

Commonwealth Bank Shareletter

issue 2



Dear Shareholder,

Our Which new Bank program is showing real benefits.

In February this year, the Bank released its half year results for the six months to December 2004. We were very pleased to announce a 50% increase in statutory net profit on previous corresponding period. Net profit after tax on a cash basis increased by 42% on previous corresponding period. Directors also declared another record interim dividend of 85 cents fully franked, which was paid on March 31.

These results show that Which new Bank, our customer service transformation program, is indeed working. We have made excellent progress with Which new Bank to date and we are now well into the implementation phase. Which new

Bank has put us in a better position to compete and we are united in our efforts to serve our customers better.

One of the most important parts of our customer service transformation is the implementation of a new technology, known as CommSee that our people are using when serving our customers. Having proven its performance during the pilot and testing phases, the national implementation

commenced in April. The CommSee technology allows us to have a single view of our customers, to record details of each interaction we have with them, and to refer customers to specialists across the Bank more efficiently. CommSee is changing the way we do business, resulting in a better experience for both our customers and our people.

Along with the technical implementation and user training component of CommSee, the follow-up training will support us in aligning this new technology with our service and sales activities. This is an important part of the program as it ensures that the way we meet our customer's needs makes full use of the technology.

In industry news, Mercer Oliver Wyman's annual 'State of the Financial Services Industry' report* indicates that the average five-year return for the Commonwealth Bank shares was 170 percent. Of the global large-cap financial services companies with the highest average Shareholder Performance Index (SPI) over the last five years, Commonwealth Bank was ranked 4th. Of the Australian banks, Commonwealth Bank also demonstrated the highest average SPI in the same period.

In community news, The Commonwealth Bank Foundation continues to provide financial literacy programs including e-Learning Grants for primary schools and Financial Literacy Grants for secondary schools. In February we announced the findings of the Foundation's research – *Improving financial literacy in Australia: benefits for the individual and the nation*. The research found that even a modest improvement in the level of financial literacy of Australians could have the potential, over a ten-year period, to contribute more than \$6 billion per year to the GDP and create over 16,000 jobs. For more information about the research and the Foundation's programs, visit www.commbank.com.au/foundation

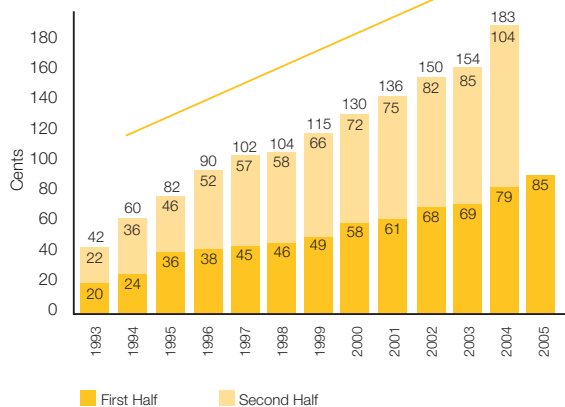
On the reverse of this newsletter we have a range of offers currently available from the Bank – these include a CommInsure home and contents discount, a term deposit and home loan offer and information on a protected portfolio loan from CommSec.

Thank you for your support and I trust that you find this information of interest.

Yours Sincerely,

David Murray
Chief Executive Officer

Commonwealth Bank Dividends per share



There are three themes to our service transformation



*Source: Mercer Oliver Wyman annual 'State of the Financial Services Industry' report 2005 and Mercer Oliver Wyman Global Press Release dated 26 January 2005.



You're worth more than you think

CommInsure is taking an active role in raising the awareness of the need for insurance – helping more Australians to recognise their true worth and the importance of protecting their lifestyle.

Amazingly,

- only one third of Australians have personal life insurance¹;
- 1 in 4 Australian households are without home insurance²; and
- 1 in 10 motorists have not insured their motor vehicle².

With this in mind, now is the perfect time to review your level of cover.

Over the last year CommInsure has introduced a number of innovative features: their home and contents cover provides customised solutions, with pricing based on your age (CommInsure

doesn't wait until you're 55) to give you a better deal; and they have made taking out life and income protection cover easier, by improving both the application and underwriting process.

So, take an active role today to protect your true worth. For comprehensive insurance with competitive premiums visit your local Commonwealth Bank branch or visit comminsure.com.au

- For life and income protection call **13 10 56** or see your financial adviser
- For home, contents and motor insurance call **13 24 23**

Plus, drop into your local Commonwealth Bank branch and take out a combined Home and Contents policy and you'll receive a **10% discount** off the premium*.

1. CommInsure Life Insurance Study, September 2004.
2. Insurance Council of Australia, Consumer and Business Insurance Tracking Study, December 2004.

Important information. *10% discount applies to the base premium for home and contents.

CommInsure is a registered business name of Commonwealth Insurance Limited ABN 96 067 524 216 (CIL) and The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 (CMLA) which are wholly owned but non-guaranteed subsidiaries of Commonwealth Bank of Australia. For the Product Disclosure Statements (PDS) for Home and Contents insurance, issued by CIL call 13 24 23. For a PDS for Life and Income Protection issued by CMLA call 13 10 56. You should consider whether the products are appropriate for you and consider the relevant PDS in any decision.

We may receive commission ranging from 0 – 10% of the annual premium for home and contents and 0% – 20% of the first year's premium for life and income protection. Employees of the Bank are remunerated by salary including superannuation benefits and may be eligible for annual bonus payment based on factors including performance to sales targets/customer service standards. Staff may receive benefits such as tickets to sporting/cultural events, corporate merchandise/similar benefits from product providers whose products they sell/business they refer to those providers.

“Another tip to help you save.”

Looking for a high return on your money? With a guaranteed rate over a fixed, 12-month period our Term Deposit could be just the ticket.

Until 30 June 2005, we have a special 12-month Term Deposit offer.

The current rate is 5.75% p.a.* for balances \$10,000 – \$99,999 (standard and compound interest options only).

For more savings tips, log onto commbank.com.au/investmenttips or for a free copy of our tips booklet call **1800 730 805**.

Alternatively, visit any branch of the Bank. Which bank?

Important information. *Rate current as at 19/4/05 and subject to change. A Product Disclosure Statement for Term Deposits is available by calling 13 2221 or from any branch of the Bank and should be considered before making any decision about the product. If you have a complaint, the Bank's dispute resolution process can be accessed on 13 2221.

Commonwealth Bank working with customers to save water and support the environment

The new “Economiser Water Package Rebate” offer will allow new and existing Economiser home loan customers who borrow \$10,000 or more (and pay an establishment fee of at least \$300) the ability to gain a rebate of their establishment fee up to \$600, when they purchase eligible water saving devices for their house and garden after their loan is funded.

There are a number of eligible water saving devices that will be available towards rebating Economiser's establishment fee.

In order for Economiser customers to claim a partial or full rebate they will be required to present proof of purchase of water saving devices to the Bank before 30 December 2005 (offer end date).

The Bank is committed to protecting the environment and for this reason we are working with our customers to help them economise their water usage.

The Bank regularly undertakes programs to improve the environmental performance of its operations including refitting many of its branches to minimise greenhouse gas emissions.

For further details on this offer visit commbank.com.au/water

Important information.

As this advice has been prepared without considering your objectives, financial situation or needs, you should, before acting on the advice, consider its appropriateness to your circumstances.

If you would prefer not to receive information from the Commonwealth Bank on products and services please contact the share registry ASX Perpetual on 1800 022 440 (freecall unless made from a mobile phone). Commonwealth Bank of Australia ABN 48 123 123 124.

Protected Portfolio Loan

Are you looking to diversify your investment portfolio?

The Protected Portfolio Loan allows you to borrow to invest in the share market. You choose the portfolio of shares from a broad range approved by the Commonwealth Bank, we lend you all the funds through an interest-only loan. This means you can invest across a wider range of shares than you could using your own funds.

Borrowing may magnify your returns, and may also magnify your risks. With a Protected Portfolio Loan, you can reduce this risk. Not only does a Protected Portfolio Loan give you the funds to invest, it also gives the comfort of knowing that the value of the shares will never fall below that of the protected price.*

In addition, you are entitled to receive any ordinary dividends and franking credits from the shares in your Protected Portfolio Loan.

You may find it an advantage to invest in Protected Portfolio Loan prior to 30 June 2005 to receive potential tax benefits on part of your interest payments for the current financial year depending on your situation.

To find out more or to request an Offer Document, please call CommSec on **13 15 19**, or email us on ppl@cba.com.au

*Refer to the Corporate Actions section in the Offer Document.

Protected Portfolio Loan is a product of Commonwealth Bank of Australia, administered by its wholly owned but non-guaranteed subsidiary Commonwealth Securities Limited ABN 60 067 254 399, a Participant of the ASX Group. Applications are subject to the Bank's normal credit approval. Full terms and conditions will be included in the offer. Fees and charges are payable. You should seek advice from your financial and tax adviser to determine whether Protected Portfolio Loan is appropriate for you.

Shareholder Contact Information

ASX Perpetual Registrars Limited

Mail: Locked Bag A14
Sydney South NSW 1235

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

Fax: (02) 9261 8489

Email: registrars@asxperpetual.com.au

Visit Share Registry Services online at

www.commbank.com.au/shareholder to sign up for electronic communications options including Annual Reports, Direct Credit Dividend Payments and Electronic Dividend Statements.

