

CHAIRMAN'S ADDRESS FOR 2007 CBA ANNUAL GENERAL

MEETING

The 2007 financial year has been another good one for your Bank with all of our businesses performing well. The year's success again demonstrates the quality and diversity of our businesses and commitment of our people to moving towards our vision of creating Australia's finest financial services organisation through excelling in customer service.

Financially, we maintained the momentum from last year. We have delivered cash earnings per share growth (excluding the sale of our Hong Kong Insurance Business in the prior year) of 16%. Cash return on equity increased to 22.1%. A particularly pleasing aspect of the result was that while having delivered a strong result we continued to invest in growth initiatives which will help to underwrite our future profit growth.

Dividends & Capital

Your Board again declared a record final dividend of \$1.49 per share. This takes total dividends for the year to \$2.56 per share, up 14% on last year. Over the last three years dividends have grown at an annual compound rate of 12%.

Capital Management

During the year we undertook a number of important capital initiatives including a number of changes to the Dividend Reinvestment Plan. As a result of these changes, the dividend reinvestment plan participation rate increased markedly to 37.6% from previous levels of 18%.

Your Bank's long term credit rating was upgraded by both Standard and Poor's and Moody's to 'AA' and 'Aa1' respectively.

Sustainability

This year we have increased our focus on sustainability which is critical to creating and protecting long term shareholder value.

At your Commonwealth Bank we recognise that it's our people, customers, community and shareholders that provide us with our licence to operate.

With our people we aim to build a culture of trust and team spirit and we measure progress annually with our internally developed culture survey. The 17% improvement in our Trust and Team Spirit Index shows we are on the right track with the relationship with our people.

As Australia's largest financial services organisation we recognise that we operate as part of the community. As an employer of over 37,000 people and with over 9 million customers we have one of the largest social footprints of any Australian company.

Our activities in the community are extensive but one of the areas some may be aware of is The Commonwealth Banks Foundation's financial literacy programs. These programs create and support educational projects that will reach over 30,000 Australian students and teachers in 2007 alone. Building financial literacy for young Australians ultimately helps both Australia and the performance of our business.

To protect our licence to operate and to manage our impact on the environment we look to embed sustainability into our business practices.

We work to manage our impact on the environment and are committed to continuous improvement in energy and water efficiency and waste management. We have reduced our greenhouse emissions by 17% since 2001 and have the lowest carbon footprints per employee of any of the major banks. A number of you may know that this is an area about which I feel very strongly. While other companies may be beating their chests, we have certainly not been asleep at the wheel. We have had an environmental policy in place since 2001.

In 2007 Colonial First State Global Asset Management signed the United Nations Principle for Responsible Investment; a commitment to consider the environmental, social and governance issues across all of their investments.

But it is not only all about managing risk. There are also opportunities from understanding climate change and other environmental issues. For example your Commonwealth Bank was the manager for the BP Global Choice™ program launched in 2001. We were responsible for sourcing and vetting greenhouse reduction projects. This was one of the first carbon market initiatives in Australia and we have since financed 29% of the projects under the Greenhouse Friendly program.

We are also very proud to be chosen by Al Gore's organisation to launch the Generation Global Sustainability Fund for the retail market in Australia through Colonial's FirstChoice investment platform.

The launch of this Fund signals our ability to deliver products that incorporate sustainability considerations into the core investment process.

Moving forward we will continue to develop our approach to sustainability issues and we look forward to communicate more with you in this area.

Corporate Governance and Board

Your Board takes governance responsibilities very seriously and we are continuously planning for the future needs of the Group. Criteria for director appointments have been developed aimed at creating a Board capable of challenging, stretching and motivating management so they can achieve sustained outstanding performance. Your Board also has a rigorous process for annually reviewing its performance, policies and practices and the performance of each individual director.

It has been another busy year for your Board and I would like to thank my fellow directors for their contribution and dedication. I would particularly like to extend my appreciation to Warwick Kent and Frank Swan who both retire from the Board today.

Frank and Warwick have been directors since July 1997 and June 2000 respectively. During this time, they brought *extremely* relevant skills, experience and wise counsel to the Board and have made invaluable contribution as members of the Board's Audit, Risk and Performance and Renewal Committees. Both Warwick and Frank are extremely diligent, have impeccable values, great experience and very sharp minds. We thank Warwick and Frank for their contributions and wish them well in their retirements.

I would like to welcome two new directors to the Board. Harrison Young and Sir John Anderson joined the Board in February and March 2007 respectively. Harrison Young had a distinguished career in investment banking for more than thirty years and was Managing Director and Vice Chairman of Morgan Stanley Asia from 1997 to 2003 and Chairman of Morgan Stanley Australia until February 2007. Sir John Anderson has held many senior positions in the financial services industry in New Zealand including Chief Executive and Director of ANZ National Bank Limited and the National Bank of New Zealand.

Both of them have already contributed strongly to the Board and I am sure their skills and contribution will compliment and enhance the performance of your Board.

Conclusion

It has been an exciting year for your Bank. We have made significant progress on our four strategic initiatives. We are particularly pleased about the good results achieved in the Customer Service initiative.

The delivery of yet another good financial result is again attributable to the commitment and hard work of our people. I would like to recognise, congratulate and thank all our employees for the contribution to the success of the Group.

I would also like to thank our customers and shareholders (and I recognise that many here may be both) for their continued support of the Commonwealth Bank Group.