

Commonwealth Bank

Commonwealth Bank of Australia
ACN 123 123 124

GPO Box 2719
Sydney
New South Wales 2000

Dr John Schubert
Chairman

20 June 2005

Dear Shareholder,

As you may be aware, it has been announced that the Board has appointed Mr Ralph Norris to take over the role of CEO on the retirement of Mr David Murray later this year. Ralph is currently Chief Executive Officer of Air New Zealand.



The Board is very pleased to appoint Ralph as the next CEO of the Commonwealth Bank. He has a proven track record of success in leadership, cultural transformation, customer service, people and team development and business growth.

With the Which new Bank program firmly on track for full implementation by 2006, David suggested that a handover at this stage would allow the new CEO sufficient time to develop the post-Which new Bank strategy.

The Commonwealth Bank's cultural transformation program has made decisive progress and now has significant momentum. Which new Bank has put the Bank in a strong competitive position for the future and both David and the Board felt this was the right time to appoint the next CEO.

Ralph brings to us an outstanding track record of achievement in both his ten years as Managing Director and Chief Executive Officer of ASB Bank Limited, the Commonwealth Bank's New Zealand banking operation, and most recently as Managing Director and Chief Executive Officer of Air New Zealand Limited.

Under his leadership, ASB grew its business, year-on-year, at a rate double that of the market, with earnings increasing at a compound annual growth rate of 18 per cent. ASB was also consistently rated New Zealand's best bank for customer service. During this period, the Commonwealth Bank Board had the opportunity to see at first hand both his outstanding performance and his personal qualities.

While at Air New Zealand, Ralph has been credited with leading a turnaround in the company's fortunes and introducing a more customer-focussed culture. He has been honoured with New Zealand's Executive of the Year Award in 1997 and 2004. The Board now welcomes him back to the Bank at a dynamic and exciting time.

Ralph commented in a statement to the media that he was honoured and pleased to rejoin the Commonwealth Bank at a time of great opportunity, created by both the Bank's inherent strengths and the significant potential being delivered through Which new Bank. He said he looked forward to continuing the drive to excel at customer service and to follow on from David to lead the way in delivering the best financial services for the future.

In David's 13 years as Chief Executive Officer of the Commonwealth Bank, the Bank moved to full privatisation and active participation in an increasingly competitive financial services market.

Following the acquisition of the State Bank of Victoria and ASB Bank New Zealand, David set out to make the Commonwealth Bank a leader in electronic banking services and accessibility through the introduction of NetBank, Australia's first online banking service, and CommSec, now Australia's largest online sharebroker.

The acquisition of Colonial and its banking and funds management operations in 2000 changed the shape and extent of services the Bank could offer its customers. In 2003, David introduced Which new Bank, the Bank's largest-ever cultural transformation.

David said in a statement to the media that there had been many challenges during his time as CEO of the Bank, but that he had always worked in the pursuit of a better Bank, providing a better service to customers, creating more opportunities for our people and delivering good returns to shareholders. He commented that the Bank has transformed and improved on a continual basis and that he took tremendous satisfaction in having been able to lead and contribute to that positive change.

The Board recognises and thanks David for the many fundamental contributions during a long and loyal career with the Bank. He has demonstrated outstanding leadership and vision during his 13 years as Chief Executive Officer and he has initiated and successfully led the implementation of some of the most crucial transformations in the history of this Bank.

David has taken the Bank from a \$6 billion company, producing a profit of around \$400 million in 1992 to a \$49 billion financial services provider, generating over \$3.5 billion in profit in 2004. During his tenure, the Bank generated total returns for its shareholders at a compound annual growth rate of over 24 per cent, one of the highest total returns of any major bank in Australia. Few if any CEOs, in any industry, can show such growth, so consistently and over such a period of time.

David will of course continue as CEO until Ralph assumes the role, which will be before the end of the calendar year. Ralph has a six month notice provision in his contract with Air New Zealand. However, his actual departure date is yet to be determined as it will be in consultation with the Air New Zealand Board and in the best interests of both companies.

The Board and I very much look forward to working with Ralph and together ensuring that the best interests of you, our shareholders, continue to be met.

Yours sincerely

A handwritten signature in black ink, appearing to read "J Schubert". The signature is written in a cursive style with a large initial "J" and a stylized "S".

Dr John Schubert
Chairman