

**Chief Executive Officer's Speech
2005 Annual General Meeting
28 October 2005**

Introduction

Thank you, John for your kind introduction and for such a warm welcome to my first Annual General Meeting as Chief Executive Officer of the Commonwealth Bank of Australia. It is really great honour and pleasure it is to be here today! The Commonwealth Bank is an iconic organisation and I am excited at the prospect of leading Australia's pre-eminent bank.

Having spent over 30 years in the banking industry, this appointment is, of course, the highlight of my career and I am looking forward to the challenge of building on the momentum which has developed over the last few years, primarily on the back of the Which New Bank programme.

David Murray

Before talking about the challenges ahead, I'd like to thank David Murray for his support and encouragement. I had the pleasure of working alongside David for 10 years at ASB, and we developed a very close personal and business relationship. Since then, I have enjoyed David's friendship while I was Chief Executive Officer at Air New Zealand. And he has generously provided his support and wise counsel as I work my way into my new role.

Most importantly, though, David has left your Bank well positioned for the future. Over his 13 years of leadership he has been a visionary. He introduced new technologies, integrated additional financial services, and executed selective strategic offshore expansion. He has also led an ambitious cultural transformation in the shape of Which New Bank. In addition to being catalysts for change within the Bank, these initiatives are beginning to deliver benefits for our customers and, ultimately, for you, our shareholders.

Results

The 2005 fiscal year was a good one for the Bank. And this is a result of Which New Bank and the continuing commitment of our people. We generated real momentum in the business. In turn, this drove underlying earnings up 13 percent on the prior year, enabling us to pay a record dividend of \$1.97 per share to our shareholders.

The first quarter of the 2006 financial year has seen the momentum of 2005 continue. Underlying housing loan growth has experienced an orderly slowdown over the last quarter, and the Bank's experience has been broadly in line with the market. We have also seen strong seasonal deposit growth, with NetBank Saver attracting good inflows. Our funds management business has also had a good first quarter, supported by strong equity markets and good fund flows.

The sale of our Hong Kong life insurance business was finalised last week.

Outlook

Our financial performance to the end of the first quarter is in line with our expectations. And this gives me every confidence that we will deliver cash earnings per share growth in the 2006 year that equals or exceeds the average of our peers. Over the three years of Which New Bank, we will generate compound annual cash earnings per share growth in excess of 12 per cent. This excludes the impact of the sale of the Hong Kong insurance business.

Clearly, all of our businesses operate in very competitive environment and we are working hard to maintain momentum. These competitive challenges are also compounded by the fact that economic growth, while still healthy, is slowing in both Australia and New Zealand.

The “Which New Bank” programme has continued to meet major milestones in this first quarter, and the great news is that CommSee, the new customer management platform, is now rolled out to over three quarters of branches and the embedding process is well under way. We still expect to exceed all financial targets set at the start of this programme.

But, while we continue to benefit from the “Which New Bank” initiatives, we are not complacent. While we are well advanced in rolling out the systems, we are not yet delivering the customer service levels we are aiming for. With any major transformation programme, the introduction of new systems and the training of staff to use the technology are both critical and time intensive. We have begun that process but this has meant some inevitable disruption to our normal business operations. Obviously, this is unsatisfactory from a customer perspective, but I can assure you that we are all working very hard to address these disruptions.

Priorities

While there is much to be done to both defend our existing businesses and seek out growth opportunities, my first priority is to further enhance and embed a service focused ethos right across the Bank. This will enable us to differentiate ourselves from our competitors. For me, customer service is really the only true differentiating factor of any customer-facing organisation. If we can get it right with our people, then we can deliver for our customers which will then result in enhanced returns for you, our shareholders.

So what does this mean in practical terms?

As I said earlier, our Bank is Australia’s pre-eminent bank. We have over 1,000 retail branches and direct relationships with 45 per cent of Australians. We are the country’s leading life insurer and retail funds manager as well as banker to many of Australia’s leading companies.

While Which New Bank has gone some way to improving the service we offer to these customers, we still have much to do if we are to achieve further meaningful and sustained improvements. In Business Banking, for instance, our performance is still less than satisfactory. This is because we have not been sufficiently responsive to the needs of our business customers. Improving our performance in Business Banking is a priority, so we are currently scoping a number of initiatives. These will improve the competitiveness of this business and the appeal of its services.

Since joining the Bank last month, my time has been spent getting to know the organisation, talking to staff and customers, to better understand the challenges we face and the opportunities available to us. These discussions have left me in no doubt, that we have tremendous potential to leverage the breadth of our business to better meet the needs of our customers.

However, we're not alone in recognising that the key to future success revolves around understanding and meeting, and preferably exceeding, the expectations of our customers. Many of our competitors have embarked on similar paths, and so, our challenge is to consistently outperform in the execution of our customer strategies. We will only achieve this by being more innovative, by fully understanding our customers' expectations, and by better equipping our people to deliver excellent service. Ensuring that we develop and build this competitive advantage over our competition is critical to delivering superior returns. To this end, I am working closely with my leadership team to refine our strategy, building on the progress we have made over the last three years.

But that doesn't mean that we are resting on our laurels while we work through the longer term issues. In this process, we are evaluating a number of additional and immediate initiatives across the Bank. These will build on the work already started, most particularly in the areas of staff and customer engagement.

So, it's been a busy and exciting start for me at the Bank. And I am relishing the challenge!

Acknowledgements

I am indebted to the Board for the confidence they have shown in appointing me, and for the support they continue to offer me. I have been humbled by the welcome I have received from the people within the Bank. I'm impressed by the vast array of talent and enthusiasm that our people have for the business, and I'm especially impressed by their recognition and resolve to adapt to the significant changes occurring in the Bank and in the marketplace. That determination to focus on meeting the needs of our customers and to continue seeking ways to build on the Commonwealth Bank's unique franchise is absolutely vital for our future success!

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