

Commonwealth Bank

Commonwealth Bank of Australia
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[Date]

[Address]

Dear [Name]

Appointment as non-executive director

Appointment

Following our recent discussions I am very pleased to confirm my invitation to you to join the Board of the Commonwealth Bank of Australia (**Bank**) as a non-executive director.

Fellow directors

Apart from myself as Chairman, your fellow directors are listed in the attached Schedule 1. A brief biography of each of us is set out in the Annual Report.

Disclosure of interests and other relevant information

The guidelines in Schedule 2 of the Corporate Governance Guidelines, which are enclosed, have been adopted by the Board to assess the independence of directors of the Bank. In our discussions, you indicated to me that you regard yourself as an independent director within the framework of those guidelines. If your independent status as a director is lost or if any other circumstance arises which may affect your independent status, you must immediately disclose this to the Board.

As the Bank is a regulated financial services provider it is important that all directors will satisfy any “fit and proper” standards that may be required by the Australian Prudential Regulation Authority (**APRA**) from time to time. If there is any personal information that I may not already be aware of which could be relevant would you please advise me as soon as possible. Under the existing APRA Standard, the “fit and proper” assessment is required to be undertaken annually. If in the future there are any developments which may be relevant to your satisfaction of APRA’s standards from time to time, you will be expected to advise the Chairman as soon as possible and, if necessary, step down.

Should you propose accepting any directorship or other business, government or public appointment during your term as director, you should inform the Chairman prior to acceptance so that any possible conflict, regulatory or other implications can be considered.

Role of Directors

The role of Directors and their interaction with Management is described in detail in the attached Board Charter.

Remuneration and expenses

Each non-executive director is currently paid a standard annual fee of [] which is exclusive of statutory superannuation. In addition, an amount of [] will be payable for committee membership except the Board Performance and Renewal Committee in respect of which the applicable fee is [], Fees are paid in the last pay period of the last month of each quarter. The payment of director remuneration is governed by rules 11.6 to 11.7 of the Bank's constitution.

You are entitled to be paid travelling and other expenses you properly incur concerning the Bank's affairs, including attending and returning from general meetings of the Bank or meetings of the Board or Board committees. It is the usual practice for the Bank to provide transport and accommodation for Directors in respect of Bank related business.

Flight booking and limousine transport may be arranged by contacting the Board Assistant on []. If you prefer to arrange your own transport please forward any invoices to the Board Assistant requesting reimbursement of costs.

We will arrange for your fees to be paid directly into a nominated bank account. Please give the Company Secretary the relevant details as soon as possible. The amount of the cash payment will be dependent on the extent of your participation in the Non-Executive Directors Share Plan (**NEDSP**) as referred to in the next section. The Bank's contributions for your statutory superannuation will be paid into the Officers' Superannuation Fund (OSF) or a superannuation fund nominated by you. Please also give these details to the Company Secretary as soon as possible.

Non-Executive Directors Share Plan

Mandatory participation

You will be required to acquire and maintain a minimum shareholding in the Bank of 5,000 ordinary shares (Shares). Until that level of shareholding is obtained, you will be required to acquire Shares in the Bank through the mandatory application of 20% of your annual director's fees (including any committee fees) on an after-tax basis, to the purchase of Shares under the NEDSP. Shares acquired under the NEDSP are purchased on-market during specified trading windows at the prevailing market price. These Shares attract full dividend entitlements and voting rights. There are no forfeiture conditions attached to Shares acquired under the NEDSP. You will, however, be restricted from selling or otherwise dealing in Shares below the minimum holding level until after the cessation of your position as a director of the Bank. Further details regarding the operation of the NEDSP will be provided to you in due course.

Optional voluntary sacrifice

In addition, you can voluntarily elect to receive up to \$5,000 per annum of your pre-tax director's fees as Shares under the NEDSP. A holding restriction, of a duration to be nominated by you, will apply to any additional Shares acquired in this way. The holding restriction must be between two and seven years, however the Shares will be released to you if you cease to be a director of the Bank prior to the expiry of the applicable restriction period.

The Board has agreed that, should any Director wish to increase the total percentage of remuneration to be sacrificed into superannuation and Shares, they must notify the Company Secretary in writing, before the June Board meeting in any year and such election will take effect from 1 July in the next financial year.

Enclosed is an ATO Employment Declaration form which you may wish to use. I assume you will wish tax to be deducted at the highest marginal rate, but if not, the Company Secretary can discuss this with you before the first payment.

Term of appointment and vacation of office

Following your appointment, you will hold office until the next annual general meeting of the Bank, at which time you will be eligible for election as a director. If elected at that meeting, you will be subject to retirement by rotation under rule 11.1 of the Bank's constitution, a copy of which is enclosed. The next Annual General Meeting of the Bank is in[].

The Board has established a policy that directors retire after a period of service of 12 years (except where succession planning for the Chairman and appointment of the Chairman require an extended term).

The Board has in place a process for annually reviewing its performance, policies and practices. These reviews seek to identify where improvements can be made, and to assess the quality and effectiveness of information made available to directors. It is important that individual directors participate in such reviews. Every two years, or when determined appropriate by the Board, the annual review process is facilitated by an external consultant, with an internal review conducted in the intervening years. The annual review includes an assessment of the performance of the Committees and each director.

The results of the annual review and performance assessment are also used by the Board to determine its endorsement of the directors to stand for re-election at the next annual general meeting. The notice of AGM or other material provided to shareholders may include a recommendation as to your re-election, based on the Board's determination.

If you intend to resign as director, you should give the Chairman as much notice of your intention to resign or to not seek re-election as is possible in the circumstances so that the Board can revise the plan for succession of skills and experience on the Board. In addition to the matters prescribed by the Corporations Act, your office as a director of the Bank becomes vacant in the circumstances referred to in rule 11.9 of the Bank's constitution.

Board meetings

Normally, there are 6 full board meetings per year held on the second Tuesday of February, March, June, August, October and December. In addition, a two day strategy discussion is held in April and education sessions and business visits are arranged for the months when no meeting is held. Board meetings are normally held in the Board Room on [], although please allow for the possibility that meetings could be extended. Committee meetings are held on the Monday before each Board meeting. Alternative arrangements will apply in the case of the annual strategy session or any off-shore meetings and the Company Secretary will separately notify you of these details. A timetable of the Board meetings scheduled for the remainder of [] is Schedule 15 of the Corporate Governance Guidelines.

Board papers are distributed electronically. The Bank will provide you with a tablet computer for this purpose. The Board Assistant will contact you to arrange delivery and training.

Board committees

As we discussed, the Committees to which you will be appointed will be[]. A copy of the charter for each of the Bank's Board committees is enclosed.

Time commitment envisaged

I anticipate that your duties as a non-executive director of the Bank and as a member of any Committees will involve a commitment of a significant number of hours each month. You will be expected to devote sufficient preparation time ahead of each board and committee meeting and to attend such ad hoc meetings as may be necessary and convenient.

Please consult with me before you accept any additional commitments which might conflict with, or impact on, the time you are able to devote to your role as a non-executive director of the Bank.

Indemnity, insurance and access to Bank documents

I enclose a summary of the Bank's current D&O insurance policy. This policy will be extended to you from the date of your appointment. We also propose that you enter into a Deed of Indemnity on terms similar to those entered into with the current directors. A copy of the standard form of deed is enclosed. The deed also expands your rights, provided under section 198F of the Corporations Act, to inspect and make copies of the Bank's books.

Charters and policies

The following Bank charters and policies, with which you should become familiar, are enclosed:

- The Bank's Constitution;
- Board Corporate Governance Guidelines:
 - Board charter;
 - Securities trading guidelines;
 - Guidelines for communication between the Bank and shareholders;
 - Taking of independent professional advice by directors; and
 - External Auditor Services Policy;
- Code of ethics entitled "Statement of Professional Practice";
- Equal Employment Opportunity Policy; and
- Occupational Health and Safety Systems.

From time to time, the Bank may adopt new policies in accordance with applicable prudential and governance requirements.

A copy of the Bank organisational chart is also attached.

Notification of interests to ASX

You will no doubt be aware that the Bank is required, under the ASX Listing Rules, to provide information in relation to a director's interests and transactions in the Bank's securities to ASX. The Bank must do this no more than 5 business days after a director's appointment and, subsequently, no more than 5 days after there is a change to a notifiable interest of a director.

There are prescribed forms for notification to ASX, principally Appendix 3X relating to the initial notification, a copy of which is enclosed, and Appendix 3Y relating to a change of director's interest. The Company Secretary will lodge Appendix 3Y returns on your behalf when there is a change in your interests, so that the Bank can comply with its obligations.

Under the Listing Rules, the Bank must make such arrangements with a director as are necessary to ensure that the director discloses to the Bank all the information it requires within the timeframes set by the Listing Rules. Would you please sign and date the enclosed Letter Agreement (which sets out the formal arrangements) as soon as possible and then forward it to the Company Secretary.

In addition, you will be required to provide to the Bank, from time to time, such information as is necessary to enable the Bank to comply with its reporting and regulatory requirements. Following your appointment, the Company Secretary will ensure the Australian Securities & Investments Commission, the London Companies House, the Monetary Authority in Singapore, Companies Registry in Hong Kong, the Register of Companies in India and the Chinese Banking Regulatory Commission are notified of your current details in accordance with the requirements. The Company Secretary will notify APRA of such personal information relating to non-executive directors as is required by that body from time to time.

Induction training and continuing education arrangements

An induction program will be made available to you upon appointment to provide you with information regarding your role and duties as a director and details of the Bank's operations. You will also be invited to participate in a refresher program on a regular basis.

The Board has also established a program of continuing education to ensure that members are kept up to date with developments in the industry both locally and at an international level. The continuing education program includes sessions with local and international experts in the particular fields relevant to the Bank's operations.

We look forward to welcoming you to the CBA Board. Please feel free to contact me on [] or the Company Secretary on [] if you have any queries in relation to the above.

Yours sincerely

David Turner
Chairman
Enc

Acknowledgment

I, _____ accept the terms of appointment set out in this letter.

Signature: _____

Date: _____