**10**
Operating profit before goodwill amortisation, appraisal value uplift, abnormal items and income tax	**1,634**	**1,241**	**1,295**	**1,684**	**(3)**
Income tax expense	514	363	457	628	(18)
Operating profit after income tax	**1,120**	**878**	**838**	**1,056**	**6**
Outside equity interests (3)	(11)	(22)	(16)	(23)	(52)
Operating profit after income tax and before goodwill amortisation, appraisal value uplift and abnormal items	**1,109**	**856**	**822**	**1,033**	**7**
Abnormal items	-	967	-	-	-
Income tax credit on abnormal items	-	20	-	-	-
Appraisal value uplift	189	51	41	41	large
Goodwill amortisation	(163)	(34)	(23)	(23)	large
Operating profit after income tax attributable to shareholders of the Bank	**1,135**	**1,860**	**840**	**1,051**	**8**
Contributions to profit (after tax)					
Banking	875	758	755	792	10
Life insurance	156	74	55	193	(19)
Funds management	78	24	12	48	63
Profit after tax from operations ("cash basis (1)")	**1,109**	**856**	**822**	**1,033**	**7**
Goodwill amortisation	(163)	(34)	(23)	(23)	large
Appraisal value uplift	189	51	41	41	large
Operating profit after income tax and before abnormal items	1,135	873	840	1,051	8
Abnormal items after tax	-	987	-	-	-
Operating profit after income tax	**1,135**	**1,860**	**840**	**1,051**	**8**

(1) "Cash basis" for the purpose of this performance summary is defined as net profit after tax and before abnormal items, before goodwill amortisation and life insurance appraisal value uplift.

(2) Business acquisitions include State Street custody operations, Trust Bank and the development of European Banking which increased expenses by $65 million, and net GST of $50 million.

(3) Primarily includes 25% outside equity interest in the ASB Group. In August 2000 CBA purchased the remaining 25%.

(4) Proforma Group represents the combined results of Commonwealth Bank and Colonial for the half year ended 31 December 1999. The Colonial results included within the Profit and Loss Statements have been adjusted for abnormal items and other items not considered part of the ongoing operations, such as the effect of Colonial's UK life insurance business which was sold during the half year. The proforma result is detailed in Appendix 8 of this report.

Group Performance Summary

As at	31/12/00 $M	30/06/00 $M	31/12/99 $M	31/12/00 vs 30/06/00 %
Balance Sheet - Summary				
Total Assets [1]	223,325	218,259	161,678	2
Total Liabilities	203,864	199,824	153,832	2
Shareholders' Equity [1]	19,461	18,435	7,846	6
Assets held and Funds under management				
On Balance Sheet				
Banking Assets	187,278	185,108	149,911	1
Life Insurance Assets [1]	36,047	33,151	11,767	9
	223,325	**218,259**	**161,678**	**2**
Off Balance Sheet				
Funds under Management [1]	78,878	73,326	17,620	8
	302,203	**291,585**	**179,298**	**4**
Banking Assets	187,278	185,108	149,911	1
Life Insurance Assets	36,047	33,151	11,767	9
Funds under Management	78,878	73,326	17,620	8
	302,203	**291,585**	**179,298**	**4**

	Half Year Ended			31/12/00
	31/12/00 $M	30/06/00 $M	31/12/99 $M	vs31/12/99 %
Shareholder Summary				
Dividends per share (cents) - fully franked	61	72	58	5
Dividends provided for, reserved or paid ($million)	773	908	523	48
Dividend cover (times)	1.4	1.3	1.5	(7)
Earnings per share (cents) [2]				
(basic & fully diluted)				
before abnormal items	90	93	92	(2 cents)
after abnormal items	90	198	92	(2 cents)
cash basis [4]	88	91	90	(2 cents)
Dividend payout ratio (%) [3]				
before abnormal items	68.1	104.0	62.3	
after abnormal items	68.1	48.8	62.3	
cash basis [4]	69.7	106.1	63.6	
Net tangible assets per share ($)	9.41	9.18	7.28	
Weighted average number of shares (basic)	1,264m	940m	914m	
Shares at end of period	1,267m	1,260m	902m	
Number of shareholders	735,492	788,791	406,564	
Share prices for the period ($)				
Trading high	32.36	27.95	27.48	
Trading low	26.18	22.54	22.60	
End (closing price)	30.90	27.69	26.23	

(1) Comparatives adjusted to include outside equity interest in Life Insurance Statutory Funds, refer Note 1 to the half year Financial Report for details.

(2) Calculated in accordance with AASB 1027: Earnings per Share.

(3) Dividends paid divided by earnings.

(4) "Cash basis" for the purpose of this performance summary is defined as net profit after tax and before abnormal items, before goodwill amortisation and life insurance appraisal value uplift.

Group Performance Summary

	Half Year Ended 31/12/00	30/06/00	31/12/99	Proforma Group [6] 31/12/99
Performance Ratios (%)				
Return on average shareholders' equity [1]				
before abnormal items	12.76	21.19	23.06	12.66 [7]
after abnormal items	12.76	45.14	23.06	12.66
cash basis	12.47	20.78	22.58	12.44
Return on average total assets [2]				
before abnormal items	1.02	1.03	1.11	1.07
after abnormal items	1.02	2.18	1.11	1.07
cash basis	1.00	1.01	1.09	1.05
Capital adequacy - Tier 1	6.71	7.49	6.76	n/a
Capital adequacy - Tier 2	4.37	4.75	3.63	n/a
Deductions	(1.71)	(2.49)	(1.28)	n/a
Capital adequacy - Total	9.37	9.75	9.11	n/a
Cost to total average assets ratio [3]	2.32	2.08	2.16	2.38
Cost to assets held and funds under management [3]	1.73	1.85	1.88	1.81
Productivity (%)				
Cost to income ratio	58.7	57.0	54.0	55.9
Staff expense/Total operating income	27.22	27.83	27.71	25.57
Total operating income per FTE [4]	$122,284	$106,023	$105,241	$117,026
Other Information (numbers)				
Full time staff	33,016	34,154	26,131	n/a
Part time staff	7,190	7,383	6,554	n/a
Full time staff equivalent	35,993	37,131	28,734	n/a

(1) Annualised ratio based on operating profit after tax and outside equity interest applied to average shareholders equity, excluding outside equity interests.

(2) Based on operating profit after tax and outside equity interest. Averages are based on beginning and end of year half balances. 30 June 2000 includes Colonial assets weighted for the 17 days from 13 June 2000 to 30 June 2000.

(3) 30 June 2000 includes Colonial assets weighted for the 17 days from 13 June 2000 to 30 June 2000.

(4) 30 June 2000 includes Colonial FTE staff numbers weighted for the 17 days from 13 June 2000 to 30 June 2000.

(5) Staff numbers at 30 June 2000 include Colonial.

(6) Proforma Group represents the combined results of Commonwealth Bank and Colonial for the half year ended 31 December 1999.

(7) Proforma Return on Equity has been calculated based on proforma profit and actual equity adjusted for $9,274 million of shares (351.2 million) issued as part of purchase of Colonial.

Management Discussion and Analysis

Results Overview

This is the first reporting period that includes a full contribution from the Colonial Group which was acquired on 13 June 2000. The combined operations of Commonwealth and Colonial position the Group as a leader within the financial services sector in Australia and New Zealand, together with representation throughout Asia and in the UK.

In Australia the Group is now positioned as the leading lender in banking and on the basis of assets held and funds under management, is the leader in funds management and ranks third in life insurance.

The Commonwealth Bank Group recorded a net operating profit of $1,109 million after tax, pre goodwill amortisation and pre appraisal value uplift for the half year ended 31 December 2000. On a proforma basis, this represents a 7% increase over the half year ended 31 December 1999. The operating profit after tax including goodwill amortisation and appraisal value uplift was $1,135 million.

The result principally reflects growth in net interest earnings from asset growth, growth in non interest banking income, particularly from card products and trading income, and strong growth in funds management income from new business growth.

Operating Environment

During the reporting period the Group operated in a relatively strong domestic economic environment albeit in the context of mixed activity across different sectors of the economy. GDP growth of over 4% pa was recorded in the half year, but with September data signalling that rate of growth had slowed. The increasing number of weakening sectors observed over the period reinforced these signs.

The solid growth in credit prevalent earlier in the calendar year 2000 appears to have moderated. This was led by a slowing in housing finance approvals. Business credit growth was also weak reflecting weaker business investment, particularly in construction and increased usage of non-debt funding. Other personal lending remained resilient reflecting the strength of consumer spending and interest in home equity loans. However, September data signalled that this sector had also begun to slow from the 15-20% pa growth rates that have been achieved.

A significant amount of retail expenditure, including housing, was brought forward to the first half of the 2000 calendar year, prior to the introduction of the GST. In the second half of the calendar year retail spending and credit growth were slower.

The United States (US) exerted the greatest influence on the domestic economy over the last six months. The deteriorating economic and business climate in the US and the severity of any potential slowdown heightened concerns regarding the impact on the global outlook and economic consequences for Australia.

The Reserve Bank of Australia (RBA) raised interest rates in August by 0.25% to 6.25% representing a 1.5% increase in official interest rates since November 1999. During the half the key risk factors to higher inflation, such as strong economic growth, a weak currency, higher oil prices and GST flow-on effects abated with indications of a rapidly slowing economy beginning to emerge. This saw the RBA reducing official interest rates by 0.5% on 7 February 2001.

Strategic Initiatives

ASB Minority Shareholder Buyout

On 22 August 2000, the Group purchased ASB Bank Community Trust's remaining 25% interest in ASB Group in New Zealand for NZD560 million (AUD$430 million).

This has facilitated the integration of ASB and Colonial New Zealand which will provide significant opportunities to expand the product range in New Zealand.

Colonial Merger

The integration of the Colonial business into the Group is proceeding well and meeting business case targets with $380 million of synergies (cost $290 million, revenue $70 million, funding $20 million) expected to be achieved. During the merger the sales and service framework has been maintained, and to date high customer retention has been achieved. The momentum of the First State funds management business has continued. The following milestones have been achieved:

- Network Distribution Model implemented;
- Transaction Bridge linking banking systems operational;
- Business Centre established (WA);
- Colonial non-Branch ATM Conversion Program complete;
- Launceston Call Centre Site Build (stage 1) complete;
- Branch amalgamation substantially complete (SA/WA);
- Colonial customer retention on track; and
- All Centre Functions and Institutional Banking integrated.

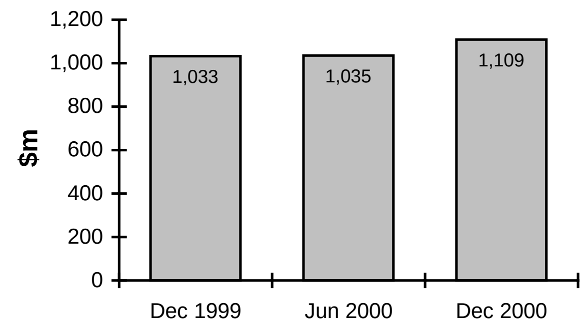
All Government and Regulatory assurances are being met.

Main Financial Indicators

All figures relate to the half year ended 31 December 2000. All comparisons are to the proformas for the half year ended 31 December 1999 and 30 June 2000 unless otherwise stated.

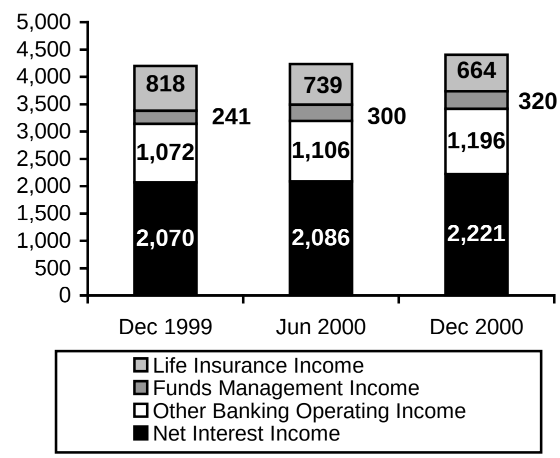
Net Operating Profit

- The Group recorded a net operating profit before abnormal items, appraisal value uplift and goodwill amortisation of $1,109 million for the half year. This result represents an increase of 7% from the prior comparative period.



Operating Income

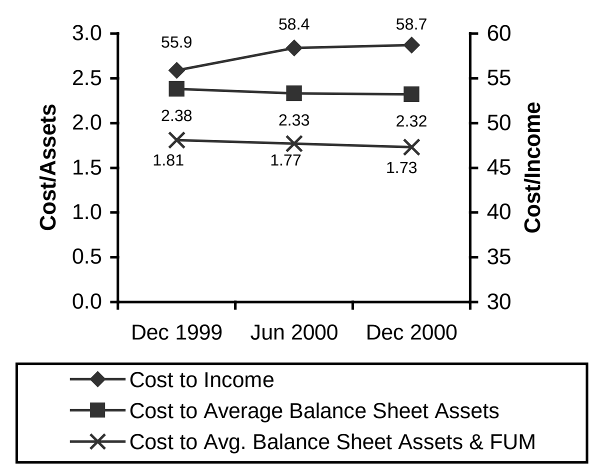
- Total operating income for the half year to 31 December 2000 was $4,401 million, an increase of 5% over 31 December 1999.
- Life Insurance Income of $664 million represents a decrease of 19% over the prior comparative period.
- Funds management income has increased by 33% to $320 million over the prior comparative period.
- Net interest income of $2,221 million represents an increase of 7% over the prior comparative period.
- Other banking operating income of $1,196 million has increased 12% over the prior comparative period.



Cost Ratios – Group

- The cost to income ratio for the half year increased by 2.8% to 58.7% over the prior comparative period.
- The cost to average balance sheet assets ratio for the half year improved by 0.06% to 2.32% over the prior comparative period.
- The cost to average balance sheet assets and funds under management ratio improved by 0.08% to 1.73% over the prior comparative period.

Refer further discussion at page 26.



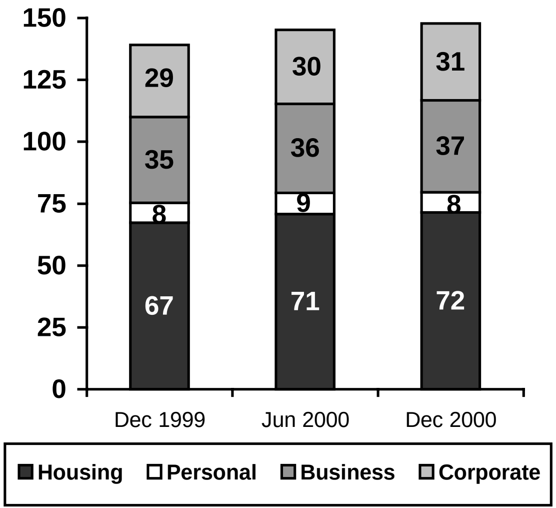
Main Financial Indicators

Lending Assets Growth

- The Group increased total loans, advances and acceptances[(1)] to $148 billion, an increase of $3 billion or 2% (net of securitisation) for the half year. Including securitisations, total loans, advances and receivables increased 3% to $152 billion.
- Home loan outstandings now aggregate $72 billion. Personal lending outstandings totalled $8 billion at 31 December 2000.
- Total business and corporate lending amounted to $68 billion at 31 December 2000.
- During the half year a further $1.7 billion of Home Loans were securitised, bringing the total outstandings of Home Loans securitised as at 31 December 2000 to $4.7 billion.

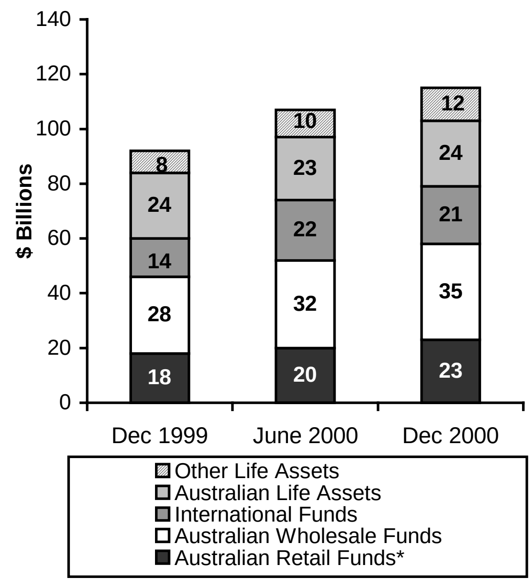
(1) Total Loans and Advances includes Bank Acceptances and excludes Provisions for Bad and Doubtful Debts and Securitised Balances.

(2) During the half year $2.8 billion of Home Equity Facilities has been reclassified from Personal Lending to Home Loans. Prior year comparatives have also been adjusted.



Assets held and Funds Under Management

- The Group manages $79 billion of Funds Under Management (excluding life insurance assets) which is an increase of 8% for the half year.
- Wholesale and Retail FUM have increased by 3% and 17% respectively for the half year. This includes international funds under management.
- The Group holds $36 billion in life insurance assets which is an increase of 9% for the half year.



Note: Total FUM per ASSIRT is represented by Australian wholesale and retail FUM and Australian life assets.

* Includes listed property trusts.

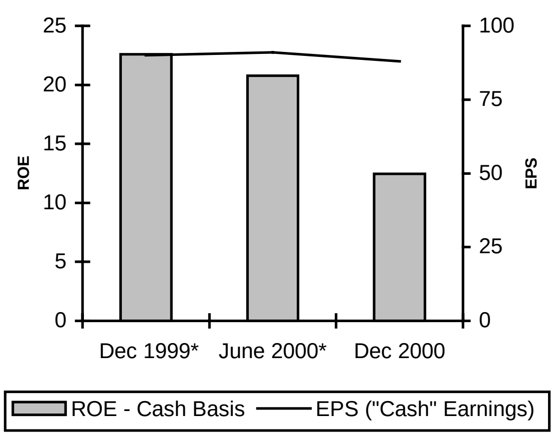
Shareholder Returns

Earnings Per Share

- As expected, earnings per share on a cash basis is down 2 cents to 88 cents compared with the prior comparative period. However, given the progress to date on the Colonial integration and the expectation of significant synergies emerging during 2001, management continues to expect the Group EPS to exceed prior levels by June 2002.

Return on Equity

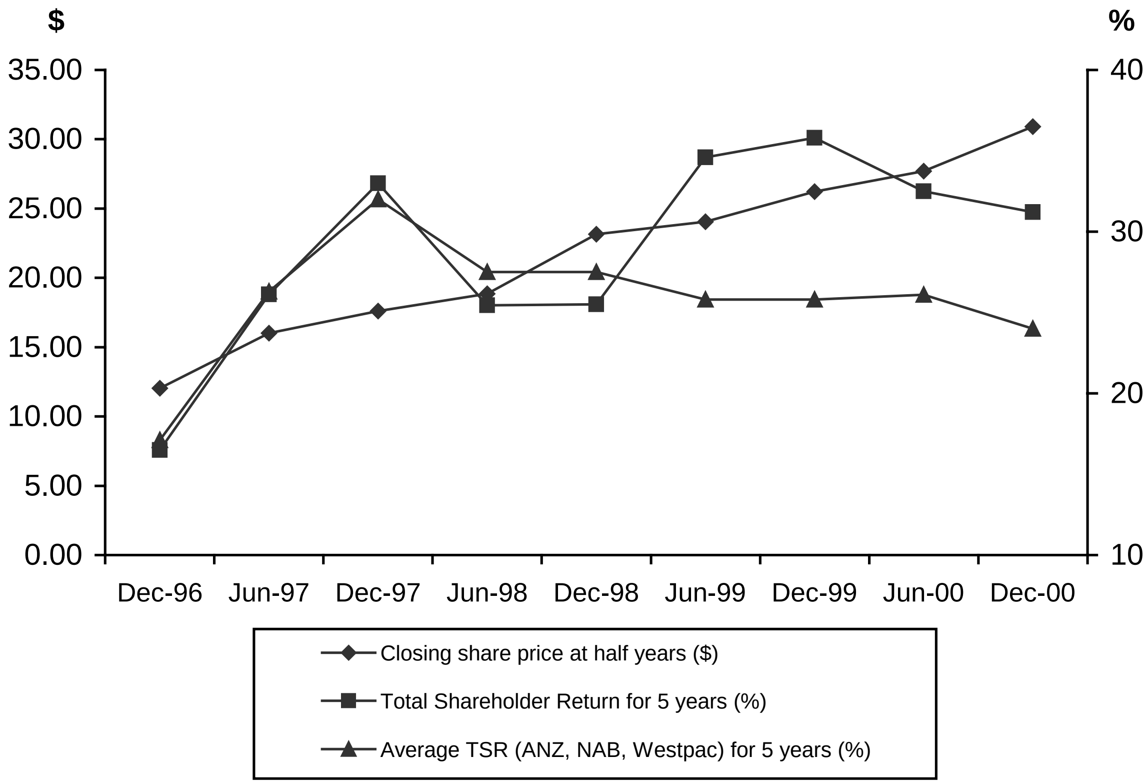
- Return on Equity (cash basis) for the half year was 12.47%, down from 22.58% for the prior comparative period.
- The fall in ROE reflects the inclusion of the equity issued to acquire the Colonial business at market value on 13 June 2000.
- On a proforma basis, the December 2000 ROE has improved by 0.03 percentage points over December 1999.



* As reported in prior Profit Announcements (ie. not proforma)

Main Financial Indicators

Share Price Performance



The total shareholder return is calculated using the share price movements and assumes all dividends are reinvested. The 31% five year return to 31 December 2000 is the highest return of any Australian Bank.

Strategy

The Group's vision is to be the best brand in helping customers manage and build wealth. A set of business goals underpins the achievement of the Group's vision. Each operating division in turn has a series of strategies that are consistent with, and directed at the collective achievement of those business goals, which are:

- Attract more customers and revenue per customer;
- Best value service through innovation and online leadership;
- Best team;
- Develop offshore opportunities; and
- Global best-practice costs.

Outlook Statement

The outlook has deteriorated with a marked slowdown in the growth of the US economy. Domestic growth is slowing and the rate of slowdown will be influenced by conditions in the US. At this stage, a so called "hard landing" in the US cannot be ruled out although monetary policy responses to date by the authorities have been vigorous by historical standards.

In Australia, interest rates are anticipated to reduce but credit growth is expected to remain soft. This will mean competition for business will intensify, putting renewed pressure on margins. In the absence of flow on effects of a hard landing in the United States, credit quality should deteriorate only slightly and equity markets should be buoyed by falling interest rates, offset by lower growth of corporate earnings. Overall, Directors expect these factors to result in tougher economic conditions with the first half's lower than expected investment returns on insurance business unlikely to be recouped in the second half.

The acquisition of Colonial has provided the Group with a more diversified mix of business operations placing it in a better position given the uncertain economic outlook. Progress on the Colonial integration program is proceeding according to plan. This progress is expected to be maintained, with critical activities to be completed during the second half of the financial year to be completed.

With continued progress on the Colonial integration, the current rate of profit growth over the prior comparative period is expected to be maintained during the second half when compared to the first half. The bulk of the integration benefits will be realised in the 2001/2002 financial year and continue thereafter.

In light of the more uncertain economic outlook, the Group's prime focus in the medium term is completion of the Colonial integration and development of the Australasian businesses. Offshore growth will be undertaken on a selective basis.

The Directors expect that the ratio of dividends per share to cash earnings will remain high relative to peer financial institutions. The Group will continue to actively manage its capital position.

Business Performance Analysis

The following pages provide an analysis of the Group result based on the individual lines of business, being banking, life insurance and funds management, together with an overview of the Group expense base.

Banking Performance Summary

The contribution from the Group's banking business has increased 10% over the prior comparative period to $875 million, with net interest earnings increasing by 7% to $2,221 million and other banking income increasing by 12% to $1,196 million. Average interest earning assets have increased by 9% to $157.9 billion over the prior 12 months. This represents a solid result from the Group's banking operations.

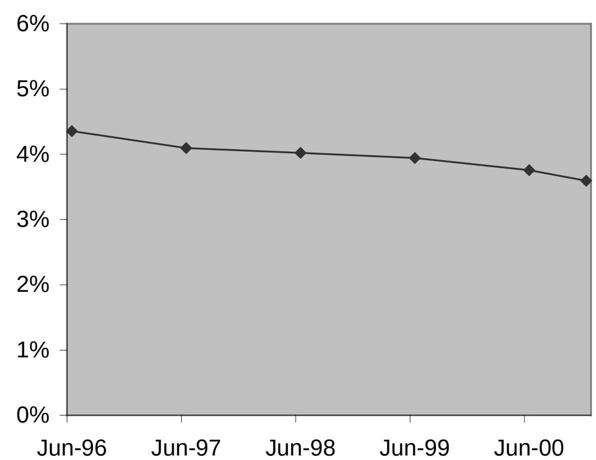
	Half Year Ended			Proforma Group [(3)]	31/12/00 vs 31/12/99 Proforma
	31/12/00 $M	30/06/00 $M	31/12/99 $M	31/12/99 $M	%
Operating Profit after Tax from operations [(1)]	**875**	**758**	**755**	**792**	**10**
Lending Assets [(2)]	147,756	145,159	119,681	139,092	6
Average interest earning assets	157,897	132,539	125,824	145,227	9
Average interest bearing liabilities	143,466	120,583	113,605	131,968	9
Risk weighted assets	132,754	128,484	108,561	n/a	n/a
Net impaired assets	588	572	318	n/a	n/a
Performance Ratios (%)					
Net interest margin [(4)]	2.79	2.82	2.94	2.84	
General provision/Risk weighted assets	1.06	1.06	1.03	n/a	n/a
Total provisions/Gross Impaired assets (net of interest reserved)	199.5	178.3	238.7	n/a	n/a
Non interest income/Total operating income	35.2	34.8	34.0	34.1	3
Cost to average assets ratio	2.11	1.97	2.11	2.12	-
Cost to income ratio [(6)]	58.1	57.5	54.1	55.9	4
Other Information (numbers)					
Branches/service centres (Australia)	1,335	1,387	1,118	n/a	
Agencies (Australia)	4,060	4,081	3,945	n/a	
ATMs	4,089	4,141	2,678	n/a	
EFTPOS terminals	127,647	116,064	101,243	n/a	

Banking Margin [(5)]

The ratio of total banking income to average total banking assets (including securitisation) has steadily declined from 4.4% at 30 June 1996 to 3.6% for the half year ended 31 December 2000. Consistent with market trends, net interest margins have decreased over this period. This has been only partly offset by increases in other sources of banking income, reflecting the lower net cost of banking to customers.

Despite this, the Group's profit after tax has continued to grow, reflecting strong asset growth, new service lines and cost efficiencies.

Banking Margin



(1) Represents operating profit after tax and outside equity interest and before goodwill amortisation and abnormal items. The 30 June 2000 result includes $6 million of Colonial profit for the period 13 June 2000 to 30 June 2000.

(2) Lending Assets represents loans advances and receivables and bank acceptances excluding provisions for bad and doubtful debts and securitised balances. Securitised balances amounted to $4.7 billion as at 31 December 2000 compared to $3.0 billion as at 30 June 2000.

(3) Proforma Group represents combined Commonwealth Bank and Colonial for the half year ended 31 December 1999.

(4) Net interest margin has increased on a proforma basis by 5 basis points from 2.74% for 30 June 2000 to 2.79% for 31 December 2000.

(5) Banking Margin represents total Banking income divided by total average Banking assets.

(6) The factors affecting the Group and banking cost to income ratio are discussed on page 26 of this profit announcement.

Banking Performance Summary

Major Balance Sheet Items

As at	31/12/00 $M	30/06/00 $M	31/12/99 $M	Proforma 31/12/99 $M	31/12/00 vs 30/06/00 %
Major Balance Sheet Items					
Loans, advances and other receivables [(1)]					
Gross Housing	76,209	73,744	56,943	68,940	3
Securitisation	(4,704)	(3,006)	(356)	(1,682)	56
Housing (net of securitisation)	71,505	70,738	56,587	67,258	1
Personal [(2)]	8,125	8,533	6,419	8,082	(5)
Business	37,083	36,036	32,847	34,727	3
Corporate	31,046	29,852	23,828	29,025	4
Total lending assets	147,759	145,159	119,681	139,092	2
Trading securities					
Corporate	8,522	7,347	5,838	8,551	16
Deposits and other public borrowings					
Personal	60,205	56,337	50,823	57,077	7
Business	14,835	14,056	11,129	12,965	6
Corporate	36,936	42,201	38,359	42,668	(12)
	111,976	112,594	100,311	112,710	(1)
Debt issues					
Corporate	28,377	25,275	15,645	23,322	12

Detailed analysis of the above is provided in Banking - Business Analysis (refer pages 15 to 16).

(1) Loan balances are before provisions for impairment.
(2) During the half year $2.8 billion of Home Equity Facilities has been reclassified from Personal Lending to Home Loans. Prior year comparatives have also been adjusted.

Operating Profit Summary	Half Year Ended 31/12/00 $M	30/06/00 $M	31/12/99 $M	Proforma Group [(1)] 31/12/99 $M	31/12/00 vs 31/12/99 Proforma %
Interest income	6,024	4,694	4,148	4,889	23
Interest expense	3,803	2,834	2,289	2,819	35
Net interest income	**2,221**	**1,860**	**1,859**	**2,070**	**7**
Other operating income	1,196	992	959	1,072	12
Total operating income	**3,417**	**2,852**	**2,818**	**3,142**	**9**
Operating expenses	1,985	1,640	1,524	1,755	13
Underlying profit	**1,432**	**1,212**	**1,294**	**1,387**	**3**
Charge for bad and doubtful debts	(182)	(100)	(96)	(168)	8
Operating profit before abnormal items, goodwill amortisation and income tax	**1,250**	**1,112**	**1,198**	**1,219**	**3**
Income tax expense	364	332 [(2)]	427	404	(10)
Outside equity interests	11	22	16	23	(52)
Operating profit after income tax, before abnormal items and goodwill amortisation	**875**	**758**	**755**	**792**	**10**

Detailed analysis of the components of Banking Operating Profit is provided on pages 17 to 20.

(1) Proforma Group represents the combined results of the banking operations of Commonwealth Bank and Colonial for the half year ended 31 December 1999.
(2) Excludes $20 million abnormal tax credit related to restructuring provisions.

Banking - Business Analysis

(All figures relate to the half year ended 31 December 2000. All comparisons are 30 June 2000 unless otherwise stated.)

As shown in the Banking Performance Summary on page 13, total lending assets have grown by $2.6 billion to $147.8 billion during the half year to 31 December 2000. As at 31 December 2000, securitised home loan balances amounted to $4.7 billion, an increase of $1.7 billion over the half year. Allowing for this, gross lending assets have increased by $4.3 billion or 3% during the half year. Compared with 31 December 1999, gross loans have increased by $11.7 billion or 8%. An analysis of the areas of growth is detailed below.

Personal Products

Housing Loans

The Group's home loan outstandings, including securitisation, totalled $76.2 billion at 31 December 2000, a 3% increase over the half year. Compared with 31 December 1999, home loan outstandings have grown by $7.3 billion or 11%. Securitised balances were $4.7 billion as at 31 December 2000 compared to $3.0 billion as at 30 June 2000.

Against a background of fewer housing approvals, following the implementation of the GST in July 2000 and the Sydney Olympics during September 2000, as well as significant growth in non-traditional mortgage origination such as the internet and mortgage broker channels, the Group's total market share of home loans (excluding securitisation) stood at 23.3% at 30 November 2000 (source APRA All Lenders). In addition, the Group's market share of approvals for November grew strongly, up from 25.4% in June 2000 to 28.7% as a result of the Spring Home Loan marketing campaigns; in particular, the discounted home loan establishment fee campaign proved very successful.

European Banking

European Banking entered the UK mortgage market on 28 October 2000, under the Newworld brand, offering a broad range (eleven) of flexible mortgage products including discounted, fixed, capped and variable options together with three insurance products for the owner occupied and buy to let markets.

The focus of operations over the next six months will be to establish the brand and customer offering in the market place.

Personal Lending

Personal Lending balances at 31 December 2000 amounted to $8.1 billion, a reduction of $0.4 billion compared with the balance at 30 June 2000. The principal balances included within Personal Lending are credit card outstandings and personal loans. These are discussed below.

Credit Cards

Credit card outstandings for the Group totalled just over $4 billion at 31 December 2000, an 8% increase from the balance of $3.7 billion at 30 June 2000. The Group's market share of Credit Cards has remained at 29%. *(source: Wallis Financial Monitor)*

The number of cardholder accounts increased to 2.9 million and the number of merchants increased to 145,000.

Personal Loans

Personal loan outstandings for the Group totalled $3.9 billion at 31 December 2000 compared with $4.2 billion as at 30 June 2000. During the half year $0.5 billion of loans to individuals for infrastructure borrowings matured; allowing for this, personal loans has remained consistent with the balances as at 30 June 2000. The Group has maintained its leading position in the Australian personal loan market, with market share remaining at 25%. *(source: ABA 30 November 2000)*

Personal Deposit Products

As at 31 December 2000, the Group's retail deposit base in Australia stood at approximately $60.2 billion, a 7% increase. The Group is the largest acceptor of retail deposits in Australia with a market share of 24.73% at 30 November 2000 compared with 25.29% at June 2000. *(source: APRA)*

Other Personal Products

Electronic and Direct Banking

The Group's total online customers numbered almost one million at 31 December 2000. NetBank, the Group's Internet banking service, processed some 57.4 million transactions in the six months to December 2000, up from 33.2 million.

The Group's EFTPOS terminal numbers increased 7% in the six months to 31 December 2000, to over 127,000, with the Bank accounting for 36% of all EFTPOS terminals in Australia. The Group also operates the largest proprietary ATM network in the country, with over 4,000 terminals.

The ratio of electronic to over-the-counter transactions in Australia has increased to 84:16 (from 81:19 as at 30 June 2000).

Woolworths EzyBanking

In excess of 250,000 account holders had signed up for EzyBanking at 31 December 2000. More than 35% of these account holders are new to the Group.

Commonwealth Securities

Commonwealth Securities (ComSec) has continued to grow strongly and contributed positively to the Group's profit. The total number of ComSec clients increased from 537,000 to 601,300 in the six months to 31 December 2000. ComSec processed nearly 900,000 share transactions in the six months to 31 December 2000, representing a 32% increase over the prior comparative period. Approximately 83% were sourced via the Internet with the balance by telephone.

ComSec retained its number one ranking in terms of trading volume by undertaking 8.5% of ASX trades. ComSec's nearest on-line competitor has achieved a market share of volume of ASX trades of about 2.9%.

New Zealand Banking Operations

In August 2000, the Group's operations in New Zealand were restructured with the sale by the ASB Bank Community Trust of its 25% interest in the ASB Group to Commonwealth Bank of Australia.

Banking assets and Banking operating profit include the consolidation of the results of ASB Bank. ASB Bank's net profit for the half year to 31 December 2000 was NZ$86.9million ($69.1 million), an increase of 30.5% compared with the NZ$66.6 million ($53.0 million) net profit for the half year to 31 December 1999. This result was driven by a 17% lift in net interest earnings and a 10% lift in non-interest income.

At 31 December 2000, ASB Bank had total assets of NZ$18.4 billion ($14.6 billion), including total advances of NZ$15.2 billion ($12.1 billion).

Business Products

Business Lending

At 31 December 2000, total Business Lending amounted to $37.1 billion, an increase of 3% or $1.0 billion during the half year. With the acquisition of Colonial, the Group has increased market share of the Small Business customer segment to 29% and is ranked first in this market.

Business lending conditions during the six months were impacted by rising interest rates and the introduction of GST. These factors contributed to a reluctance by the business sector to actively pursue additional financing.

Banking – Business Analysis

Corporate Products

Lending and Deposits

Corporate Lending balances amounted to $31.0 billion at 31 December 2000, representing an increase of 4% or $1.1 billion during the half year. Corporate Deposits reduced during the half year by $5.3 billion to $36.9 billion principally due to a reduction in funding through certificates of deposit. This was achieved due to increases in the level of personal deposit balances together with continued growth in funding through offshore debt issues, resulting in a cheaper funding rate than domestic certificates of deposit.

The Group's Institutional Banking division undertakes corporate lending and deposit activity, together with a range of financing and service related activities on behalf of the Group's top tier corporate clients. Highlights during the year include the following:

Corporate Finance

Corporate Finance undertook a number of substantial transactions in the six months to 31 December 2000 including a transaction in the United Kingdom on behalf of Royal Mail; pre and post IPO funding for Billabong Limited; and joint lead arranging and underwriting of Syndicated Debt issued for CSL Ltd's acquisition of the Swiss Red Cross plasma products business.

Capital raised for clients in the six months to 31 December 2000 totalled $6.6 billion. This compares favourably to the $11.5 billion raised for the 1999/2000 full year.

Equity Capital Markets

The Equity Capital Markets Group undertook its first fully underwritten initial public offering, for Pan Pharmaceuticals, raising $55 million. In addition, the Telstra 2 (T2) Extensions, an instalment warrant product which allowed Telstra 2 Instalment Receipt holders to defer their payment of the November 2 second instalment for 18 months, were fully subscribed. The Internet was the primary delivery channel for the T2 Extensions prospectus.

Commonwealth Custodial Services

Since entering into a strategic alliance with State Street Australia Limited in November 1999, Commonwealth Custodial Services has consolidated its position in the custody market and as at 31 December 2000 administered $69.5 billion of assets.

Banking Analysis of Performance

Net Interest Income	Half Year Ended 31/12/00 $M	30/06/00 $M	31/12/99 $M	Proforma Group [1] 31/12/99 $M	31/12/00 vs 31/12/99 Proforma [2] %
Interest Income					
Loans	5,212	4,051	3,612	4,255	22
Other financial institutions	142	116	75	77	84
Liquid assets	58	48	30	32	81
Trading securities	237	142	153	238	-
Investment securities	347	320	266	275	26
Dividends on redeemable preference shares	26	12	12	12	large
Other	2	5	-	-	-
Total Interest Income	**6,024**	**4,694**	**4,148**	**4,889**	**23**
Interest Expense					
Deposits	2,607	2,013	1,760	2,042	28
Other financial institutions	163	169	128	129	26
Short term debt issues	470	415	256	302	56
Long term debt issues	357	111	60	247	45
Loan capital	195	125	85	99	97
Other	11	1	-	-	-
Total Interest Expense	**3,803**	**2,834**	**2,289**	**2,819**	**35**
Net Interest Income	**2,221**	**1,860**	**1,859**	**2,070**	**7**

Net Interest Income

31/12/00 - Proforma 31/12/99 (up 7%)
31/12/00 - 30/6/00 (up 19%)

Net interest income for the half year increased by 7% or $151 million from $2,070 million to $2,221 million.
The increase in net interest income was the result of the growth in net interest earning assets, partly offset by the decrease in net interest margin compared to the prior comparative period.
The table below highlights the effect of movements in net interest earning assets and interest margin on net interest income. Further details can be found in Appendix 2 of this report.

Half Year INCREASE/DECREASE	Proforma Dec 2000 vs June 2000 $M	Proforma Dec 2000 vs Dec 1999 $M
Due to changes in average volume of interest earning assets and interest bearing liabilities	**68**	**179**
Due to changes in average interest rates	**44**	**(28)**
Due to difference in days in half years	**23**	**-**
Change in net interest income	**135**	**151**

Average interest earning assets grew by $12.7 billion or 9% from $145.2 billion at December 1999 to $157.9 billion at December 2000 (Appendix 1). Of this growth, $7.8 billion was achieved during the half year to 30 June 2000, where average interest earning assets grew to $153.0 billion and $4.9 billion was achieved during the half year to 31 December 2000. This growth is the main contributing factor for the additional $151 million in net interest income for the current half year over the prior corresponding period.

The main contributor to the growth in average interest earning assets was achieved through loans, advances and other receivables within Australia which increased by 9% or $9.8 billion from $108.3 billion for the half year to 31 December 1999 to $118.1 billion at 31 December 2000. This growth was predominantly within housing loans, together with an increase resulting from the purchase of Trust Bank of Tasmania. The introduction of the GST and the Sydney Olympics contributed to a slow down in the level of credit growth over the past six months, however, approval levels were stronger during the last quarter of the first half. Average interest bearing liabilities grew by 9% or $11.5 billion from $132.0 billion for the half year to 31 December 1999 to $143.5 billion for the half year to 31 December 2000 (Appendix 1), including Debt Issues (up $7.5 billion).

As shown in the Group Interest Margins and Spreads table below, Group net interest margin decreased by 5 basis points from 2.84% for December 1999 to 2.79% for December 2000. This has reduced net interest income by $28 million over that period. Compared with the half year to 30 June 2000, the net interest margin has increased by 5 basis points from 2.74% for June 2000 (proforma) to 2.79% for December 2000. This increase in net interest margin compared with the half year to June 2000 reflects the effect of reduction in the spread between Bank Bill and Cash Rates, some changes in the mix of lending assets, together with an increased benefit from the Group's low interest and interest free liabilities. This has been partly affected by the increased reliance on the wholesale market to fund asset growth.

(1) Proforma Group represents the combined results of Commonwealth Bank and Colonial for the half year ended 31 December 1999.
(2) 31/12/00 vs Proforma 31/12/99: This compares the half year ending 31 December 2000 to the proforma half year ending 31 December 1999.

Banking Analysis of Performance

Group Interest Margins and Spreads

The following table shows both actual and proforma margins and spreads for the Group including Colonial for the December 1999 and June 2000 half years. 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 of margins and spreads for Australia and Overseas include an allowance for transfer of offshore funding used to finance onshore lending. The lower overseas margins and spreads reflect the effect of the wholesale funding nature of that business.

	Half Year Ended			Proforma Group	Proforma Group
	31/12/00	30/06/00	31/12/99	30/06/00	31/12/99
	%	%	%	%	%
Australia					
Interest spread (1)	2.55	2.61	2.82	2.50	2.67
Benefit of net interest free liabilities, provisions and equity (2)	0.45	0.43	0.40	0.41	0.38
Net interest margin (3)	3.00	3.04	3.22	2.91	3.05
Overseas					
Interest spread (1)	0.98	1.08	1.12	1.08	1.12
Benefit of net interest free liabilities, provisions and equity (2)	0.55	0.45	0.39	0.45	0.39
Net interest margin (3)	1.53	1.53	1.51	1.53	1.51
Group					
Interest spread (1)	2.31	2.38	2.53	2.31	2.45
Benefit of net interest free liabilities, provisions and equity (2)	0.48	0.44	0.41	0.43	0.39
Net interest margin (3)	2.79	2.82	2.94	2.74	2.84

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

Group Interest Margin

31/12/00 - Proforma 30/6/00 (up 5 basis points)
31/12/00 - Proforma 31/12/99 (down 5 basis points)

The factors explained within Net Interest Income above also explain the movement in the Group net interest margin from 2.84% for 31 December 1999 to 2.74% for 30 June 2000 and to 2.79% for 31 December 2000.

Banking Analysis of Performance

Other Banking Operating Income

The following table sets forth the Group's other banking operating income for the half year ended 31 December 2000 together with comparatives.

	Half Year Ended 31/12/00 $M	30/06/00 $M	31/12/99 $M	Proforma 31/12/99 $M	31/12/00 vs 31/12/99 Proforma %
Lending fees	318	283	271	306	4
Commission and other fees	579	500	446	507	14
Trading income	204	150	161	167	22
Dividends	10	7	13	13	(23)
Net gain on investment securities	36	(5)	17	17	large
Net profit on sale of property, plant and equipment	1	2	11	11	(91)
General insurance premium income	55	52	51	51	8
Less general insurance claims	(29)	(26)	(29)	(29)	-
Other	22	29	18	29	(24)
Total Other Operating Income	**1,196**	**992**	**959**	**1,072**	**12**

Other Operating Income

31/12/00 - Proforma 31/12/99 (up 12%)
31/12/00 - 30/6/00 (up 21%)

Other Operating Income increased by 12% or $124 million from $1,072 million to $1,196 million during the current half year. The principal reasons for this increase are explained below.

Lending Fees

31/12/00 - Proforma 31/12/99 (up 4%)
31/12/00 - 30/6/00 (up 12%)

Lending fees have grown during the half year by 4% or $12 million due to improved business volumes on owner occupied and Investment Home Loans and Corporate Lending together with the benefit of a number of changes to fee arrangements in the second half of the last financial year. Further details are provided in the Banking – Business Analysis section of this Profit Announcement.

During the period to 31 December 2000 the Group discounted home loan lending fees. The underlying strategy for the Group was to maintain growth and future earnings potential, forgoing to a degree current fee income. The Group's market share of approvals strengthened in the last quarter.

Commission and Other Fees

31/12/00 - Proforma 31/12/99 (up 14%)
31/12/00 - 30/6/00 (up 16%)

Growth in commission and other fees has continued predominantly driven by Credit Cards and Commonwealth Securities. Credit Card activity has been stronger with a 3% increase in the number of merchants and a 4% increase in the number of credit card holders. The success of Commonwealth Securities has also improved brokerage fee income, with a 32% increase in the number of share transactions compared with the prior comparative period.

Retail transaction fees for the half year to 31 December 2000 have remained at approximately 12% of Other Banking Operating Income (4% of total Banking Operating Income) [1].

Trading Income

31/12/00 - Proforma 31/12/99 (up 22%)
31/12/00 - 30/6/00 (up 36%)

Trading income has increased by $37 million from $167 million for December 1999 to $204 million for December 2000.

Much of this increase was in the Foreign Exchange area where strong results were achieved as a result of the weaker US Dollar during December.

Dividends

31/12/00 - Proforma 31/12/99 (down 23%)
31/12/00 - 30/6/00 (up 43%)

Dividend income for the current half year represents dividends earned on the Group's strategic investments.

Net Gain on Investment Securities

31/12/00 - Proforma 31/12/99 (up 112%)
31/12/00 - 30/6/00 (up 820%)

The gain in the current half year primarily relates to the profit earned on the sale of the Group's interest in Brisbane Airports Corporation Ltd. During the previous half the profit was primarily earned from the finalisation of the sale of certain infrastructure assets.

Net Profit on Sale of Property Plant and Equipment

31/12/00 - Proforma 31/12/99 (down 91%)
31/12/00 - 30/6/00 (down 50%)

During the prior half year profits were realised as part of the Group's sale and leaseback programme, together with the sale of certain overseas properties.

General Insurance Income (net of claims)

31/12/00 - Proforma 31/12/99 (up 18%)
31/12/00 - 30/6/00 (steady)

Competition in the general insurance market remains strong. Despite this premiums have grown 8% to $55 million from 31 December 1999 with claims remaining at the same level.

[1] The calculation for the current half excludes life insurance and funds management income.

Banking Analysis of Performance

Charge for Bad and Doubtful Debts

The following table sets out the charge for bad and doubtful debts for the half year ending 31 December 2000 together with comparatives.

Charge for Bad and Doubtful Debts	Half Year Ended 31/12/00 $M	30/06/00 $M	31/12/99 $M	Proforma 31/12/99 $M
Specific Provisioning				
New and increased provisioning	184	123	113	
Less provisions no longer required	(50)	(60)	(36)	
Net specific provisioning	134	63	77	
Provided from general provision	(134)	(63)	(77)	
Charge to profit and loss	**-**	-	-	
General provisioning				
Direct write-offs	14	17	17	
Recoveries of amounts previously written off	(36)	(23)	(31)	
Movement in general provision	70	43	33	
Funding of specific provisions	134	63	77	
Charge of profit and loss	**182**	**100**	**96**	
Total Charge for Bad and Doubtful Debts	**182**	**100**	**96**	**168**

Total charge for bad and doubtful debts increased by 8% to $182 million during the half year to 31 December 2000, primarily relating to corporate and commercial lending exposures.

	Half Year Ended 31/12/00 $M	30/06/00 $M	31/12/99 $M
Provisions for Impairment			
General Provisions	1,412	1,358	1,117
Specific Provisions	240	432	258
Total Provisions	1,652	1,790	1,375
Specific Provisions for impairment as a % of gross impaired assets net of interest reserved	29	43	45
General provisions as a % of risk weighted assets	1.06	1.06	1.03

Total Provisions for Impairment for the Group at 31 December 2000 were $1,652 million, down 8% from 30 June 2000. The reasons for this change are discussed below. This level of provisioning is considered adequate to cover any bad debt write offs from the current lending portfolio having regard to the current outlook.

Specific provisions for impairment have decreased 44% from $432 million to $240 million from 30 June 2000 to 31 December 2000, primarily as a result of increased write offs of the impaired asset portfolio.

The general provision for impairment has increased to $1,412 million at 31 December 2000 from $1,358 million at 30 June 2000, an increase of 4% primarily in line with portfolio growth. The general provision as a percentage of Risk Weighted Assets has remained at 1.06% the same as it was on 30 June 2000. This level is consistent with that of other major Australian banks.

Gross impaired assets less interest reserved have decreased 18% from $1,004 million to $828 million in the same period. Additions to gross impaired assets (including interest reserved) for the half year of $481 million have been more than offset by write-offs and realisations totalling $718 million.

This has resulted in a decrease in the coverage ratio of specific provisions to 29.0% from 43.0%, reflecting the positive management of impaired assets, which were generally well provisioned, and have now been written off.

Life Insurance – Business Analysis

The life insurance operations contributed $156 million to the Group's result for the half year, which is a decrease of $37 million from $193 million at 31 December 1999. The effect of the decline in world equity markets on investment earnings on life insurance funds was the principal reason for the reduction in the profit from life insurance operations.

Operating margins within Australia and New Zealand were consistent within the prior comparative period. As at 31 December 2000, life insurance assets totalled $36.0 billion, an increase of $2.9 billion or 9% over the six months. The results from the Group's life insurance operations are detailed on the following pages.

Background

The following table sets forth the Group's Life Insurance Income result for the half year ending 31 December 2000 together with comparatives.

	Half Year Ended			Proforma
Summary Profit and Loss (excluding abnormal income and appraisal value uplift)	**31/12/00 $M**	**30/06/00 $M**	**31/12/99 $M**	**31/12/99 $M**
Life Insurance				
Margin on Services operating income	664	178	148	818
Operating expenses - external	(376)	(77)	(63)	(408)
Operating expenses - internal [1]	(20)	(6)	(4)	(14)
Total expenses	(396)	(83)	(67)	(422)
Operating profit before tax	268	95	81	396
Income tax expense	112	21	26	203
Operating profit after tax	**156**	**74**	**55**	**193**

(1) Management charge paid to Funds Management.

The table above details the operating income, operating expenses and tax expense from the Group's life insurance businesses, based on the disclosure required by Accounting Standard AASB1038.

It should be noted that income, operating expenses and tax expense included in the table above includes both policyholders and shareholders components.

The operating profit after tax relates to shareholders. In order to gain a more informative understanding of the shareholder profit after tax, the sources of profit are analysed in the table below.

Included within tax expense for the current half year is $38 million relating to policyholder earnings, compared with $125 million included for the half year to 31 December 1999. The reduction is mainly attributable to reduced investment earnings.

The table below details the sources of after tax profit from the Group's life insurance operations.

	Half Year Ended			Proforma
	31/12/00 $M	**30/06/00 $M**	**31/12/99 $M**	**31/12/99 $M**
Sources of life insurance operating profit (excluding Abnormals)				
The Margin on Services operating profit after income tax is represented by:				
Planned profit margins	128	70	51	103
Experience variation	(33)	(8)	-	(12)
New business losses / reversal of capitalised losses	(3)	1	-	11
Operating margins	92	63	51	102
Investment earnings on assets in excess of policyholder liabilities	68	9	4	91
Other	(4)	2	-	-
Operating profit after income tax	**156**	**74**	**55**	**193**

The life insurance operating profit after tax for the half year to 31 December 2000 is $156 million compared with $193 million for the half year to 31 December 1999.

Operating margins for the half year to December 2000 fell $10 million. This is analysed by region in the following sections. The underlying margins for the Australian and New Zealand businesses have remained stable.

Investment earnings on assets in excess of policy liabilities were $68 million for the half year to 31 December 2000 compared with $91 million for the prior corresponding period.

As part of a re-balancing of the Group's exposure to equities, during the half year certain strategic investments previously held by the Bank, which were held at cost, were transferred to the Life Insurance operations where assets are reported at market value. This has resulted in a gain of $47 million after tax being reported within investment earnings on assets held in excess of policyholder liabilities.

Excluding this gain the Investment earnings on assets in excess of policyholder liabilities for the current reporting period were $21 million, a reduction of $70 million compared with the half year to 31 December 1999. This is a result of the downturn in global equity markets compared with the prior period. The most significant impact on investment earnings resulted from the movements during the current half compared with the previous half in the following share market indices:

- All Ordinaries (3.2%) compared with 7.7%;
- Dow Jones 3.2%, compared with 4.8%;
- Hang Seng (6.6%), compared with 25.3%; and
- FTSE_Eurotop 300 (3.1%), compared with 20.9%.

Note, the life companies hedge overseas investments into local currency.

Life Insurance – Business Analysis

Underlying results of life insurance businesses by geographical region.

	Half Year Ended					
	Australia		New Zealand		Asia	
	31/12/00 $M	Proforma 31/12/99 $M	31/12/00 $M	Proforma 31/12/99 $M	31/12/00 $M	Proforma 31/12/99 $M
Operating Margins	92	93	14	12	(14)	(3)
Investment earnings on assets in excess of policyholder liabilities[1]	28	66	1	7	(8)	18
Other	-	-	(4)	-	-	-
Operating profit after tax	**120**	**159**	**11**	**19**	**(22)**	**15**

[1] Figures represent underlying investment earnings on assets in excess of policyholder liabilities, and exclude the gain of $47 million resulting from the transfer of certain strategic investments to the life insurance business.

The table above details the underlying results of the Group's life insurance businesses by geographical region. Operating margins were consistent with the prior comparative period throughout Australia and New Zealand. Operating margins for the Australian and New Zealand business have been maintained at the historic high reached in 1999 which included some positive experience variations and loss reversals. To date no significant merger integration savings are reflected in the margin.

Higher acquisition expenses and lower investment returns on policyholder funds have significantly affected the Asian businesses during the current half year.

Life insurance assets in excess of policyholder liabilities amounted to approximately $2.6 billion in the half year to 31 December 2000. The Group has maintained a balanced weighting between equities and fixed interest investments during the period.

As previously stated investment earnings on assets in excess of policyholder liabilities have been affected in each region by the decline in world equity markets.

New Business – Insurance and Superannuation	Half Year Ended 31/12/00 $M	30/06/00 $M	31/12/99 $M	Proforma 31/12/99 $M
Master Fund/Trusts	2,497	1,373	1,273	2,272
Risk	131	30	16	137
Annuities, bonds and other statutory fund products	528	212	136	631
Total	**3,156**	**1,615**	**1,425**	**3,040**

With the acquisition of Colonial, the Group has doubled its penetration of the important growing superannuation investment market.

On a proforma basis, sales of new investment products (Masterfund/Trusts) grew by 10% over the 12 months. Margins on these products remain strong despite the competitive market.

The superannuation market continues to witness a significant transfer of assets from in-house corporate schemes to master funds. The Colonial merger provided the Commonwealth Group with significant master fund balances, and in particular increased the Group's market share of corporate superannuation balances.

New member services (Internet access and member education) are being developed to further strengthen the Group's offerings to this market.

Total risk premiums throughout the Group have remained consistent with the prior comparative period.

The Commonwealth Bank Group is a leading provider of personal life insurance risk products and group risk cover written in the Australian market. The Group has 14.2% of all new business and holds 16.2% of the inforce market. It is ranked third in new business premiums and second for inforce premiums.

The market continues to be very competitive with pressure on premium levels. However the first signs of industry rationalisation have also occurred with rates moving upwards. New product offerings and the introduction of specialist life insurance officers in the branches are expected to improve business levels.

Sales of life insurance bonds continue to decline and fund balances for both life insurance bonds and traditional forms of life insurance investment business (including capital guaranteed products) have fallen over the period in line with expectations, as investors switch to the Group's masterfund investment products.

Gross inflows for insurance and superannuation products totalled $3.2 billion for the six month period to 31 December 2000, an increase of 4%.

Asian Operations

The insurance operations in Asia comprise wholly-owned businesses in Hong Kong, the Philippines and Fiji, and joint venture operations in Malaysia, Indonesia, Thailand, Vietnam and China. Distribution of products is mainly through an agency network of 18,100 agents supported by 119 branches and 2,000 staff. Revenue is derived mainly from the sale of health and life insurance related products.

Overall Asian new business sales are above the prior comparative period. The strongest areas of growth have been Thailand and Indonesia following the launch of new products and a growing sales force. This growth was partially offset by Hong Kong where new business was impacted by the uncertainty created in the market by the introduction of the Mandatory Provident Fund this year. The first business was written in China and Vietnam following the commencement of these joint venture operations.

Funds Management – Business Analysis

The funds management businesses have contributed $78 million to the Group's result for the half year. This result represents an increase of $30 million or 63% over the prior comparative half. This growth in operating profit reflects the strong growth in funds under management which have increased by $5.6 billion to $78.9 billion, and life insurance assets which have grown by $2.9 billion to $36.0 billion over the six months. Funds management income has increased by 33% partly offset by an increase in sales and processing expenses.

The following tables set forth the Group's Funds Management result for the half year ending 31 December 2000 together with comparatives.

	Half Year Ended			Proforma
	31/12/00 $M	30/06/00 $M	31/12/99 $M	31/12/99 $M
Funds Management				
Operating income - external	320	85	58	241
Operating income - internal (1)	20	6	4	14
Total operating income	340	91	62	255
Operating expenses	224	57	46	186
Operating profit before tax	116	34	16	69
Income tax expense	38	10	4	21
Operating profit after tax	**78**	**24**	**12**	**48**

(1) Income received from the Life Insurance Business to manage statutory funds.

The Funds Management business manages both internal funds (Life Insurance statutory fund assets) and external funds (wholesale and retail). The tables below show the split of each type of funds managed.

As at	31/12/00 $M	30/06/00 $M	31/12/99 $M	Proforma 31/12/99 $M
Assets held and Funds Under Management - Total (2)				
Life Insurance	36,047	33,151	11,767	31,540
Funds Management	78,878	73,326	17,620	59,975
Total	**114,925**	**106,477**	**29,387**	**91,515**
Australia	88,147	80,516	28,167	72,686
United Kingdom	17,771	19,202	-	12,027
New Zealand	4,854	3,270	1,220	3,703
Asia	4,153	3,489	-	3,099
Total	**114,925**	**106,477**	**29,387**	**91,515**

(2) Excludes funds under trusteeship, custody and administration.

As at	31/12/00 %	30/06/00 %	31/12/99 %	Proforma 31/12/99 %
Split of External Funds Under Management				
- Retail	36	33	38	33
- Wholesale	64	67	62	67
	100	100	100	100
Total Expenses to Funds Under Management (3)	0.6%	0.6%	0.5%	0.6%
Total Funds Management Expense to Income (4)	65.9%	62.6%	74.2%	72.5%

(3) June 2000 Total expenses to funds under management excludes Colonial.
(4) Total Funds Management Expense to Income Ratio is calculated on a gross of commission basis due to the differing cost structures of the Funds Management business across the Group.

Funds Management – Business Analysis

The growth in operating profit after tax reflects strong growth in funds under management which have increased by $19 billion or 32% to $78.9 billion (excluding life insurance assets) over the year from 31 December 1999. The growth in funds management for the year was achieved by a combination of acquisition (Stewart Ivory, acquired March 2000 – $7.7 billion) and organic business growth ($11.3 billion). The strong growth in new business experienced in the half year to 30 June 2000 continued in the half to 31 December 2000. The funds management business also manages most of the life insurance assets held in the Group which increased by $4.5 billion or 14% to $36.0 billion over the year.

External funds under management increased by $5.6 billion in the half year to 31 December 2000 and life insurance assets held in the Group increased by $2.9 billion, the result of new business and exchange rate movements.

The combined Commonwealth/Colonial First State Group ranks first in terms of both retail and wholesale funds under management *(source: ASSIRT September 2000)* reflecting continued strong investment performance, innovative product design aimed at the retail market and high recognition achieved through marketing and awards.

Total life insurance assets and funds under management totalled $114.9 billion at 31 December 2000.

Due to different market positioning, the Commonwealth and Colonial First State funds management businesses continue to be managed separately within the Group.

Commonwealth Funds Management

Within the Commonwealth business the majority of inflows were in superannuation products recording a 15.3% increase on the previous period from $1.8 billion to $2.1 billion for the half year. The Commonwealth Cash Management Trust also showed significant balance growth during the period moving from $4 billion at June 2000 to $5 billion at December. The Commonwealth Cash Management Trust achieved the largest net inflows of all cash trusts over the September 2000 quarter taking twice that of the nearest competitor and almost half of the total market inflows.

Greatest relative growth in inflows was in Managed Investments (such as managed equity funds) recording 29% growth during the period to $567 million (gross inflows) compared with $438 million in the prior six month period.

In the half year to 31 December 2000, Commonwealth won a number of mandates including the Strategic Super Master Plan, Telstra Super, Motor Traders Association and the Deaf Society of NSW. During this period, Commonwealth also managed the transition of $2.3 billion of equities for the Victorian Funds Management Corporation, one of the largest equity transitions undertaken in Australia.

Colonial First State Investments

Within the Colonial First State Investment (CFSI) business, new business inflows remained strong during the half year, particularly in Australia. Gross external fund inflows of $7.3 billion (excluding funds under overlay management) were achieved during the period to 31 December 2000, 34.0% ahead of the prior six month period.

Gross retail fund inflows for the half year to 31 December 2000 were $3.3 billion, 18.3% ahead of the prior six month period. In Australia, the majority of inflows are in superannuation and retail trust products. Sector specific, diversified and theme based funds are proving to be very popular with investors and are amongst the fastest growing managed investment funds. Strong investment performance and new business inflows are reflected in active account numbers increasing from 565,529 at 30 June 2000 to 739,030 at 31 December 2000, representing an increase of 30.7%.

In Asia, successful funds include two capital guaranteed products (CMG Guaranteed Health and Biotechnology Fund and the CMG Guaranteed Technology, Media and Communications Fund) aimed at the retail market. In the UK, international growth sectors have increased market share at the expense of domestic, mainly income oriented sectors.

Gross wholesale fund inflows amounted to $4.0 billion for the half year to 31 December 2000, 50.8% ahead of the prior six month period, with significant inflows sourced from external masterfund business.

Acquisitions

On 1 December 2000, CFSI acquired 50% of the issued share capital of Financial Spectrum Group (FSG). FSG was a privately owned, Melbourne-based company that provides Web enabled solutions to the retail (including IFA) wealth management sector of the financial services industry. This technology will be used by CFSI in the implementation of its e-commerce strategy.

On 15 December CFSI acquired the remaining 50% of the issued share capital of Colonial First State Private Ltd (formerly Hambro Grantham). The original 50% ownership interest was acquired in December 1999 to spearhead CFSI's venture capital investment activities in Australia and New Zealand.

Following the sale of the UK life business to Winterthur Life UK Ltd., Colonial First State Investments UK was successful in retaining the investment mandate for £3 billion of the £4 billion of life insurance investment assets sold.

The integration of the Colonial First State and Stewart Ivory (acquired in March 2000) legacy businesses in the UK continues to plan.

New Products and Initiatives

During the half year to 31 December 2000, Commonwealth launched the Commonwealth Diversified Credit Fund, enhancing the opportunity for investors to participate in the Australian debt markets. Additionally, during the same period, the ozdaq Hi Tech Index Fund was launched in conjunction with ozdaq Securities. The ozdaq index is a benchmark to measure equity investments in technology companies. Major acquisitions undertaken by funds managed by Commonwealth Property include Aurora Place ($485 million), Indooroopilly Shopping Centre ($300 million) and 201 Kent St Sydney ($100 million).

CFSI continues to enhance investors' online experience. There will be progressive extensions to the online services and product range, including online account management and transactions, online adviser confirmations, personalised adviser content and online application facility. FirstNet Adviser allows advisers enquiry access to their client's investment details with CFSI Australia via the Internet. Only accounts linked to the specific adviser can be displayed. Advisers are now able to access a variety of information including portfolio summaries, transaction histories, pension payments, distribution details, Tax File Number (TFN) status and tax history on distributions.

Market Values of Life Insurance and Funds Management Businesses

The following table sets out the embedded values and appraisal values of the Group's life insurance and funds management businesses, together with the key actuarial assumptions applied by the independent actuaries in the determination of the appraisal value. These are Directors' valuations based on appraisal values determined by independent actuaries, Trowbridge Consulting.

As at 31 December 2000		**Life Business**		**Funds**	
	Australia	**New Zealand**	**Asia**	**Management**	**Total**
	$M	**$M**	**$M**	**$M**	**$M**
Shareholders net tangible assets	1,759	172	638	97	2,666
Value of inforce business	714	196	101	684	1,695
Embedded Value	2,473	368	739	781	4,361
Value of future new business	724	242	186	1,672	2,824
Appraisal Value (market value)	**3,197**	**610**	**925**	**2,453**	**7,185**
Appraisal Value - Uplift	**62**	**12**	**-**	**115**	**189**

Appraisal Value Uplift

The valuations adopted have resulted in an appraisal value uplift of $189 million for the half year which has been included in the reported operating result of $1,135 million.

The significant drivers of the Appraisal Value Uplift are:

- Funds management income has increased mainly due to strong growth in new business and funds under management during the period.
- Changes in actuarial methods and assumptions.

Integration benefits have not yet been reflected in the appraisal value.

Detailed analysis of the movement in appraisal value is disclosed in Appendix 9.

Actuarial Methods and Assumptions

Refer to Note 34 of the 2000 Annual Report for details of actuarial methods and assumptions.

There have only been two changes to the actuarial methods and assumptions since 30 June 2000. These are:

- Investment earnings projections and discount rates have been reduced by 1% to reflect changes in long term interest rates.
- New Business Growth has been reduced by 1% from that previously assumed.

The change in these assumptions has the effect of increasing the appraisal value by $45 million primarily within the life businesses due to the pricing structure of traditional products.

Embedded value: The present value of future profits from in-force business and the shareholders interest in the net worth of the life insurance Statutory and Shareholder Funds.

Appraisal value: The embedded value plus the estimated value of profits from future business.

The Asian operations are not in a market value environment. Therefore appraisal value movements for these businesses occur only as a result of net asset movements.

Group Operating Expenses

The following table sets forth the Group's operating expenses for half year ended 31 December 2000 together with half year comparatives.

	Half Year Ended 31/12/00 $M	30/06/00 $M	31/12/99 $M	Proforma Group 31/12/99 $M	31/12/00 vs 31/12/99 Proforma %
Expenses from - Existing operations	2,470	1,774	1,633	2,349	5
Expenses from - Business acquisitions and GST	115	-	-	-	n/a
Total Operating Expenses	**2,585**	**1,774**	**1,633**	**2,349**	**10**
Expenses by category as follows:					
Staff	1,199	867	838	1,074	12
Occupancy and equipment	304	223	214	296	3
Information technology services	330	290	281	310	6
Other expenses	752	394	300	669	12
Total Operating Expenses	**2,585**	**1,774**	**1,633**	**2,349**	**10**
Banking	1,985	1,640	1,524	1,755	13
Life Insurance	376	77	63	408	(8)
Funds Management	224	57	46	186	20
Total Operating Expenses	**2,585**	**1,774**	**1,633**	**2,349**	**10**
Cost to income ratio	58.7	57.0	54.0	55.9	5
Cost to average assets held and funds under management (1)	1.73	1.85	1.88	1.81	(4)

(1) The fall in cost to average assets held and funds under management reflects the strong growth in funds under management (up $19.9 billion or 35% on a proforma basis) and on balance sheet assets, including life insurance (up $18.8 billion or 9%) over the past 12 months. In contrast costs have risen 10%.

Operating Expenses

As shown in the table above, expenses from existing operations have increased by $121 million or 5% from $2,349 million to $2,470 million during the current half year. The majority of this increase in expenses relates to:

- Increases in the level of business volumes within operations such as funds management, securities broking and credit cards, which have added $53 million to expenses and have contributed an additional $142 million to the Group's income.
- The effect of salary increases, including those arising from the Group's Enterprise Bargaining negotiations, which added $30 million to staff costs during the half year.

In addition, increased expenses in relation to businesses acquired and developed and the effect of the introduction of the GST amounted to $115 million for the half year to 31 December 2000, as follows:

- Business acquisitions include the Trust Bank of Tasmania and State Street custody businesses which have been acquired since 31 December 1999. The current half year includes the full effect of these businesses which together with expenditure in relation to the Group's European Banking operations in the UK amounted to additional expenditure of $65 million.
- The introduction of the GST has added $50 million to the Group's expenses for the half year, net of input tax credits.

Accordingly, total operating expenses for the Group have increased by 10% or $236 million from $2,349 million to $2,585 million for the half year to 31 December 2000.

Whilst significant progress has been made on the Colonial Integration, which is proceeding to plan, benefits will mainly begin to arise in the 2001 calendar year.

Expenses by line of business have been affected by the following:

- Banking expenses have been affected by the reasons outlined above which have increased banking expenses by $230 million or 13% over the prior comparative period.
- Life insurance expenses have reduced by $32 million or 8% over the prior comparative period due to the benefits of the previous integration of Prudential and Legal and General into Colonials life insurance operations.
- Funds management expenses have increased by $38 million or 20% due to increases in business volumes, which have also added $79 million to funds management income.

Cost to Income Ratio

The Group's cost to income ratio has increased from 55.9% for the half year to 31 December 1999 to 58.7% for the half year to 31 December 2000. The main factors contributing to this increase of 2.8 percentage points are as follows:

- The life insurance cost to income ratio has increased from 49.9% for the half year to 31 December 1999 to 56.6% for the half year to 31 December 2000, which has adversely impacted the Group cost income ratio by 1.9%. The primary cause of this is the decrease in life insurance income by $154 million from $818 million to $664 million, which reflects the lower investment returns on both shareholders and policyholder funds.
- With the introduction of the GST on 1 July 2000, expenses have increased for the Group by $50 million for the half year to 31 December 2000. Product fee and margin increases were calculated so as to recover these costs. The GST has resulted in the Group's cost to income ratio increasing by 0.4% for the current half year.
- As noted above, businesses acquired since 31 December 1999 together with expenditure in relation to European Banking have added $65 million to the operating expenses for the half year to 31 December 2000. Based on the increased income in relation to these business acquisitions, the Group's cost to income ratio has been increased by 0.9% during the current half year as a result.
- Increased volumes in the Group's banking and funds management businesses have provided the Group with favourable cost economies reducing the Group's cost to income ratio by 0.6% during the half year.

The factors mentioned above in aggregate contribute 2.6 percentage points to the increase in the Group's cost to income ratio for the half year to 31 December 2000.

On a proforma basis, realisation of the anticipated cost and revenue synergies from the integration of Colonial would reduce the Group cost to income ratio for the current half by over 3 percentage points.

Other Group Items

Staff Numbers

The table below details the Group's staff numbers as at 31 December 2000.

Staff numbers have decreased by 1,138 FTE's over the six months to 31 December 2000, primarily reflecting the integration of Head Office areas and Institutional Banking within the Group, together with the transfer of approximately 300 Colonial technology staff to EDS. Compared with the 31 December 1999 proforma, staff numbers have remained at similar levels due to the effect of newly acquired businesses and growth in volume related businesses.

Staff Numbers as at	31/12/00	30/06/00	31/12/99
Full time staff	33,016	34,154	26,131
Part time staff	7,190	7,383	6,554
Full time staff equivalent	**35,993**	**37,131**	**28,734**
Australia	30,007	31,056	25,287
New Zealand	3,720	3,731	3,237
Other Overseas	2,266	2,344	210

Income Tax Expense

Income tax expense has decreased 18% from $628 million for 31 December 1999 to $514 million for 31 December 2000. The decrease is primarily attributable to a reduction of $87 million in policyholder tax paid, as a result of lower tax payable due to weaker investment returns. The drop in the corporate tax rate from 36% to 34% on 1 July 2000 has reduced tax expense by approximately $30 million.

Abnormal Items (including Abnormal Income Tax Expense) – Half Year Ended 30 June 2000

Abnormal items of revenue or expense are included in operating profit after income tax for the half year ended 30 June 2000 and considered abnormal by reason of size and effect on operating profit after income tax for the half year. There were no abnormal items for the half year ended 31 December 2000.

	Half Year Ended		
	31/12/00 $M	30/06/00 $M	31/12/99 $M
Abnormal items:			
Restructuring costs (1)	-	(106)	-
Net market valuation of funds management businesses (2)	-	537	-
Change of valuation bases of Commonwealth Life insurance business (3)	-	536	-
Total Abnormal Items Before Tax	-	967	-
Abnormal tax credit items:			
Restructuring costs (4)	-	20	-
Total Abnormal Items After Tax	**-**	**987**	**-**

(1) *Restructuring Costs (June 2000)*
The provision for restructuring covers the costs of integrating the Colonial operations (refer below for further details).

(2) *Net market valuation of funds management businesses (June 2000)*
In June 2000, the Commonwealth's principal funds management businesses were transferred to Commonwealth Insurance Holdings Limited (CIHL), a life insurance wholly owned controlled entity, as part of an internal restructuring. In accordance with AASB 1038: Life Insurance Business, these entities are required to be carried at their net market valuation. The difference between the previous carrying value and the net market value results in an abnormal gain.

(3) *Change of valuation bases of Commonwealth Life insurance business (June 2000)*
This item arises from a change in the bases of valuation of the Commonwealth Life business. The change in bases arose due to the following items:

- first time inclusion of franking credits;
- lower than previously estimated impact of business tax reforms; and
- revised assumptions for the new business multiplier.

These factors increased the valuation of CLL by $536 million.

(4) *Tax Credit – Restructuring Costs (June 2000)*
This represents the tax deductible portion of the restructuring costs. Certain of the costs are not tax deductible and represent a permanent difference.

Other Group Items

Restructuring Provisions

The following table highlights the restructuring provisions raised as part of the acquisition of Colonial Limited.

	Provision 31/12/00 $M	Expenditure Half Year Ended 31/12/00 $M	Provision 30/06/00 $M
Restructuring Costs			
- Colonial	232	62	294
- Commonwealth Bank	65	41	106
Total restructuring costs (pre tax)	**297**	**103**	**400**

Provisions for restructuring costs of $400 million were raised at 30 June 2000. These provisions covered the estimated costs of integrating the Colonial operations (acquired 13 June 2000) into the existing Group, including the rationalisation of existing processing and administrative functions. The principal costs associated with this programme are in the area of redundancy, property and systems.

During the current half year restructuring costs of $103 million were incurred and charged against the provision. These expenses included redundancy payments of $39 million, information technology costs of $21 million and other staff costs of $14 million.

Capital Management

The Bank intends to implement an off-market buyback of up to $700 million of ordinary shares in March 2001, with the ultimate size of the buyback dependent on the take-up of a new issue of preference shares.

The buyback is part of a continuing integrated capital management strategy that involves achieving a more efficient mix of ordinary shares and alternative forms of equity in order to achieve a lower overall cost of capital.

In this regard, the Bank proposes to issue $700 million of PERLS (Preferred Exchangeable Resettable Listed Shares).

- The PERLS will be listed on the ASX and will offer a floating dividend rate payable quarterly in arrears.
- PERLS will have no maturity date; however, investors will have the right to exchange PERLS at the issue price on each rollover date, the first of which will occur on the fifth anniversary year of the issue.
- The Bank has a right to repurchase at issue price or convert into ordinary shares on year 5 or at any dividend date thereafter, subject to APRA's approval.
- The PERLS will rank as part of the Bank's Tier 1 capital.

On 24 October 2000, the Bank announced details of an on market share buyback of up to $200 million of ordinary shares. At 31 December 2000, the Bank had bought back $23.7 million of shares on issue.

Risk Weighted Capital Ratios

	31/12/00	30/06/00	31/12/99
Tier 1	6.71	7.49	6.76
Total	9.37	9.75	9.11

On 1 February 2001, APRA advised its decision on the capital adequacy treatment of CBA's investments in life insurance and funds management subsidiaries. The effect is to reduce the tier 1 capital ratio at 31 December 2000 by 0.5% and to reduce the total capital adequacy ratio by 0.25%. The other major factor reducing the capital ratios from 30 June 2000 was the increase in risk weighted assets by $4.3 billion during the six months to 31 December 2000 which further reduced the Tier 1 capital ratio by 0.2% and the total capital adequacy ratio reduced by 0.3%. A summary of the basis for calculating capital adequacy is given in Appendix 4.

In January 2001, the Basel Committee on Banking Supervision issued proposals for changes to the calculation of capital adequacy for banks. Management are currently evaluating these changes, which are not expected to come into force until 2004.

Commonwealth Bank
Commonwealth Bank of Australia
ACN 123 123 124

Statutory Financial Report
Half year ended 31 December 2000

Contents

Directors' Report

The Directors submit their report for the half year ended 31 December 2000.

Directors

The names of the Directors holding office during the half year ended 31 December 2000 and until the date of this report were:

J T Ralph AC	Chairman	
J M Schubert	Deputy Chairman	(elected Deputy Chairman 12 December 2000)
D V Murray	Managing Director	
N R Adler AO	Director	
A C Booth	Director	(retired 31 December 2000)
R J Clairs AO	Director	
K E Cowley AO	Director	
A B Daniels OAM	Director	
C R Galbraith	Director	
W G Kent AO	Director	
F D Ryan	Director	
F J Swan	Director	
B K Ward	Director	

Review and Results of Operations

This is the first reporting period that includes a full contribution from the Colonial Group which was acquired on 13 June 2000. The combined operations of Commonwealth and Colonial position the Group as the leader within the financial services sector in Australia and New Zealand, together with representation throughout Asia and in the UK.

Commonwealth Bank Group recorded a net profit after tax of $1,135 million for the half year ended 31 December 2000, compared with $840 million for the half year ended 31 December 1999, an increase of 35%.

The Group reported a net profit from Banking of $875 million (1999: $755 million) reflecting strong growth in interest earnings based on asset growth and strong growth in other banking income, particularly card products and trading income.

The net profit from life insurance, on a "margin on services" basis, of $156 million (1999: $55 million) and funds management, of $78 million (1999: $12 million) reflects the Colonial acquisition and the strong new business growth in funds under management during the half.

The life insurance and funds management businesses are recorded at their appraisal value of $7,185 million (life insurance $4,732 million, funds management $2,453 million). For the half year ended 31 December 2000, there was a $449 million increase in appraisal value, represented by $189 million of appraisal value uplift and $260 million in net asset movements. The appraisal value uplift has more than offset the goodwill amortisation for the half year of $163 million.

The integration of the Colonial business into the Group is proceeding well and is expected to meet business targets of $380 million in cost and revenue synergies. Significant synergy savings will commence in the second half of the financial year.

Signed in accordance with a resolution of the Directors.

John Ralph

J T Ralph AC
Chairman

D V Murray
Managing Director

13 February 2001

Consolidated Statement of Financial Performance

For the half year ended 31 December 2000

	Half Year Ended 31/12/00 $M	30/06/00 $M	31/12/99 $M
Interest income	**6,024**	4,694	4,148
Interest expense	**3,803**	2,834	2,289
Net interest income	**2,221**	1,860	1,859
Other income:			
Proceeds from sale of assets	**189**	7	54
Written down value of assets sold	**(152)**	(10)	(26)
Other	**1,159**	995	931
Net banking operating income	**3,417**	2,852	2,818
Life insurance margin on services operating income	**664**	178	148
Funds management fee income	**320**	85	58
Net life and funds management operating income before appraisal value uplift	**984**	263	206
Total net operating income before appraisal value uplift	**4,401**	3,115	3,024
Charge for bad and doubtful debts	**182**	100	96
Operating expenses:			
Staff expenses	**1,199**	867	838
Occupancy and equipment expenses	**304**	223	214
Information technology services	**330**	290	281
Other expenses	**752**	394	300
	2,585	1,774	1,633
Profit from ordinary activities before appraisal value uplift, restructuring charge, goodwill amortisation and income tax	**1,634**	1,241	1,295
Appraisal value uplift	**189**	1,124	41
Restructuring charge	**-**	(106)	-
Goodwill amortisation	**(163)**	(34)	(23)
Profit from ordinary activities before income tax	**1,660**	2,225	1,313
Income tax expense	**514**	343	457
Net profit	**1,146**	1,882	856
Outside equity interests in net profit	**(11)**	(22)	(16)
Net profit attributable to members of the Bank	**1,135**	1,860	840
Foreign currency translation adjustment	**29**	(21)	(5)
Total changes in equity other than those resulting from transactions with owners as owners	**1,164**	1,839	835
	Cents per share		
Earnings per share based on net profit distributable to members of the Bank (basic and fully diluted):	**90**	198	92
Dividends provided for, reserved or paid per share attributable to members of the Bank:	**61**	72	58

Consolidated Statement of Financial Position

As at 31 December 2000

	Note	31/12/00 $M	30/06/00 $M	31/12/99 $M
Assets				
Cash and liquid assets		**3,676**	2,575	3,316
Receivables due from other financial institutions		**3,937**	5,154	3,820
Trading securities		**8,522**	7,347	5,838
Investment securities		**9,007**	9,149	10,107
Loans, advances and other receivables	4	**134,493**	132,263	107,024
Bank acceptances of customers		**11,615**	11,107	11,282
Life insurance investment assets		**28,070**	27,036	10,768
Deposits with regulatory authorities		**52**	46	3
Property, plant and equipment		**1,204**	1,073	929
Investment in associates		**421**	403	281
Goodwill		**6,007**	5,905	468
Other assets		**16,321**	16,201	7,842
Total Assets		**223,325**	218,259	161,678
Liabilities				
Deposits and other public borrowings	6	**111,976**	112,594	100,311
Payables due to other financial institutions		**5,039**	4,633	4,335
Bank acceptances		**11,615**	11,107	11,282
Provision for dividend		**642**	708	419
Income tax liability		**1,559**	1,823	1,213
Other provisions		**1,170**	1,554	781
Life insurance policyholder liabilities		**26,134**	25,282	9,738
Debt issues		**28,377**	25,275	15,645
Bills payable and other liabilities		**11,804**	11,549	6,655
		198,316	194,525	150,379
Loan Capital		**5,548**	5,299	3,453
Total Liabilities		**203,864**	199,824	153,832
Net Assets		**19,461**	18,435	7,846
Shareholders' Equity				
Share Capital		**12,671**	12,521	3,110
Reserves		**3,438**	3,265	2,005
Retained profits		**1,836**	1,686	1,920
Shareholders' equity attributable to members of the Bank		**17,945**	17,472	7,035
Outside equity interests:				
Controlled entities		**131**	375	241
Life insurance statutory funds		**1,385**	588	570
Total outside equity interests		**1,516**	963	811
Total Shareholders' Equity		**19,461**	18,435	7,846

Consolidated Statement of Cash Flows

For the half year ended 31 December 2000

	31/12/00 $M	30/06/00 $M	31/12/99 $M
Cash Flows From Operating Activities			
Interest received	6,338	3,893	4,056
Dividends received	10	6	14
Interest paid	(3,748)	(2,520)	(2,018)
Other operating income received	1,380	1,444	766
Expenses paid	(3,035)	(1,452)	(1,763)
Income taxes paid	(609)	(404)	(572)
Net decrease (increase) in trading securities	(1,241)	1,153	(1,203)
Life insurance:			
Investment income	706	150	278
Premiums received	2,002	1,221	1,550
Policy payments	(1,392)	(1,017)	(1,095)
Net Cash provided by Operating Activities	**411**	**2,474**	**13**
Cash Flows from Investing Activities			
Payments for acquisition of entities	(385)	-	(46)
Net movement in investment securities:			
Purchases	(8,040)	(6,979)	(9,873)
Proceeds from sale	170	-	17
Proceeds at or close to maturity	8,398	8,402	6,810
Withdrawal (lodgement) of deposits with regulatory authorities	6	-	950
Net increase in loans, advances and other receivables	(2,409)	(3,981)	(4,810)
Proceeds from sale of property, plant and equipment	19	7	37
Purchase of property, plant and equipment	(45)	(71)	(23)
Net decrease (increase) in receivables due from other financial institutions not at call	(2,627)	575	(344)
Net decrease (increase) in securities purchased under agreements to resell	(608)	168	(601)
Net decrease (increase) in other assets	(1,573)	(4,061)	1,637
Life insurance:			
Purchases of investment securities	(8,348)	(5,853)	(5,503)
Proceeds from sale/maturity of investment securities	7,380	5,720	5,143
Net Cash used in Investing Activities	**(8,062)**	**(6,073)**	**(6,606)**
Cash Flows from Financing Activities			
Buy back of shares	(23)	-	(553)
Proceeds from issue of shares (net of costs)	5	1	3
Net increase (decrease) in deposits and other borrowings	(796)	(1,200)	7,243
Net movement in debt issues	4,025	2,539	3,295
Dividends paid	(739)	(408)	(474)
Net movements in other liabilities	952	334	127
Net increase (decrease) in payables due to other financial institutions not at call	744	240	885
Net increase (decrease) in securities sold under agreements to repurchase	177	758	(431)
Issue of loan capital	-	1,409	644
Other	547	1,484	(1,178)
Net Cash provided by Financing Activities	**4,892**	**5,157**	**9,561**
Net Increase (Decrease) in Cash and Cash Equivalents	(2,759)	1,558	2,968
Cash and Cash Equivalents at beginning of period	3,969	2,411	(557)
Cash and Cash Equivalents at end of period	**1,210**	**3,969**	**2,411**

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

Notes to and forming part of the financial statements

Note 1 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 2000 and with any public announcements made by the Bank and its controlled entities during the half year ended 31 December 2000 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 the new AASB 1029: Interim Financial Reporting which the Directors have elected to adopt, Urgent Issues Group Consensus Views and other mandatory reporting requirements so far as the requirements are considered appropriate to a banking corporation. This half year report does not include all notes of the type normally included in the annual financial report.

The accounting policies followed in this half year report are the same as those applied in the 30 June 2000 annual financial report, except as noted below.

The Group adopted the requirements of AASB 1038: Life Insurance Business (AASB 1038) for the first time from 1 July 1999. From 1 July 2000 outside equity interests in managed investment funds controlled by the life insurance statutory funds have been brought to account. As a result life insurance investment assets and outside equity interests have increased to $1,385 million at 31 December 2000 ($588 million at 30 June 2000, $570 million at 31 December 1999). This change has no impact on operating profit after tax attributable to the Bank. Comparative figures have been restated.

This half year report has been prepared in accordance with the historical cost convention and, except for AASB 1038 requirements and Directors' valuations of property holdings, does not reflect current valuations of non monetary assets. Trading securities and traded derivative financial instruments are brought to account at net fair value.

In accordance with the Australian Securities and Investments 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.

Note 2 Revenue from Operating Activities

	Half Year Ended		
	31/12/00	30/06/00	31/12/99
	$M	$M	$M
Revenue from Operating Activities			
Banking			
Interest income	**6,024**	4,694	4,148
Fee and commissions	**897**	783	717
Trading income	**204**	150	161
Dividends	**10**	7	13
Proceeds from sale of property, plant and equipment	**19**	7	37
Proceeds from sale of investment securities	**170**	-	17
Other income	**48**	55	40
	7,372	5,696	5,133
Life Insurance and Funds Management			
Life insurance margin on services operating income	**664**	178	148
Funds management fee income	**320**	85	58
Appraisal value uplift			
- recurrent basis	**189**	51	41
- change of valuation basis of Commonwealth Life Insurance businesses	**-**	536	-
- corporate restructure of funds management business	**-**	537	-
	1,173	1,387	247
Total revenue from operating activities	**8,545**	7,083	5,380

Operating Expenses – half year ended 30 June 2000	**Recurrent Basis [1]**	**Restructuring Charge**	**Total**
Staff	867	20	887
Occupancy and equipment	223	3	226
Information technology services	290	32	322
Other	394	51	445
	1,774	106	1880

(1) Recurrent excludes exceptional items.

The recent change in Australian Accounting Standards prohibits disclosure of abnormals. This table shows prior periods operating expenses on a recurrent basis.

Restructuring

Provisions for restructuring costs of $400 million were raised at 30 June 2000, $106 million in Commonwealth Bank as above and $294 million in Colonial. These provisions covered the costs of integrating the Colonial operations (acquired 13 June 2000) into the existing Group, including the rationalisation of existing processing and administrative functions. The principal costs associated with this programme are in the area of redundancy, property and systems.

During the current half year restructuring costs of $103 million were incurred and charged against the provision. The integration of the Colonial business into the Group is proceeding to plan with significant synergy savings expected to commence in the second half of the financial year.

Notes to and forming part of the financial statements

Note 3 Income Tax Expense

	Half Year Ended		
	31/12/00	**30/06/00**	**31/12/99**
	$M	**$M**	**$M**
Operating profit before income tax			
Banking	**1,087**	972	1,175
Life insurance and funds management	**573**	1,253	138
	1,660	2,225	1,313
Prima facie income tax at 34% (30 June 2000 and prior: 36%)			
Banking	**369**	350	423
Life insurance and funds management	**195**	451	50
	564	801	473
Add (or deduct) permanent differences expressed on a tax effect basis			
Current period			
Tax rate change	**-**	(12)	35
Specific provisions for offshore bad and doubtful debts not tax effected	**-**	(23)	1
Taxation rebates (net of accruals)	**(30)**	(19)	(19)
Tax adjustment referable to policy holder income	**38**	11	17
Non assessable income - life insurance surplus	**(16)**	(43)	(19)
Change in excess of net market value over net assets of life insurance controlled entities	**(64)**	(387)	(15)
Non deductible goodwill amortisation	**55**	13	8
Employee share acquisition plan	**(8)**	-	(9)
Other items	**(27)**	1	(15)
	(52)	(459)	(16)
Prior Periods			
Other	**2**	1	-
Income tax attributable to operating profit			
Banking	**364**	312	427
Life insurance and funds management	**150**	31	30
Total Income Tax Expense	**514**	343	457

Notes to and forming part of the financial statements

Note 4 Loans, Advances and Other Receivables

	31/12/00 $M	30/06/00 $M	31/12/99 $M
Australia			
Overdrafts [1]	**2,527**	5,231	3,973
Housing loans [1]	**63,837**	61,056	47,879
Credit card outstandings	**3,779**	3,501	2,820
Lease financing	**5,315**	5,565	4,155
Bills discounted	**1,538**	991	684
Term loans	**39,829**	39,579	32,762
Redeemable preference share financing	**630**	641	694
Equity participation in leveraged leases	**1,612**	1,659	1,774
Other lending	**1,760**	1,708	1,350
Total Australia	**120,827**	119,931	96,091
Overseas			
Overdrafts	**1,220**	1,080	919
Housing loans	**7,668**	7,266	6,829
Credit card outstandings	**237**	208	197
Lease financing	**257**	228	247
Bills discounted	**-**	-	1
Term loans	**6,853**	6,837	5,498
Redeemable preference share financing	**459**	-	-
Other Lending	**189**	218	-
Total Overseas	**16,883**	15,837	13,691
Gross Loans, Advances and Other Receivables	**137,710**	135,768	109,782
Less:			
Provisions for impairment			
General provision	**(1,412)**	(1,358)	(1,117)
Specific provision against loans and advances	**(239)**	(431)	(258)
Unearned income			
Term loans	**(560)**	(558)	(479)
Lease financing	**(633)**	(691)	(511)
Leveraged leases	**(198)**	(216)	(223)
Interest reserved	**(70)**	(131)	(45)
Unearned tax remissions on leveraged leases	**(105)**	(120)	(125)
	(3,217)	(3,505)	(2,758)
Net Loans, Advances and Other Receivables	**134,493**	132,263	107,024

(1) Housing loans at 31 December 2000 include $2,789 million of home equity facility loans reclassified from the overdrafts category. Such loans of $2,415 million at 30 June 2000 and $1,879 million at 31 December 1999 have not been reclassified in the comparatives.

Note 5 Asset Quality

Balances of Impaired Assets	Half Year Ended		
	31/12/00 $M	30/06/00 $M	31/12/99 $M
Total Impaired Assets			
Gross non accruals	**896**	1,132	620
Gross restructured	**1**	1	1
Other real estate owned	**-**	1	-
Other assets acquired through security enforcement	**1**	1	-
Total Gross impaired assets	**898**	1,135	621
Less Interest reserved	**(70)**	(131)	(45)
Subtotal	**828**	1,004	576
Less Specific provisions for impairment	**(240)**	(432)	(258)
Total Net Impaired assets	**588**	572	318
Net Impaired Assets by Geographical Segments			
Australia	**413**	391	261
Overseas	**175**	181	57
Total	**588**	572	318

Notes to and forming part of the financial statements

Provisions for Impairment	**Half Year Ended 31/12/00 $M**	**30/06/00 $M**	**31/12/99 $M**
General Provisions			
Opening balance	**1,358**	1,117	1,081
Charge against profit and loss	**182**	100	96
Acquired provisions	**1**	214	-
Transfer to specific provisions	**(134)**	(63)	(77)
Bad debts recovered	**36**	23	31
Adjustments for exchange rate fluctuations and other items	**(13)**	(12)	9
	1,430	1,379	1,140
Bad debts written off	**(18)**	(21)	(23)
Closing balance	**1,412**	1,358	1,117
Specific Provisions			
Opening balance	**432**	258	275
Acquired provisions	**5**	219	-
Transfer from general provision for:			
New and increased provisioning	**184**	123	113
Less write-back of provisions no longer required	**(50)**	(60)	(36)
Net transfer	**134**	63	77
		-	
Adjustments for exchange rate fluctuations and other items	**(25)**	(5)	10
	546	535	362
Bad debts written off	**(306)**	(103)	(104)
Closing balance	**240**	432	258
Total Provisions for Impairment	**1,652**	1,790	1,375
Specific provisions for impairment comprise the following segments:			
Provisions against loans and advances	**239**	431	258
Provisions for diminution	**1**	1	-
Total	**240**	432	258
Includes specific provisions on indemnified loans (Colonial portfolio)	**16**	40	-

Provision Ratios	**%**	%	%
Specific provisions for impairment as % of gross impaired assets net of interest reserved	**28.99**	43.03	44.79
Total provisions for impairment as % of gross impaired assets net of interest reserved	**199.52**	178.29	238.72
General provisions as % of risk weighted assets	**1.06**	1.06	1.03

	%	**%**	**%**
Impaired Asset Ratios			
Gross impaired assets net of interest reserved as % of credit risk net of interest reserved	**0.42**	0.51	0.35
Net impaired assets as % of:			
Risk weighted assets	**0.44**	0.44	0.29
Total shareholders' equity	**3.02**	3.10	4.05

Notes to and forming part of the financial statements

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		
	31/12/00	**30/06/00**	**31/12/99**
	$M	**$M**	**$M**
Impaired Assets			
Income received			
Current period	**10**	11	5
Prior period	**16**	2	33
Total income received	**26**	13	38
Income forgone	**7**	**4**	**5**
Movement in Impaired Asset Balances			
Gross impaired assets at period beginning	**1,135**	621	657
New and increased	**481**	227	187
Balances written off	**(367)** (1)	(115)	(111)
Returned to performing or repaid	**(351)**	(82)	(112)
	898	651	621
Colonial Impaired assets acquired half year 30 June 2000	**-**	484	-
Gross impaired assets at period end	**898**	1,135	621

(1) Includes write offs against specific provisions of $306 million and interest reserved written off of $61 million for half year ended 31 December 2000.

Note 6 Deposits and Other Public Borrowings

	31/12/00	**30/06/00**	**31/12/99**
	$M	**$M**	**$M**
Australia			
Certificates of deposit	**11,149**	14,136	15,403
Term deposits	**30,225**	29,677	23,989
On demand and short term deposits	**49,867**	48,975	42,124
Deposits not bearing interest	**6,623**	6,075	5,743
Securities sold under agreements to repurchase	**769**	946	189
Other	**7**	7	7
Total Australia	**98,640**	99,816	87,455
Overseas			
Certificates of deposit	**1,747**	2,686	2,691
Term deposits	**7,439**	6,144	6,088
On demand and short term deposits	**3,528**	3,419	3,508
Deposits not bearing interest	**622**	529	569
Total Overseas	**13,336**	12,778	12,856
Total Deposits and Other Public Borrowings	**111,976**	112,594	100,311

Notes to and forming part of the financial statements

Note 7 Financial Reporting by Segments

	31/12/00		30/06/00		31/12/99	
	$M	%	$M	%	$M	%
GEOGRAPHICAL SEGMENTS						
Revenue						
Australia	**7,278**	**85.2**	6,044	85.3	4,556	84.7
New Zealand	**704**	**8.2**	603	8.5	505	9.4
Other Countries*	**563**	**6.6**	436	6.2	319	5.9
	8,545	**100.0**	7,083	100.0	5,380	100.0
Operating profit before tax						
Australia	**1,524**	**91.8**	2,063	92.7	1,218	92.8
New Zealand	**93**	**5.6**	109	4.9	83	6.3
Other Countries*	**43**	**2.6**	53	2.4	12	0.9
	1,660	**100.0**	2,225	100.0	1,313	100.0
Operating profit after tax and outside equity interests						
Australia	**1,025**	**90.3**	1,750	94.1	786	93.5
New Zealand	**69**	**6.1**	61	3.3	44	5.2
Other Countries*	**41**	**3.6**	49	2.6	10	1.3
	1,135	**100.0**	1,860	100.0	840	100.0
Assets						
Australia	**190,661**	**85.4**	187,452	85.9	136,509	84.4
New Zealand	**18,693**	**8.4**	16,661	7.6	14,271	8.8
Other Countries*	**13,971**	**6.2**	14,146	6.5	10,898	6.8
	223,325	**100.0**	218,259	100.0	161,678	100.0
INDUSTRY SEGMENTS						
Revenue						
Banking	**7,372**	**86.3**	5,696	80.4	5,133	95.4
Life Insurance	**664**	**7.8**	178	2.5	148	2.7
Funds management	**320**	**3.7**	85	1.2	58	1.1
Appraisal value uplift	**189**	**2.2**	1,124 (1)	15.9	41	0.8
	8,545	**100.0**	7,083	100.0	5,380	100.0
Operating profit before tax						
Banking	**1,250**	**75.3**	1,006 (2)	45.2	1,198	91.2
Life Insurance (3)	**268**	**16.1**	95	4.3	81	6.2
Funds management	**116**	**7.0**	34	1.5	16	1.2
Goodwill amortisation	**(163)**	**(9.8)**	(34)	(1.5)	(23)	(1.7)
Appraisal value uplift	**189**	**11.4**	1,124 (1)	50.5	41	3.1
	1,660	**100.0**	2,225	100.0	1,313	100.0
Operating profit after tax and outside equity interests						
Banking	**875**	**77.1**	672 (2)	36.1	755	89.9
Life Insurance	**156**	**13.7**	74	4.0	55	6.5
Funds management	**78**	**6.9**	24	1.3	12	1.4
Goodwill amortisation	**(163)**	**(14.4)**	(34)	(1.8)	(23)	(2.7)
Appraisal value uplift	**189**	**16.7**	1,124 (1)	60.4	41	4.9
	1,135	**100.0**	1,860	100.0	840	100.0
Assets						
Banking	**187,278**	**83.9**	185,108	84.8	149,911	92.7
Life Insurance (4)	**36,047**	**16.1**	33,151	15.2	11,767	7.3
	223,325	**100.0**	218,259	100.0	161,678	100.0

* See Definitions (Appendix 7)

(1) Includes $537 million related to initial net market valuation of Commonwealth funds management businesses and $536 million related to a change of valuation bases of Commonwealth life insurance business.

(2) Includes $106 million restructuring charge and $20 million related tax credit, as appropriate, related to costs of integrating the Colonial operations.

(3) As part of a re-balancing of the Group's exposure to equities, during the half year certain strategic investments held within the Bank, which were held at cost, were transferred to the life insurance operations where assets are reported at market value. This has resulted in a gain of $47 million after tax being reported within investment earnings on assets held in excess of policyholder liabilities.

(4) The assets of the funds management entities of the Group are predominantly contained within subsidiaries of life insurance companies and therefore under AASB 1038 qualify as life insurance assets.

Notes to and forming part of the financial statements

Note 8 Statement of Cash Flows

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

	Half Year Ended		
	31/12/00 $M	30/06/00 $M	31/12/99 $M
Operating profit after income tax	1,146	1,882	856
Decrease (increase) in interest receivable	314	(832)	(116)
Increase in interest payable	54	510	48
Net (increase) decrease in trading securities	(1,241)	1,153	(1,203)
Net (gain)/loss on sale of investment securities	(36)	5	(17)
Charge for bad and doubtful debts	182	100	96
Depreciation and amortisation	245	90	85
Other provisions	(385)	513	15
Increase (decrease) in income taxes payable	(209)	387	(139)
(Decrease) increase in deferred income taxes payable	(54)	377	(58)
(Increase) decrease in future income tax benefits	168	(300)	82
Amortisation of premium on investment securities	23	32	15
Unrealised gain on revaluation of trading securities	(52)	(176)	(12)
Change in excess of net market value over net assets of life insurance controlled entities	(189)	(1,124)	(41)
Other	445	(143)	402
Net Cash provided by Operating Activities	**411**	**2,474**	**13**

(b) 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	**31/12/00 $M**	**30/06/00 $M**	**31/12/99 $M**
Notes, coins and cash at bankers	**1,384**	980	1,687
Other short term liquid assets	**457**	370	235
Receivables due from other financial institutions - at call	**1,253**	5,102	3,180
Payables due to other financial institutions - at call	**(1,884)**	(2,483)	(2,691)
Cash and Cash Equivalents at end of year	**1,210**	**3,969**	**2,411**

(c) Non Cash Financing and Investing Activities

The value of shares issued under the Dividend Reinvestment Plan totalled $169 million during the half year ended 31 December 2000 (1999: $135 million).

Note 9 Events after the end of the Financial Period

Capital Management

The Bank intends to implement an off-market buyback of up to $700 million of ordinary shares with the ultimate size of the buyback dependent on the take-up of a new issue of preference shares.

The buyback is part of an integrated capital management strategy that involves replacing ordinary shares with a cheaper form of equity in order to achieve a more efficient capital structure.

In this regard, the Bank proposes to issue $700 million of PERLS (Preferred Exchangeable Resettable Listed Shares). The PERLS will be listed on the ASX and will offer a floating dividend rate payable quarterly in arrears.

Note 10 Contingent Liabilities

There have been no material changes in contingent liabilities since those disclosed in the financial statements for the year ended 30 June 2000, refer Notes 38 and 39 of the 2000 Annual Report.

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:

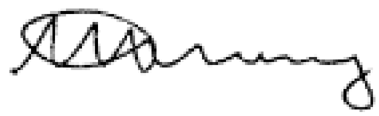
(a) the half year consolidated financial statements as set out on pages 31 to 40:

   (i) give a true and fair view of the financial position as at 31 December 2000 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 AC
Chairman

D V Murray
Managing Director

13 February 2001

Independent Review Report

To the Members of Commonwealth Bank of Australia

Matter relating to the Electronic Presentation of the Independent Review Financial Report

This review report relates to the Financial Report of Commonwealth Bank of Australia for the half year ended 31 December 2000 included on the company's web site. The company's directors are responsible for the integrity of Commonwealth Bank of Australia's web site. The review report refers only to the statements names below and does not apply to any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the Financial Report to confirm the information included in the Financial Report presented on this web site.

Scope

We have reviewed the financial report of Commonwealth Bank of Australia for the half year ended 31 December 2000, set out on pages 31 to 41, including the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising the 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 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: Interim Financial Reporting, 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. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than 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 makes 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 2000 and its performance for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Ernst & Young
Sydney

S C Van Gorp
Partner

13 February 2001

Appendix

1. **AVERAGE INTEREST EARNING ASSETS AND LIABILITIES**

2. **INTEREST RATE AND VOLUME ANALYSIS OF HALF YEAR RESULTS**

3. **INTEGRATED RISK MANAGEMENT**

4. **CAPITAL ADEQUACY**

5. **CREDIT RATINGS**

6. **SHARE CAPITAL AND RESERVES**

7. **DEFINITIONS**

8. **PROFORMA STATEMENTS OF FINANCIAL PERFORMANCE**

9. **MARKET VALUES OF LIFE INSURANCE AND FUNDS MANAGEMENT BUSINESSES**

1. AVERAGE INTEREST EARNING ASSETS AND LIABILITIES – 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 2000, proforma 30 June 2000 and proforma 31 December 1999. Averages used are predominantly daily averages.

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	**31/12/00**			**Proforma 30/06/00**			**Proforma 31/12/99**		
	Average Balance $M	**Interest $M**	**Average Rate %**	**Average Balance $M**	**Interest $M**	**Average Rate %**	**Average Balance $M**	**Interest $M**	**Average Rate %**
Average Interest Earning Assets and interest income									
Cash and liquid assets									
Australia	**2,475**	**58**	**4.6**	2,244	50	4.5	1,625	32	3.9
Overseas	**243**	**-**	**-**	25	-	-	59	-	-
Receivables due from other financial institutions									
Australia	**2,771**	**88**	**6.3**	2,437	74	6.1	1,568	44	5.6
Overseas	**1,468**	**54**	**7.3**	1,325	47	7.1	1,289	33	5.0
Deposits with regulatory authorities									
Australia	**-**	**-**	**n/a**	-	-	n/a	26	-	-
Overseas	**19**	**-**	**-**	10	-	-	2	-	-
Trading securities									
Australia	**4,818**	**156**	**6.4**	5,535	172	6.2	7,207	194	5.4
Overseas	**2,392**	**81**	**6.7**	1,848	55	6.0	2,008	44	4.4
Investment securities									
Australia	**3,600**	**137**	**7.5**	4,513	150	6.7	4,104	122	5.9
Overseas	**5,988**	**210**	**7.0**	5,096	173	6.8	5,564	153	5.5
Loans, advances and other receivables									
Australia	**118,129**	**4,599**	**7.7**	115,239	4,241	7.4	108,323	3,829	7.0
Overseas	**15,994**	**639**	**7.9**	14,755	547	7.5	13,452	438	6.5
Other interest earning assets	**-**	**2**	**n/a**	-	4	n/a	-	-	n/a
Intragroup loans									
Australia	**-**	**-**	**n/a**	-	-	n/a	-	-	n/a
Overseas	**3,188**	**109**	**6.8**	3,795	117	6.2	1,866	51	5.4
Average interest earning assets and interest income including intragroup	**161,085**	**6,133**	**7.6**	156,822	5,630	7.2	147,093	4,940	6.7
Intragroup eliminations	**(3,188)**	**(109)**	**6.8**	(3,795)	(117)	6.2	(1,866)	(51)	5.4
Total average interest earning assets and interest income	**157,897**	**6,024**	**7.6**	153,027	5,513	7.2	145,227	4,889	6.7

AVERAGE INTEREST EARNING ASSETS AND LIABILITIES (CONTINUED)

Half Year Ended	**31/12/00**			**Proforma 30/06/00**			**Proforma 31/12/99**		
	Average Balance $M	**Interest $M**	**Average Rate %**	**Average Balance $M**	**Interest $M**	**Average Rate %**	**Average Balance $M**	**Interest $M**	**Average Rate %**
Average Interest Bearing Liabilities and Loan Capital and Interest Expense									
Time Deposits									
Australia	**42,965**	**1,310**	**6.0**	45,101	1,280	5.7	43,925	1,144	5.2
Overseas	**9,325**	**351**	**7.5**	8,762	258	5.9	8,570	225	5.2
Savings Deposits									
Australia	**28,231**	**322**	**2.3**	27,849	295	2.1	28,049	247	1.8
Overseas	**1,883**	**40**	**4.2**	1,947	34	3.5	2,086	32	3.1
Other demand deposits									
Australia	**22,153**	**555**	**5.0**	20,698	451	4.4	20,087	376	3.7
Overseas	**1,779**	**28**	**3.1**	1,465	26	3.6	1,374	18	2.6
Payables due to other financial institutions									
Australia	**953**	**25**	**5.2**	758	26	6.9	1,299	33	5.1
Overseas	**3,976**	**138**	**6.9**	3,385	145	8.6	4,048	96	4.7
Debt issues									
Australia	**17,002**	**532**	**6.2**	16,330	507	6.2	12,928	386	5.9
Overseas	**9,656**	**296**	**6.1**	9,146	267	5.9	6,180	163	5.2
Loan capital									
Australia	**5,399**	**191**	**7.0**	4,114	133	6.5	3,408	98	5.7
Overseas	**143**	**4**	**5.5**	122	5	8.2	14	1	8.5
Other interest bearing liabilities	**-**	**11**	**n/a**	-		n/a	-		n/a
Intragroup borrowings									
Australia	**3,188**	**109**	**6.8**	3,795	117	6.2	1,866	51	5.4
Overseas	**-**	**-**	**n/a**	-	-	n/a	-	-	n/a
Average interest bearing liabilities and loan capital and interest expense including intragroup	**146,654**	**3,912**	**5.3**	143,472	3,544	5.0	133,834	2,870	4.3
Intragroup eliminations	**(3,188)**	**(109)**	**6.8**	(3,795)	(117)	6.2	(1,866)	(51)	5.4
Total average interest bearing liabilities and loan capital and interest expense	**143,466**	**3,803**	**5.3**	139,677	3,427	4.9	131,968	2,819	4.2

2. Interest Rate and Volume Analysis of Half Year Results

Half Year Ended	**31/12/00 vs Proforma 31/12/99**			**31/12/00 vs Proforma 30/06/00**		
	Changes due to			**Changes due to**		
	Volume $M	**Rate $M**	**Total $M**	**Volume $M**	**Rate $M**	**Total $M**
Interest Earning Assets						
Cash and liquid assets						
Australia	18	8	26	5	2	7
Overseas	-	-	-	-	-	-
Receivables due from other financial institutions						
Australia	36	8	44	10	3	13
Overseas	6	16	21	5	1	6
Deposits with regulatory authorities						
Australia	-	-	-	-	-	-
Overseas	-	-	-	-	-	-
Trading securities						
Australia	(71)	33	(38)	(23)	5	(18)
Overseas	11	26	37	17	8	25
Investment securities						
Australia	(17)	32	15	(33)	18	(15)
Overseas	13	44	57	31	4	35
Loans, advances and other receivables						
Australia	364	406	770	110	201	311
Overseas	92	109	201	48	38	86
Other interest earning assets	-	2	2	-	(2)	(2)
Intragroup loans						
Australia	-	-	-	-	-	-
Overseas	41	17	58	(20)	11	(9)
Change in interest income including intragroup	501	692	1,193	159	283	441
Intragroup eliminations	(41)	(17)	(58)	20	(11)	9
Change in interest income	455	680	1,135	182	269	450
Interest Bearing Liabilities and Loan Capital						
Time Deposits						
Australia	(27)	193	166	(63)	79	16
Overseas	24	102	126	19	71	90
Savings Deposits						
Australia	2	73	75	4	20	24
Overseas	(4)	12	8	(1)	7	6
Other demand deposits						
Australia	45	134	179	34	65	99
Overseas	6	4	10	5	(4)	2
Payables due to other financial institutions						
Australia	(9)	1	(8)	6	(7)	(1)
Overseas	(2)	44	42	23	(32)	(9)
Debt Issues						
Australia	125	21	146	21	(2)	19
Overseas	99	34	133	15	11	26
Loan Capital						
Australia	64	29	93	44	13	57
Overseas	5	(1)	3	1	(2)	(1)
Other interest bearing liabilities	-	11	11	-	11	11
Intragroup borrowings						
Australia	41	17	58	(20)	11	(9)
Overseas	-	-	n/a	-	-	n/a
Change in interest expense including intragroup	308	734	1,042	82	247	329
Intragroup eliminations	(41)	(17)	(58)	20	(11)	9
Change in interest expense	275	709	984	97	241	338
Change in net interest income	179	(28)	151	68	44	112
Change due to Variation in Time Periods						23

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.

3. INTEGRATED RISK MANAGEMENT

(Excludes Life Insurance and Funds 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 2000 Annual Report, pages 29 to 32 and Note 39 on pages 126-133 which explains the management of market risk.

Interest Rate Risk in the Balance Sheet is discussed within Note 39 of the 2000 Annual Report. Updated information to 31 December 2000 is as follows:

Next 12 months' Earnings

Over the half year to 31 December 2000 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:

		Half Year Ended	
	31/12/00	**30/06/00**	**31/12/99**
(expressed as a % of expected next 12 months' earnings)	**%**	**%**	**%**
Average monthly exposure	**1.8**	1.8	1.7
High month exposure	**2.2**	2.3	2.1
Low month exposure	**1.7**	1.4	1.4

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.

		Half Year Ended	
	31/12/00	**30/06/00**	**31/12/99**
	$M	**$M**	**$M**
Exposure as at period end	**13**	19	22
Average monthly exposure	**18**	17	37
High month exposure	**23**	19	45
Low month exposure	**13**	15	22

Foreign Exchange Risk in the Balance Sheet is discussed within Note 39 of the 2000 Annual Report. Updated information to 31 December 2000 is:

An adverse movement of 10% in the applicable AUD foreign exchange rate would cause the Bank's capital ratio to deteriorate by less than 0.3% (half year to 31/12/99: less than 0.2%).

Value at Risk (VaR) within Financial Markets Trading is discussed on pages 31 and 32 of the 2000 Annual Report. Updated information to 31 December 2000 is:

	Average VaR During December 2000 Half $M	Average VaR During June 2000 Half $M	Average VaR During December 1999 Half $M
Group (excluding ASB Bank)			
Interest rate risk	**2.30**	2.52	2.35
Exchange rate risk	**0.64**	0.73	0.67
Implied volatility risk	**0.32**	0.25	0.32
Equities risk	**0.42**	0.32	0.13
Commodities risk	**0.33**	0.29	0.47
Prepayment	**0.38**	0.28	-
ASB Bank	**0.21**	0.26	-
Diversification benefit	**(1.74)**	(1.59)	(1.49)
Group Total	**2.86**	3.06	2.45

4. CAPITAL ADEQUACY

As at	31/12/00 $M	30/06/00 $M	31/12/99 $M
Tier One Capital			
Total Shareholders' Equity	**19,461**	18,435	7,846
Eligible Loan Capital	**423**	418	616
Total Shareholders Equity and Loan Capital	**19,884**	18,853	8,462
Less Goodwill	**(6,007)**	(5,905)	(468)
Less Preference shares	**(39)**	(86)	(88)
Less Intangible component of investment in non-consolidated subsidiaries	**(3,449)**	(2,656)	-
Less Outside equity interests in entities controlled by non-consolidated subsidiaries	**(1,475)**	(588)	(570)
Total Tier One Capital	**8,914**	9,618	7,336
Tier Two Capital			
General provisions for bad and doubtful debts	**1,412**	1,358	1,117
FITB related to general provision	**(420)**	(420)	(326)
Dated note and bond issues	**4,771**	5,120	3,114
Preference shares	**39**	39	40
Total Tier Two Capital	**5,802**	6,097	3,945
Tier One and Tier Two Capital	**14,716**	15,715	11,281
Deductions	**(2,278)**	(3,197)	(1,389)
Total Regulatory Capital	**12,438**	12,518	9,892
Tier One Capital less Eligible loan capital	**8,491**	9,200	6,720

The Australia Prudential Regulation Authority (APRA) sets minimum capital adequacy ratios for the Group. These ratios compare the capital base of the Group with balance sheet assets, weighted for risk. Capital base consists of shareholders equity plus other capital instruments acceptable to APRA (tier 1 capital) and general provision for credit losses and other hybrid and debt instruments acceptable to APRA (tier 2 capital). The life insurance and funds management businesses are not consolidated for capital adequacy purposes.

Tier 1 capital has decreased by $704 million, mainly due to a change in the treatment of the value of business in force (VBIF) in non-consolidated subsidiaries. Previously, net tangible assets included in Tier 1 was defined as including both acquired and self-generated VBIF in non-consolidated subsidiaries. Based on a ruling by APRA in February 2001, APRA now allows only acquired VBIF to be included in net tangible assets.

Total regulatory capital decreased by $80 million. Increased share capital due to the DRP, higher retained profits, and reduced holding of other bank equity increased the capital base, whilst the different method of classifying Tier 1 capital notes reduced eligible dated and bond issues reduced the capital base.

Risk weighted assets increased by $4,270 million. Of this amount, $3,683 million was due to an increase in underlying assets and $587 million due to a change in mix.

	31/12/00 %	30/06/00 %	31/12/99 %
Risk Weighted Capital Ratios			
Tier one	6.71	7.49	6.76
Tier two	4.37	4.75	3.63
Less Deductions	(1.71)	(2.49)	(1.28)
Total	9.37	9.75	9.11

On 1 February 2001, APRA advised its decision on the capital adequacy treatment of CBA's investments in life insurance and funds management subsidiaries. The effect is to reduce the tier 1 capital ratio at 31 December 2000 by 0.5% and to reduce the total capital adequacy ratio by 0.25%. The other major factor reducing the capital ratios from 30 June 2000 was the increase in risk weighted assets by $4.3 billion during the six months to 31 December 2000 which further reduced the Tier 1 capital ratio by 0.2% and the total capital adequacy ratio reduced by 0.3%. A summary of the basis for calculating capital adequacy is given in Appendix 4.

In January 2001, the Basel Committee on Banking Supervision issued proposals for changes to the calculation of capital adequacy for banks. Management are currently evaluating these changes, which are not expected to come into force until 2004.

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.

5. 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

6. SHARE CAPITAL AND RESERVES

	Ordinary Shares Issued	$M
Share Capital		
Opening Balance 1 July 2000	1,260,201,978	12,521
Buyback	(785,173)	(23)
Exercise of executive options	277,500	4
Employee Share Acquisition Plan Issues	872,620	-
Employee Share Subscription Plan Issues	107,550	2
DRP 1999/2000 final dividend fully paid ordinary shares @ $27.31	6,324,869	169
Issue costs	-	(2)
Closing balance 31 December 2000	1,266,999,344	12,671

Reserves	
Opening balance 1 July 2000	3,265
Transfer of DRP Reserve to Share Capital	(200)
Transfer of DRP Reserve re Interim Dividend	131
Appropriation from profits	213
Movement in Foreign Currency Translation Reserve	29
Closing Balance 31 December 2000	3,438

Dividend Franking Account

The amount of franking credits available for subsequent financial years stands at $410 million. This figure represents the extent to which future dividends could be fully franked at 34%, and is based on the combined franking accounts of the Group at 31 December 2000, which have been adjusted for franking credits that will arise from the payment of income tax payable on profits of the half year ended 31 December 2000, franking debits that will arise from the payment of dividends proposed for the half year and franking credits that the Group may be prevented from distributing in subsequent financial periods.

The Dividend Reinvestment Plan is capped at 10,000 shares per shareholder.

Record Date

The register closes for determination of dividend entitlement and for participation in the Dividend Reinvestment Plan at 5:00pm on 23 February 2001 at ASX Perpetual Registrars Limited, Locked Bag A14, Sydney South, 1232.

Ex Dividend Date

The ex dividend date is 19 February 2001.

7. DEFINITIONS

Item	Description
Dividend Payout Ratio	Dividends per share divided by earnings per share.
DRP	Dividend Reinvestment Plan
DRP Participation Rate	The percentage of total issued capital participating in the Dividend Reinvestment Plan.
Earnings Per Share	Calculated in accordance with AASB 1027: Earnings per Share.
Other Countries	United Kingdom, United States of America, Japan, Singapore, Hong Kong, Grand Cayman, the Philippines, Fiji, Thailand, Indonesia, Malaysia, China and Vietnam.
Proforma 31 December 1999	Proforma represents the combined results of Commonwealth Bank and Colonial for the half year ended 31 December 1999 adjusted for items not considered part of the ongoing operations.
Return on Average Shareholders' Equity	Based on operating profit after tax and outside equity interests applied to average shareholders equity.
Return on Average Total Assets	Based on operating profit after tax and outside equity interests. Averages are based on beginning and end of half year balances.
Total Assets	Includes the gross amount of trading derivative contract revaluations.
Underlying Profit	Represents operating profit before tax, charge for bad and doubtful debts and goodwill amortisation.

8. PROFORMA STATEMENTS OF FINANCIAL PERFORMANCE

Proforma Group Profit and Loss	Half Year Ended 30/06/00 CBA $M	Half Year Ended 30/06/00 Colonial $M	Half Year Ended 30/06/00 Group Proforma $M	Half Year Ended 31/12/99 CBA $M	Half Year Ended 31/12/99 Colonial $M	Half Year Ended 31/12/99 Group Proforma $M	Full Year Ended 30/06/00 CBA $M	Full Year Ended 30/06/00 Colonial $M	Full Year Ended 30/06/00 Group Proforma $M
Income									
Interest income	4,622	891	5,513	4,148	741	4,889	8,770	1,632	10,402
Interest expense	2,784	643	3,427	2,289	530	2,819	5,073	1,173	6,246
Net interest income	**1,838**	**248**	**2,086**	**1,859**	**211**	**2,070**	**3,697**	**459**	**4,156**
Other Banking operating income	978	128	1,106	959	113	1,072	1,937	241	2,178
Total banking income	**2,816**	**376**	**3,192**	**2,818**	**324**	**3,142**	**5,634**	**700**	**6,334**
Net life and funds management income	210	829	1,039	206	853	1,059	416	1,682	2,098
Total income	**3,026**	**1,205**	**4,231**	**3,024**	**1,177**	**4,201**	**6,050**	**2,382**	**8,432**
Expenses									
Operating expenses	1,716	757	2,473	1,633	716	2,349	3,349	1,473	4,822
Charge for bad and doubtful debts	100	42	142	96	72	168	196	114	310
Total expenses	**1,816**	**799**	**2,615**	**1,729**	**788**	**2,517**	**3,545**	**1,587**	**5,132**
Operating profit before abnormal items and income tax	**1,210**	**406**	**1,616**	**1,295**	**389**	**1,684**	**2,505**	**795**	**3,300**
Income tax expense	355	200	555	457	171	628	812	371	1,183
Operating profit after income tax	**855**	**206**	**1,061**	**838**	**218**	**1,056**	**1,693**	**424**	**2,117**
Outside equity interests	22	4	26	16	7	23	38	11	49
Operating profit after income tax and before goodwill, appraisal value uplift and abnormal items	**833**	**202**	**1,035**	**822**	**211**	**1,033**	**1,655**	**413**	**2,068**
Contributions to profit (after tax)									
Banking	751	51	802	755	37	792	1,506	88	1,594
Life insurance	62	108	170	55	138	193	117	246	363
Funds Management	20	43	63	12	36	48	32	79	111
Profit after tax from operations	833	202	1,035	822	211	1,033	1,655	413	2,068
Goodwill amortisation	-	-	-	-	-	-	-	-	-
Appraisal value uplift	-	-	-	-	-	-	-	-	-
Operating profit after income tax and before abnormal items	833	202	1,035	822	211	1,033	1,655	413	2,068
Abnormal items after tax	-	-	-	-	-	-	-	-	-
Operating profit after income tax	**833**	**202**	**1,035**	**822**	**211**	**1,033**	**1,655**	**413**	**2,068**

The Colonial proforma statement of financial performance does not include goodwill amortisation or life insurance appraisal value uplift. The results have been adjusted for items not considered part of the ongoing operations, such as the effect of Colonial's UK life insurance business which was sold in the year ended 30 June 2000. These proforma statements include some minor adjustments from those included in the 30 June 2000 Annual Report to reflect consistency with CBA accounting treatments.

Proforma Banking Segment Profit & Loss	Half Year Ended 30/06/00			Half Year Ended 31/12/99			Full Year Ended 30/06/00		
	CBA	Colonial	Group Proforma	CBA	Colonial	Group Proforma	CBA	Colonial	Group Proforma
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Income									
Interest income	4,622	891	5,513	4,148	741	4,889	8,770	1,632	10,402
Interest expense	2,784	643	3,427	2,289	530	2,819	5,073	1,173	6,246
Net interest income	**1,838**	**248**	**2,086**	**1,859**	**211**	**2,070**	**3,697**	**459**	**4,156**
Other Banking operating income	978	128	1,106	959	113	1,072	1,937	241	2,178
Total income	**2,816**	**376**	**3,192**	**2,818**	**324**	**3,142**	**5,634**	**700**	**6,334**
Expenses									
Operating expenses	1,612	266	1,878	1,524	231	1,755	3,136	497	3,633
Charge for bad and doubtful debts	100	42	142	96	72	168	196	114	310
Total expenses	**1,712**	**308**	**2,020**	**1,620**	**303**	**1,923**	**3,332**	**611**	**3,943**
Operating profit before abnormal items and income tax	**1,104**	**68**	**1,172**	**1,198**	**21**	**1,219**	**2,302**	**89**	**2,391**
Income tax expense	331	13	344	427	(23)	404	758	(10)	748
Operating profit after income tax	**773**	**55**	**828**	**771**	**44**	**815**	**1,544**	**99**	**1,643**
Outside equity interests	22	4	26	16	7	23	38	11	49
Operating profit after income tax - Banking segment	**751**	**51**	**802**	**755**	**37**	**792**	**1,506**	**88**	**1,594**

Proforma Funds Management Segment Profit & Loss

	Half Year Ended 30/06/00			Half Year Ended 31/12/99			Full Year Ended 31/06/00		
	CBA $M	Colonial $M	Group Proforma $M	CBA $M	Colonial $M	Group Proforma $M	CBA $M	Colonial $M	Group Proforma $M
Operating income - external	73	227	300	58	183	241	131	410	541
Operating income - internal	6	12	18	4	10	14	10	22	32
Total operating income	79	239	318	62	193	255	141	432	573
Operating expenses	51	173	224	46	140	186	97	313	410
Operating profit before tax	28	66	94	16	53	69	44	119	163
Income tax expense	8	23	31	4	17	21	12	40	52
Operating profit after tax	**20**	**43**	**63**	**12**	**36**	**48**	**32**	**79**	**111**

Proforma Life Insurance Segment Profit & Loss

	Half Year Ended 30/06/00			Half Year Ended 31/12/99			Full Year Ended 30/06/00		
	CBA $M	Colonial $M	Group Proforma $M	CBA $M	Colonial $M	Group Proforma $M	CBA $M	Colonial $M	Group Proforma $M
Margin on Services operating income	137	602	739	148	670	818	285	1,272	1,557
Operating expenses - external	53	318	371	63	345	408	116	663	779
Operating expenses - internal	6	12	18	4	10	14	10	22	32
Total expenses	59	330	389	67	355	422	126	685	811
Operating profit before tax	78	272	350	81	315	396	159	587	746
Income tax expense	16	164	180	26	177	203	42	341	383
Operating profit after tax	**62**	**108**	**170**	**55**	**138**	**193**	**117**	**246**	**363**
Proforma sources of Life Insurance operating profit									
Emergence of planned profit margins	63	59	122	51	52	103	114	111	225
Difference between actual and planned experience	(13)	5	(8)	-	(12)	(12)	(13)	(7)	(20)
Reversal of previously recognised losses	1	1	2	-	11	11	1	12	13
Investment earnings on assets in excess of policy liabilities	9	43	52	4	87	91	13	130	143
Other	2	-	2	-	-	-	2	-	2
Operating profit after tax	**62**	**108**	**170**	**55**	**138**	**193**	**117**	**246**	**363**

9. Market Values of Life Insurance and Funds Management Business

The following tables set out the embedded values and appraisal values of the Group's life insurance and funds management businesses. These are Directors' valuations based on appraisal values determined by independent actuaries Trowbridge Consulting.

As at 30 June 2000 [1]	Australia $M	Life Business New Zealand $M	Asia $M	Funds Management $M	Total $M
Shareholders net tangible assets	1,639	178	588	9	2,414
Value of inforce business	686	186	101	623	1,596
Embedded Value	2,325	364	689	632	4,010
Value of future new business	690	240	186	1,610	2,726
Appraisal Value (market value)	**3,015**	**604**	**875**	**2,242**	**6,736**

As at 31 December 2000	Australia $M	Life Business New Zealand $M	Asia $M	Funds Management $M	Total $M
Shareholders net tangible assets	1,759	172	638	97	2,666
Value of inforce business	714	196	101	684	1,695
Embedded Value	2,473	368	739	781	4,361
Value of future new business	724	242	186	1,672	2,824
Appraisal Value (market value)	**3,197**	**610**	**925**	**2,453**	**7,185**

Movement 30 June 2000 to 31 December 2000	Australia $M	Life Business New Zealand $M	Asia $M	Funds Management $M	Total $M
Net Profit	120 [2]	11	(22)	73 [3]	182
Net capital transfers	-	(17)	72	23	78
Acquisition of business	-	-	-	(8)	(8)
Shareholders net tangible assets	120	(6)	50	88	252
Value of inforce business	28	10	-	59	97
Inforce business acquired	-	-	-	2	2
Embedded Value	148	4	50	149	351
Value of future new business	34	2	-	56	92
Future new business acquired	-	-	-	6	6
Appraisal Value (market value) increase	**182**	**6**	**50**	**211**	**449**

Movement 30 June 2000 to 31 December 2000	Australia $M	Life Business New Zealand $M	Asia $M	Funds Management $M	Total $M
Value of inforce business	28	10	-	59	97
Value of future new business	34	2	-	56	92
Appraisal Value Uplift	**62**	**12**	**-**	**115**	**189**

(1) Balances at 30 June 2000 include some minor adjustments principally related to the re-allocation of value between in-force business and future new business. Such adjustments have no effect on the appraisal value uplift for the half year.

(2) Total Australian life insurance profit is $167 million, comprising $120 million in the life insurance corporate structure and $47 million relating to certain strategic investments transferred from the Bank to the life insurance operations.

(3) Total funds management profit is $78 million, comprising $73 million as above and $5 million earned by funds management subsidiaries which are not in the life insurance corporate structure, and therefore not carried at appraisal value.