

Shareholder Review

2012

CommonwealthBank



- › Statutory net profit after tax (NPAT) of \$7,090 million – up 11 per cent on prior year;*
- › Cash NPAT of \$7,113 million – up 4 per cent on prior year;*
- › Disciplined approach to cost management with continued investment in technology and productivity initiatives;
- › Fully franked final dividend of \$1.97 per share, up 5 per cent on prior year's final dividend;
- › Return on Equity (cash basis) of 18.6 per cent;
- › Customer deposits increased \$30 billion to \$379 billion – now represent 62 per cent of Group's total funding;
- › Capital, funding and provisioning all remain strong – holding liquids of \$135 billion as at 30 June 2012; and
- › Group in strong position with a well-managed, diversified business portfolio and robust, stable financial platform

*For an explanation of, and reconciliation between, Statutory and Cash NPAT refer to pages 2, 3 and 11 of the Group's Profit Announcement for the year ended 30 June 2012 available at www.commbank.com.au/shareholder

CHAIRMAN & CEO'S REVIEW



2012 RESULT

The 2012 financial year has been another challenging one for financial institutions. The macroeconomic environment has again been dominated by uncertainty and volatility in global financial markets.

The Group has responded to this instability by maintaining conservative business settings, which include strong capital, high levels of liquidity and robust provisioning. Retail and wholesale funding costs remain elevated, but the Group is well funded which has enabled us to support our customers, many of whom are finding the current environment challenging.

Statutory NPAT for the 2012 financial year

was \$7,090 million – up 11 per cent on the prior year. Cash earnings were \$7,113 million. Our cash return on equity was 18.6 per cent. Relative to our peers, and given the uncertain and volatile environment in which we are operating, this is a good result.

DIVIDENDS

With the impacts of global regulatory reform more certain, your Board has decided that it is appropriate to review the Group's dividend policy. As a result of this review, the Group will seek to:

- Pay cash dividends at strong and sustainable levels;

“The Group delivered a good result in another challenging year and uncertain environment. The result is a reflection of the Group’s conservative approach and its continuing commitment to enhancing customer experience by investing in technology.”

- Target a payout ratio (“cash basis”) of 70 to 80 per cent; and
- Maximise the use of its franking account by paying fully franked dividends.

Interim dividends will be increased in future periods to ensure a more even distribution of dividends across the year. In the past our practice has been to have a higher payout ratio for the final dividend.

As far as the current year is concerned, a final dividend of \$1.97 per share was declared, an increase of 5 per cent on the prior year. The total dividend for the year was \$3.34 per share (up 4 per cent on the prior year), taking the payout ratio for the year to 75 per cent. The Group’s Dividend Reinvestment Plan will continue to operate, but no discount will be applied to shares issued under the plan for the 2012 final dividend.

OPERATION HIGHLIGHTS

Underlying the strong overall results were a number of significant achievements during the year which included:

- We made continuing progress towards our goal of being number one in customer satisfaction;
- To commemorate our centenary, we are increasing our investment in

Australian communities by \$100 million over the next 10 years;

- We have continued to make significant progress with our Core Banking Modernisation project. Five years in the making, the project has already moved more than 12 million customers to a faster, safer and more reliable banking platform;
- To take advantage of the trend towards a cashless and wallet-free market, we launched a revolutionary app, Kaching, which is available on Apple iPhones and iPads and a range of Android smartphones and tablet devices. The app enables our customers to make payments via mobile, email or to Facebook contacts;
- As part of our commitment to provide innovative technology solutions for customers, the Group launched Pi which is a powerful open software platform that will make it easier for businesses to serve their customers, and allow businesses to download apps, or even create and upload apps;
- We delivered strong growth in customer deposits with balances increasing by \$30 billion to \$379 billion;
- We maintained our strong capital position and held \$135 billion of liquid

KEY FINANCIALS

	JUN 12	VS JUN 11
OPERATING INCOME (\$M)	20,001	2%
OPERATING EXPENSES (\$M)	9,196	3%
CASH NPAT (\$M)	7,113	4%
STATUTORY NPAT (\$M)	7,090	11%
RETURN ON EQUITY – CASH (%)	18.6%	(90) bpts
CASH EPS (CENTS)	449.4	2%
FINAL DIVIDEND PER SHARE – FULLY FRANKED (CENTS)	197	5%

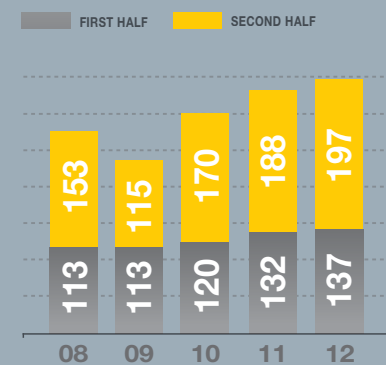
CASH NPAT CONTRIBUTION



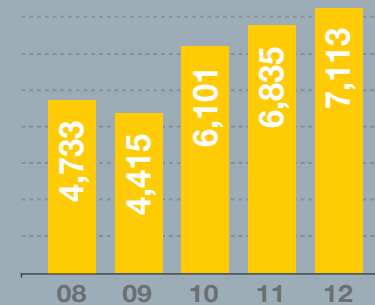
■	RBS	\$2,934m (41%)
■	BPB	\$1,067m (15%)
■	IB&M	\$1,060m (15%)
■	WM	\$569m (8%)
■	NZ	\$490m (7%)
■	BWA	\$524m (7%)
■	Other	\$469m (7%)

RBS: RETAIL BANKING SERVICES
 BPB: BUSINESS & PRIVATE BANKING
 IB&M: INSTITUTIONAL BANKING & MARKETS
 WM: WEALTH MANAGEMENT
 NZ: NEW ZEALAND
 BWA: BANKWEST
 OTHER: GROUP TREASURY, CENTRE FUNCTIONS, IFS ASIA

FULLY FRANKED DIVIDENDS (cents)



CASH NPAT (\$m)



“ We made real progress achieving our goal of being number one in customer satisfaction. ”

assets as at 30 June 2012. We remained one of a handful of global banks to retain a AA credit rating.

- While the performance of our major businesses are described in the attached review, while small, our activities in Asia, notably in Indonesia and China, have performed very well.

LOOKING FORWARD

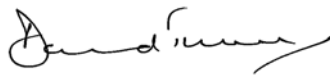
The Group remains positive about the medium to long term outlook for Australia. However, the global economy remains uncertain. It is difficult to see the catalyst for alleviating the uncertainty which will continue to affect consumer and corporate confidence. In the near term, the Group expects current revenue trends to continue, while retaining conservative business settings.

Against this backdrop, the Group will continue to operate in a disciplined and prudent manner, focused on driving sustainable improvements in business performance and investing in long term strategic priorities. The Group is confident that our customer focused strategy positions the business well for the long term.

We will continue to develop our people to ensure we have the capability to achieve our objectives, accelerate the development of our

business outside Australia and remain alert in challenging times.

We would like to thank our customers and shareholders for their continuing support and, of course, all of our people whose efforts over the year have again seen us deliver a good result in a difficult environment.



David Turner
CHAIRMAN
15 AUGUST 2012



Ian Narev
CHIEF EXECUTIVE OFFICER
15 AUGUST 2012

STRATEGIC PRIORITIES

Our overarching priority is creating long-term value for shareholders through our continued Customer Focus. This means we will focus on our customers' financial goals to enhance their lives and businesses. To support our Customer Focus, our strategy is supported by four clear capabilities – Technology, People, Strength and Productivity.

CUSTOMER FOCUS

We focus on our customers' financial goals to enhance their lives and businesses

Our customers remain our number one priority. Our customers are what unify us; they are at the heart of what we do. We will continue to focus on our customers' financial goals to enhance their lives and businesses. It is this focus that will see us continue to provide an outstanding customer experience. Our goal remains to be number one in customer satisfaction.

PRODUCTIVITY

Continuously simplifying how we do things

The Group has a renewed focus on productivity, which means continuously simplifying the way we do things to achieve better outcomes for our customers and our people, resulting in value for shareholders. This is something good businesses do at all times and is critical to our long-term success. We will accelerate what we've been doing for the last couple of years, which is taking a process-by-process look at the Group, finding ways to improve turnaround times, reduce errors and reduce

unit cost. This focus helps our customers, simplifies the work for our people making the Group a better place to work, and creates value for our shareholders.

TECHNOLOGY

World-leading application of technology

Achieving and maintaining a leadership position in technology and innovation is a strategic and operational priority for us.

We will continue to apply our world-class technology to meet evolving customer needs. Initiatives will include:

- developing applications to leverage our real-time capabilities;
- leading with new ways for our customers to interact with us;
- using our analytic insights to offer more value and better pricing to customers; and
- leveraging technology to enhance productivity.

Convenience, simplicity and security are crucial to our operations and our opportunity to continue to differentiate ourselves from emerging technology competitors.

TECHNOLOGY INNOVATION

To take advantage of the trend towards a cashless and wallet-free market, the Commonwealth Bank last year launched its revolutionary mobile app Kaching, which is available on Apple iPhones/iPads and a range of Android devices. The app has changed mobile payments forever, as it enables our customers to pay their friends via mobile, email or Facebook contacts.

Not only is it a market leader in peer-to-peer payments, Kaching users can 'Tap and Go' with their iPhone 4 or 4S at any PayPass terminal worldwide, reducing the need to rely on cash, bank transfers and cards.

In July 2012, the Commonwealth Bank also delivered another Australian banking first – introducing a new addition to

Kaching called Bump, which takes advantage of Near Field Communications (NFC) technology. Customers can simply "bump" phones with their intended recipient and an instantaneous payment will be made, making splitting the bill at dinner or paying your friends back when you've forgotten your wallet all the more simple.

Also unveiled was the new world-first retail banking platform Pi. This powerful, open software platform will next year allow businesses to download, upload and even create new apps. With it comes Albert, a sleek portable merchant terminal device and Leo, which will enable businesses to turn their iPod touch or iPhone 4 into a contactless payment platform.

Our aim is to give our customers access to services anywhere, anytime which are convenient, simple and secure so they can achieve their financial goals.



STRENGTH

Sound financial and risk management

Through the financial crisis, we learnt that the Group's strength and stability make us the organisation Australians trust to look after their money. A strong and flexible balance sheet is important to ensuring we can continue to support our customers and capitalise on opportunities. Sound financial and risk management will continue to be a major area of importance moving forward.

We also realise that in an environment characterised by volatility, we must remain financially and operationally flexible and be ready to adapt to the world around us. This in turn impacts our decisions on issues such as the level of deposit funding, the sources of wholesale funding, the balance of short term against long term wholesale funding and the weighted average duration of long term funding.

Sometimes our predisposition to retaining a strong and flexible balance sheet may not be optimal from a short term profitability perspective, but we see the strategy as being consistent with the Group's best long term interests.

PEOPLE

A vibrant, customer-focused and high integrity culture

We have a vibrant, customer-focused and high integrity culture. Our people are central to our success. We will continue to invest in our people through enhanced talent management programmes, by our commitment to our diversity goals, and by ensuring that our people continue to enjoy a safe, supportive and secure work environment.

Our strategy will give us a long term competitive advantage to enable us to grow our business by giving us the opportunity to identify and meet more needs of more customers. Additional areas of focus include enhancing our market positions in Business and Institutional Banking, and growing our banking and wealth businesses selectively outside Australasia.

CAPABILITY

We will develop our capability to ensure we achieve our strategy and are both nimble and able to take advantage of the challenges and opportunities ahead.

We will also seek to accelerate the development of our business outside Australia.

SIMPLE. SAFE. SOCIAL.

This is a snapshot of how our commitment to technology is transforming banking and capturing the imagination of our customers.

- #1 in online banking with Netbank
- #1 youth segment market
- > 40% of all payment transactions
- #1 social and Facebook
- The first to offer real time banking
- 4.25 million active online customers
- > 2 million customers on mobile
- #1 contactless payments with 7 million PayPass enabled cards



OPERATING REVIEW



A good result in an uncertain and volatile environment, driven by focused delivery of our strategic priorities.

RETAIL BANKING SERVICES

Retail Banking Services cash net profit after tax for the year was \$2,934 million, which represented an increase of 3 per cent on the prior year.

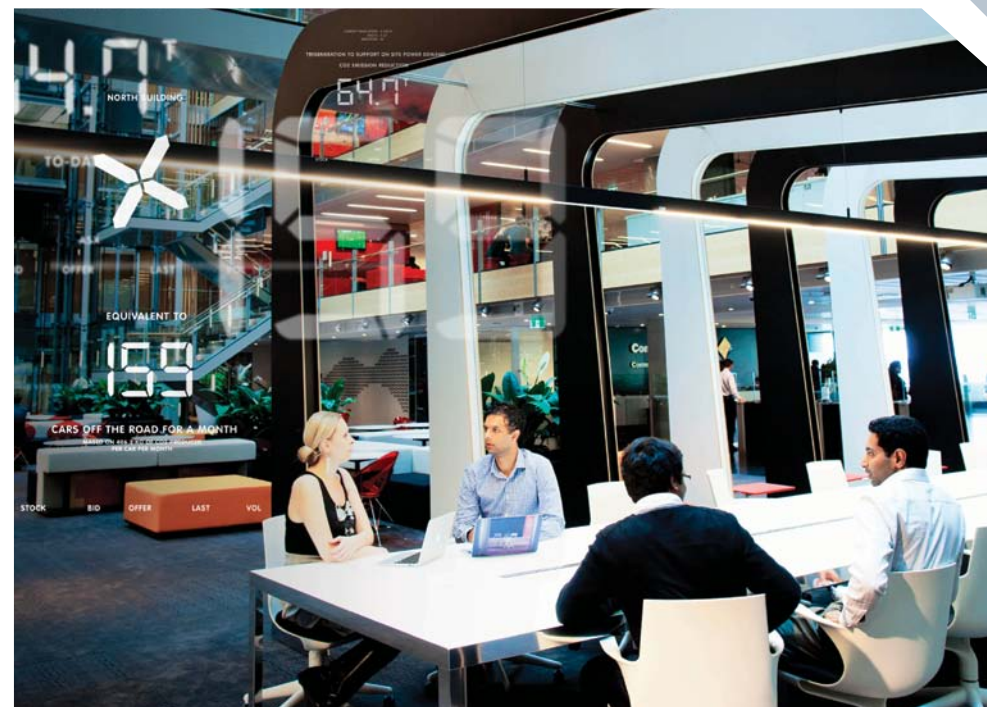
The result reflected subdued volume growth and an ongoing focus on efficiency, partially offset by a slight decrease in net interest margin.

Home loan average volume growth was 3 per cent, with new business remaining subdued across the broader market.

Operating expenses were well managed, up 2 per cent on the prior year. This increase was primarily driven by continued investment in technology, and branch refurbishments, but partially offset by efficiency gains. The expense to income ratio improved a further 50 basis points to 38.1 per cent.

Customer satisfaction remained at record levels, with a strong performance across all retail channels.

Our continued investments in technology have resulted in enhanced online banking customer experience. These achievements have been recognised through the award of Canstar “Best Online Bank” for the third year in a row.



BUSINESS AND PRIVATE BANKING

Business and Private Banking cash net profit after tax of \$1,067 million for the year represented a 4 per cent increase on the prior year.

The major driver of this result was business banking income growth of 5 per cent, partly offset by a decrease in Equities and Margin Lending income, driven by subdued equity markets. The result was further strengthened by disciplined expense management and lower impairment expense, reflecting the sound credit quality of the portfolio.

The focus on productivity initiatives, including call centre consolidation and the wind-down of the receivables finance business, combined with disciplined expense management resulted in operating expenses growth of only 1 per cent compared with the prior year. The cost to income ratio for

Business and Private Banking improved 50 basis points to 43.4 per cent.

Continued investment in Core Banking Modernisation delivered real benefits to customers including real time banking and everyday settlement.

Leading customer satisfaction was maintained in the June 2012 DBM Business MFI Customer Satisfaction survey. Other highlights included:

- Money Magazine “Business Bank of the Year”
- Australian Private Banking Council (APBC) Awards for “Outstanding Institution Award for clients with \$1-\$10million”



INSTITUTIONAL BANKING AND MARKETS

Institutional Banking and Markets achieved a cash net profit after tax of \$1,060 million for the year, which represented a 6 per cent increase on the prior year.

The result was driven by improved momentum in lending balance growth, transactional banking deposit volume growth and lower loan impairment expense. This was partly offset by weaker performance in the trading book, which was significantly impacted by unfavourable counterparty fair value adjustments.

The business continued to invest in a number of focused areas, including Transaction Banking Initiatives, to enhance customer service, and a new foreign exchange platform which has contributed to a 32 per cent increase in foreign exchange sales volumes compared to the prior year.

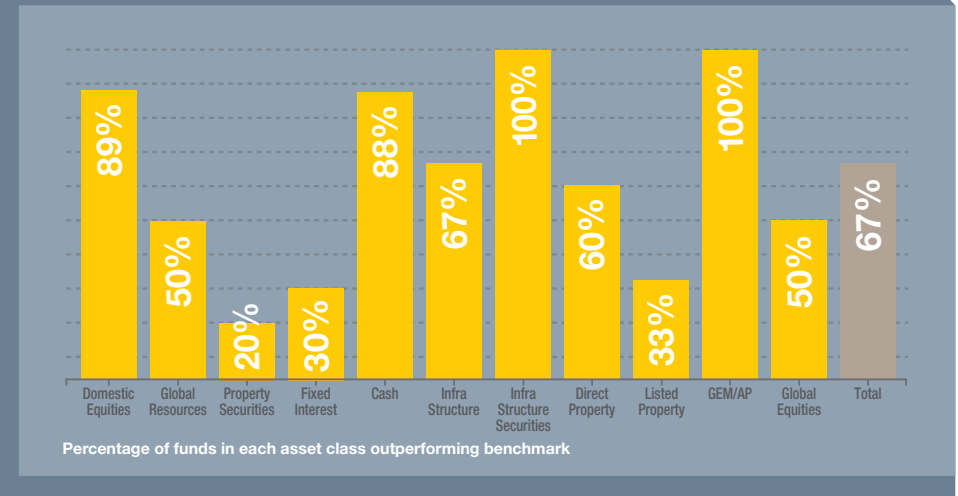
Performance highlights included:

- “Best Syndicated Loan” by Asiamoney Australia Awards 2011
- “Best Project Financing” by Asiamoney Australia Awards 2011
- “Innovative Deal of the Year” by 2012 Insto Distinction Awards
- “Syndicated Loan of the Year” by 2012 Insto Distinction Awards
- “Best Bank in Australia” by Euromoney

WEALTH MANAGEMENT

Wealth Management cash net profit after tax for the year was \$569 million, which presented an 11 per cent decrease on the prior year.

STRONG INVESTMENT PERFORMANCE - 3 YEARS



The result reflects continued weakness in global investment markets, which was partly offset by a solid insurance performance.

The wealth management performance highlights included:

- The funds business delivered a resilient result with Funds under Administration up 2 per cent to \$193 billion, despite significant pressure on investment markets.
- Investment performance of CFS Global Asset Management continues to be strong with 67 per cent of funds outperforming benchmark over three years. Persistent uncertainty in the global economic outlook saw investor preferences continue to favour cash and fixed interest products over equities.

- FirstChoice and FirstWrap continued to grow market share, attracting 34 per cent share of market net flows. FirstChoice retained the position of the largest platform and increased its market share to 11.6 per cent as at 31 March 2012.
- Commlinsure achieved strong inforce premium growth across all insurance lines of business, reflected in insurance income growth of 11 per cent.



Commlinsure



Advice





NEW ZEALAND

New Zealand cash net profit after tax for the year was NZ\$638 million, an increase of 9 per cent on the prior year. The result was driven by a solid performance from ASB Bank with strong banking performance.

ASB Bank delivered a cash net profit after tax of NZ\$580 million, up 15 per cent on the prior year, primarily driven by an improved net interest margin and lower impairment expense.

Net interest income increased 10 per cent, benefitting from fixed rate loan repricing and a shift in customer preference to variable rate home loans. Wholesale funding costs continued to increase as a result of global market uncertainty and competition for retail deposits was intense.

Operating expenses were tightly controlled, up 1 per cent. Strategic initiatives to improve the customer experience have delivered efficiency improvements.

Key highlights for ASB Bank include:

- “New Zealand Bank of the Year” by The Banker Magazine (UK)
- Winner of CANSTAR Award for Online banking



Sovereign's cash net profit after tax of NZ\$52 million, was down 40 per cent on the prior year. The decline in profit was impacted by unfavourable actuarial policy liability valuations including a decrease in New Zealand Government bond rates.



BANKWEST

Bankwest's cash net profit after tax of \$524 million for the year ended 30 June 2012 was 13 per cent up on the prior year.

Net interest income increased 3 per cent compared to the prior year. This was mainly driven by above system home loan volume growth despite the subdued credit growth environment and competitive market.

Home loan balances increased to \$51 billion up 12 per cent on the prior year and significantly above system growth of 5 per cent.

Other banking income decreased 6 per cent compared to the prior year due to customer preference for low fee accounts, lower new business volumes and the impact of unfavourable counterparty fair value adjustments.

In the second half of 2012, net interest income decreased 5 per cent compared to the first half due to increased wholesale funding costs and lower deposit margins.

Operating expenses decreased by 2 per cent, benefitting from productivity initiatives which included a new call centre model and the consolidation of loan processing functions.

Loan impairment expense was \$61 million, down 44 per cent compared to the prior year. This reflects the improving credit quality of the book.

Bankwest's success has been reflected in:

- Money Magazine Awards 2012 “Money Minder of the Year”
- Money Magazine Awards 2012 “Credit Card Issuer of the Year”
- Money Magazine Business Awards – Cheapest Business Transaction Account



BOARD OF DIRECTORS



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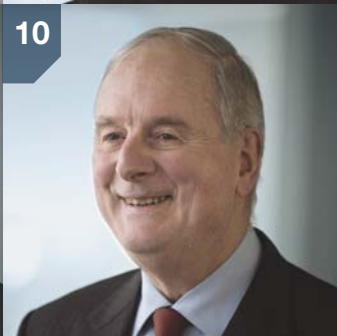
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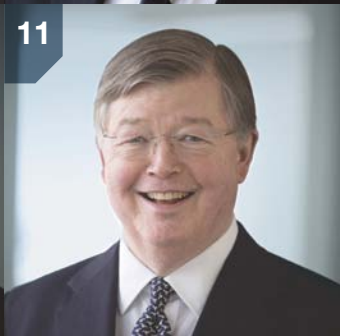
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01 David J Turner CHAIRMAN

David has been a member of the Board since August 2006 and has been Chairman since February 2010. He was Chairman of Cobham plc from 2008 to 2010 and CEO of Brambles from 2003 until his retirement in 2007. David has held a number of directorships including Whitbread plc and Iron Trades Insurance Group and has been a member of the Quotations Committee of the London Stock Exchange. Age 67.

02 Ian Narev MANAGING DIRECTOR & CEO

Ian commenced as MD and CEO in December 2011. He joined the Group in 2007 and worked as Head of Strategy and Group Executive, Business and Private Banking before being appointed as CEO. Prior to joining the Group, Ian was a partner of McKinsey's New York, Sydney and Auckland offices from 1998 to 2007. Ian is Chairman of Commonwealth Bank Foundation. Age 45.

03 Sir John A Anderson KBE 04 Colin R Galbraith AM 05 Jane S Hemstritch

Sir John has been a member of the Board since March 2007. He was CEO & Director of ANZ National Bank Ltd from 2003 to 2005 and National Bank of NZ Ltd from 1989 to 2003. Sir John is Chairman of NZ Venture Investment Fund, PGG Wrightson Ltd, NPT Ltd, Steel & Tube Holdings and Turners and Growers Ltd. Age 67.

Colin has been a member of the Board since June 2000. He is a special advisor for Gresham Partners, Chairman of BHP Billiton Community Trust and BHP Billiton Community Ltd, a director of Arrium Ltd (previously OneSteel Ltd) and Australian Institute of Company Directors. Age 64.

Jane has been a member of the Board since October 2006. She was MD – Asia Pacific for Accenture Ltd from 2004 until her retirement in 2007. Jane is a director of Lend Lease Corp Ltd, Santos Ltd, Tabcorp Holdings Ltd, Victorian Opera Co Ltd and The Global Foundation. Age 58.

06 Launa K Inman 07 S Carolyn H Kay 08 Brian Long

Launa has been a member of the Board since March 2011. She was appointed MD and CEO of Billabong Intl Ltd effective May 2012. Prior to this, Launa was MD of Target Australia Pty Ltd from 2005 to 2011 and MD of Officeworks from 2004 to 2005. She won the 2003 Telstra Australian Business Woman of the Year. Age 56.

Carolyn has been a member of the Board since March 2003. She has over 25 years of experience in international finance including working as both a banker and a lawyer at Morgan Stanley, JP Morgan and Linklaters & Paines in London, New York and Australia. Carolyn is a director of Allens, Brambles Industries Ltd, Infrastructure NSW and Sydney Institute. Age 51.

Brian has been a member of the Board since September 2010. He retired as partner of Ernst & Young in 2010. Until that time he was Chairman of both Ernst & Young Global Advisory Council and Oceania Area Advisory Council. Brian is Deputy Chairman of Ten Network Holdings Ltd. Age 66.

09 Andrew M Mohl 10 Fergus D Ryan AO 11 Harrison Young

Andrew has been a member of the Board since July 2008. He was MD and CEO of AMP Ltd from 2002 to 2007 and former Group Chief Economist and MD at ANZ Funds Management. Andrew is Chairman of Federal Government Export Finance and Insurance Corp. Age 56.

Fergus has been a member of the Board since March 2000. He was a senior partner of Arthur Andersen until his retirement in 1999 after 33 years with that firm. Fergus is a director of Australian Foundation Investment Co Ltd and Centre for Social Impact. Age 69.

Harrison has been a member of the Board since February 2007. He was Chairman of Morgan Stanley Australia from 2003 to 2007. Harrison was a Director of the Bank of England until May 2012. He is Chairman of NBN Co Ltd and of Better Place (Australia) Pty. Age 67.

REMUNERATION

NON-EXECUTIVE DIRECTORS

The Group has a strong composition of skilled, knowledgeable and experienced non-executive directors on the Board.

Non-executive directors' fees reflect the scope of their roles and responsibilities. They receive fees for services on the Board and Committees. Fee levels are

fixed and the total amount of all fees for Non-Executive Directors on the Board is capped by a shareholder-approved pool (currently \$4 million per year).

Non-executive Directors

Remuneration in relation to the 2012 financial year

	Fees ¹ (\$000)	Superannuation (\$000)	Total Payments (\$000)
Chairman			
David Turner	782	50	832
Non-Executive Directors			
John Anderson	252	18	270
Colin Galbraith	277	20	297
Jane Hemstritch	293	21	314
Launa Inman	242	17	259
Carolyn Kay	293	21	314
Brian Long	284	20	304
Andrew Mohl	251	35	286
Fergus Ryan	246	46	292
Harrison Young	293	21	314

¹ Includes Board and Committee fees received as cash and the pre-tax portion of fees received as CBA shares.

THE CEO AND GROUP EXECUTIVES

The CEO and Group Executives receive a mix of fixed and performance-based remuneration that is market competitive.

Performance-based remuneration includes short term incentives (STI) and long term incentives (LTI). These awards are aligned to the

Group's short term and long term business strategies and reflect the Group's strategic priorities.

CEO and Group Executives

Remuneration in relation to the 2012 financial year

	Fixed Remuneration ¹ (\$000)	2012 STI for Performance to 30 June 2012 ² (\$000)	Total cash payments in relation to the 2012 year (\$000)	Previous years' awards that vested during 2012 ³		Previous years' awards forfeited/ lapsed during 2012 ⁴
				Deferred Cash Awards (\$000)	Deferred Equity Awards (\$000)	LTI Awards (\$000)
Ian Narev (CEO) ⁵	1,846	999	2,845	513	724	(1,164)
Simon Blair	830	439	1,269	534	–	–
David Cohen	900	541	1,441	550	609	(1,828)
David Craig	1,380	778	2,158	869	1,349	(2,031)
Michael Harte	1,075	573	1,648	577	1,191	(1,828)
Melanie Laing ⁵	299	160	459	–	–	–
Ross McEwan	1,300	608	1,908	680	1,448	(2,328)
Grahame Petersen	1,175	559	1,734	435	1,269	(2,328)
Ian Saines	1,330	664	1,994	644	1,172	(1,164)
Annabel Spring ⁵	734	373	1,107	–	–	–
Alden Toevs	1,430	715	2,145	839	–	(1,576)
<i>Former Executive</i>						
Ralph Norris	1,740	1,560	3,300	1,661	4,166	(8,669)

¹ Base Remuneration and Superannuation make up an Executive's Fixed Remuneration. Ralph Norris retired from the Group on 30 November 2011, his fixed remuneration has been prorated to reflect the portion of the year served. This also includes payment in lieu of notice of \$435,687.

² This is 50% of the 2012 STI for performance during the 12 months to 30 June 2012 (payable following year-end). The remaining 50% is deferred until 1 July 2013. For Ralph Norris this includes 100% of his prorated STI payment,

in recognition of the performance year served up to his retirement date of 30 November 2011.

³ The value of all deferred cash and/or equity awards that vested during the 2012 financial year. This includes the value of the award that vested, plus any interest and/or dividends accrued during the vesting period.

⁴ The value of any deferred cash and/or equity awards which were forfeited during the 2012 financial year. This includes the majority portion of the available pool under the Group

Leadership Share Plan (GLSP) award which forfeited/ lapsed during 2012.

⁵ Ian Narev received a Fixed Remuneration increase when he commenced in the CEO role on 1 December 2011 (to \$2.5m Fixed Remuneration on an annualised basis). Melanie Laing joined the Group on 15 February 2012. Annabel Spring commenced in the KMP role effective 1 October 2011. The remuneration for these Executives has been pro-rated accordingly.

Further information about non-executive directors' remuneration is available on page 82 of 2012 Annual Report and on the Group's website www.commbank.com.au/shareholder

Further information about executives' remuneration is available on pages 81, 83 & 84 of 2012 Annual Report and on the Group's website www.commbank.com.au/shareholder



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01 Simon Blair **02 Barbara Chapman** **03 David Cohen**

Simon was appointed Group Executive International Financial Services in June 2009. He is responsible for managing the Group's Asian banking and life operations as well as Bankwest. Simon was MD of Sovereign New Zealand and COO of Medibank Private Australia. He also held senior roles at the World Bank and Inner & Eastern Health Care Network.

Barbara was appointed Chief Executive and Managing Director of the Group's New Zealand subsidiary ASB in March 2011. She was also appointed non-executive director of the Group's New Zealand life insurance business, ASB Life Ltd (Sovereign). Her previous role was Group Executive Human Resources and Group Services since 2006.

David joined the Group as General Counsel in June 2008 and took on the role of leading Group Corporate Affairs in early 2012. He advises the CEO and the Board on legal matters and is also responsible for the Group's external and internal affairs, communications, sustainability and corporate governance. He had been General Counsel of AMP since 2003 and a partner with Allens Arthur Robison for 12 years.

04 David Craig **05 Michael Harte** **06 Rob Jesudason**

David commenced as Chief Financial Officer of the Group in September 2006. He is responsible for the overall financial functions of the Group. David has over 35 years' experience in banking and finance. He was CFO for Australand and COO for PricewaterhouseCoopers Australasia and a director of the Australian Gas Light Company.

Michael joined the Group in April 2006 as Group Executive Enterprise Services, and Chief Information Officer. His experience includes information systems deployment and information management in Australia, Europe and US. Michael was VP Information Systems at Citibank.

Rob was appointed a Group Executive from 1 July 2012 and joined the Group in December 2011 as Group Head of Strategic Development. Rob is responsible for Group Strategy, Mergers and Acquisitions and also Business Productivity Improvement. He is on the Board of ASB Bank in NZ. Prior to joining the Group, Rob held senior positions at Credit Suisse, JP Morgan, Barclays PLC and McKinsey's. He has worked in Hong Kong, Europe and Japan.

07 Melanie Laing **08 Ross McEwan** **09 Grahame Petersen**

Melanie joined the Group as Group Executive Human Resources in February 2012, with responsibility for the Group's culture, diversity, workplace relations, safety, learning and development, reward and recognition, performance and talent management strategies. Previously Melanie worked for Origin Energy and Unisys Asia Pacific.

Ross was appointed Group Executive Retail Banking Services in May 2007, with responsibility for the Group's retail banking operation. He has worked in the insurance and investment industries for more than 26 years and most recently in senior management roles within ASB Bank and AXA Ltd. Ross resigned and left the Group in July 2012.

Grahame was appointed Group Executive Business and Private Banking in October 2011, with responsibility for business banking, Private Banking and Equities and Margin Lending. Prior to that, he was Group Executive Wealth Management since 2006. He has more than 30 years of experience in the financial services industry, across retail banking, corporate banking, insurance and funds management.

10 Ian Saines **11 Annabel Spring** **12 Alden Toevs**

Ian was appointed Group Executive Institutional Banking & Markets in March 2009, with responsibility for providing total capital solutions to the Group's corporate, institutional and government clients. He joined the Group in 2004. Ian previously held senior leadership positions at Zurich Capital Markets Asia and Bankers Trust Australia Ltd.

Annabel was appointed Group Executive Wealth Management in October 2011, with responsibility for Colonial First State, Colonial First State Global Asset Management, Wealth Management Advice and CommInsure. Prior to that, she was Group Head of Strategy since 2009. Previously she was a Managing Director at Morgan Stanley. She has worked in New York, Asia and Australia.

Alden joined the Group in June 2008 as Group Chief Risk Officer. He was with First Manhattan Consulting Group's risk management for eighteen years. Alden has advised more than 100 banks globally on risk, strategy, mergers and performance measurement.

5 YEARS

	2012 \$M	2011 \$M	2010 \$M	2009 \$M	2008 \$M
Income Statement					
Net interest income	13,157	12,645 ¹	12,008 ¹	10,184 ¹	7,872 ¹
Other operating income	6,993	7,014 ¹	7,051 ¹	6,634 ¹	6,469 ¹
Impairment expense	(1,089)	(1,280)	(2,075)	(3,048)	(930)
Operating expenses	(9,196)	(8,891)	(8,601)	(7,765)	(7,021)
Net profit before tax	9,865	9,488	8,383	6,005	6,390
Corporate tax expense	(2,736)	(2,637)	(2,266)	(1,560)	(1,626)
Non-controlling interests	(16)	(16)	(16)	(30)	(31)
Net profit after tax ("cash basis")	7,113	6,835	6,101	4,415	4,733
Hedging and IFRS volatility	124	(265)	17	(245)	(42)
Bankwest non-cash items	(89)	(147)	(216)	614	–
Tax on New Zealand structured finance transactions	–	–	(171)	–	–
Other non-cash items	(58)	(29)	(67)	(61)	100
Net profit after tax ("statutory basis")	7,090	6,394	5,664	4,723	4,791
Contributions to profit (after tax)					
Retail Banking Services	2,934	2,854	2,461	2,107	1,911
Business and Private Banking	1,067	1,030	898	736	721
Institutional Banking and Markets	1,060	1,004	1,173	166	771
Wealth Management	492	581	592	514	789
New Zealand	506	469	387	438	n/a
International Financial Services	n/a	n/a	n/a	n/a	555
Bankwest	524	463	(45)	113	n/a
Other	441	353	457	537	(1)
Net profit after tax ("underlying basis")	7,024	6,754	5,923	4,611	4,746
Investment experience after tax	89	81	178	(196)	(13)
Net profit after tax ("cash basis")	7,113	6,835	6,101	4,415	4,733
Balance Sheet					
Loans, bills discounted and other receivables	525,682	500,057	493,459	466,631	361,282
Total assets	718,229	667,899	646,330	620,372	487,572
Deposits and other public borrowings	437,655	401,147	374,663	368,721	263,706
Total liabilities	676,657	630,612	610,760	588,930	461,435
Shareholders' equity	41,572	37,287	35,570	31,442	26,137

¹ Comparative information has been restated to conform with presentation in the current period

Our approach to sustainability remains closely connected to the Group's strategic priorities and we continue to focus on creating enduring value for our customers, people, shareholders and the wider community. To best address current and emerging Environment, Social and Governance issues, the Board endorsed a refreshed sustainability strategic framework in late 2011 to monitor progress across five areas of focus.

SUSTAINABLE BUSINESS PRACTICES

The Group's strength and stability continue to rest on strong corporate governance, established management systems, responsible procurement and transparent reporting.

RESPONSIBLE FINANCIAL SERVICES

In 2011/12, we further established our technological advantage with a number of innovative solutions:

- Core Banking now provides real-time banking to retail and small business customers;
- Kaching allows our customers to pay anyone, anytime, anywhere from their iPhones and Android Smartphones;
- Pi, our new online payments platform, allows our business customers to download or create apps that enhance their customers' payment experience.

We also continue to provide tailored services to support our customers' financial goals. For example:

- ICAL, our Indigenous Customer Assistance Line which takes around 1,500 calls each week from remote communities all across Australia; and
- Our expanded Customer Assist team with 100 people supporting customers experiencing hardship as a result of rising costs.

ENGAGED AND TALENTED PEOPLE

We continue to attract, foster and retain a diverse and talented workforce and our employee engagement results place us in the top quartile of the global industry benchmark.

In January 2012, we were one of only two organisations globally that received the prestigious Catalyst Award for our culture change and diversity initiatives, making the Group the first Australian bank and only the second Australian organisation to win this global award in its 27-year history.



In April 2012 we made productivity one of our strategic priorities and our people are, more than ever, committed to improving our customers' experience and our efficiency at the same time. Our new HR platform, PeopleLink is an example of how we support a culture connected to our customer satisfaction goals.

COMMUNITY CONTRIBUTION AND ACTION

In September 2011 we announced we would increase our investment in Australian communities by \$100 million over the next 10 years, by:

- Extending StartSmart, our financial literacy programme, to include students in Vocational Education and Training (VET). StartSmart reached over 235,000 students in the reporting period;
- Matching staff contributions (over 10,000 members) to the Staff Community Fund, dollar-for-dollar; and
- Introducing more staff volunteering activities to include long term, skilled placements.

In 2012 alone, the 10,000-member strong Staff Community Fund will award \$2 million in grants to Australian organisations focusing on the health and wellbeing of young people.

In addition, we:

- Exceeded our 2009 target of creating 354 career opportunities for Aboriginal and Torres Strait Islander Australians across the Group;
- Helped significantly increase the number of accredited Indigenous financial counsellors in Australia;
- Sponsored a range of organisations and initiatives such as Cricket Australia and the Australian of the Year Awards;
- Brought the arts to all Australians through enduring partnerships with Opera Australia, Australian Chamber Orchestra and the Bangarra Dance Theatre; and
- Supported important health initiatives helping to raise funds for organisations such as the Prostate Cancer Foundation of Australia and the Breast Cancer Institute of Australia.

ENVIRONMENTAL STEWARDSHIP

The Group is on track to meet its target of a 20 per cent reduction in carbon emissions by June 2013 (from 2008-09 levels), and we are:

- Consolidating commercial buildings; and
- Implementing energy efficiency programmes.

In addition, the Group continues to invest in renewable and clean energy projects increasing our single asset loan facilities to clean and renewable generation companies to approximately 71 per cent of total exposure (compared to 59 per cent in the previous reporting period, measured in Megawatt capacity).

More information about the Group's approach to sustainability is available at www.commbank.com.au/sustainability

FINANCIAL CALENDAR

30 OCTOBER 2012	2012 Annual General Meeting (Sydney)
13 FEBRUARY 2013	Interim Results Announcement
18 FEBRUARY 2013	Ex-Dividend Date
22 FEBRUARY 2013	Record Date
5 APRIL 2013	Interim Dividend Payment Date
14 AUGUST 2013	Full Year Results Announcement
19 AUGUST 2013	Ex-Dividend Date
23 AUGUST 2013	Record Date
3 OCTOBER 2013	Final Dividend Payment Date
8 NOVEMBER 2013	Annual General Meeting (Adelaide)

Dates may be altered by the Commonwealth Bank should circumstances require. Any changes will be advised to the Australian Securities Exchange Limited.

For further information about the Group's latest financial information, company announcements, current and historic share prices and dividends, key financial dates or to access and manage your shareholding online, please visit www.commbank.com.au/shareholder



YOUR COMMONWEALTH BANK DIVIDEND

Commonwealth Bank pays shareholders with registered addresses in Australia, New Zealand and the United Kingdom cash dividends by direct credit. Shareholders can elect to participate in the Dividend Reinvestment Plan (**DRP**).

If you did not provide your direct credit instructions by the record date of 24 August 2012 and you are not a full **DRP** participant, your dividend payment is being held on your behalf in a non-interest bearing account. We encourage you to provide and keep your payment instructions up to date with Link Market Services Limited. Payment of your dividend into your nominated bank account will be made as soon as possible after receipt of your direct credit instructions.

UPDATE YOUR DETAILS ONLINE

You can update your personal details online. All you have to do is to log on the Link Market Services Limited's (**Link**) website www.linkmarketservices.com.au/investorcentre and you can easily:

- Update your **DRP** election or payment instructions
- View, save or print your dividend statements and transaction summaries
- Update your communication preferences and become an E-shareholder to receive documents electronically
- Download a range of shareholder forms

Shareholders can choose to manage their Commonwealth Bank shareholdings using either the single holding login or by registering for a portfolio. Portfolio users have the added benefits of being able to manage multiple holdings through a single login and update them all with just one click.

For more information and to access this service please go to Link's website (www.linkmarketservices.com.au).

AMENDMENTS TO THE DIVIDEND REINVESTMENT PLAN RULES

In August 2012, the Board of Commonwealth Bank approved changes to the Dividend Reinvestment Plan Rules (**DRP Rules**). The changes to the **DRP Rules** will take effect on 6 October 2012 and will apply from the 2013 interim dividend.

The revised **DRP** rules are designed to align the **DRP Rules** with current market best practice, provide additional flexibility in the **DRP Rules** and update terminology.

The changes also relate to the requirements of CBA to notify **DRP** participants of changes to the **DRP**.

The **DRP Rules** were lodged with the Australian Securities Exchange (**ASX**) on 14 August 2012 and are available on the **ASX** platform and the dividend page of the Shareholder Centre (www.commbank.com.au/shareholder).

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Annual Report

To request a hard copy of the Annual Report, please call Link Market Services Limited on 1800 022 440 or email them at cba@linkmarketservices.com.au. Electronic versions of Commonwealth Bank's past and current Annual Reports are available on www.commbank.com/shareholder/annualreports

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CBA

CommonwealthBank

