

# Determined

to be better than we've ever been.

SHAREHOLDER REVIEW 2011



**Commonwealth**Bank



# HIGHLIGHTS 2011

NET PROFIT AFTER TAX

↑ 13%

EARNINGS PER SHARE

↑ 12%

FINAL DIVIDEND

\$1.88 ↑ 11%

- › Statutory NPAT of \$6,394 million – up 13 percent on prior year\*
- › Cash NPAT of \$6,835 million – up 12 percent on prior year\*
- › The Group's businesses performed well in a challenging environment
- › Disciplined approach to cost management
- › Consistent execution of key strategic priorities underpins result
- › Fully franked final dividend of \$1.88 – up 11 percent on prior year
- › Return on Equity (cash basis) improved to 19.5 percent
- › Capital (Tier 1 of 10.01 percent), funding and provisioning all remain strong
- › Group in strong position with 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 10 of the Group's Profit Announcement for the year ended 30 June 2011 available at [www.commbank.com.au/shareholder](http://www.commbank.com.au/shareholder)

# CHAIRMAN'S MESSAGE



“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.

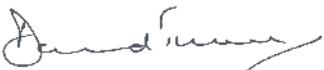
The Board, in making this selection, employed an external firm to carry out a full search for the best available talent around the world. This ensured that in making an internal appointment, we had benchmarked all our senior internal talent against the best outside the Group. It is the culmination of 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.



## CEO'S REVIEW



“ 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

## 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

## PROFIT CONTRIBUTION BY BUSINESS – CASH



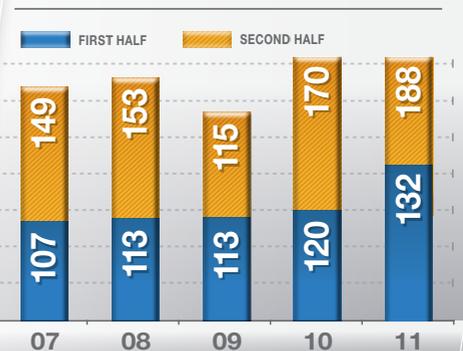
RBS	\$2,845m (42%)
BPB	\$1,039m (15%)
IB&M	\$1,004m (15%)
WM	\$642m (9%)
NZ	\$470m (7%)
BWA	\$463m (7%)
Other	\$372m (5%)

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

## CASH NPAT



## FULLY FRANKED DIVIDENDS (CENTS)



### One hundred years together – we are proud to have been part of Australian history and to have supported Australian communities for 100 years.

On 22 December 1911, Commonwealth Bank of Australia was established by an act of Federal Parliament to conduct general and savings banking. We opened for business on 15 July 1912 at 317 Collins St, Melbourne and in the 100 years since then, the growth of Commonwealth Bank has mirrored the evolution of modern Australia.

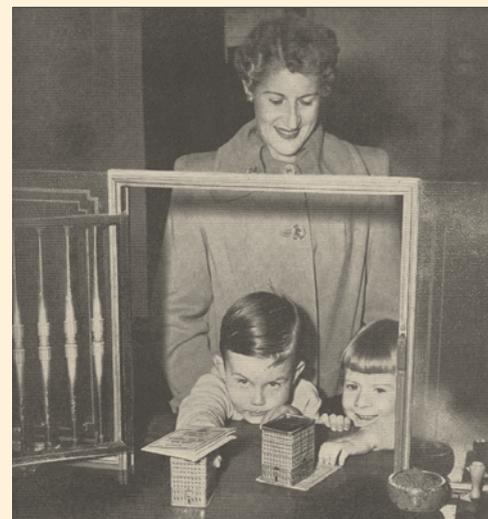
Our centenary is an important milestone, one that will allow us to reflect with pride on the difference we have made to millions of Australian families and businesses in this country over such a long period of time. That is 100 years of supporting the infrastructure and growth of Australia. 100 years of being one of the biggest employers in the country and 100 years of supporting the communities we operate in.

From the very beginning, our founders were determined that a branch or agency of Commonwealth Bank should be available wherever its services were needed. Where access to a branch or agency was limited, mobile banking services were provided. In fact a mobile agency was mounted on a pay train to take wages to workers constructing the Trans-Australian Railway, and the workers camps, stations and sidings that dotted the route. This focus on mobile banking remains a cornerstone of Commonwealth Bank's philosophy today.

We were there helping the country rebuild after the World Wars with funding to build housing for returned soldiers and their families. We were there to help iconic Australian companies grow from small to large. We were there to fund major



Moore Street (now Martin Place), Sydney circa 1913. The small building with the gable façade was opened as the first Sydney branch of the Commonwealth Bank on 13 January 1913. The three storey building on the corner of Pitt Street was soon demolished and became the site of the future Head Office building of the Bank.



Children handing over money boxes and passbooks to deposit savings in their Commonwealth Bank accounts, November 1956.

infrastructure like the Snowy Mountains Hydro Electric Scheme, and we were there in times of crisis, helping Australians through bushfires, floods and cyclones. We were also there to help the many migrants who have come to Australia to assist in this country's development.

For more than 80 years we have been teaching school children fundamental money management skills, thanks to our School Banking Program. Through the Commonwealth Bank Staff Community Fund, Australia's longest running employee contribution program, the generosity of our employees has provided ongoing support to the health and wellbeing of young Australians since 1917.

We have always been determined to provide service excellence and innovation. Our vision has been and remains to be Australia's finest financial services organisation through excelling in customer service. This vision builds

on and recognises our unique heritage as the bank for all Australians. It is a strategy which aims to tap into the tremendous potential we have in our franchise, by better understanding our customers, improving the service we offer them and doing so in the most efficient way possible. This is a strategy which has helped deliver strong financial returns, and in many ways has helped us navigate recently through the Global Financial Crisis.

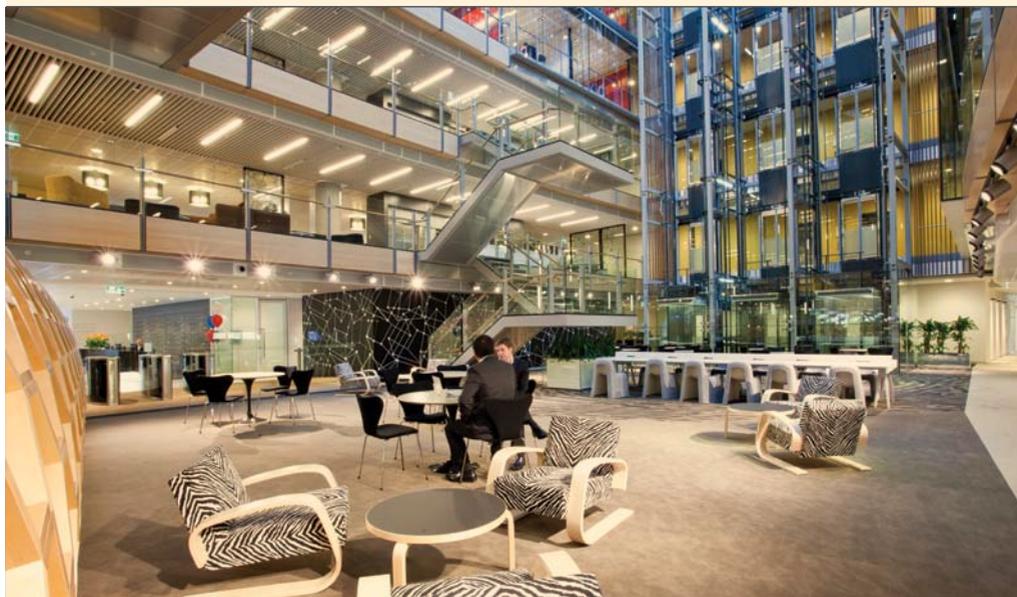
As one of Australia's largest and most respected organisations the Group recognises the importance of taking a leadership position in tackling potentially crippling social challenges. The recent response to the East Coast floods and cyclone is an example of the leadership role the Group plays not only from a finance industry perspective, but also for corporate Australia.

### SUPPORTING AUSTRALIA THROUGH SUSTAINABILITY

The Group continued on its sustainability journey and delivered significant achievements across its five sustainability foundations of Customers, People, Community, Environment and Governance during the last 12 months.

### CUSTOMERS

In line with its key priority of customer satisfaction, the Group rolled out a number of innovative products for its retail, business and wealth management customers. These included the GoalSaver savings account, No fee Variable Interest Rate Home Loan and the Business Debit Mastercard.



Commonwealth Bank Place, the Group's new environmentally responsible office building.

## PEOPLE

The Group made solid progress towards its target of 35% of women in senior management roles by December 2014 and launched its Diversity Policy in June 2011. Staff engagement and pride have remained strong as evidenced in the People Engagement survey which placed the Group in the 73rd percentile of the Gallup Worldwide Database.

## COMMUNITY

The Group's achievements in 2011 included raising \$452,000 for the Breast Cancer Institute of Australia; hosting 65 Cleanup sites in support of Clean Up Australia Day and supporting over 200 crickets clubs through the Grants for Grassroots Cricket™ programme.

## ENVIRONMENT

The Group continued its shift to environmentally responsible commercial properties with the construction of Commonwealth Bank Place, with the first teams taking occupancy in June 2011. Commonwealth Bank Place has a range



Ross McEwan, Group Executive RBS presented a donation cheque to a flood affected tennis club in Wagga Wagga.

of sustainability features including state-of-the-art technology and innovative features to help reduce energy consumption. In September 2010, the Group was announced as a global sector leader in the Carbon Disclosure Leadership Index by achieving a third place in world-standing for carbon disclosure within the 2010 CDP Global 500 Report.

## GOVERNANCE

With its continuous focus on good corporate governance, the Group strengthened core operations in the areas of ethics as well as transparency of systems, processes, guidelines and policies.

**100 YEARS TOGETHER.** We've been with Australians side-by-side through the great history of our country – in its moments of triumph and its moments of need. We share this milestone with our customers, shareholders and staff; and we look forward to continuing to support Australia in our next century.

## SUPPORTING AUSTRALIA IN 2010/2011

At the Commonwealth Bank, we have a history of supporting our customers and local communities in times of need. In the wake of the devastating natural disasters which struck across Australia in December 2010 and January 2011, the Group worked with State and Commonwealth Governments to develop an unparalleled disaster relief response.

The Group introduced a range of initiatives to assist affected customers.

### These included:

- › Compassionate Assistance Fund of up to \$50 million
- › Commlnsure ex gratia payments of \$8 million
- › hardship assistance through Special Emergency Assistance package
- › \$1 billion set aside and no interest for the first three months for loans to business and agribusiness customers

- › \$5 million Community Flood Assistance Grants Programme to help community groups that had suffered damage or loss of uninsured equipment giving 381 not-for-profit organisations grants of up to \$20,000
- › donated \$2 million to flood relief appeals and
- › in excess of \$44 million in donations was collected from staff and customers through all Commonwealth Bank branches and online channels.



More information about the Group's sustainability program is available at [www.commbank.com.au/sustainability](http://www.commbank.com.au/sustainability)

**Consistent execution of the Group's key strategic priorities underpins another good result.**

## RETAIL BANKING SERVICES

**Retail Banking Services cash net profit after tax for the year was \$2,845 million, representing a 16 percent increase on the prior year.**



Commonwealth Bank is determined and dedicated to deliver superior customer service.

The result was driven by solid growth in net interest income partially offset by lower other banking income, sound management of operational expenses and an improvement in loan impairment expense. Average volume growth for home loans was 6 percent in a period of reduced market activity.

Key achievements included the successful migration of 10 million existing accounts to the new Core Banking platform and introduction of GoalSaver savings account and Diamond Awards credit card.

**The Group's commitment to excellence in customer service resulted in all retail channels performing strongly, as well as recognition for:**

- "Best Retail Bank in Asia Pacific" and "Best Retail Bank in Australia" at the Asian Banker Excellence in Retail Financial Services Awards
- Money Magazine "Credit Card Issuer of the Year" and "Banking Website of the Year" awards
- CANSTAR CANNEX "Best Online Banking" award for the second year in a row
- "Innovative Mortgage Product of the Year" at the Australian Banking and Finance awards for the No Fee Variable rate home loan, and
- The iPhone Property Guide application won the "Best of the Best", "Best Financial Service" and "Best Mobile Advertising or Marketing" awards at the Australian Interactive Media Industry Awards.



## BUSINESS AND PRIVATE BANKING

**Business and Private Banking delivered a strong performance, achieving cash net profit after tax of \$1,039 million for the year which represented a 16 percent increase on the prior year.**

The business banking segments contributed significantly to this result, experiencing growth in lending and deposit volumes, improving deposit margins and a lower impairment expense. While equities trading market volumes were lower, CommSec continued to maintain its leading share of the online non advisory market in a highly competitive environment.

Performance highlights during the year included the continued improvements within CommBiz designed to make it simpler for customers to do business, and the successful launch of the new Business Debit MasterCard in January 2011 with over 20,000 cards issued.

**These initiatives have been recognised by:**

- The Group being consistently ranked in either equal first or equal second position in the whole-of-market business banking segment over the past year, according to DBM Business Financial Services Monitor
- "Best Cash Management Bank in Australia" for the second year running by the Asian Banker magazine
- Equities and Margin Lending was awarded "Margin Lender of The Year" in Money Magazine's Bank of The Year awards, and
- CommSec and the Private Bank retained award winning positions in their respective markets.



Commonwealth Bank offering business solutions to local business and agribusiness customers.

## INSTITUTIONAL BANKING AND MARKETS

Institutional Banking and Markets achieved a cash net profit after tax of \$1,004 million for the year, a 14 percent decrease on the prior year.

This reflected a 5 percent decrease in banking income, a reduction in investment allowance tax credits and an increase in impairment expense.

The business has maintained its focus of continuous investment through its foreign exchange platform renewal, enhanced online Transaction Banking Platform (CommBiz) and continued build-out of the Institutional Equities and Debt Capital Markets business.

### Performance highlights in relation to providing Total Capital Solutions to clients included:

- East & Partners semi-annual “Australian Institutional Banking Markets” survey has listed the Group as best in market for the

last five years in the categories of “Loyalty to the Relationship” and “Understanding Customers’ Business”

- Global Finance magazine recognised the Group as the best Australian foreign exchange provider for the third year in a row
- DBM Business Financial Services Monitor ranked the Group first or equal first in the Institutional Banking segment in ten out of the past twelve months and
- Insto 12th Annual Distinction Awards (March 2011) acknowledged the Group as the “Australian Issuer of the Year (Australian Bond Market)”.



Commonwealth Bank’s transaction banking specialists can tailor a working capital package to meet the needs of our customer’s business.

## WEALTH MANAGEMENT

Cash net profit after tax was \$642 million, a decrease of 9 percent on the prior year mainly due to the unwinding of mark to market losses on the Guaranteed Annuities portfolio in the prior years.

A solid Funds Management and General Insurance result was partially offset by an increase in claims and compliance related expenditure.

### Highlights included:

- Investment performance continues to be strong with 76%, 74% and 83% of funds outperforming benchmark over one, three and five years respectively
- Colonial First State Global Asset Management received in excess of 60 global industry accolades including First State Investments being named “Best International Equity Group” and “Best Fund Management Group of the Year (Small)” in the Professional Adviser Awards 2011 (UK)
- “Fund Manager of the Year” in Australia at the Standard & Poor’s Investment Manager of the Year awards

- FirstChoice and Custom Solutions platforms performed well in a challenging retail market with positive net flows of \$3.4 billion
- FirstChoice retained the largest flagship platform with a market share of 11% and ranked second for net flows in the year to March 2011
- Colonial First State won the “Best Fund Manager” service level award from Wealth Insights for the fourth year running. FirstWrap had the highest overall satisfaction rating from advisers with FirstChoice ranking second
- Commlnsure is rated as the #1 product provider in an independent survey conducted by Beaton Research and Consulting in May 2011, and
- Commlnsure was awarded “Life Insurance Company of the Year” by Plan for Life.

## STRONG INVESTMENT PERFORMANCE – 5 YEARS

Number of funds in each asset class outperforming benchmark



## NEW ZEALAND

New Zealand cash net profit after tax for the year was NZ\$588 million, an increase of 28 percent on the prior year.



ASB Future Me graduates take to the air

The result was driven by a strong performance from ASB Bank with margins benefiting from a customer shift towards variable rate loans and repricing initiatives.

ASB Bank delivered a cash net profit after tax of NZ\$504 million, up 42 percent on the prior year.

### Key highlights for ASB Bank include:

- ASB Bank ranked first in the 2010 Colmar Brunton Customer Experience Survey for being “the most dedicated to providing the customer with the best possible services”

- Multiple awards for innovation, including New Zealand’s “Best use of Social Media” for the world-first Virtual Branch on Facebook and CANSTAR CANNEX Innovation Excellence Award for the online savings tool “Save the Change”, and
- Recognition in the inaugural New Zealand Randstad Awards for ASB Bank as the employer offering the most job security.

Sovereign achieved a cash net profit after tax of NZ\$86 million, down 17 percent on the prior year. Sovereign’s growth in inforce premiums, positive claims experience and lower lapse rates were offset by the impacts of the Christchurch earthquakes.



## BANKWEST

Bankwest delivered a strong performance, achieving a cash net profit after tax of \$463 million for the year, up significantly from \$45 million loss in the prior year.



Opening of Bankwest’s Top Ryde store in Sydney

The operating performance of the business was strong with above system home loan balance growth, effective deposit margin management and the continuing focus on cost management.

Impairment expense decreased by 86 percent to \$109 million due to the non-recurrence of property related impairment that impacted the prior year.

Bankwest retains an absolute focus on customer satisfaction, with a commitment to value, innovation and service. A number of initiatives during the year have supported this vision. These include continued reinvigoration of the Bankwest brand in Western Australia through further investments in the branch network and targeted marketing campaigns combined with the successful launch of new internet and mobile banking services.



Bankwest’s success has been reflected in:

- Winning the AFR Smart Investor 2010 “Bank of the Year Award”
- Five products receiving gold awards in Money Magazine’s 2011 Best of the Best Awards, including “Best Everyday Branch Access Account” and “Cheapest Business Transaction Account”
- The CANSTAR CANNEX 2011 “Innovation Excellence Award” for the Business Zero Transaction Account, and
- Awarded an outstanding achievement award from the International Interactive Media Council for the new public website.

## RETAIL CUSTOMER GROWTH

Number of retail customers (Bankwest)



## BOARD OF DIRECTORS

Details of Directors' experience, qualifications and special responsibilities are available in the Annual Report and the Group's website at [www.commbank.com.au/shareholder/annualreports](http://www.commbank.com.au/shareholder/annualreports)



### David J Turner, CHAIRMAN

David has been a member of the Board since August 2006 and 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 was a non-executive director of Whitbread plc, director of the Iron Trades Insurance Group and member of the Quotations Committee of the London Stock Exchange. Age 66.



### Ralph J Norris, KNZM, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Ralph was appointed as MD and CEO effective September 2005. He had been CEO and MD of Air New Zealand since 2002 and had been a director of that company since 1998. Ralph is Chairman of Australian Bankers' Association and CommFoundation Pty Ltd. Age 62.



### Launa K Inman

Launa was appointed to the Board effective March 2011. As MD of Target Australia and former MD of Officeworks, Launa has 32 years of experience in the retail sector. She won the 2003 Telstra Australian Business Woman of the Year. Age 55.



### S Carolyn H Kay

Carolyn has been a member of the Board since 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 Arthur Robinson, Brambles Industries Ltd, Sydney Institute and Infrastructure NSW. Age 50.



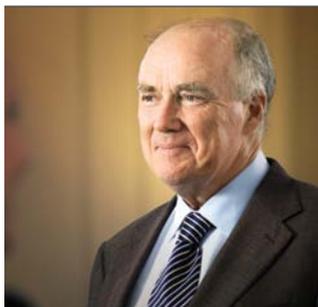
### Brian Long

Brian was appointed to the Board effective September 2010. He retired as a partner of Ernst & Young in June 2010. Until that time he was Chairman of both Ernst & Young Global Advisory Council and Oceania Area Advisory Council. Brian is Chairman of Ten Network Holdings Ltd. Age 65.



### Sir John A Anderson, KBE

Sir John has been a member of the Board since 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 Television NZ Ltd, NZ Venture Investment Fund, PGG Wrightson Ltd and NPT Ltd. Age 66.



### Colin R Galbraith, AM

Colin has been a member of the Board since 2000. He is a special advisor for Gresham Partners, Chairman of BHP Billiton Community Trust, a director of OneSteel Ltd and Australian Institute of Company Directors. Age 63.



### Jane S Hemstritch

Jane has been a member of the Board since 2006. She was MD – Asia Pacific for Accenture from 2004 until her retirement in 2007. Jane is a director of The Global Foundation, Victorian Opera Co Ltd, Tabcorp Ltd and Santos Ltd. Age 57.



### Andrew M Mohl

Andrew has been a member of the Board since 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 55.



### Fergus D Ryan

Fergus has been a member of the Board since 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 68.



### Harrison Young

Harrison has been a member of the Board since 2007. He was Chairman of Morgan Stanley Australia from 2003 to 2007. Harrison is a director of Bank of England and Financial Services Volunteer Corps and Chairman of NBN Co Ltd and Better Place (Australia) Pty Ltd. Age 66.

# 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 2011 FINANCIAL YEAR

	Fees (\$000)	Superannuation (\$000)	Post Employment Benefits (\$000)	Total Payments (\$000)
Chairman				
David Turner	759	50	–	809
<b>Non-Executive Directors</b>				
John Anderson	245	18	–	263
Colin Galbraith	270	19	–	289
Jane Hemstritch	285	21	–	306
Launa Inman (joined 16 March 2011)	67	5	–	72
Carolyn Kay	285	21	–	306
Brian Long (joined 1 September 2010)	210	15	–	225
Andrew Mohl	244	35	–	279
Fergus Ryan	285	21	–	306
Harrison Young	285	21	–	306

Further information about non-executive directors' remuneration is available on page 86 of the 2011 Annual Report and on the Group's website at [www.commbank.com.au/shareholder](http://www.commbank.com.au/shareholder)

## THE CEO AND GROUP EXECUTIVES

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

Incentive-based remuneration includes short term incentives (STI) and long term incentives (LTI). These incentives 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 2011 FINANCIAL YEAR

	Fixed Remuneration <sup>1</sup> (\$000)	STI <sup>2</sup> (not deferred) (\$000)	Total payments received (\$000)	Previous years' deferred STI awards that vested during 2011 <sup>3</sup> (\$000)	Previous years' LTI awards that vested during 2011 <sup>3</sup> (\$000)
Ralph Norris (CEO)	3,120	1,638	4,758	1,944	5,780
Simon Blair	800	509	1,309	488	–
David Cohen	865	524	1,389	528	1,190
David Craig	1,350	827	2,177	672	1,360
Michael Harte	1,050	549	1,599	608	1,190
Ross McEwan	1,250	648	1,898	768	1,700
Ian Narev	900	488	1,388	544	357
Grahame Petersen	1,150	489	1,639	704	1,530
Ian Saines	1,330	613	1,943	832	684
Alden Toevs	1,400	798	2,198	895	2,068

<sup>1</sup> Base Remuneration and Superannuation make up an executive's Fixed Remuneration.

<sup>2</sup> This is the 50% of the 2011 STI payable in cash for performance during the 12 months to 30 June 2011. The remaining 50% is deferred until 1 July 2012.

<sup>3</sup> The value of deferred and/or LTI awards that vested during the 2011 financial year. This is calculated as the value of the award that vested, plus any dividends (for equity awards) or interest (for cash awards) accrued during the vesting period.

Further information about executives' remuneration is available on pages 75 and 87 of the 2011 Annual Report and on the Group's website at [www.commbank.com.au/shareholder](http://www.commbank.com.au/shareholder)

## EXECUTIVE MANAGEMENT



### Simon Blair

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 Chapman

Barbara was appointed Chief Executive and Managing Director of the Group's New Zealand subsidiary ASB with effect from April 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 July 2006.



### David Cohen

David joined the Group as General Counsel in June 2008. He advises the CEO and the Board on legal matters, and leads the Group's legal team. David had been General Counsel of AMP since 2003 and a partner with Allens Arthur Robinson for 12 years.



### Ian Narev

Ian was appointed Group Executive, Business and Private Banking in January 2009. He joined the Group in 2007 as Group Head of Strategy. Before that, Ian worked for McKinsey & Co from 1998 to 2007 where he was a global partner and head of the New Zealand office. Prior to that he was a lawyer specialising in mergers and acquisitions.



### Grahame Petersen

Grahame was appointed Group Executive Wealth Management in March 2006, with responsibility for Colonial First State, Colonial First State Global Asset Management and Commlnsure. Prior to that he was Group Executive, Group Strategic Development from 2004 to 2006. Grahame has over 30 years experience in the finance industry, across retail banking, corporate banking, insurance and funds management.



### Ian Saines

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.



### David Craig

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 34 years' experience in banking and finance. He was CFO for Australand and COO for PricewaterhouseCoopers and a director of the Australian Gas Light Company.



### Michael Harte

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



### Ross McEwan

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 25 years and most recently in senior management roles within ASB Bank and AXA Ltd.



### Annabel Spring

Annabel joined as Group Head of Strategy in March 2009. Previously she was a Managing Director at Morgan Stanley. In her capacity as Head of Global Firm Strategy and Execution, Annabel was responsible for global strategy, and the execution of all Firm transactions. She has worked in New York, Asia and Australia.



### Alden Toevs

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

	2011 \$M	2010 \$M	2009 \$M	2008 \$M	2007 \$M
<b>Income Statement</b>					
Net interest income	12,658	11,868	10,186	7,907	7,036
Other operating income	7,001	7,191	6,632	6,434	6,161
Impairment expense	(1,280)	(2,075)	(3,048)	(930)	(434)
Operating expenses	(8,891)	(8,601)	(7,765)	(7,021)	(6,427)
<b>Net profit before tax</b>	9,488	<b>8,383</b>	6,005	6,390	6,336
Corporate tax expense	(2,637)	(2,266)	(1,560)	(1,626)	(1,782)
Non-controlling interests	(16)	(16)	(30)	(31)	(27)
<b>Net profit after tax ("cash basis")</b>	6,835	<b>6,101</b>	4,415	4,733	4,527
Hedging and IFRS volatility	(265)	17	(245)	(42)	13
Bankwest non-cash items	(147)	(216)	614	–	–
Tax on New Zealand structured finance transactions	–	(171)	–	–	–
Other non-cash items	(29)	(67)	(61)	100	(70)
<b>Net profit after tax ("statutory basis")</b>	6,394	<b>5,664</b>	4,723	4,791	4,470
<b>Contributions to profit (after tax)</b>					
Retail Banking Services	2,845	2,461	2,107	1,911	1,766
Business and Private Banking	1,039	898	736	721	n/a
Institutional Banking and Markets	1,004	1,173	166	771	n/a
Premium Business Services	n/a	n/a	n/a	n/a	1,445
Wealth Management	581	592	514	789	548
New Zealand	469	387	438	n/a	n/a
International Financial Services	n/a	n/a	n/a	555	461
Bankwest	463	(45)	113	n/a	n/a
Other	353	457	537	(1)	211
<b>Net profit after tax ("underlying basis")</b>	6,754	<b>5,923</b>	4,611	4,746	4,431
Investment experience after tax	81	178	(196)	(13)	96
<b>Net profit after tax ("cash basis")</b>	6,835	<b>6,101</b>	4,415	4,733	4,527
<b>Balance Sheet</b>					
Loans, bills discounted and other receivables	500,057	493,459	466,631	361,282	315,465
Total assets	667,899	646,330	620,372	487,572	440,157
Deposits and other public borrowings	401,147	374,663	368,721	263,706	219,068
Total liabilities	630,612	610,760	588,930	461,435	415,713
Shareholders' equity	37,287	35,570	31,442	26,137	24,444

8 NOVEMBER 2011	<b>Annual General Meeting (Brisbane)</b>
15 FEBRUARY 2012	<b>Interim Results Announcement</b>
20 FEBRUARY 2012	<b>Ex-Dividend Date</b>
24 FEBRUARY 2012	<b>Record Date</b>
5 APRIL 2012	<b>Interim Dividend Payment Date</b>
15 AUGUST 2012	<b>Full Year Results Announcement</b>
20 AUGUST 2012	<b>Ex-Dividend Date</b>
24 AUGUST 2012	<b>Record Date</b>
5 OCTOBER 2012	<b>Final Dividend Payment Date</b>
30 OCTOBER 2012	<b>Annual General Meeting (Sydney)</b>

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](http://www.commbank.com.au/shareholder)

**CommonwealthBank**



**ASB**



**bankwest**



**CommSec**



**CommInsure**



**Colonial  
First State**

**SOVEREIGN**

**Colonial  
First State**

Global Asset Management



## YOUR COMMONWEALTH BANK DIVIDEND

Commencing from the October 2011 final dividend payment, Commonwealth Bank shareholders with registered addresses in Australia, New Zealand and the United Kingdom will receive their dividend cash payments by direct credit only. No dividend cheques will be issued. Shareholders can continue to participate in the Dividend Reinvestment Plan (**DRP**).

If you did not provide your direct credit instructions by the record date of 19 August 2011 and you are not a full **DRP** participant, your dividend is being held on your behalf in a non-interest bearing account. We encourage you to keep your payment instructions up to date with Link Market Services Limited (**Link**). Payment of your dividend into your nominated bank account will be made as soon as possible after receipt of your direct credit instructions.

## LINK'S WEBSITE UPGRADE

Link's new Investor Centre provides shareholders with a quick, convenient and user-friendly way to update or amend their details online.

### Some of the things you can do online include:

- Instantly update your **DRP** or payment instructions (in real time)
- View, save or print your payment statements and transaction summaries
- Update your communication preferences and become an E-shareholder to receive documents electronically
- Lodge your proxy for shareholder meetings online or submit a question for annual general meetings, and
- Download a range of 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](http://www.linkmarketservices.com.au)).

## FEE FOR OFF-MARKET TRANSFERS

Earlier this year, ASX amended Listing Rule 8.14 to permit entities to charge a reasonable fee for registering off-market transfers. The fee has been permitted to allow additional security checks to be conducted to enhance fraud detection to protect the interests of shareholders. A fee of \$55 (inclusive of GST) will apply to each transfer of securities that requires a security validation check. Off-Market Transfer forms and related information are available on the website of Link ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)).

For further assistance, please contact Link on 1800 022 440.

# CONTACT INFORMATION

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## Share Registrar

Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH NSW 1235  
Telephone: (61 2) 8280 7199  
Facsimile: (61 2) 9287 0303  
Freecall: 1800 022 440  
Internet: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
Email: [cba@linkmarketservices.com.au](mailto:cba@linkmarketservices.com.au)

## 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](mailto:cba@linkmarketservices.com.au). Electronic versions of Commonwealth Bank's past and current Annual Reports are available on [www.commbank.com/shareholder/annualreports](http://www.commbank.com/shareholder/annualreports)

## Shareholder Information

[www.commbank.com.au/shareholder](http://www.commbank.com.au/shareholder)

## Telephone numbers for overseas shareholders

### New Zealand

0800 442 845

### United Kingdom

0845 769 7502

### Fiji

008 002 054

### Other International

(61 2) 8280 7199

### Australian Securities Exchange listing

CBA

**Commonwealth**Bank

