

Shareletter 07

CommonwealthBank



Issue 2 October 2007

Commonwealth Bank of Australia ACN 123 123 124

DEAR SHAREHOLDER



WELCOME TO THE COMMONWEALTH BANK SHARELETTER

We are pleased to provide you with an update on the Group's annual results and highlights of how we are progressing towards achieving our strategic priorities.

On 15 August 2007, the Group announced its full year results for the 12 months ended 30 June 2007. We reported a cash net profit after tax (NPAT) of \$4,604 million, an increase of 18% on last year. Cash return on equity increased from 21.3% to 22.1% while cash earnings per share (EPS) increased 16% to \$3.53.

The Board declared a record final dividend of \$1.49 per share, a 15% increase on last year's final dividend. The total dividend for the year is \$2.56 per share.

We are happy with the progress made in 2007. Operationally and financially, the Group had a good year and has momentum moving into the

new financial year. While the financial services sector is likely to remain competitive, we are well positioned to meet these challenges and expect to again deliver cash EPS growth which meets or exceeds the average of our peers. To achieve this, we will continue our focus on delivering exceptional customer service and profitable growth.

We are making significant progress on our four strategic priorities and are pleased to provide you with some highlights:

- **Customer Service** – The retail bank's customer satisfaction scores, as measured by Roy Morgan, were up 5.6%, our best score in 10 years.
- **Business Banking** – Our technology platforms, CommSee and CommBiz, continue to help us better serve the needs of our business customers.

- **Technology and Operational Excellence**

– Our IT efficiency ratio is improving as we target international best practice. We have also improved the reliability and security of our systems.

- **Trust and Team Spirit**

– Our internal culture survey scores show that our people are now more engaged and committed.

During the year, we introduced a fifth strategic priority – **Profitable Growth**. We are looking for opportunities to enhance our future growth and have already identified a number of opportunities including growing our investments in Asia.

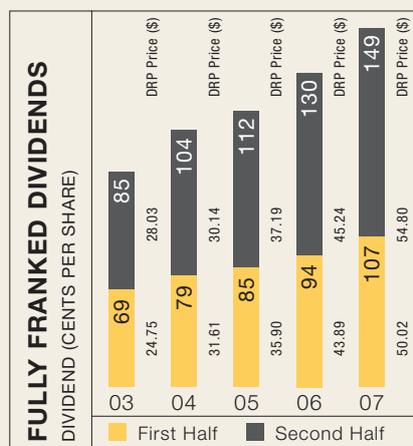
The ability to deliver the strong performance of the past year would not have been possible without the commitment of our people. We would like to recognise, congratulate and thank them all for their contribution to this very good result.

Finally, we would like to thank our customers and shareholders for their confidence and continued support.

Yours sincerely

John Schubert
CHAIRMAN

Ralph Norris
CHIEF EXECUTIVE OFFICER



Sustainability

The Group's approach to sustainability is about making sure we are a profitable company in the long-term. We believe that our people and social, environmental and governance issues are important to achieving long-term growth.

We want to attract, retain and develop the best people for our business. We are working to create a culture of teamwork and collaboration where our people are recognised for their achievements, can be challenged to improve and are proud to work for the Group.

We aspire to be respected and admired by the community. We are dedicated to building the financial literacy of young Australians and, through our sponsorships, we recognise the achievements of everyday Australians and have helped to build cultural and sporting institutions across the country.

We are committed to continual improvement in energy and water efficiency, and waste management. Our greenhouse emissions are less than five tonnes of carbon dioxide equivalent per full-time employee, lower than any other company in the Australian finance sector.

The Group considers the environmental impacts of the companies we lend to and invest in as well as the projects we finance. We have had an environmental policy in place since 2001. Most recently, Colonial First State Global Asset Management signed the United Nations Principle for Responsible Investment which demonstrates a commitment to consider the environmental, social and governance issues across all investments.



IMPORTANT NOTICES

1. CHANGE OF LEGISLATION REGARDING ANNUAL REPORTS

Recent amendments to the Corporations Act allow listed companies to provide their annual reports to shareholders via the internet rather than sending shareholders a hard copy of the annual report.

How does this affect you?

From next year, the Bank will no longer send you a hard copy of the user-friendly Shareholder Review, Concise Report or the full statutory Annual Report, unless you specifically request one. If you would like to receive a hard copy of any of these reports or be notified by email of the availability of these reports online, please fill out and return the enclosed form.

Our 2007 Shareholder Review, Concise Report and Annual Report are available online at www.commbank.com.au/shareholder/annualreports

2. BEWARE OF UNSOLICITED OFFERS

We would like to remind you to be wary of unsolicited offers from third parties to purchase your Commonwealth Bank shares at prices that are significantly below the market value.

Please also be aware that some companies may approach you with offers to assist in locating your unclaimed dividend monies or shares. It is not necessary to pay any fees to a third party to find this out. Our share registrar, Link Market Services, can assist you free of charge.

2007 Annual General Meeting

The Commonwealth Bank 2007 Annual General Meeting will be held on 7 November 2007 at Parkside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour.

In response to feedback from our shareholders, our 2008 Annual General Meeting will be held in Melbourne. Details will be available in the second half of next year.

Financial Calendar

5 October 2007	Final dividend payment
7 November 2007	Annual General Meeting (Sydney)
13 February 2008	Interim results announcement
18 February 2008	Ex-dividend date
22 February 2008	Record date
2 April 2008	Interim dividend payment
13 August 2008	Full year results announcement
18 August 2008	Ex-dividend date
22 August 2008	Record date
1 October 2008	Final dividend payment
13 November 2008	Annual General Meeting (Melbourne)

These dates may be altered should circumstances require.

The Financial Calendar is available online at www.commbank.com.au > Shareholder Centre > Shareholder Update > Financial Calendar.

Safest way to receive your dividend

The safest and quickest way to receive your dividend is to have it paid directly into your nominated bank account. We encourage shareholders who are receiving their dividend by cheque to change to direct credit.

Better still, you can help us save paper by choosing to receive an electronic dividend statement. On each dividend payment date, we will notify you by email of the availability of your dividend statement which you can access through a secure site.

If you wish to change your dividend payment instructions, please call Link Market Services on 1800 022 440 or update your preference online at www.linkmarketservices.com.au

SHAREHOLDER CONTACT INFORMATION

Please contact Link Market Services to change your address or email; sign up for electronic shareholder communication and dividend advice; check if you have any unclaimed dividends; or find out if you own any Commonwealth Bank shares.

Link Market Services Limited

Mail Locked Bag A14
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(02) 8280 7199

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STAYING IN TOUCH

We would like to keep you informed of the Group's latest news. Please call Link Market Services on 1800 022 440 or update your details online at www.linkmarketservices.com.au if you have:

- changed your mailing address;
- changed your nominated account details for dividend direct credit; or
- changed your email address.

To subscribe to an email service notifying you of news on our Shareholder Centre, visit www.commbank.com.au/shareholder and click on 'Subscribe' under Useful Links.