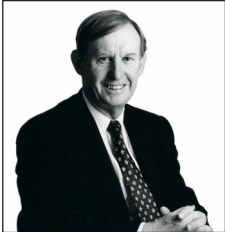


Commonwealth Bank Shareletter



Dear Shareholder,

2004 has been an exciting year for your Bank.

In the 2004 financial year, we achieved strong operating performances in all our businesses, and we delivered another record dividend. We also launched Which new Bank, the most transformational change since the Bank was privatised in 1991.

The scope of the Which new Bank program covers everything we do. Using the three themes of customers, people and processes, Which new Bank consists of 20 workstreams, more than 100 initiatives and an investment of \$1.5 billion. We are now one year into the three year program. One of our main achievements was to reshape

our service and sales approach right across the Bank.

More than one third of our people undertook intensive service and sales training during the year. Over the year, I have visited and talked individually with more than 2,500 staff in branches, call centres, administration centres and business banking centres across every state and territory, as well as overseas. During these visits I have also discussed service with a large

number of customers. On these visits, I have found tremendous enthusiasm for the service and sales approach as it gives our people a structured process by which to go about their work and engage our customers.

The success of Which new Bank hinges on the development of a strong performance culture where our people are empowered, motivated and skilled to make decisions to serve our customers better. We have also introduced new forms of reward and recognition for our people, such as the CEO awards. From the feedback I have received, an overwhelming majority understand why we need Which new Bank, and feel well informed and positive about it. What pleases me most is that feedback is overwhelmingly about customer service and ideas for improving service.

Turning to our processes, we have achieved turnaround time improvements of:

- 70% in approving and installing EFTPOS facilities for merchants;
- 32% in approving applications for credit;
- 50% in approving and processing home loan offers; and
- 40% in cheque handling.

In launching Which new Bank we said that, subject to market conditions continuing over the three years of Which new Bank, the Bank would target a compound annual growth rate in cash earnings per share exceeding 10% per annum, 4-6% compound annual productivity improvement, profitable market share growth across major product lines and increases in the dividend per share each year. Since that time, we have kept our investment spend within the planned expenditure and achieved benefits in excess of plan. We anticipate meeting the targets for Which new Bank and achieving a significant increment in cash earnings this year.

Once again, I would like to welcome the Bank's new Chairman, John Schubert who will be in touch with you regarding usual shareholder matters during the year.

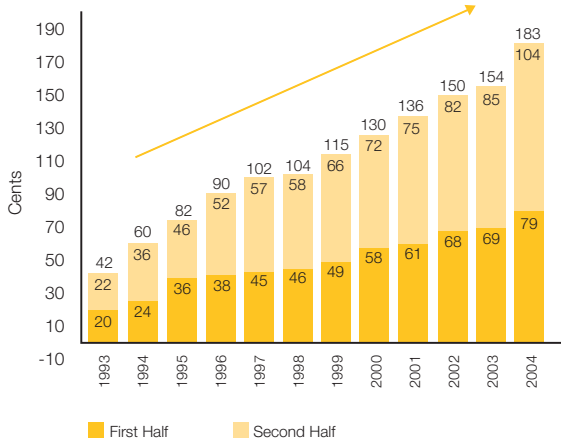
On the other side of this Newsletter we have a number of offers currently available from the Bank. We thank you for your support during the year and wish you all the best over the Christmas season and for the New Year.

Yours Sincerely,

David Murray

Chief Executive Officer

Commonwealth Bank Dividends per share



There are three themes to our service transformation



Introductory Offer for Cash Investment Account

We have launched a new 'Parking' product called the Cash Investment Account. It's designed for customers who have \$5,000 or more to deposit and want to park their cash somewhere secure with great rates but also have ready access to it.

Launched on December 10th, it offers customers:

- great rates
- a secure, low risk investment

- immediate access to funds via branches, ATMs, EFTPOS, NetBank, Telephone Banking, with an optional chequebook (conditions apply)
- the convenience and peace of mind of knowing their money is with the Commonwealth Bank

To celebrate the launch of our new Cash Investment Account, we're offering a special rate of 5.00% p.a. until 31 March 2005 on new balances over \$50,000 (Offer available from 1 January 2005 and ends 28 February 2005).

To open a new Cash Investment Account, visit any one of our branches, call **13 2224** between 8am and 10pm, 365 days, or go online at **commbank.com.au**

Conditions: Cash Investment Account (CIA) special rate is current as at 6/12/04 but is subject to change and is available on new CIA accounts opened between 1/1/05 and 28/2/05 (inclusive). The special rate will be maintained at least 0.10%pa above the highest standard CIA interest rate until 31/03/05, after which it will convert to the then standard CIA interest rate applicable.

CommSec SMS Alerts

CommSec SMS Alerts are a great way to stay up-to-date with your share portfolio, even when you're lying on the beach.

CommSec is offering free SMS Alerts for the month of January 2005. We can send you an update on your portfolio at the same time each day, or just notify you if one of your stocks trades at a certain price. If you are a CommSec client, just call our Client Service team on **13 15 19** to set up free SMS Alerts for January 2005.

If you're not a CommSec client, simply apply for an account either online at **www.commsec.com.au** or through a postal form, which you can either obtain online or by calling us on **13 15 19**. Contact us as soon as your account is opened to have your free SMS alerts set up for January 2005 – and remember, it's free to sign up with CommSec.

Commonwealth Securities Limited.

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Visit Share Registry Services online at **www.commbank.com.au/shareholder** to sign up for electronic communications options including Annual Reports, Direct Credit Dividend Payments and Electronic Dividend Statements.

Wealth Package

Wealth Package is a comprehensive suite of financial solutions developed to reward clients for their loyalty and business. Wealth Package offers benefits on a complete range of premium banking, broking, investment and insurance products. All for an annual package fee of currently \$300. Additionally, you must have holdings of \$150,000 initially and \$100,000 ongoing. Where holdings refers to the sum of bank deposits, investments or lending with the Commonwealth Bank Group (other exclusions and eligibility criteria apply).

Wealth Package saves you time and money through one versatile and efficient package by offering you:

- Preferential interest rates and fees on selected home loans, investment home loans and lines of credit
- A Premium Banking Gold Credit Card with no annual fee
- Bonus interest on new term deposits
- Significant discounts on home and contents insurance premiums

Wealth Package is very competitive. In fact, at the recent Money Magazine 2005 Best of the Best awards, Wealth Package was awarded **"Best Premium Banking Package"**.

How to apply

To find out more call us on **13 24 35** between 8am and 6pm (EST) Monday to Friday.

Important Information:

Terms and Conditions of Wealth Package are available upon application. Applications for finance are subject to normal credit approval. Full terms and conditions will be included in our Letter of Offer. Other fees and charges are payable.

Important information.

As this advice has been prepared without considering your objectives, financial situation or needs, you should, before acting on the advice, consider its appropriateness to your circumstances. Product Disclosure Statements for Transaction, Savings and Investment Accounts, which includes Cash Investment Account and Electronic Banking (Electronic Banking services includes NetBank, ATMs BPAY and EFTPOS), are available by calling **13 2221** or from any branch of the Bank and should be considered before making any decision about these products. If you have a complaint, the Bank's dispute resolution process can be accessed on **13 2221**. Bank fees and Government charges apply.

If you would prefer not to receive information on the Commonwealth Bank's products and services please contact the share registry ASX Perpetual on 1800 022 440 (freecall).

Commonwealth Bank of Australia ABN 48 123 123 124.

