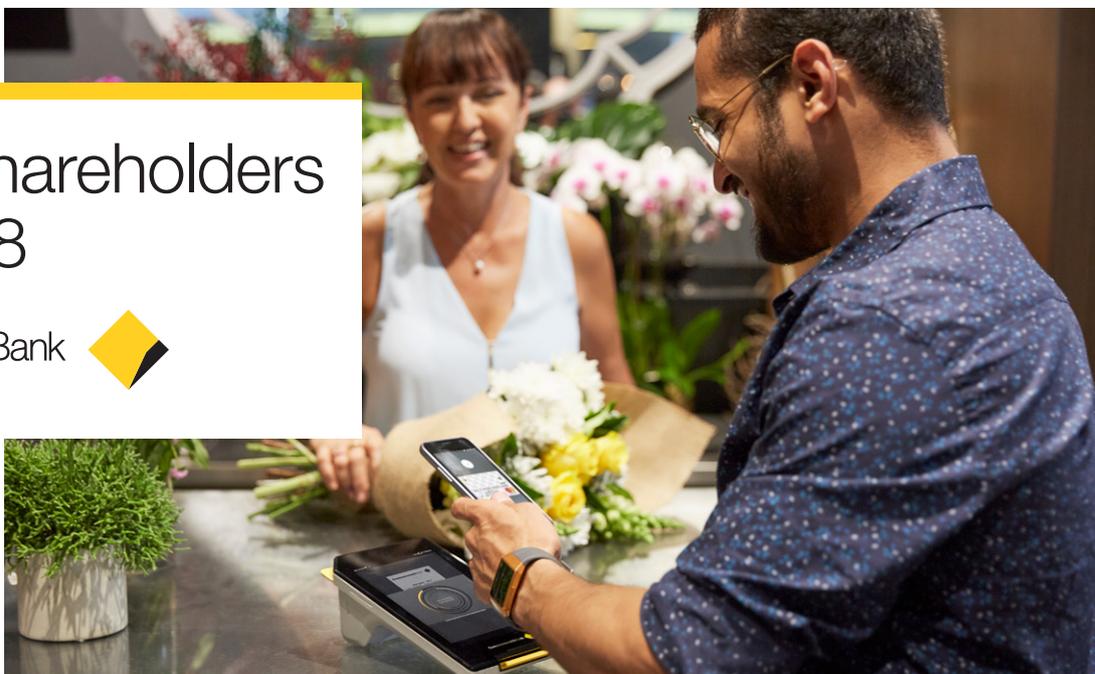


Letter to Shareholders March 2018



Dear Shareholder,

On behalf of your Board of Directors, I would like to take this opportunity to report that the Bank has delivered strong operating momentum in the six months to 31 December 2017. This is reflected in an increased interim dividend of \$2.00 per share, fully franked.

The Bank's performance reflects our consistent focus on customer satisfaction and advocacy, supported by the dedication of our people and our market-leading technology.

CommBank remains Australia's leading retail bank, with the largest branch network and the most popular digital banking platforms. That's why one in three Australians call your company their main financial institution. These strengths are reflected in continued growth in operating income.

A disciplined approach to costs kept underlying operating expense growth low in the period. Overall expenses increased due to the provisions taken for expected regulatory, compliance and remediation program costs, and for what we believe to be a reliable estimate of the civil penalty a Court may impose in the AUSTRAC proceedings.

We have maintained a strong and resilient balance sheet; and key capital, funding and liquidity metrics were strengthened. This provides the foundation for supporting customers, and delivering returns for shareholders, throughout the economic cycle.

The Board has undertaken to address comprehensively and transparently the reputational and regulatory matters that have impacted the Bank. We are cooperating fully with the reviews and inquiries that are being conducted into the financial services sector and Commonwealth Bank. We are committed to ensuring that there is appropriate accountability, to restoring the Bank's reputation where trust has been damaged, and to implementing improvements that will yield a better, stronger organisation.

Major change and transformation is already occurring throughout the Bank, including in ways that immediately and directly benefit our customers: for example, our decision to remove ATM withdrawal fees, and the introduction of a new remuneration framework for tellers to ensure the focus is on customer service rather than sales.

The Bank's vision is to excel at securing and enhancing the financial wellbeing of people, businesses and communities and this guides our focus on customers' financial wellbeing and our contribution to communities and the economy in a manner consistent with our size and heritage as one of Australia's most significant companies.

Delivering consistent dividends

Dividends (\$ per share)

2014	1.83	2.18	4.01
2015	1.98	2.22	4.20
2016	1.98	2.22	4.20
2017	1.99	2.30	4.29
2018	2.00		

■ Interim dividend ■ Final dividend

72% of profits after tax, a total of **\$3.5bn**, is being returned to shareholders as dividends.

Performance overview*

 **Underlying operating income up 4.9%**
Underlying operating income of \$13,028m

 **Earnings down 1.9%**
Cash net profit after tax of \$4,735m

 **Capital up 50 basis points**
Common Equity Tier 1 capital ratio of 10.4%

 **Tax expense of \$2.0bn**
Australia's second largest taxpayer

 **Community investment of \$152m**
Supporting education, cancer research and the wellbeing of Australian youth

Maintaining current operating momentum, transforming the business to capitalise on innovations in technology, and leading on operational standards is essential to achieving our vision and also enables us to deliver sustainable performance and returns for our shareholders.

Ian Narev will retire as Chief Executive Officer of Commonwealth Bank in April. The Board and I would like to thank Ian sincerely for his leadership of the Bank for the past six years. During Ian's time as CEO, CBA has achieved and sustained industry-leading customer satisfaction ratings, and delivered outperformance on total shareholder returns.

Matt Comyn, currently head of the retail bank, has been announced as the incoming CEO and brings 20 years of banking experience and outstanding values and leadership attributes to the role. His priorities are to maintain momentum in the business, address the regulatory and reputational challenges, respond to evolving customer expectations and build the organisation's capabilities to suit the competitive and technology-centric environment.

Thank you for your ongoing support.

C.B. Livingstone

Catherine Livingstone AO
Chairman

Delivering better outcomes for customers and the community



Commonwealth Bank was the first Australian bank to remove ATM withdrawal fees for all CommBank and non-CommBank customers using any of CommBank's 3,400 ATMs. This was undertaken in response to customer, consumer group and community feedback.



To deliver the best outcomes for customers and to provide transparency, CommBank tellers are now remunerated based on their contribution to providing superior customer service. Any links to financial measures have been abolished.



More than 2,400 people work in CommBank's customer call centres in Brisbane, Newcastle, Sydney, Melbourne, Launceston and Hobart. CommBank call centres have always been local because customers say they like dealing with people who live and work in the same communities they do.



CommBank customers can now access a Domestic & Family Violence Emergency Assistance Package. It includes access to trained counsellors, financial support and ongoing financial assistance for customers experiencing financial hardship due to their situation.

Key dates and contacts

Financial calendar

28 Mar	Interim dividend payment date
8 Aug	Full year results and final dividend announcement date
15 Aug	Ex-dividend date for final dividend
16 Aug	Record Date for final dividend
17 Aug	Dividend reinvestment plan participation deadline
28 Sep	Final dividend payment date
7 Nov	Annual General Meeting

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

Link Market Services

If you have any questions about your shareholding visit the Link Investor Centre or contact our share registrar at:

 www.linkmarketservices.com.au

 cba@linkmarketservices.com.au

 (+61) 1800 022 440

 Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235



ADV10102 280318