



# Shareletter 08

Issue 3 | April 2008

Commonwealth Bank of Australia

**On 13 February 2008, the Group announced its half year results for the six months ended 31 December 2007. We reported a cash net profit after tax of \$2,385 million, up 4% on last year. Cash earnings per share increased by 2% to 180.7 cents.**

## Dear Shareholder,



Welcome to the Commonwealth Bank Shareholder Newsletter. We are pleased to have delivered a solid result during an extremely turbulent and volatile period. Highlights of this result included:

- > good operating performance from all business units;

- > strong volume growth across all of our businesses, translating into market share gains in key domestic markets;
- > further good progress across our five strategic priorities (see **Strategic Priorities Progress** below);
- > very sound credit quality, with good arrears outcomes in the consumer portfolios and prudent provisioning in our corporate book; and
- > continued investment for longer term growth.

The Group is in a very strong capital position which is highlighted by the Group receiving Basel II advanced accreditation status from the Australian Prudential Regulatory Authority (APRA).

It is also important to note that the Group has no direct exposure to the US sub-prime market or US mortgage backed CDOs (Collateralised Debt Obligations).

### **Interim Dividend**

The Board declared a record interim dividend of \$1.13 per share, fully franked which represents an increase of 6% on last year's interim dividend.

### **Strategic Priorities Progress**

During the past six months the Group has made further good progress across each of our five strategic priorities, which has contributed to a solid operating

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**Determined** to be different

# Dear Shareholder (cont.)

The Group's customer satisfaction, as measured by Roy Morgan now stands at a 10 year high of 70.7%, having improved from 66.5% as at December 2006.

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result. Notwithstanding the impact of global financial volatility, we have continued to invest in our strategy for longer term growth.

> **Customer Service** – The Group's customer satisfaction, as measured by Roy Morgan now stands at a 10 year high of 70.7%, having improved from 66.5% as at December 2006. Our Institutional Banking business received the highest satisfaction rating in the most recent East & Partners biannual survey while our FirstChoice platform is ranked No. 2 for overall advisor satisfaction.

> **Business Banking** – Good progress has been made in our business banking growth strategy, highlighted by very strong volume growth in both lending and deposits in this period. In Local Business Banking, over 150 business bankers have been reintroduced to our branch network, driving strong new sales growth. In Corporate Financial Services, four new business banking centres were opened, adding to the eight new centres established in the last financial year.

> **Technology and Operational Excellence** – Our technology and operational excellence strategy is continuing to deliver targeted cost and efficiency savings, which is enabling us to invest more into the business. In recent months, we have made some early progress on simplifying our home loan process, with greater improvements on the way.

> **Trust and Team Spirit** – From a cultural perspective we have consolidated the strong gains achieved during the past 18 months and are continuing to target areas for further improvement.

> **Profitable Growth** – We have seen very strong performance from our Wealth Management business, encouraging improvements in Group-wide referrals and continued targeted expansion in Asia.

## Outlook

With a strong capital and financial position, diversified funding and asset profile, solid profit growth in banking and wealth businesses and an ongoing commitment to reinvest for the future, the Group is well positioned to deliver medium term outperformance moving into a period of increased volatility and a more challenging business environment.

## Sustainability

As Australia's largest financial services organisation we recognise that we operate as part of the community. As an employer of over 38,000 people and with over 9 million customers, we have one of the largest social footprints of any Australian company.

We have listened to our people, the community and our shareholders and as a result, believe we should focus on environmental, social and governance issues that will deliver long term shareholder returns. Across the

Group, we have made good progress in areas such as reduction of greenhouse emissions, improved culture and business ethics.

We have included a sustainability update in this mailing and will keep you informed of our progress on a regular basis.

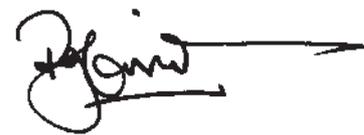
We would like to acknowledge the hard work and commitment of our people who have worked to achieve our vision to be Australia's finest financial services organisation through excelling in customer service.

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

Yours sincerely



**John Schubert**  
CHAIRMAN



**Ralph Norris**  
CHIEF EXECUTIVE OFFICER

## FULLY FRANKED DIVIDENDS

DIVIDEND (CENTS PER SHARE)

Year	First Half	Second Half	DRP Price (\$)
03	69	85	24.75
04	79	104	31.61
05	85	112	35.90
06	94	130	43.89
07	107	149	50.02
08	113		

\* To be announced to the ASX on 20 March 2008

# Determined to be different

**Customer service remains our number one priority. Our vision is to be Australia's finest financial services organisation through excelling in customer service. While we have made significant progress, we need to do things differently to truly achieve this.**

In January 2008, we launched an advertising campaign which unveiled our new tagline:

**Determined to be different.**

It is a declaration that will sign off all of the Commonwealth Bank's advertising and much of its future communications.

This is much more than just a tagline – it is a promise to our customers and shareholders and a standard by which we will be judged. It is a commitment to innovation,

in products and in service.

It is about who we are, not just who we say we are.

Determined to be different encapsulates the determination we have to be a different bank, and to be different from other banks in Australia. It speaks of our commitment to doing things better than we have done before, and better than our competitors.

It is underpinned by what we call the five key platforms for differentiation:

- > Determined to focus on service and on service and on service;
- > Determined to earn our customers' business, not count on it;
- > Determined to place our customers at the centre of everything;
- > Determined to offer strength in uncertain times; and
- > Determined to be better than we ever have been.



# Annual Report and Shareholder Review

We communicated with you last year about amendments to the Corporations Act where companies are allowed to provide their annual reports to shareholders via the internet rather than sending hard copies.

In October 2007 we sent you an election form with a request to fill out and return the form if you wish to receive the Group's user-friendly Shareholder Review or Full Annual Report.

We have attached this form again for you to complete and return if you wish to receive hard copy reports in future.

If you are happy to view these reports online in future, they are available on

[www.commbank.com.au/shareholder/annualreports](http://www.commbank.com.au/shareholder/annualreports). You can also subscribe to be notified by email when future annual reports are uploaded on this page.

Financial Calendar*	
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 by the Group should circumstances require.*

The Financial Calendar is available online at [www.commbank.com.au/Shareholder Centre/Shareholder Update/Financial Calendar](http://www.commbank.com.au/ShareholderCentre/ShareholderUpdate/FinancialCalendar)

## Shareholder contact information

Please contact Link Market Services or visit [www.commbank.com.au/shareholder](http://www.commbank.com.au/shareholder) to change your address or email; sign up for electronic shareholder communications and dividend advice; update your bank details or provide your Tax File Number. You can also contact Link Market Services by telephone to check if you have any unclaimed dividends.

### Link Market Services Limited

**Mail** Locked Bag A14  
Sydney South NSW 1235

**Phone** 1800 022 440  
(Australian freecall unless made from a mobile phone)  
or (02) 8280 7199

**Fax** (02) 9287 0303

**Website** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**Email** [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

## Feedback

Your feedback is valuable to us. If you have any feedback or comments about this Shareletter or about the way we communicate with you, please send us an email at [ir@cba.com.au](mailto:ir@cba.com.au)

## Historic Dividend Statement

If you wish to obtain a copy of a historic dividend statement please log on to [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and follow these steps:

1. Click on the 'Investors' heading at the top of the page
2. Select 'Commonwealth Bank of Australia' as the issuer, enter your SRN, Surname and Postcode and click 'Validate'.
3. Select 'Payment History' from the menu on the right.
4. Click on the 'Payment Advice' wording in blue under the relevant dividend payment date.

Historic data is available from 1 January 2002. For dividend information before January 2002, please contact Link Market Services.

