

July 22, 2011

**Commonwealth Bank of Australia  
Recent Developments**

*The information set forth below is not complete and should be read in conjunction with the information contained on the “Supplementary business and financial disclosure” page of the U.S. investor website of the Commonwealth Bank of Australia (the “Bank”) at <http://www.commbank.com.au/usinvestors> (the “U.S. Investor Website”). This “Recent Developments” release supplements and, to the extent inconsistent with any information on the U.S. Investor Website, amends and supersedes such information. This “Recent Developments” release contains certain forward-looking statements which involve known and unknown risks and uncertainties. See “Special Note Regarding Forward-Looking Statements” in the Bank’s Profit Announcement (U.S. Version) for the half year ended 31 December 2010 (the “2011 Half Year Announcement”) included on the U.S. Investor Website.*

**Commonwealth Bank Announces Retirement of Ralph Norris and Appoints Ian Narev as Chief Executive Officer**

The Chairman of the Bank, Mr. David Turner, today announced that upon the retirement of Ralph Norris at the end of November this year the Board has appointed Ian Narev to assume the role of Chief Executive Officer of the Bank .

Ian Narev has been with the Commonwealth Bank Group since May 2007 and has been Group Executive, Business and Private Banking since January 2009.

Prior to his current role, Ian spent 18 months as Group Head of Strategy where he led the acquisition of Bankwest and the investment in Aussie Home Loans. Ian came to the Commonwealth Bank from McKinsey & Co, where he was a global partner, head of the firm’s New Zealand office, co-leader of the Asia strategy practice and a consultant in financial services.

Ian Narev graduated with a Master of Laws in International Corporate Law with first class honours from Cambridge University in 1994 and Master of Laws in International Relations from New York University in 1998. He joined McKinsey New York as a consultant in the firm’s financial institutions practice working in strategy and organizational change engagements for four of the United States’ ten largest financial institutions.

David Turner said Ian Narev would take over from Ralph Norris on December 1 this year.

Biographical details for Ian follow, together with key details of the Executive Service Agreement executed between the Bank and Ian.

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## Biography – Ian Narev

Ian Narev is Group Executive, Business and Private Banking, at the Commonwealth Bank of Australia (CBA).

Ian joined CBA in May 2007, and has been a member of CBA's Executive Committee since then, reporting to Chief Executive Ralph Norris. From May 2007 until January 2009, Ian was Group Head of Strategy, with responsibility for corporate strategy development, mergers and acquisitions and major cross-business strategic initiatives. He led CBA's \$2.1 billion acquisition of Bankwest in 2008, as well as the Group's investment in Aussie Home Loans.

In January 2009, Ian moved to his current role, leading one of CBA's six operating divisions. Business and Private Banking includes small and medium enterprise business banking, agri banking, private banking and the CommSec retail brokerage and margin lending businesses. The division's annual profit after tax is approximately \$1B. It has approximately 200,000 business customers, 1 million trading customers, and 15,000 private banking customers, and employs approximately 4,000 people.

Prior to joining CBA, Ian was a partner of McKinsey & Company, the global consulting firm. He joined McKinsey in New York in 1998, and from then until 2002 worked in McKinsey's financial institutions group in the United States. In 2002, he transferred to McKinsey's Auckland and Sydney offices. He became a global partner in 2003, and from 2005 until his departure in 2007 was head of McKinsey's New Zealand office. He was also the co-head of McKinsey's Asian strategy practice. During that time his primary areas of practice were financial services and telecommunications.

Prior to joining McKinsey, Ian was a lawyer specialising in mergers and acquisitions.

Ian holds Masters of Law degrees from Cambridge University (International Corporate Law), where he was the top student in his year, and New York University (International Relations), where he was a Hauser Scholar. He also holds undergraduate degrees in English and Law from the University of Auckland, where he was Editor-in-Chief of the Law Review.

Ian is a director of ASB Bank, Sovereign Insurance and Commonwealth Securities. In the not-for-profit sector, he is Chairman of Springboard Trust, which works with principals of low-decile primary schools in South Auckland to help improve school effectiveness, and a Trustee of the Louise Perkins Foundation, which helps women with advanced breast cancer.

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.

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## Summary of the Main Terms and Conditions of the Executive Service Agreement executed between the Commonwealth Bank of Australia and Mr Ian Narev

### 1. Appointment

The appointment is to the position of Managing Director and Chief Executive Officer.

### 2. Term

The appointment is ongoing, with the termination provisions summarised below.

### 3. Duties

The duties of Mr Narev are those expected of the CEO, reporting to and receiving directions from the Board. Mr Narev is also to comply with the Bank's policies as applicable from time to time.

### 4. Remuneration

There are three components of Mr Narev's remuneration. They are:

#### (a) Fixed Remuneration

Mr Narev will be paid Fixed Remuneration, comprising regular cash payments, any salary sacrifice items, and superannuation. The total Fixed Remuneration will initially be \$2,500,000 per annum, and will be reviewed annually.

#### (b) Short Term Incentive

Mr Narev will be eligible for discretionary annual short term incentives.

The initial annual short term incentive target is \$2,500,000, and will be pro-rated for the period from 1 December 2011 to 30 June 2012, with Mr Narev's short term incentive for his current role applying from 1 July 2011 to 30 November 2011. The target short term incentive will be reviewed annually.

Half of any short term incentive awarded for the 2011/12 year will be paid in cash following the end of the performance year, with payment of the other half deferred for a year, and payable after that time with interest.

#### (c) Long Term Incentive

Mr Narev will be eligible for an annual long term incentive award in accordance with the Group Leadership Reward Plan. The Group Leadership Reward Plan is described in the 2010 Annual Report.

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The long term incentive award to be made during the 2011/12 year is an allocation of reward rights under the Group Leadership Reward Plan with a total target value at vesting of \$2,500,000. Vesting will be subject to key performance indicators determined by the Bank's Board. The award is subject to shareholder approval at the 2011 AGM.

The amount and terms of subsequent grants will be determined by the Board in its discretion and will be subject to any necessary regulatory and shareholder approvals.

## 5. Termination

Mr Narev may resign at any time on giving 12 months' notice and the Bank may terminate Mr Narev's employment on 12 months' notice. On termination of employment following notice by Mr Narev or the Bank, the Bank will pay all Fixed Remuneration and any statutory entitlements owing to Mr Narev, and any STI or LTI not vested may be paid or retained at the discretion of the Board.

There are provisions for immediate termination for misconduct, when only accrued Fixed Remuneration and statutory entitlements would be payable.

In the event of death, the Bank will pay all Fixed Remuneration and any statutory entitlements at the date of death, and any STI or LTI not vested may be paid or remain on foot at the discretion of the Board.

There is also a provision allowing Mr Narev to terminate the agreement if a material change to his status occurs, in which case termination payments will be made as if the Bank had terminated his employment.

## 6. Restrictive Covenant

Mr Narev is restrained during employment and for up to 12 months after termination from competing with the Bank and soliciting customers, employees, directors or managers of the Bank.

## 7. Other provisions

The agreement also contains general provisions including provisions regarding confidential information, intellectual property and moral rights.

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