

CEO'S ADDRESS FOR 2007
CBA ANNUAL GENERAL MEETING

Introduction

The 2007 financial year has been another record year for the Group.

We've achieved a very strong financial result and made another record dividend payment to Shareholders.

Results

The Group reported a statutory net profit after income tax for the 12 months to 30 June 2007 of \$4,470 million – that's an increase of 14% on the prior year.

Cash net profit after income tax grew 18% to \$4,604 million with return on equity increasing from 21.3% to 22.1%.

Cash earnings per share were up 16% to \$3.53 and we declared total dividends for the year of \$2.56, up 14% on last year.

Some key highlights of the result included:

- Strong income growth of 11%, underpinned by good volume growth across our various lines of business
- 15% growth in average interest assets to \$316 billion;
- 17% growth in Funds under Administration to \$177 billion, supported by strong underlying inflows and positive investment market returns;
- 21% growth in Insurance premiums to \$1,400 million, coupled with improved operating margins;
- Continued stability in credit quality levels across the portfolio;
- And further improvements in efficiency and productivity.

These are enabling higher levels of reinvestment in the future of our business, including the recruitment of additional front line staff and increased investment on strategic initiatives.

Strategic priorities

Last year we identified four strategic priorities to lift business performance and growth:

Customer Service; Business Banking; Technology and Operational Excellence; and Trust & Team Spirit.

We made significant progress again this year in progressing these four strategies, and I am very pleased with what's been achieved and the positive impact it's having for all our businesses.

During the course of the year we introduced one additional strategic priority – Profitable Growth, which I'll talk more about later.

Customer Service

Customer service remains the Group's top strategic priority and while we still have some way to go, we've made real progress in a number of areas over the past 12 months:

- We added over 1,100 customer facing positions across our business, including extra frontline staff in branches, Local Business Banking, Corporate Financial Services and Agribusiness;
- We trained over 4,000 leaders to apply a consistent sales and service leadership that will reach all of our people;
- We continued to develop a “one-team” culture to enhance the quality of referrals across our business
- We continued to train our front line people in key sales and service disciplines, including customer needs analysis, business referrals and taking ownership

- We are continuing to invest in our front line and becoming more accessible to our customers:
 - We are upgrading our branches and opening new state-of-the-art branches in key areas;
 - We have introduced more flexible opening hours, including Saturday trading in 65 branches and more recently, 7 day a week trading in selected locations;
 - We're opening new business banking centres and providing 24/7 phone access for our local business;
 - We launched Agriline, a telephone banking service for our rural customers operated by specialist agribusiness bankers;
 - We have introduced a new operating model into the retail branch network, giving our branch managers greater autonomy. This will better meet the needs of our customers and our people;

And we've continued to train wealth management and insurance advisers, placing them in our retail bank branches to provide specialist advice for our customers.

- Separately, we have simplified our product range and improved the features we offer.

This has resulted in 31 of our products being awarded the CANNEX 5 Star ratings recently, more than any other Financial Services' organisation in Australia.

- We are also simplifying our procedures and processing to improve our responsiveness, and introducing auto-decisioning in many parts of our business to speed up approval and processing times.

These initiatives are being noticed by our customers who are telling us that our service is getting better.

I hope those of you who are customers would agree!

In the retail bank, we have seen significant improvements in our Roy Morgan customer satisfaction scores...they're up 5.6% to our best rating in ten years.

In both the retail and business banks, I'm delighted to report that we're seeing significant declines in customer complaints and a corresponding increase in customer compliments.

And I'm equally happy to tell you that we are starting to see some improvement in our market share numbers, particularly in the last six months.

Business Banking

Turning to our second strategic priority, Business Banking.

While we have strong relationships with a significant proportion of Australian businesses and we're generating good quality profit growth, there remains significant opportunities in a number of segments of business banking.

Over the past year, we have put in place a range of initiatives designed to pursue these opportunities and to drive future growth.

- We restructured to be better aligned with the needs of our customers;
- We made good progress in increasing our business banking "footprint" by employing new business bankers, adding new business banking centres and putting business bankers back into selected branches.

We're on track to add 25 new Business Banking Centres by June 2009 and 140 out of the planned 180 business bankers have already been placed in branches;

- We have rolled out CommSee for Business across our branch and call centre networks.

This is providing us with the information platform to support the selective growth of our business banking "footprint";

- Over 14,000 business customers are now using CommBiz, our new internet based business banking service;
- We've developed a new and improved range of business banking products and simplified our business banking processes and approval procedures;

- We've invested in people and new technology to make it easier for our customers to deal with us.
- For our rural customers we've introduced an improved service model with specialist bankers in 63 new locations and launched Agriline which provides our customers with 24/7 access to advice and assistance from our rural banking specialists.
- For our small business customers, we launched Local Business Banking Online combined with a 24/7, 365 days per year call centre service.

Technology and Operational Excellence

Turning to Technology and Operational Excellence.

Our objectives here are to deliver greater efficiency across the Group, while providing us with the technology to increase our competitive leverage through innovative process and systems.

From an efficiency perspective, we've bedded down a new Enterprise Information Technology team and reorganised into a more co-ordinated and effective structure;

- We've continued to reshape our relationships with our IT providers. This year we established a new desk top agreement with EDS which will deliver cost savings and improved service levels to the Group; and
- We have continued to refine our more focussed approach to Group wide procurement – building on the progress we have made over the last three years.
- These and other initiatives have enabled us to exceed our target of delivering efficiency savings across EIT of \$100 million. We have in fact eliminated \$114 million in recurrent expenses and have seen further improvements in our IT efficiency ratio;
- These efficiency improvements are enabling us to reinvest in areas of the business which will help drive future growth.

During the year, we've invested across a number of areas.

- Dual factor identification for internet banking;
- The rollout of CommBiz;

- Ongoing CommSee enhancements for our frontline staff;
- Global Markets systems improvements;
- MediClear;
- Wealth management cross sell initiative and
- New margin lending facility systems for FirstChoice.
- We have also seen significant improvements in systems stability and resilience
- and we've improved our security, controls and disaster recovery capabilities;

Trust and Team Spirit

The commitment, engagement and enthusiasm of our people go to the heart of our success as an organisation and our ability to deliver on our strategies.

- We have seen a greater level of collaboration across the Group, which is helping to support a “one-team” culture;
- We have introduced a number of initiatives designed to enhance the wellbeing of our people;
- And we have continued to support our community - making significant commitments to a range of initiatives including financial literacy, environmental partnerships and one-off assistance for communities in need of help.

We are already beginning to see positive results, with improved engagement scores in internal surveys, positive feedback from our people and the community and a substantial decrease in employee injury rates, staff turnover and absenteeism.

Profitable Growth

During the year, we identified profitable growth as an additional strategic priority.

This additional priority was introduced to ensure we remained focused on identifying opportunities to deliver growth and so create real value for our shareholders.

- We have a number of investments in Asia, with the most significant being our existing businesses in Indonesia and China.

While these investments are still relatively small, they are all performing well and we continue to look for further opportunities to invest in these and other attractive Asian markets;

- Our Funds Management business has grown rapidly since we acquired Colonial in 2000 and we believe that we have the expertise and the scale to continue to expand this business both locally and internationally.

CFSGAM is looking at a wide range of opportunities

During the year, we launched over 20 new funds including infrastructure funds to hold and manage (on behalf of investors) our interest in recently acquired UK infrastructure company, AWG plc;

- Premium Business Services has a high level of expertise in its Global Markets Group, and it has used this to leverage product capabilities across a broad range of the Group's existing customer base.

It is also introducing innovative products and looking at how we might utilise existing expertise to take advantage of opportunities to grow in selective global markets;

- We also recognise that there are significant opportunities to better leverage our existing customer base, and we're focusing on these to drive profitable growth.

Looking Ahead

I am very pleased with the progress we made in 2007.

Financially, we had a very good year and we have momentum going into the current financial year.

In our September quarter trading update we were able to confirm our earnings momentum and earnings guidance for the year ahead.

The Bank has been able to weather the recent volatility in global credit markets very well. We have no direct exposure to the sub-prime and C.D.O. defaults in the United States. While it may take some time for this external situation to fully play out and for conditions to return to normal, we remain very well positioned given our strong and well diversified funding base. Obviously, the financial services sector will remain competitive but we believe we are well able to meet the challenge.

Our target for the 2008 year is to generate earnings per share growth which is equal to or exceeds the average of our peers.

I'm also pleased with the progress that we have made on executing our strategic agenda and I'm confident that, over the year, we'll increasingly see the benefits of the significant investments that we are making.

We will continue to focus on profitable growth. This means avoiding business which we perceive to have too high a risk profile or which does not meet our return criteria. This approach will ensure that our credit quality remains strong.

Our ability to deliver this year's strong performance would not have been possible without the goodwill and commitment of all our people.

I am very grateful for the tremendous support I've received from the Board and across the organization, and I am enormously impressed with the quality and skills of our people.

Ladies & gentlemen, it's a great privilege to lead this organization and I am confident that we can continue to deliver for our people, for our customers and, for you, our shareholders.

Thank you.