



“ The Group has delivered another good result for the year despite the uncertain and challenging economic environment. The result is attributable to the Group’s strong position and the continued focus on providing solid returns and dividends to our shareholders. The Group’s strategy and focus of serving our customers remains paramount. We continue to be conservative and at the same time sensitive to change in the external environment, while competing strongly in all the markets and segments we serve. ”

### **RALPH NORRIS' RETIREMENT**

Ralph Norris has announced his intended retirement, effective at the end of November 2011.

Under Ralph’s leadership, the culture of the Group has been transformed. He has developed a management team that is second to none.

The Group’s Total Shareholder Return has exceeded its peers’ in the past 5 years. Ralph’s key focus has been on customer satisfaction to drive performance and again, the improvements under Ralph’s leadership are tremendous.

We have won many prestigious banking awards and weathered the extraordinary pressures of the global financial crisis. Ralph’s focus on the Group’s performance, its prosperity and its customers, has been

unswerving. It has resulted in the very strong position that we occupy today.

Working with the Board, Ralph has also been instrumental in ensuring that there was talent within the organisation to challenge for the CEO position when he felt he would retire.

On behalf the Board, thank you Ralph for being an outstanding chief executive who has made a real contribution not just to banking but to the Australian and New Zealand communities.

### **CEO SUCCESSION – IAN NAREV**

The Board has chosen Ian Narev as Ralph’s successor.

In considering Ian’s appointment, the Board was acutely aware that the challenges of the future will be very different to those encountered so far. The global environment is changing in almost every respect and

technology will play a greater role in both customer service and competitive advantage. Strategic agility will be a key attribute of the CEO.

Ian's background, which is described in this letter, reflects his strategic capability and his inclusive and effective leadership. He is a senior banker with an outstanding breadth of experience.

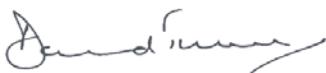
The Board, in making this selection, employed an external firm to carry out a full search for the best available talent around the world. This ensured that in making an internal appointment, we had benchmarked all our senior internal talent against the best outside the Group. It is the culmination of more than two years of ongoing assessment and coaching of our top management team.

We are very confident that Ian will build on the strong position of the Group and, supported by a high class team, will be an excellent leader of the Group.

## OUTLOOK

The Group, with its well managed, diversified business model and strong and stable financial platform, is well positioned for the future with its prudent management and new leadership well able to meet the challenges of the changed banking landscape. While the operating environment continues to be a demanding one with uncertainties over major global economies and fragile domestic confidence, we remain confident about the Group's ability to continue to deliver superior returns for our shareholders.

Finally, I would like to thank our customers and shareholders for their continuing support for the Commonwealth Bank of Australia and of course all the staff of the Group on whom we depend for our success.



David Turner  
CHAIRMAN

10 AUGUST 2011

## CEO ELECT – IAN NAREV

Ian has spent the last 2½ years as Group Executive responsible for Business and Private Banking, a significant division of the Group. He transformed the culture, created a first class management team and increased the profile of both CommSec and the Private Bank areas. He has driven its revenue growth and profitability.

Prior to that, Ian spent 1½ years as Group Head of Strategy where, among other things, he led the acquisition of Bankwest – a most important strategic move for the Group.

Ian is a lawyer by profession and he had a career in the financial services area with McKinsey & Company in New York, Sydney and Auckland. He studied International Corporate Law at Cambridge University and was a Hauser Global Scholar at New York University where he studied International Relations.

Ian is a director of ASB Bank, Sovereign Insurance and Commonwealth Securities. In the not-for-profit sector, he is Chairman of Springboard Trust and a Trustee of the Louise Perkins Foundation.

Ian is 44, and lives in Sydney, Australia with his wife and two young daughters. He was previously widowed. His interests include international affairs, rugby and the performing arts.





**“ The Group continued to focus on supporting its customers and has again delivered significant benefits to its people, its shareholders, business partners and the wider Australian community in the 2011 financial year. ”**

### HIGHLIGHTS

A continued disciplined approach to the execution of the Group's five strategic priorities has resulted in the Group delivering a cash net profit after tax for the year of \$6,835 million, up 12 percent – a good result in what remains a challenging operating environment.

The Group continues to hold high levels of capital and liquids, is well funded and maintains a conservative approach to provisioning.

We have continued to balance the needs of our customers and shareholders. In a year where global financial markets were volatile and unpredictable we wrote over \$90 billion in new loans and advances, the majority of which were to retail and small business customers, at competitive interest rates and at the same time, reducing or eliminating a range of fees.

Once again, the result is testimony to the consistent, disciplined and effective execution of our strategic agenda, highlighted by continued high levels of investment in the business over the past year.

### DIVIDENDS

A final dividend of \$1.88 per share was declared – an increase of 11 percent on the prior year. The total dividend for the year was \$3.20, taking the dividend payout ratio (cash basis) for the year to 73.2 percent. The Group's Dividend Reinvestment Plan will continue to operate but no discount will be applied to shares issued under the plan for the 2011 final dividend.

### SUPPORTING THE COMMUNITY

The Group has a strong tradition of supporting the community through a wide-range of charitable donations,

sponsorships and other activities, and I am pleased that we have once again been able to demonstrate this commitment through these measures. It is times like this that financially strong organisations have the capacity to support communities in need.

The Group provided financial support of \$67 million to support our customers and community groups affected by natural disasters in Queensland, Victoria, Western Australia and Christchurch.

## STRATEGIC PRIORITIES

Our commitment to our strategic priorities is evidenced by the fact we have consistently invested in the long term future of the business, notwithstanding the short term challenges we have faced.

Once again in the past year, we have invested over \$1 billion in key strategic projects. These initiatives enhance customer experience and drive further process and productivity improvements. The Group's largest single investment, the four year Core Banking Modernisation programme, remains on schedule and achieved significant milestones during the year.

We have made real progress on our strategy, highlighted by:

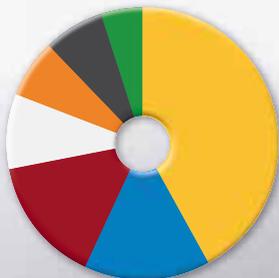
- Significant improvements in customer satisfaction levels
- Strong gains in the number of products held per customer
- The effective delivery of our Business Banking growth strategy
- The execution of value-generating profitable growth opportunities, including targeted expansion through Asia
- Outstanding staff engagement, and
- A significant investment in technology.

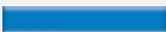
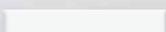
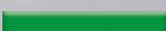
Our focus on our priorities has resulted in us being recognised with numerous awards including 2011 Money Magazine's Bank of the Year for the second year in a row, Australian Banking and Finance's Australian Financial Institution of the Year, Australian Business Award for the Best Service Provider in Financial Services and the Customer Service Institute of Australia's award for Best Customer Service for a Large Company.

## CONCLUSION

This will be my last result as I will be retiring on 30 November 2011. It has been a privilege to have been CEO and Managing Director

## PROFIT CONTRIBUTION BY BUSINESS – CASH



	RBS	\$2,845m (42%)
	BPB	\$1,039m (15%)
	IB&M	\$1,004m (15%)
	WM	\$642m (9%)
	NZ	\$470m (7%)
	BWA	\$463m (7%)
	Other	\$372m (5%)

RBS: RETAIL BANKING SERVICES    BPB: BUSINESS & PRIVATE BANKING    IB&M: INSTITUTIONAL BANKING & MARKETS  
WM: WEALTH MANAGEMENT    NZ: NEW ZEALAND    BWA: BANKWEST

## KEY FINANCIALS

	Jun 11	vs Jun 10	
Operating Income (\$m)	19,538	4%	✓
Operating Expenses (\$m)	8,891	3%	✓
Cash NPAT (\$m)	6,835	12%	✓
Statutory NPAT (\$m)	6,394	13%	✓
Return on Equity – Cash (%)	19.5	80 bpts	✓
Cash EPS (cents)	438.7	11%	✓
Dividend per Share – Fully Franked (cents)	320	10%	✓

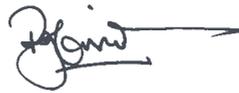
and I have enjoyed the many challenges we have faced over the past 6 years, many that were unanticipated, such as the Global Financial Crisis.

My focus has always been on our customers, staff, and the community. By delivering real benefits to them, we have delivered over the past 6 years sector leading returns to our almost 800,000 shareholders and many millions more Australians indirectly through their superannuation funds. The ongoing success of our business is a tribute, I believe, to the disciplined approach we have taken to the execution of our five strategic priorities.

I am delighted to congratulate Ian Narev on his appointment as Chief Executive

Officer. Ian has an outstanding record of academic and business achievement and is an excellent choice to take the Group forward. I wish Ian all the best and I am very confident about the future under Ian's leadership.

Thank you for the support that has been offered to me over my 6 years with the Group.



Ralph Norris  
CHIEF EXECUTIVE OFFICER  
10 AUGUST 2011

## CASH NPAT



## FULLY FRANKED DIVIDENDS (CENTS)

