

Shareletter 08

Issue 4 October 2008



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 full year results for the 12 months ended 30 June 2008 and highlights on the progress of our five strategic priorities.

The Group reported a statutory net profit after tax of \$4,791 million, an increase of 7% on last year. Earnings per share increased by 5% to 363 cents. The Board declared a record final dividend of \$1.53 per share, an increase of 3% over last year's final dividend. The total dividend for the year is \$2.66 per share.

In what has been a challenging year, we are pleased to have delivered such a solid result. The highlights of the result include:

- The strong underlying performance of our core businesses;
- The substantial progress we made on all five strategic priorities;
- The strength of our capital and funding positions; and
- Our sound credit quality, which is a function of our disciplined approach to credit and market risk management.

The Group is one of the first banks in the world to be granted advanced accreditation under Basel II, which is an important acknowledgement of our increased sophistication in risk measurement and management.

This achievement will help the Group navigate the difficult market conditions created by the volatility in global credit markets.

STRATEGIC PRIORITIES

Our continued investment in the business has seen further good progress made on each of the five strategic priorities. The Group's new advertising theme "Determined to be different" was launched in 2008 to reflect our determination to offer a unique value proposition to our shareholders and customers.

- **Customer Service** Our retail customer satisfaction ratings reached a 10 year high during the year, and we were recently named Money Magazine's Bank of the Year for 2008.
- **Business Banking** Our strategy remains on course, highlighted by strong volume growth, particularly in deposits, where balances grew by 24%. 160 Business Bankers were re-introduced into our branch network and a further 8 new Business Banking Centres were opened.
- **Technology & Operational Excellence** Our IT Efficiency ratio stands at 13.7% which is well within the global best practice range of 13 to 15%. A \$580m Core Banking Modernisation programme was announced in April which will provide the Group with a platform to make a step-change improvement in customer service, efficiency and productivity.
- **Trust and Team Spirit** Significant progress has been made over the past 12 months, with the Group being placed in the top quartile of staff satisfaction ratings in the Gallup Workplace Survey. There have also been ongoing improvements in our lost time injury frequency rate.
- **Profitable Growth** While our primary focus remains very much on the domestic Australian market, we are continuing to pursue selective growth opportunities in

Asia. Our investments in the Indonesian and Chinese markets are proving that our Asian strategy is working. These businesses are performing extremely well.

The Group's ability to deliver the strong performance we have seen over the past year would not have been possible without the goodwill and commitment of our people. We would like to recognise and thank them for their dedication and contribution.

We would like to thank you, our shareholders and customers, for your continued confidence and support.

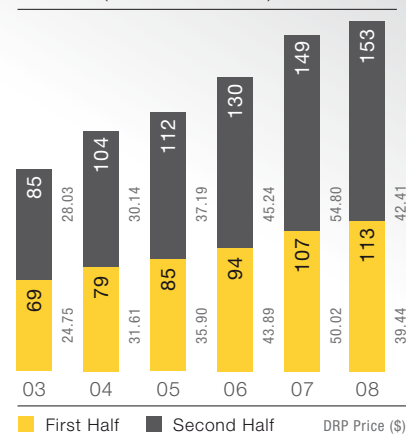
Yours sincerely

John Schubert
CHAIRMAN

Ralph Norris
CHIEF EXECUTIVE OFFICER

FULLY FRANKED DIVIDENDS

DIVIDEND (CENTS PER SHARE)



Sustainability

Sustainability initiatives are an integral part of delivering our strategic priorities and creating value for shareholders.

Recent highlights of our sustainability programme include:

- The launch of our Reconciliation Action plan, formalising our commitment to Indigenous Australians;
- Inclusion of sustainability information in our 2008 Annual Report;
- Voluntary reporting of our Greenhouse Gas Emissions to the Carbon Disclosure Project;
- Ongoing improvements to energy efficiency in our branches and offices;
- Our asset management division, Colonial First State Global Asset Management, became a signatory to the UN Principles for Responsible Investment;

- The Commonwealth Bank Foundation financial literacy program involved over 30,000 teenagers and teachers through StartSmart education forums and workshops; and
- Making online statements available for most deposit and transaction accounts. So far this initiative will save over five and a half million sheets of paper on an annualised basis.

More information about the Group's sustainability objectives and achievements can be found in the Group's 2008 Annual report and on our website – www.commbank.com.au/sustainability



For more information:
www.commbank.com.au/sustainability

2008 Annual General Meeting

The 2008 Annual General Meeting will be held in Melbourne.

Date: Thursday, 13 November 2008

Venue: Melbourne Park Function Centre

Time: 11.00am

The 2008 Notice of Meeting will be made available to all shareholders by post or by electronic notification during October. For those shareholders who cannot attend in person, you are invited to join the live webcast of the AGM which will be available on www.commbank.com.au/shareholder/annualgeneralmeeting

Financial Calendar

Date	Event
1 October 2008	2008 Final Dividend Payment Date
13 November 2008	2008 Annual General Meeting (Melbourne)
11 February 2009	2009 Interim Results Announcement
16 February 2009	Ex-Dividend Date
20 February 2009	Record Date
2 April 2009	Interim Dividend Payment Date
12 August 2009	2009 Full Year Results Announcement
17 August 2009	Ex-Dividend Date
21 August 2009	Record Date

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.

Shareholder Review



This year all shareholders will receive a copy of the 2008 Shareholder Review as we would like to keep you informed about the progress the Bank has made during the year. Both the Shareholder Review and the Annual Report are available online at www.commbank.com.au/shareholder/annualreports

If you wish to receive a hard copy of the Annual Report and/or the Shareholder Review, please fill out the enclosed 'Stay in touch' election form. **There is no need to take any action if you have already informed us of your election.**



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. We have been approached by Hassle Free Share Sales Pty Ltd for a copy

of the share register. Hassle Free Share Sales has, in the past, offered to purchase shares at less than the market price.

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.

HOW TO MANAGE YOUR COMMONWEALTH BANK SHAREHOLDING

- ▶ **Change of mailing address** to ensure that dividend statements or dividend cheques are sent to you at the correct address.
- ▶ **Change of dividend payment method** Direct credit is the safest and quickest way to receive your dividend by getting it directly paid into your nominated bank account.
- ▶ **Change of nominated account details for dividend direct credit** to ensure that dividend payments are made to your correct bank account.
- ▶ **Change of dividend reinvestment plan instructions**
- ▶ **First hand information about the Group's latest financial update, annual report and shareholder review** Please subscribe to an email service available on www.linkmarketservices.com.au or www.commbank.com.au/shareholder
- ▶ **Electronic dividend statement** will be sent to you by email. You will help save the environment by using less paper.

If you wish to use any of the services above, please contact our share registrar or update your details online on their Investor Service Centre at www.linkmarketservices.com.au

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

Link Market Services Limited

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