

# Notice of Meeting 2009



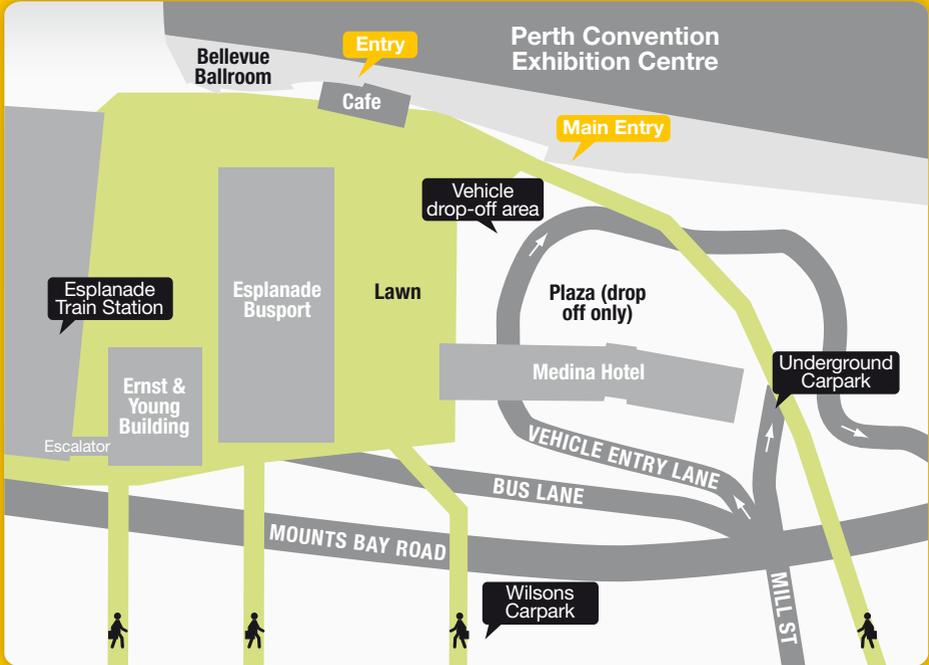
**Determined** to be different



Commonwealth Bank of Australia  
ACN 123 123 124

# How to get there

The Annual General Meeting will be held on Wednesday, 11 November 2009, commencing at 11.15 am at Bellevue Ballroom, Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth.



**Note** There is no dedicated parking facility for Perth Convention Exhibition Centre patrons. Shareholders are recommended to take public transport to get to the venue.

- > 01 **Chairman's Letter**

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## 2009 Annual Report

A copy of the Commonwealth Bank 2009 Annual Report for the year ended 30 June 2009 is available on the Group's website [www.commbank.com.au/shareholder/annualreports](http://www.commbank.com.au/shareholder/annualreports)

# Chairman's Letter

Dear Shareholder

I am writing to invite you, as a shareholder in Commonwealth Bank of Australia, to attend the Annual General Meeting on Wednesday, 11 November 2009.

The meeting will be held at Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth. A map is shown on the opposite page. The meeting will begin at 11.15 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 11.15 am on Monday, 9 November 2009. 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 [www.commbank.com.au/shareholder/annualgeneralmeeting](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 watch 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 3, listing the items to be considered at the meeting. Background information on items 2 to 4 is contained in the Explanatory Memorandum on pages 5 to 11.

Agenda Item 3 is a non-binding resolution that shareholders adopt the Remuneration Report which is contained on pages 65 to 85 in the 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

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

John Schubert  
Chairman

# 2009 AGM – Notice of Meeting

Commonwealth Bank of Australia ACN 123 123 124

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**Meeting to be held on Wednesday, 11 November 2009, commencing at 11.15 am at Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth.**

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

To discuss the financial report, the Directors' report and the auditor's report for the year ended 30 June 2009.

## **2. Election of Directors**

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

- (a) Ms S C Kay retires and, being eligible, offers herself for re-election;
- (b) Mr F D Ryan retires and, being eligible, offers himself for re-election;
- (c) Mr D J Turner retires and, being eligible, offers himself for re-election

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

## **3. Remuneration Report**

To adopt the Remuneration Report for the year ended 30 June 2009.

## **4. Grant of Securities to the Chief Executive Officer under the Group Leadership Reward 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 Reward Plan of Commonwealth Bank of Australia (GLRP), and for the grant of reward shares to Mr R J Norris within one year of the date of this annual general meeting pursuant to the GLRP 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 11 November 2009, 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 11.15 am Monday, 9 November 2009. 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 11.15am on Monday, 9 November 2009.

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 11.15 am Monday, 9 November 2009.

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, 9 November 2009 will be voting members for the meeting.

By order of the Board



J D Hatton  
Secretary, 7 September 2009

# Explanatory Memorandum

## AGENDA ITEM 2:

### Election of Directors

Pursuant to Articles 11.1 and 11.2 of the Bank's Constitution, Ms S C Kay, Mr F D Ryan and Mr D J Turner will retire at the Annual General Meeting and offer themselves for re-election. Ms Kay, Mr Ryan and Mr Turner were last re-elected in 2006.

The Board has in place policies and procedures designed to:

- Identify and update criteria for current and potential Directors to reflect the changing environment in which the Bank operates and the strategies being developed for the future growth of the Bank, and
- Monitor the skills and experience of existing Directors to ensure that the Board is capable of operating as an exceptional team in undertaking the role and responsibilities of the Board.

The Board undertakes an annual review of its performance, policies and practices. This review includes an assessment of the performance of each Director individually and the results are considered by the Board in determining its endorsement of the Directors to stand for re-election at the Annual General Meeting. After considering the results of the 2009 review, the Board recommends that shareholders support the re-election of Carolyn Kay, Fergus Ryan and David Turner.



**Carolyn Kay**



**Fergus Ryan**



**David Turner**

Details of the candidates are as follows:

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## **Carolyn Kay**

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Carolyn Kay has been a member of the Board since 2003. She is an independent, non-executive Director and is a member of the Audit, Risk and People & Remuneration Committees.

Ms Kay holds Bachelor Degrees in Law and Arts and a Graduate Diploma in Management. She has extensive experience in finance, particularly international finance, having worked as both a banker and a lawyer at Morgan Stanley, JP Morgan and Linklaters in London, New York and Australia.

In addition to her position with the Bank, Carolyn is a Director of Brambles Limited, Allens Arthur Robinson and the Sydney Institute. She is also a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women Inc.

Carolyn's combination of an extensive background in international finance and her experience as a Non-Executive Director make her a valuable contributor to the Board across a wide spectrum of issues of strategic importance to the Bank. Carolyn is a resident of New South Wales and is aged 48.

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## **Fergus Ryan**

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Fergus Ryan has been a member of the Board since 2000. He is an independent, non-executive Director and is Chairman of the Audit Committee and a member of the Risk Committee.

Mr Ryan has extensive experience in accounting, audit, finance and risk management. He was senior partner of Arthur Andersen until his retirement in 1999 after 33 years with that firm, including five years as Managing Partner Australasia. Until 2002, he was Strategic Investment Co-ordinator and Major Projects Facilitator for the Commonwealth Government.

Mr Ryan is a Director of Australian Foundation Investment Company Limited, Centre for Social Impact, National Australia Day Council and is Deputy Chairman for National Library of Australia. He is also a Counsellor on the Committee for Melbourne and Patron of the Pacific Institute.

Mr Ryan's significant experience in accounting and auditing facilitates his role as Chairman of the Audit Committee. In this capacity, he undertakes an extremely important role which is pivotal in the Bank's corporate governance framework. Fergus is a resident of Victoria and is aged 66.

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## **David Turner**

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David Turner has been a member of the Board since August 2006. He is an independent non-executive Director and is a member of the Audit, Risk and Board Performance and Renewal Committees.

David Turner was CEO of Brambles until his retirement in June 2007. He had joined Brambles as Chief Financial Officer in 2001 and was appointed as CEO in October 2003. He has also served as a member of the Board of Whitbread plc and as Chairman of its Audit Committee from 2000 until 2006.

David Turner is Chairman of Cobham plc and is a Fellow of the Institute of Chartered Accountants in England and Wales. He has wide experience in finance, international business and governance.

David Turner brings to the Board a wide range of skills drawn from his business experience in Australia and the United Kingdom as CEO, CFO, Chairman and Non-Executive Director.

David is a resident of the United Kingdom and is aged 64.

### **AGENDA ITEM 3**

#### **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 Remuneration Report can be found at pages 65 to 85 of the Annual Report for the year ended 30 June 2009. 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 Group's remuneration structure is designed to align executive and shareholder interests, retain talent and support long term value creation by providing employees with competitive remuneration and valuable rewards for outstanding performance. The Board obtains independent advice to confirm the appropriateness of these arrangements.

The Board recommends that shareholders support the resolution.

### **AGENDA ITEM 4**

#### **Grant of Securities to the Chief Executive Officer Under The Group Leadership Reward 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 2010 Annual General Meeting (but no later than 12 months after the date of this meeting), reward shares under the Group Leadership Reward Plan (GLRP), and for the subsequent acquisition by Mr Norris of the shares, should they vest. The performance conditions applying to the proposed grant to Mr Norris are described below.

Since the last AGM, the Board has reviewed the remuneration arrangements for the CEO and Group Executives to ensure they continue to aid the delivery of our strategic objectives, recognise the changing operating environment and are in line with emerging regulatory guidelines. In particular, the Group has reviewed the arrangements to ensure alignment with the new Australian Prudential Regulation Authority's (APRA) guidelines. This has resulted in some

changes to our long term incentive plan, and approval is sought for grants of Reward Shares to be made to Mr Norris under this arrangement.

The new long term incentive plan, the Group Leadership Reward Plan (GLRP) aims to motivate the efforts of participants, who presently comprise Mr Norris and the Bank's Group Executives, to increase customer satisfaction and shareholder returns in order to improve long term value and achieve the Bank's vision.

The target value of the long term incentive for Mr Norris is equal to his current fixed remuneration of \$2.81 million. To achieve this target position shareholder approval is sought for the grant of reward shares to Mr Norris to a maximum value of \$4.49 million for the 2009/10 financial year, which may vest in the 2013/14 financial year. The maximum value has been determined taking account of the difficulty of the performance hurdles for this grant which are described below.

Approval is also sought for an additional grant of reward shares for Mr Norris based on a target value of \$2.12 million. This additional grant is a pro-rated transitional grant and is in consideration that the new long term incentive has a 4 year performance period and the previous long term incentive had a 3 year period. To achieve this target position, approval is sought for a maximum value of \$3.37 million for the 2009/10 financial year, which may vest in the 2012/13 financial year. The target vesting value (at the end of the 3 year performance period) is equal to 75% of Mr Norris' current fixed remuneration. The performance conditions applying to the proposed transitional grant are the same as those described below, however the vesting period is 3 years rather than 4 years.

The number of reward shares that may vest at the end of the three or four year performance periods is determined by the Bank's performance against two hurdles at the end of the performance period. For each grant of reward shares, the allocation will be divided into two equal components, with the Group's customer satisfaction ranking determining the level of vesting for one component and the Bank's relative TSR performance compared to the 20 largest Standard & Poors ASX listed companies by market capitalisation (excluding materials and energy companies and CBA) determining the level of vesting for the other component. The peer group for the customer satisfaction hurdle is comprised of ANZ, NAB, St George and Westpac.

Vesting scales will be applied to both components to determine the number of reward shares that vest to Mr Norris. For the customer satisfaction hurdle the Board has set the scale as 100% of the grant if the Bank is ranked 1st, 75% if the Bank is ranked 2nd and 50% if the Bank is ranked 3rd. No amount will vest if the Bank is ranked 4th or 5th. Given the Bank is currently ranked 4th 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 against this hurdle will occur at all.

For the TSR performance hurdle, 50% vesting will occur at median performance and 100% vesting once the 75th percentile performance is achieved.

The total number of reward shares (if any) that vest under each grant will be the aggregate of the number of reward shares tested against the two hurdles which vest - subject to a Board discretion to adjust this number if it is not considered reflective of actual performance.

To achieve full vesting, the Bank will not only have outperformed peers in relation to relative TSR growth over the period, the Bank will also have achieved a remarkable improvement in its customer satisfaction performance, moving up three 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 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. For example, should St George's customer satisfaction performance not be separately measurable in the future, the Board would use this discretion to make consequent adjustments. The Board may also use this discretion should large one-off adjustments to the earnings of any of the peer group distort relative performance. Any such adjustment would be fully explained in the Bank's Annual Report.

The grants for which approval is now being sought would authorise Mr Norris to receive up to the maximum number of reward shares at the end of the three or four year performance period subject to satisfaction of the performance hurdles. The number of shares granted to Mr Norris is calculated based at face

value (\$4.49 million and \$3.37 million for the transitional grant) divided by the volume weighted average price of the Bank's shares over the five trading days at the time of purchase. Assuming the volume weighted average price of the Bank's shares is \$44 at the time of the grant, the number of reward shares that would be granted to Mr Norris will be 102,109 and an additional 76,582 for the transitional grant. 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 GLRP to issue new shares instead.

In general, if Mr Norris ceases employment with the Bank before the grant of shares vests, he will forfeit any entitlement under the GLRP, unless the Board gives its approval for Mr Norris to continue to be entitled to the grant. 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.

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

The Board recommend that shareholders support the resolution.

### **Voting Exclusion Statement**

The Bank will disregard any votes cast on resolution 4 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.

## Further information

Find out the Group's latest financial information, market information, current and historic share prices, key financial dates, or access and manage your shareholding online.

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





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