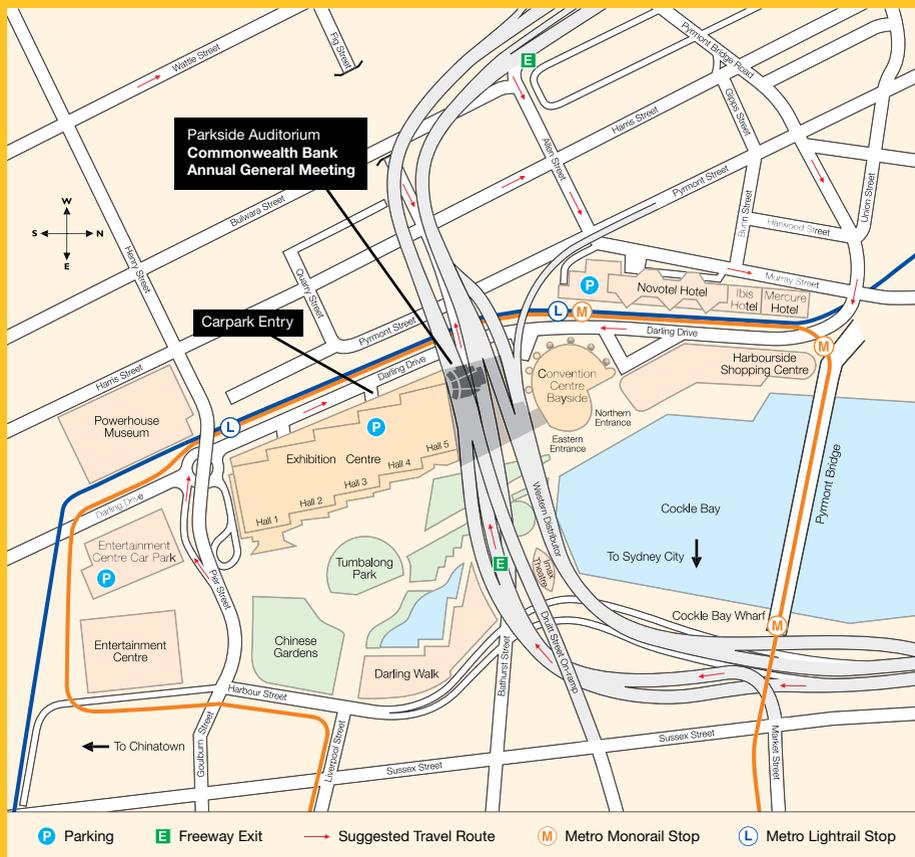


Notice of Meeting 2007

# Ours\*



# HOW TO GET THERE



The Annual General Meeting will be held on Wednesday, 7 November 2007, commencing at 11.00 am at Parkside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney.

## 2 How to get there

## 3 Letter to Shareholders

## 4 2007 AGM – Notice of Meeting

to be held on Wednesday, 7 November 2007

at Parkside Auditorium, Sydney Convention and Exhibition Centre,  
Darling Harbour, Sydney

## 6 Explanatory Memorandum

# CHAIRMAN'S LETTER

18 September 2007

Dear Shareholder

I am writing to invite you, as a shareholder in Commonwealth Bank of Australia, to attend the Annual General Meeting on Wednesday, 7 November 2007.

The meeting will be held at Parkside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney. A map is shown on the opposite page.

The meeting will begin at 11.00 am, with registration available from 10.00 am.

A Form of Proxy is included in this information pack. The Form of Proxy contains a barcode to assist with the registration process at the meeting. If you attend the meeting, please bring this barcoded form with you. If you are not attending the meeting, please complete and return the Form of Proxy in the return envelope in sufficient time so that it reaches the Share Registrar, Link Market Services Limited, by 11.00 am on Monday, 5 November 2007. Alternatively, the Form of Proxy can be lodged in accordance with the instructions in the notice of meeting.

We have enclosed a form for those who cannot attend the meeting but would like to submit questions on any shareholder matters that may be relevant to the Annual General Meeting. I invite you to submit any questions you may have on this enclosed form and return it with the Form of Proxy. While time will undoubtedly not permit me to address all the questions submitted, I will endeavour to address as many of the more frequently raised shareholder matters during the course of the Annual General Meeting.

A live webcast of the presentation will be broadcast on the Bank's website through the Shareholder Centre at <http://www.commbank.com.au/shareholder/annualgeneralmeeting>. An archive of the webcast will be available at the same web address within a day. This will enable you to hear or read the responses to the questions raised on the returned forms and during the meeting.

Any body corporate holder of Commonwealth Bank shares, or any body corporate appointed as a proxy, wishing to appoint a person to act as its representative at the meeting may do so by providing that person with a letter, executed in accordance with the body corporate's constitution, authorising him or her as the body corporate's representative.

The Notice of Meeting commences on page 4, listing the items to be considered at the meeting. Background information on items 2 to 5 is contained in the Explanatory Memorandum on pages 6 to 10.

Resolution 4 is a non-binding resolution that shareholders adopt the Remuneration Report which is contained on pages 50 to 72 in the Annual Report and on pages 24 to 46 of the Concise Annual Report. I would encourage you to review the detailed account of the Bank's remuneration policy as set out in this report.

Commonwealth Bank Directors and Senior Executives would also like to extend an invitation to shareholders to join them in enjoying light refreshments after the meeting.

Yours sincerely



John Schubert  
Chairman

# 2007 AGM – NOTICE OF MEETING

Commonwealth Bank of Australia ACN 123 123 124

Meeting to be held on Wednesday, 7 November 2007, commencing at 11.00 am at Parkside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney.

## **1. Discussion of Financial Statements**

To discuss the financial report, the Directors' report and the auditor's report for the year ended 30 June 2007.

## **2. Appointment of Auditor**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That PricewaterhouseCoopers be appointed as auditor of Commonwealth Bank of Australia and the Directors be authorised to fix the remuneration of the auditor."

## **3. Election of Directors**

In accordance with Articles 11.1 and 11.2 of the Constitution of Commonwealth Bank of Australia:

(a) Mr R J Clairs retires and, being eligible, offers himself for re-election;

In accordance with Articles 11.4(b) and 11.2 of the Constitution of Commonwealth Bank of Australia:

(b) Mr H H Young retires and, being eligible, offers himself for re-election;

(c) Sir John A Anderson retires and, being eligible, offers himself for re-election.

Information about the candidates seeking re-election appears in the Explanatory Memorandum.

## **4. Remuneration Report**

To adopt the Remuneration Report for the year ended 30 June 2007.

## **5. Grant of Securities to the Chief Executive Officer under the Group Leadership Share Plan**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval be given in accordance with ASX Listing Rules 10.14 and 10.15 for the participation of Mr R J Norris in the Group Leadership Share Plan of Commonwealth Bank of Australia (GLSP), and for the grant of rights to shares to Mr R J Norris within one year of the date of this annual general meeting pursuant to the GLSP and on the terms described in the Explanatory Memorandum accompanying this notice of meeting."

## **APPOINTMENT OF PROXY**

If you are a shareholder and are unable to attend and vote at the Annual General Meeting of Commonwealth Bank of Australia on 7 November 2007, you are entitled to appoint a proxy to attend and vote in your stead. A proxy need not be a shareholder. A proxy may be an individual or a body corporate.

If you are a shareholder entitled to cast two or more votes, you may appoint up to two proxies and may specify the proportion of voting rights or the number of votes each proxy is appointed to exercise.

If you wish to appoint an individual or a body corporate as your proxy, please complete and return the proxy form. The proxy form must be received by the Share Registrar, Link Market Services Limited at Locked Bag A14 Sydney South NSW 1235 or by facsimile to (02) 9287 0309 in Australia or (61 2) 9287 0309 if you are overseas, by 11.00 am Monday, 5 November 2007. A return envelope is provided.

If you wish to submit your appointment of proxy and voting instructions electronically, visit the share registry website, [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and follow the prompts and instructions. (You will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) which is shown in the top right hand side of the proxy form). You must complete and submit your appointment and instructions so that they are received by 11.00 am on Monday, 5 November 2007.

If your appointment of a proxy is signed by an attorney, or in the case of a proxy submitted electronically, authenticated by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by the Share Registrar, Link Market Services Limited at Locked Bag A14 Sydney South NSW 1235 or by facsimile to (02) 9287 0309 in Australia or (61 2) 9287 0309 if you are overseas, by 11.00 am Monday, 5 November 2007.

If you appoint the Chairman of the Annual General Meeting as your proxy and do not specify how the Chairman is to vote on an item of business, the Chairman will vote (if permitted under the proxy form), as proxy for you, in favour of the resolutions.

#### **DETERMINATION OF SHAREHOLDERS' RIGHT TO VOTE**

For the purposes of the meeting, those shareholders holding shares at 7.00 pm on Monday, 5 November 2007 will be voting members for the meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'J D Hatton', with a long, sweeping horizontal line extending to the right.

J D Hatton  
Secretary

18 September 2007

# EXPLANATORY MEMORANDUM

## **AGENDA ITEM 2:**

### **APPOINTMENT OF AUDITOR**

The Bank's current auditor, Ernst & Young, was appointed as auditor by shareholders at the Bank's 1996 AGM.

Following an intensive review process of major accounting firms with the capabilities of undertaking the Bank's audit, the Board concluded that it was appropriate to recommend the appointment of PricewaterhouseCoopers as auditor.

Subject to approval by shareholders, the appointment of PricewaterhouseCoopers at the AGM will be effective for the 2007/2008 financial year. Ernst & Young remained responsible for the completion of the audit for the 2006/2007 financial year. If PricewaterhouseCoopers are appointed as auditor, arrangements are in place between the Bank, PricewaterhouseCoopers and Ernst & Young to ensure a smooth transition.

In accordance with section 328B of the Corporations Act, notice in writing nominating PricewaterhouseCoopers as auditor has been given to the Bank by a shareholder. A copy of this notice is shown in Attachment 1 to this Explanatory Memorandum.

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## **AGENDA ITEM 3:**

### **ELECTION OF DIRECTORS**

Pursuant to Articles 11.1 and 11.2 of the Bank's Constitution, Mr R J Clairs will retire at the Annual General Meeting and offer himself for re-election. Mr Clairs was last re-elected in 2004. Mr H H Young was appointed to the Board with effect from 13 February 2007. Sir John A Anderson was appointed to the Board with effect from 12 March 2007. Pursuant to Articles 11.4(b) and 11.2, Mr Young and Sir John Anderson will retire at the Annual General Meeting and offer themselves for re-election.

Mr F J Swan and Mr W G Kent, who have served on the Board since 1997 and 2000 respectively, will retire at the Annual General Meeting and will not stand for re-election.

Details of the candidates are as follows:



Reg Clairs AO



Harrison Young



Sir John Anderson KBE

### **Reg Clairs, AO**

Mr Clairs has been a member of the Board since March 1999. He is an independent, non-executive Director and is Chairman of the People & Remuneration Committee.

Mr Clairs had a career spanning thirty three years with Woolworths Limited, rising to the position of Chief Executive Officer prior to his retirement in December 1998. He brings to the Board extensive experience in retailing, branding and customer service.

Mr Clairs is currently a Director of David Jones Limited and the Cellnet Group and a member of the Australian Institute of Company Directors.

Mr Clairs is a resident of Queensland and is aged 69.

### **Harrison Young**

Mr Young was appointed to the Board in February 2007. He is an independent, non-executive Director and is a member of the Risk Committee.

At the time of his appointment to the Board, Mr Young retired as Chairman of Morgan Stanley Australia, a position he had held since 2003. In an investment banking career of more than thirty years, he did business in twenty countries and advised eight foreign governments. From 1997 to 2003 he was Managing Director and Vice Chairman of Morgan Stanley Asia. Prior to that he spent two years in Beijing as Chief Executive of China International Capital Corporation. From 1991 to 1994 he was a senior officer of the Federal Deposit Insurance Corporation in Washington.

Mr Young is currently Chairman of Asia Society AustralAsia Centre and a Director of Florey Neuroscience Institutes and the Financial Services Volunteer Corps in New York.

Mr Young is a resident of Victoria and is aged 62.

## **Sir John Anderson, KBE**

Sir John was appointed to the Board in March 2007. He is an independent, non-executive Director and a member of the Risk Committee.

Sir John is a highly respected business and community leader, having held many senior positions in New Zealand finance including Chief Executive and Director of ANZ National Bank Limited from 2003 to 2005 and Chief Executive and Director of the National Bank of New Zealand Limited from 1989 to 2003.

In 1994, Sir John was made a Knight Commander of the Civil Division of the Order of the British Empire and in 2005, received the inaugural Blake Medal for "Outstanding Leadership Contributions to New Zealand".

Sir John is currently Chairman of Television New Zealand Limited and of New Zealand Cricket Inc., and a Director of the International Cricket Council. He is also a Fellow of Institute of Financial Professionals New Zealand, a Fellow of Institute of Directors, a Fellow of the New Zealand Society of Accountants and a Life Member of the Australian Institute of Banking and Finance.

Sir John is a resident of Wellington, New Zealand and is aged 61.

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## **AGENDA ITEM 4:**

### **NON-BINDING RESOLUTION ON REMUNERATION REPORT**

Section 250R of the Corporations Act (2001) requires a publicly listed company to put a resolution to shareholders to adopt the company's Remuneration Report. The vote on this resolution is advisory only and does not bind the Directors or the company.

The Bank's Remuneration Report can be found at pages 50 to 72 of the Annual Report, and on pages 24 to 46 of the Concise Annual Report for the year ended 30 June 2007. It sets out the Bank's remuneration policy and the remuneration arrangements for the Key Management Personnel (who are comprised of the Bank's Directors and certain senior executives).

The Bank regards its remuneration arrangements as complementary to its performance culture, and leadership and talent management systems. The Bank believes its policies in this area are successful in attracting, retaining and motivating high calibre employees, aligning individual and Bank goals through appropriate incentive arrangements and providing total remuneration that is competitive by market standards.

The Board also obtains independent advice to confirm the appropriateness of the Bank's remuneration arrangements.

## **AGENDA ITEM 5:**

### **GRANT OF SECURITIES TO THE CHIEF EXECUTIVE OFFICER UNDER THE GROUP LEADERSHIP SHARE PLAN**

ASX Listing Rule 10.14 requires shareholder approval for the issue of securities to a Director under an employee incentive scheme. Accordingly, shareholder approval is sought to grant to Mr Norris, prior to the 2008 Annual General Meeting, rights to shares under the Group Leadership Share Plan (GLSP), and for the subsequent acquisition by Mr Norris of the underlying shares, should those rights vest. The rights to shares granted under the GLSP are, in effect, conditional entitlements to shares, which may vest subject to the satisfaction of performance conditions. The performance conditions applying to the proposed grant to Mr Norris are described below.

The GLSP aims to motivate the efforts of participants, who presently comprise Mr Norris and the Bank's Group Executives, to increase customer satisfaction and profitability in order to improve long term shareholder value and achieve the Bank's vision.

Shareholder approval is sought for the grant of rights to shares to Mr Norris to a maximum value of \$11.56 million for the 2007/2008 financial year, which may vest in the 2010/2011 financial year.

In determining this maximum value, the Board has considered Mr Norris's total potential remuneration, which includes fixed and variable components. The value awarded to Mr Norris under variable remuneration arrangements is determined with reference to his performance and that of the Bank against certain key performance indicators.

The grant for which approval is now being sought would authorise Mr Norris to share (in the form of shares) in a pool, the value of which will be calculated as a percentage (currently 2.2%) of the growth in the Bank's net profit after tax (NPAT) less cost of capital over the three year performance period. The total pool will be zero if the Bank's NPAT growth is not above average peer group NPAT growth over the performance period, and it will be capped at \$34 million. That is, if the NPAT growth hurdle is not satisfied, nothing will vest. The peer group is comprised of ANZ, NAB, St George and Westpac.

If the NPAT growth performance hurdle is satisfied, the grant of rights will vest but subject to the customer satisfaction performance hurdle. The extent to which the customer satisfaction performance hurdle is satisfied will determine the value of the grant of rights to Mr Norris that vests.

The value of the grant of rights that vests will be determined by the Bank's customer satisfaction ranking compared to the same peer group stated above. This customer satisfaction ranking will be determined as at the end of the performance period, 1 July 2010. A vesting scale will be applied to determine the value of the grant of rights which vests. The Board has set the scale as 100% of the grant if the Bank is ranked 1st, 75% if the Bank is ranked 2nd, 50% if the Bank is ranked 3rd and 30% if the Bank is ranked 4th. No amount will vest if the Bank is ranked 5th.

Given the Bank is currently ranked 5th in customer satisfaction, and the clear focus of the Bank's competitors on this area, improving the Bank's ranking poses a significant challenge. In the absence of

substantial and sustained improvement, no vesting will occur at all. To achieve full vesting, the Bank will not only have outperformed peers in relation to NPAT growth over the period, the Bank will also have achieved a remarkable improvement in its customer satisfaction performance, moving up four places to be ranked first. This outcome would represent an extraordinary achievement for Mr Norris and the Bank's Group Executives, and is expected to result in significant benefits for shareholders through increased profitability and share value.

The number of shares that Mr Norris will receive will then be calculated on the basis of the value of the grant of his rights that has vested (34% of the total pool), divided by the volume weighted average price of the Bank's shares over the five trading days up to and including 1 July 2010. Mr Norris will not be required to pay for the shares.

While the current policy of the Bank is to acquire shares on market upon vesting, the Bank has flexibility under the rules of the GLSP to issue new shares instead.

In general, if Mr Norris ceases employment with the Bank before the grant of rights vests, he will forfeit any entitlement under the GLSP, unless the Board gives its approval for Mr Norris to continue to be entitled to the grant or for the shares to be allocated and transferred to Mr Norris (or his representative). Any such approval may be on a pro rata basis or on other conditions determined by the Board. It is expected that such approval would be granted if Mr Norris ceased employment for reasons such as ill health retirement. In these circumstances, the performance hurdles would still apply.

The Board will also have the ability, if in the circumstances it considers it appropriate, to adjust the performance hurdles where an unforeseen development occurs, and if it considers the adjustment is fitting in light of the intent and purpose of the proposed grant. Such adjustment would be fully explained in the Bank's Annual Report.

Approval was obtained at the 2005 Annual General Meeting to grant shares to Mr Norris pursuant to the Equity Reward Plan. Since that date, Mr Norris has been granted rights to receive 191,218 shares under the Equity Reward Plan and, to date, 50% of that number of shares has been acquired on market by the Trustee of the Bank's Share Plan Trust at market price. These shares are held in the name of the Trustee and no shares from these grants have been transferred to Mr Norris. If the grant of rights under the GLSP is approved by shareholders, the remaining \$4.2 million share allocation to be granted under the Equity Reward Plan (as approved at the 2005 Annual General Meeting) will not proceed.

No other current Directors are entitled to participate in the GLSP.

The Bank will disregard any votes cast on this resolution by any Directors or their associates. However, the Bank need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **ATTACHMENT 1**

27 July 2007

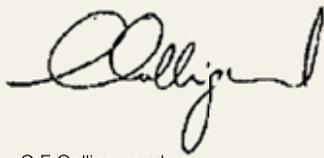
The Secretary  
Commonwealth Bank of Australia  
Level 2, 48 Martin Place  
SYDNEY NSW 2000

Dear Sir

Pursuant to Section 328B of the Corporations Act, I nominate PricewaterhouseCoopers to be appointed as Auditor of Commonwealth Bank of Australia at the Bank's Annual General Meeting to be held on 7 November 2007.

I am a shareholder in the Bank.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Collingwood', written in a cursive style.

C F Collingwood

