

Shareletter

APRIL 2014

CAN

CommonwealthBank



on-going productivity initiatives have helped us maintain our expense discipline and, at the same time, deliver revenue growth. So, we have again been able to invest for the long term benefit of the business, with nearly \$600m of investment in this half.

On 12 February 2014 the Commonwealth Bank of Australia reported a statutory net profit after tax (NPAT) for the half year ended 31 December 2013 of \$4,207 million, which represents a 16 per cent increase on the prior comparative period. Cash NPAT for the half year was \$4,268 million, an increase of 14 per cent. The Group will pay an interim dividend of \$1.83 on 3 April 2014.

BALANCE SHEET STRENGTH

Strong deposit growth during the period has seen the Group satisfy a significant proportion of its funding requirements from customer deposits, with deposits remaining at 63 per cent of total Group funding. However, competition for domestic deposits remained strong and continued to have a negative impact on margins. During the period the Group took advantage of improving conditions in wholesale markets, issuing \$17 billion of long term debt in multiple currencies.

While some of the Group's customers are facing challenges, this is not translating into a broad deterioration of credit quality. However, given the uncertain outlook for both the global and domestic economies, the Group remains cautious, maintaining a strong balance sheet with high levels of capital and provisioning. Liquidity was \$137 billion as at 31 December 2013.

Continued on the next page

Welcome.

DIVIDEND

The Board declared an interim dividend of \$1.83 per share – an increase of 12 per cent on the 2013 interim dividend. The dividend payout ratio (cash basis) of approximately 70 per cent is consistent with the Board's revised dividend policy, announced in August 2012.

The interim dividend, which will be fully franked, will be paid on 3 April 2014.

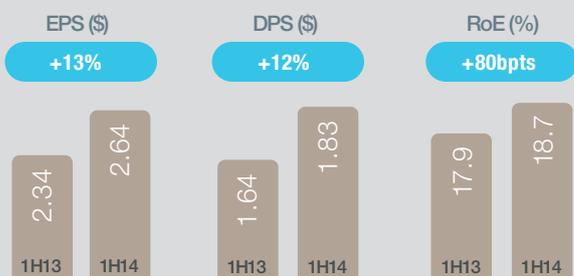
STRATEGY CONTINUES TO DELIVER RESULTS

This result again demonstrates the benefits of our long term strategic priorities – people, technology, strength

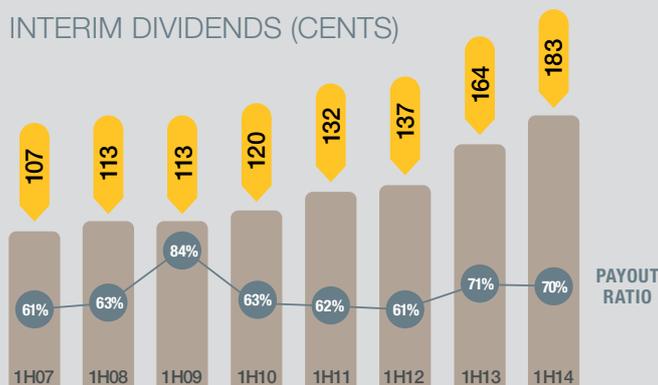
and productivity. All of our businesses have performed well. We have strengthened our focus on enhancing the financial well-being of our customers and have used our leading technology platform to deliver innovative products and services to business and personal customers.

The results show that our customer focus creates value for all our shareholders, including the 800,000 Australian households who own our shares directly, and the millions more who own them through their superannuation. The strong revenue growth we have achieved, in what has been a period of relatively subdued economic activity, demonstrates the success of our commitment to meeting the needs of our customers. Our

STRONG RETURNS



INTERIM DIVIDENDS (CENTS)



Shareletter APRIL 2014

▶ OUTLOOK

We remain cautiously optimistic about the economic environment for this year. We have seen, in recent weeks, that there is still volatility in global markets. The risks presented by that volatility continue to suppress business confidence. As a result, there is little evidence, so far, of a meaningful increase in investment in the rest of the non-resource sector of the Australian economy, other than in housing.

However, growth forecasts for developed economies have improved, consumer spending over the holiday season was generally higher than last year and

corporate balance sheets remain strong. There is positive activity in the housing sector, and the Australian dollar has become more competitive.

So all in all, we continue to assume that any improvements in economic activity in the next year will be gradual rather than dramatic. We will stick to our strategy, and maintain business settings that reflect both the risks and the opportunities of this economic environment.

We would like to thank you, our shareholders, our customers and of course, all our employees for your continuing support of the Commonwealth Bank Group.

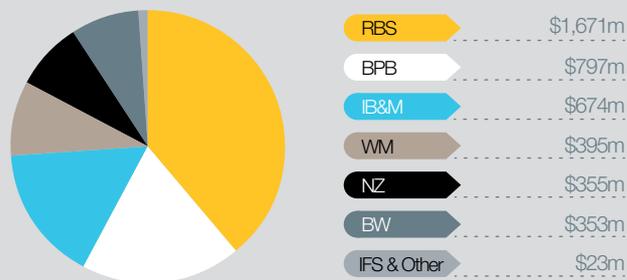


David Turner
Chairman



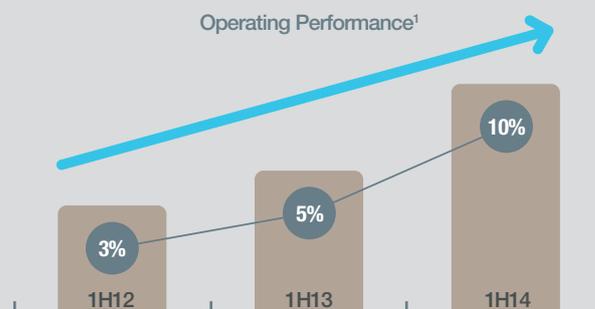
Ian Narev
Chief Executive Officer

CASH NPAT CONTRIBUTION FROM EACH BUSINESS UNIT



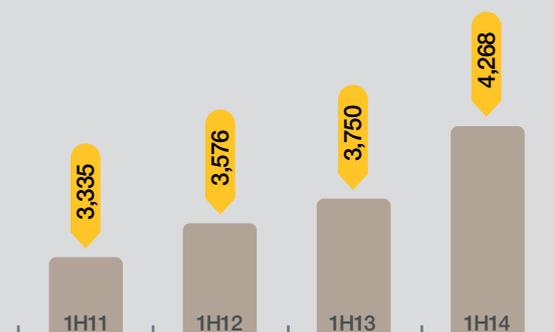
RBS: RETAIL BANKING SERVICES • BPB: BUSINESS & PRIVATE BANKING • BW: BANKWEST
WM: WEALTH MANAGEMENT • IB&M: INSTITUTIONAL BANKING & MARKETS • NZ: NEW ZEALAND
IFS & Other: IFS ASIA & CORPORATE CENTRE

GOOD MOMENTUM



1. OPERATING PERFORMANCE IS TOTAL INCOME LESS OPERATING EXPENSE. MOVEMENT ON PRIOR COMPARATIVE PERIOD.

HALF YEAR CASH EARNINGS (\$m)



CONSERVATIVE BUSINESS SETTINGS



APRA

Sustainability.

In the first half of the financial year 2014, the Board-endorsed sustainability strategic framework with its five focus areas has continued to support the Group's vision and the creation of enduring value for our customers, people, shareholders and the broader community.

▶ SUSTAINABLE BUSINESS PRACTICES

We have continued to work with internal and external stakeholders to incorporate rapidly changing and appropriate environmental, social and governance considerations in all our business practices.

▶ RESPONSIBLE FINANCIAL SERVICES

Customer focus remains our overarching strategic priority and, as such, we are pleased to have maintained number one positions in customer satisfaction among our peers across all key businesses since January 2013.

▶ ENGAGED AND TALENTED PEOPLE

Our people are the reason for our success. We continue to invest in people development, diversity

programs, and in creating a safe, inclusive and rewarding workplace in which our people are proud to work.

▶ COMMUNITY CONTRIBUTION AND ACTION

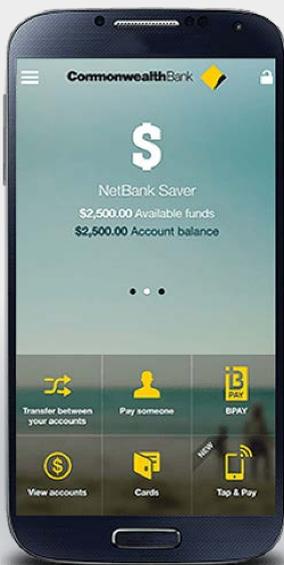
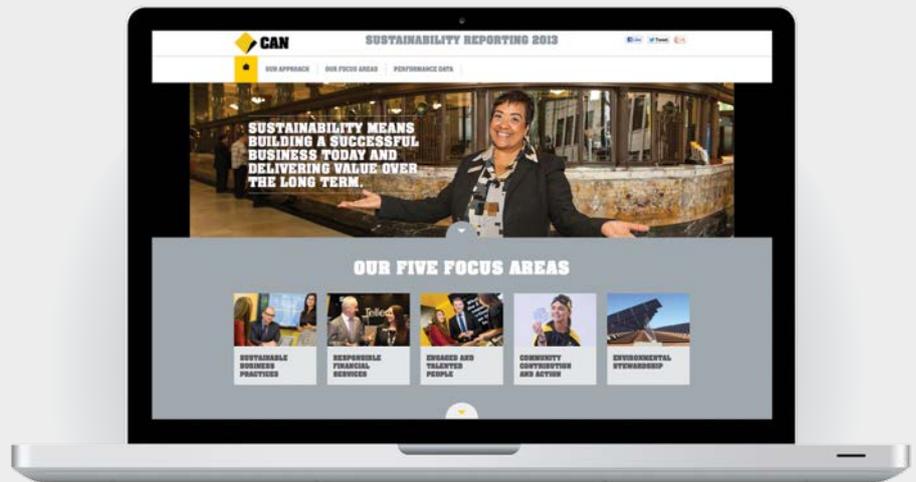
During the period, we continued to support the community through the delivery of the StartSmart Financial Literacy program to more than 145,000 students, awarded \$2 million in community grants to 235 organisations through the Staff Community Fund and supported Indigenous Australia in the promotion of social, economic and financial inclusion.

▶ ENVIRONMENTAL STEWARDSHIP

The Group achieved a position in CDP's Global 500 and ASX 200 Climate Performance Leadership Indices (CPLI) in recognition of our programs to reduce our carbon emissions, mitigate the risks and identify the opportunities presented by climate change.

For more information, visit:

www.commbank.com.au/sustainability2013



The NEW Commbank app:

BANK EASIER, ANYWHERE, ANYTIME.

One app for all your banking needs. The new CommBank app combines the best of CommBank Kaching and the CommBank app with a host of new features to make banking on your smartphone even quicker and easier.

CommBank app users also have the opportunity to order a CommBank PayTag, enabling secure, contactless payments, with a simple tap of your phone.

Enhancements to the CommBank app, include simple swipe balance checks, BPAY QR code payments and payments

using a mobile number, email or Facebook® contact, making banking on-the-go quicker and easier than ever before.

Download or update now:



For more information, visit:

www.commbank.com.au/commbankapp

Financial Calendar.

3 April 2014	Interim dividend payment date
13 August 2014	Full year results and final dividend announcement
19 August 2014	Ex-dividend date for final dividend
21 August 2014	Record date for final dividend
2 October 2014	Final dividend payment date
12 November 2014	Annual General Meeting (Melbourne)

Important information: Dates may be altered by the Commonwealth Bank should circumstances require. Any changes will be advised to the Australian Securities Exchange.

▶ GO ELECTRONIC

Receive Shareholder notices faster

The Commonwealth Bank of Australia encourages shareholders to elect to receive electronic communications for a sustainable environment.

Notifications of Dividends, Notices of Meetings, Annual Reports and other important notifications and announcements can be instantly delivered to your email inbox without the hassle and delays of regular mail.

To receive shareholder communications electronically contact **Link Market Services** or log onto Link's Investor Centre: www.linkmarketservices.com.au

Managing your holding online.

You can also easily manage your holding online. This includes updating your registered address, payment instructions, communications preferences, DRP election or printing your dividend statements.

Online step by step demonstration and curated playlists such as 'Changing Details Online' and 'Forms' are available on YouTube: www.youtube.com/linkmarketservices

▶ YOUR COMMONWEALTH BANK DIVIDEND

Commonwealth Bank pays shareholders with registered addresses in Australia, New Zealand and the United Kingdom cash dividends by direct credit to any nominated account.

If you did not provide your direct credit instructions by the record date of 21 February 2014 and you are not a full DRP participant, your dividend payment is being held on your behalf in a non-interest bearing account. We encourage you to provide and keep your payment instructions up to date with Link Market Services Limited, the Group's share registrar. Dividends will be deposited as soon as practicable after receipt of your bank account details.

▶ SHARE REGISTRY CONTACT

For general inquiries about your shareholding, dividends, changing your address, or obtaining a copy of the current or historic annual reports, please contact the Bank's share registrar, Link Market Services Limited

▶ LINK MARKET SERVICES

 **Australia:** +61 1800 022 440

New Zealand: 0800 442 845

United Kingdom: 0845 640 6130

Fiji Islands: 008 002 054

 cba@linkmarketservices.com.au

 Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235

 www.linkmarketservices.com.au

▶ CBA SHAREHOLDER CENTRE

Our Shareholder Centre keeps you informed about financial information across the Commonwealth Bank Group. For the Group's latest financial information such as company announcements, current and historical share prices, dividend information, key financial dates please visit: www.commbank.com.au/shareholder

▶ INVESTOR RELATIONS APP FOR IPAD

The Commonwealth Bank Investor Relations app for iPad provides investors with access to a comprehensive range of investment information about the Group. Stay informed on corporate news and events with access to share prices, annual reports, results, announcements, investor presentations and webcasts. The App is available on the App Store.



Scan the QR Code to download our Commonwealth Bank Investor Relations App.