

# Notice of Meeting 2010

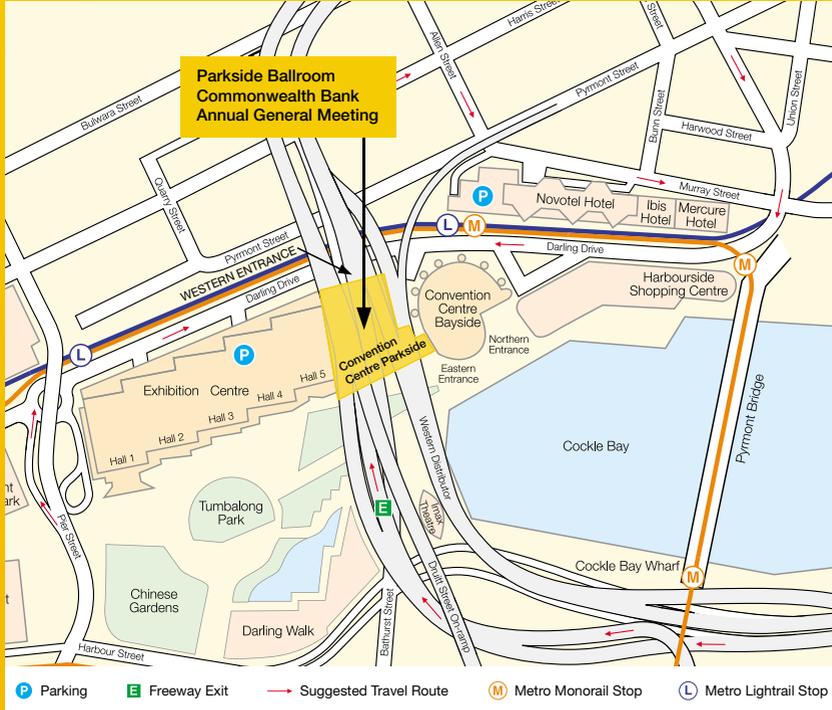


**Commonwealth**Bank



# How to get there

The Annual General Meeting will be held on Tuesday, 26 October 2010, commencing at 11.00 am at Sydney Convention and Exhibition Centre, Darling Harbour, Sydney.



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## 2010 Annual Report

A copy of the Commonwealth Bank 2010 Annual Report for the year ended 30 June 2010 is available on the Group's website [www.commbank.com.au/shareholder/annualreports](http://www.commbank.com.au/shareholder/annualreports)

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# Chairman's Letter

20 August 2010

## Dear Shareholder

I am writing to invite you, as a shareholder in Commonwealth Bank of Australia, to attend the Annual General Meeting on Tuesday, 26 October 2010.

The meeting will be held at 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 Voting Form is included in this information pack. The Voting Form 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, the Voting Form allows shareholders to either lodge their vote directly or appoint a proxy to vote on their behalf. Please refer to the Voting Form for more information on how to vote. Alternatively, the Voting Form 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 Voting Form. 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 Annual General Meeting 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.

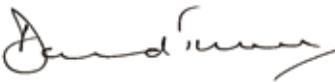
Any body corporate holder of Commonwealth Bank shares, or any body corporate appointed as a proxy, wishing to appoint a person to act as its representative at the meeting may do so by providing that person with a letter, executed in accordance with the body corporate's constitution, authorising him or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

The Notice of Meeting commences on page 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 6 to 12.

Agenda Item 3 is a non-binding resolution that shareholders adopt the Remuneration Report which is contained on pages 70 to 88 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 'David Turner', with a stylized flourish at the end.

David Turner

**CHAIRMAN**

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# 2010 AGM – Notice of Meeting

Commonwealth Bank of Australia ACN 123 123 124

**Meeting to be held on Tuesday, 26 October 2010,  
commencing at 11.00 am at 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 2010.

## **2. ELECTION OF DIRECTORS**

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

- (a) Sir John Anderson retires and, being eligible, offers himself for re-election; and
- (b) Mr Harrison Young retires and, being eligible, offers himself for re-election.

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

- (c) Mr Brian Long will retire at the Annual General Meeting 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 2010.

## **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 rights 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.”

### **Direct Voting**

If you are a shareholder and are unable to attend and vote at the Annual General Meeting on 26 October 2010, you are entitled to vote your shares directly by marking “X” in Method A on the enclosed Voting Form. You will then not need to appoint a proxy to act on your behalf. You should then mark either “For” or “Against” for each Agenda Item on the Voting Form.

If you leave blank the voting direction for all resolutions, the Chairman will be deemed to be your appointed proxy for all resolutions.

### **Appointment of Proxy**

If you are a shareholder and are unable to attend and vote at the Annual General Meeting and do not choose to use Direct Voting you may appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder. To do this you should mark “X” in Method B on the Voting Form. A proxy may be an individual or a body corporate. If no voting directions are given, the proxy may vote as they see fit.

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.

### **Sending us your Direct Vote or Proxy**

The completed Voting 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 Sunday, 24 October 2010. A return envelope is provided.

If you wish to submit your direct vote or 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 Voting Form). You must complete and submit your appointment and instructions so that they are received by 11.00 am on Sunday, 24 October 2010.

If your direct vote or appointment of a proxy is signed by an attorney, or in the case of a direct vote or 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 Sunday, 24 October 2010.

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 Sunday, 24 October 2010, will be voting members for the meeting.

By order of the Board



J D Hatton  
Secretary

20 August 2010

# Explanatory Memorandum

## AGENDA ITEM 2:

### **Election of Directors**

Pursuant to Articles 11.1 and 11.2 of the Bank's Constitution, Sir John Anderson and Mr Harrison Young will retire at the Annual General Meeting and offer themselves for re-election. Sir John Anderson and Mr Harrison Young were last re-elected in 2007. Mr Brian Long was appointed to the Board with effect from 1 September 2010. Pursuant to Article 11.4(b) Mr Long will hold office until this Annual General Meeting. He will then retire and offer himself for re-election.

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 2010 review, the Board recommends that shareholders support the re-election of Sir John Anderson and Mr Harrison Young. The Board also supports the re-election of Mr Brian Long.

**Details of the candidates are as follows:**

### SIR JOHN ANDERSON



Sir John joined the Board on 12 March 2007. He is an independent, non-executive Director and a member of the Risk Committee and the Board Performance and Renewal 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 the National Bank of New Zealand Limited from 1989 to 2003.

In 1994, Sir John was awarded 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’s other current offices include Chairman of Television New Zealand Limited, Capital and Coast District Health Board, New Zealand Venture Investment Fund and PPG Wrightson. He is a Commissioner of Hawke’s District Health Board.

Sir John’s professional qualifications include Fellow of the Institute of Financial Professionals New Zealand, Fellow of the Institute of Directors, Fellow of the New Zealand Society of Accountants and Fellow of the Australian Institute of Banking and Finance.

Sir John brings to the Board a wealth of experience in banking and business and has demonstrated outstanding leadership over a long career.

Sir John is a resident of Wellington, New Zealand and is aged 65.

### MR HARRISON YOUNG



Mr Young has been a member of the Board since 2007. He is an independent, non-executive Director and is Chairman of the Risk Committee and a member of the Audit Committee. At the time of appointment to the Board, Mr Young retired as Chairman of Morgan Stanley Australia, a position he had held since 2003. From 1997 to 2003 he was a 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 serves on the Court of Directors of the Bank of England and is a member of its Financial Stability Committee. He is Chairman of Better Place (Australia) Limited and in March 2010 was appointed Chairman of NBN Co Limited. He is also Deputy Chairman of The Asia Society AustralAsia Centre and Asialink Advisory Board and is a Director of the Financial Services Volunteer Corps.

Mr Young brings to the Board combined investment banking and regulatory experience gained in the United States, Asia and most recently in the United Kingdom. In his role as Chairman of the Risk Committee, Mr Young's long experience in risk management enables him to contribute to the Committee's role of assisting the Board to understand the risks the Group faces and approving or recommending appropriate responses to those risks.

Harrison is a resident of Victoria and is aged 65.

### MR BRIAN LONG



Mr Long was appointed to the Board effective 1 September 2010. He is an independent, non-executive Director.

Mr Long was a senior partner of Ernst & Young and Chairman of both the Ernst & Young Global Advisory Council and the Oceania Area Advisory Council until his retirement from the Partnership on 30 June 2010. He has had more than 30 years experience in serving as audit signing partner on major Australian public companies. Ernst & Young were auditors of the Bank up until 30 June 2007 and, for a number of years Mr Long acted as the independent review partner and, therefore, has familiarity with the Bank.

He is a director of Ten Network Holdings Limited and a past member of the Australian Business in the Community Network, Chairman of the Audit Committee and Member of the Council of the National Library of Australia and Chairman of the Audit Committee and Member of the Council of the University of New South Wales. He is also Chairman of the charitable organisation, United Way Australia.

Brian is a resident of New South Wales 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 on pages 70 to 88 of the Bank's Annual Report for the year ended 30 June 2010. It sets out the remuneration arrangements for the Key

Management Personnel (who are comprised of the Bank's Directors and certain senior executives).

The Bank'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.

### 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 2011 Annual General Meeting (but no later than 12 months after the date of this meeting), reward rights under the Group Leadership Reward Plan (GLRP), and for the subsequent acquisition by Mr Norris of ordinary shares, should they vest. The performance conditions

applying to the proposed grant to Mr Norris are described below.

The Group Leadership Reward Plan aims to motivate the efforts of participants to support customer satisfaction and shareholder returns in order to improve long term value and achieve the Bank's vision. Participants in the GLRP currently include Mr Norris and the Bank's Group Executives.

The target value at vesting of the long term incentive for Mr Norris is equal to his current fixed remuneration of \$3,120,000. To achieve this target we assess the difficulty of the performance hurdles and estimate the likelihood of

vesting at the end of the performance period. Following this assessment, we have determined that shareholder approval should be sought for the grant of reward rights to Mr Norris to a face value of \$4,245,479 for the 2010/11 financial year, which may vest in the 2014/15 financial year. The performance hurdles for this grant are described below.

The number of reward rights that may vest at the end of the four year performance period will be determined by the Bank's performance against two hurdles at the end of the performance period. The allocation to Mr Norris will be divided into two components.

- The Group's customer satisfaction ranking at the end of the four-year performance period will determine whether the first component vests. This component represents 25% of the total allocation. The peer group for the customer satisfaction hurdle includes ANZ, NAB and Westpac and other key competitors across our business.
- The Bank's relative Total Shareholder Return (TSR) performance at the end of the four year performance period will determine the level of vesting for the second component, representing 75% of the total award. The TSR peer group will be made up of the 20 largest companies by market capitalisation listed on the

Australian Securities Exchange (excluding resources companies and CBA) at 1 July 2010.

The Board has determined the vesting framework that will be applied to each component to determine the number of reward shares that may vest to Mr Norris.

- 100% of the customer satisfaction component will vest if the Bank is ranked 1<sup>st</sup> across the three surveys at the end of the performance period, 75% if we are 1<sup>st</sup> across two of the three surveys, and 50% will vest if we are at least 2<sup>nd</sup> across the three surveys. The Board will exercise discretion to determine the portion to vest where our ranking has improved, but in a different variation than those described above. Where the Board determines that our overall performance at 30 June 2014 is worse than at 1 July 2010, nothing will vest.
- For the TSR performance component, full vesting will occur where the Bank's TSR performance is in the top quarter of the peer group (ie. 75<sup>th</sup> percentile or higher) at the end of the four year performance period. Half the award will vest if the Bank TSR is ranked at the median of the peer group. Vesting will increase on a straight-line basis if the Bank is ranked between the median and below the 75<sup>th</sup> percentile.

The total number of reward rights (if any) that vest will be the aggregate of the number of reward rights that vest under each component. To achieve full vesting, the Bank will not only have outperformed peers in relation to relative TSR growth over the four year performance period, but will also have maintained or improved its customer satisfaction ranking relative to the peer group.

Any vesting under the GLRP is subject to Board discretion. If the circumstances warrant it, the Board may adjust vesting outcomes if they are not considered reflective of actual performance. The Board may also adjust the performance hurdles where unforeseen developments occur, if it considers the adjustment is fitting in light of the intent and purpose of the GLRP. For example, should any peer's customer satisfaction performance not be separately measurable in the future, the Board would use its 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 grant for which approval is now being sought would authorise Mr Norris to receive up to the maximum number of reward rights at the end of the four year performance period subject to satisfaction of the performance hurdles.

The maximum number of reward rights granted to Mr Norris is calculated based at face value (\$4,245,479) divided by the volume weighted average price (VWAP) of the Bank's ordinary shares over the five trading days up to and including 1 July 2010, reflecting the beginning of the performance period. This is \$49.38 for the 2010 grant, giving 85,976 reward rights to be granted to Mr Norris. Mr Norris will not be required to pay for the reward rights.

While the current policy of the Bank is to acquire ordinary 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 Group before the grant of reward rights 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 recommends 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.

**Commonwealth**Bank



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