

Shareletter 09

Issue 5 March 2009



Determined to be different

Dear Shareholder



WELCOME TO THE COMMONWEALTH BANK SHARELETTER.

We are pleased to provide you with an update on the Group's half year results for the 6 months ended 31 December 2008 and brief highlights on the progress of our five strategic priorities.

The Group reported a statutory net profit after tax (NPAT) of \$2,573 million, which represents an increase of 9 percent on the prior comparative period. Included in this result is a provisional estimate of the non-cash gain recognised on acquisition of Bankwest of \$547 million after tax. Cash NPAT for the half year was \$2,013 million, which represents a decrease of 16 percent on the prior comparative period due to an increase in impairment charges.

The Board declared a fully franked interim dividend of \$1.13 per share, the same as last year's interim dividend. However, in the current uncertain economic environment we cannot guarantee to maintain future dividends at past levels.

The Group reported a solid operating result, in what has become an increasingly challenging environment. This is a reflection of the Group's cautious approach in the current environment as well as the underlying strength of our core franchise. Given the uncertainties that lie ahead, we have taken steps to strengthen our capital and liquidity positions and to increase our levels of provisioning.

STRATEGIC PRIORITIES

The Group's strategy remains on track and is delivering real benefits in these difficult times.

- **Customer Service** Customer Service remains our leading strategic priority. Customer satisfaction scores across

all of our businesses are continuing to improve and we are tracking well to achieve our goal of being number 1 in customer satisfaction by June 2010. In the January 2009 Roy Morgan Retail Customer Satisfaction Survey, the Group ranked equal third. The gap between us and the number one ranked bank has narrowed from 9.8 percent twelve months ago to 4.9 percent currently.

In business customer satisfaction, the Group has achieved the strongest customer satisfaction gains amongst the major banks over the last 12 months. The FirstChoice platform maintained its number 1 ranking for providing excellent service to financial advisers.

- **Business Banking** The recently announced restructuring of our Premium Business Services, with the appointment of Ian Narev (previously Head of Group Strategy) to lead Business Banking will further strengthen our customer service focus.
- **Technology and Operational Excellence** The Core Banking Modernisation programme, which was announced in April 2008, is making excellent progress. Initial phases have been launched ahead of schedule and we believe this programme will give us a clear and distinct strategic advantage over coming years.
- **Trust and Team Spirit** Our people remain our single most important resource and they have continued to deliver outstanding results under difficult conditions. Key metrics such as employee turnover, absenteeism and employee safety have all continued to improve.
- **Profitable Growth** The Group's strong financial position and tightly focused strategy enabled it to grow both organically and by acquisition. Acquiring Bankwest at an attractive price has provided a unique opportunity to expand in Western Australia. The Group also secured a strategic stake in Australia's leading home loan mortgage broker – Aussie Home Loans. The Group also increased its shareholding in Jinan City Commercial Bank from 11 to 20 percent.

With domestic and global economies slowing or in recession, sentiment continues to deteriorate and conditions are expected to become more difficult in the second half. In this environment, the Group remains cautious and will continue to manage its business prudently.

The Group's top priorities will be to maintain an appropriate level of capital, to ensure continuing access to a broad funding base, to retain high levels of liquidity and to maintain a conservative approach to provisioning. This will allow the Group to take advantage of attractive opportunities that may arise.

The strength of these results, including the strong income growth, market share gains and tight cost control, all reflect on the hard work and commitment of everyone in our organisation.

We would like to thank our shareholders and customers for their continued support and confidence in the Group.

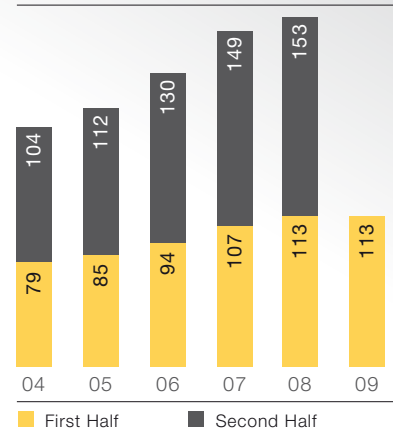
Yours sincerely

John Schubert
CHAIRMAN

Ralph Norris
CHIEF EXECUTIVE OFFICER

FULLY FRANKED DIVIDENDS

DIVIDEND (CENTS PER SHARE)



Sustainability

For the Group, sustainability means being a successful business today while ensuring we deliver value to our stakeholders, including our shareholders and the community.

Recent highlights of our sustainability programme include:

- **Our Environment** Greener properties by occupying two new buildings at Sydney Olympic Park targeting 5-star NABERS environmental rating, and the development of environmentally-friendly 6 star Darling Walk; becoming a major sponsor of Clean Up Australia Day; and updating our Environment Policy.
- **Our People** Developing new programs focussing on talent management, diversity and leadership; for the 5th year running,

improving Lost Time Injury Frequency Rate – now at 2.3; and improving absenteeism and turnover rates.

- **Our Community** Our Indigenous Reconciliation Action Plan is on track with our Indigenous employment strategy in progress and a cultural awareness program initiated; and we strengthened support for cricket in the community through initiatives with local and regional cricket clubs and Indigenous cricket.



More information about the Group's sustainability objectives and achievements can be found at www.commbank.com.au/sustainability

What's new

A new and upgraded Shareholder Centre will soon be available on www.commbank.com.au/shareholder. This new website will have enhanced functionalities to provide CBA and PERLS holders with an easy-to-navigate environment to find the information they are looking for about the Commonwealth Bank Group including:

- Dividend and dividend history
- Financial key dates calendar
- Commonwealth Bank financial information
- Annual General Meeting
- 2008 annual report, shareholder review and previous year's reports
- Share price update and share price charting
- ASX announcements
- Corporate governance
- Strategy and sustainability
- Live and archived webcasts of market announcement briefings
- Highlights of latest or upcoming events



Beware of Unsolicited Offers

We would like to remind you to be wary of unsolicited offers you might receive in the mail from companies not associated with the Commonwealth Bank 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.

If you receive any such offers, we recommend that before you make any decisions you should consult your financial advisor or contact our share registrar, Link Market Services.

MANAGING YOUR COMMONWEALTH BANK SHAREHOLDING

- ▶ **Keep your SRN/HIN number secured** and file correspondence with your SRN/HIN in a safe place
- ▶ **Keep your registered address up to date** to ensure that dividend statements or dividend cheques are sent to you at the correct address
- ▶ **Receive your dividend by direct credit** which is the safest and quickest method
- ▶ **Keep your nominated account details for dividend direct credit up to date** to ensure that dividend payments are made to the correct account
- ▶ **Receive first hand information about the Group's latest financial updates, annual reports and shareholder reviews** please subscribe to an email alert service on www.linkmarketservices.com.au or www.commbank.com.au/shareholder
- ▶ **Help us save paper** by receiving your dividend statement electronically and read other shareholder communications online

If you wish to update your personal details, change your address, change your dividend payment instructions, update your TFN/ABN or change your communication options, log on to the Investor Service Centre at www.linkmarketservices.com.au or contact Link Market Services on 1800 022 440.

Link Market Services can help you with inquiries such as unclaimed dividend, historic dividend information or other questions about your Commonwealth Bank holding.

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