

# Determined

to be better than we've ever been.

NOTICE OF MEETING 2011

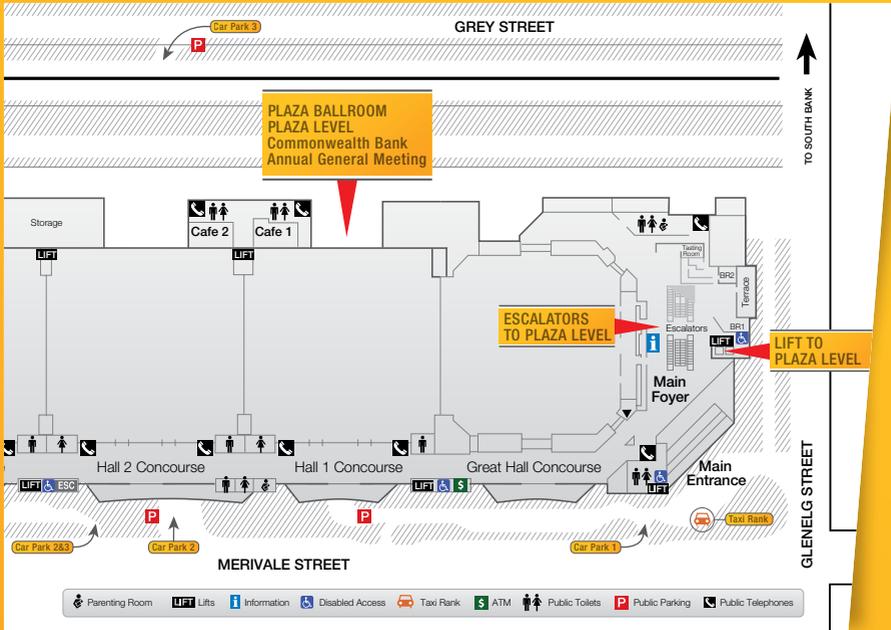


**Commonwealth**Bank



# HOW TO GET THERE

The Annual General Meeting will be held on Tuesday, 8 November 2011, commencing at 11.00 am at Brisbane Convention and Exhibition Centre, Cnr. Merivale and Glenelg Streets, South Bank, Brisbane, Queensland.



- How to get there
- Letter to Shareholders
- 2011 AGM — Notice of Meeting  
to be held on Tuesday, 8 November 2011 at Brisbane Convention and Exhibition Centre, Cnr. Merivale and Glenelg Streets, South Bank, Brisbane, Queensland.
- Explanatory Memorandum

## 2011 Annual Report

A copy of the Commonwealth Bank 2011 Annual Report for the year ended 30 June 2011 is available at [www.commbank.com.au/shareholder/annualreports](http://www.commbank.com.au/shareholder/annualreports)

# CHAIRMAN'S LETTER

8 September 2011

## Dear Shareholder

I am writing to invite you, as a shareholder in Commonwealth Bank of Australia, to attend the Annual General Meeting on Tuesday, 8 November 2011.

The meeting will be held at Brisbane Convention and Exhibition Centre, Cnr. Merivale and Glenelg Streets, South Bank, Brisbane, Queensland. 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 entire 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.

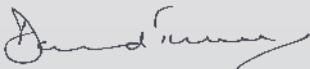
Any body corporate holder of Commonwealth Bank shares, or any body corporate appointed as a proxy, wishing to appoint a person to act as its representative at the meeting may do so by providing that person with a letter, executed in accordance with the body corporate's constitution, authorising him or 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 72 to 91 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 dark ink, appearing to read 'David Turner', with a stylized, cursive script.

David Turner  
CHAIRMAN

# 2011 AGM – NOTICE OF MEETING

Commonwealth Bank of Australia ACN 123 123 124

**Meeting to be held on Tuesday, 8 November 2011, commencing at 11.00 am at Brisbane Convention and Exhibition Centre, Cnr Merivale and Glenelg Streets, South Bank, Brisbane, Queensland.**

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

To discuss the financial report, the Directors' report and the auditor's report for the year ended 30 June 2011.

## **2. Election of Directors**

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

- (a) Mr Colin Galbraith retires and, being eligible, offers himself for re-election;
- (b) Mrs Jane Hemstritch retires and, being eligible, offers herself for re-election; and
- (c) Mr Andrew Mohl 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:

- (d) Ms Lorna Inman will retire at the Annual General Meeting and, being eligible, offers herself 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 2011.

## **4. Grant of Securities to Ian Mark Narev 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 I M Narev in the Group Leadership Reward Plan of Commonwealth Bank of Australia (GLRP), and for the grant of reward rights to Mr I M Narev 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 8 November 2011, 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 vote on at least one item but leave other item(s) blank, the vote on the item(s) marked will be valid but no vote will be counted for the item(s) left blank. 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 are also entitled to 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.

If you appoint the Chairman 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 all resolutions including items 3 and 4.

## Sending us your Direct Vote and 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, 6 November 2011. 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 vote or appointment and instructions so that they are received by 11.00am on Sunday, 6 November 2011.

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, 6 November 2011.

### **Determination of Shareholders' Right to Vote**

For the purposes of the meeting, those shareholders holding shares at 7.00pm on Sunday, 6 November 2011, will be voting members for the meeting.

By order of the Board



J D Hatton  
SECRETARY  
8 September 2011

## AGENDA ITEM 2

### **Election of Directors**

Pursuant to Articles 11.1 and 11.2 of the Bank's Constitution, Mr Colin Galbraith, Mrs Jane Hemstritch and Mr Andrew Mohl will retire at the Annual General Meeting and offer themselves for re-election. They were last re-elected in 2008. Ms Lorna Inman was appointed to the Board on 16 March 2011. Pursuant to Article 11.4(b) Ms Inman will hold office until this Annual General Meeting. She will then retire and offer herself for re-election.

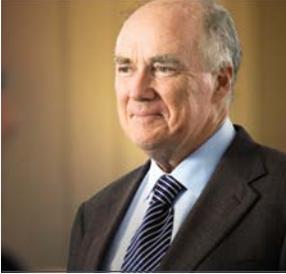
The Board has in place policies and procedures designed to:

- 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 2011 review, the Board recommends that shareholders support the re-election of Colin Galbraith, Jane Hemstritch, Andrew Mohl and Lorna Inman.

Details of the candidates are as follows:

## MR COLIN GALBRAITH



Colin Galbraith has been a member of the Board since June 2000. He is an independent, non-executive Director and a member of the Audit, Risk and Board Performance and Renewal Committees.

Mr Galbraith is a special advisor for Gresham Partners Limited and was formerly a partner of Allens Arthur Robynson Lawyers where he practised in the areas of mergers and acquisitions, commercial law and corporate governance.

Mr Galbraith is chairman of BHP Billiton Community Trust and a Director of OneSteel Limited and Australian Institute of Company Directors. He is also a Director of CARE Australia and Trustee of Royal Melbourne Hospital Neuroscience Foundation.

Mr Galbraith's experience in commercial law and as a non-executive director of public and not-for-profit organisations make him a valuable contributor to the Board, in particular in areas relating to risk management and corporate governance.

Colin is a resident of Victoria and is aged 63.

## MRS JANE HEMSTRITCH



Jane Hemstritch has been a member of the Board since 2006. She is an independent, non-executive Director and is Chair of the People & Remuneration Committee and a member of the Risk Committee.

Mrs Hemstritch was Managing Director – Asia Pacific, Accenture Limited from 2004 until her retirement in February 2007. In this role, she was a member of Accenture's global executive leadership team and oversaw the management of Accenture's business portfolio in Asia Pacific. She holds a Bachelor of Science Degree in Biochemistry and Physiology.

Mrs Hemstritch is a director of The Global Foundation, Tabcorp Ltd and Santos Ltd. She is also a member of Chief Executive Women Inc., on the Council of Governing Members of The Smith Family, a director of the Victoria Opera Company Ltd and a member of the Council of the National Library of Australia.

Mrs Hemstritch has professional expertise in technology, communications, change management and accounting. She also has experience across the financial services, telecommunications, government, energy and manufacturing sectors and in business expansion in Asia.

Jane is a resident of Victoria and is aged 58.

## MR ANDREW MOHL



Andrew Mohl has been a member of the Board since 2008. He is an independent non-executive Director and is a member of the Risk and People & Remuneration Committees. He has over 30 years of financial services experience.

Mr Mohl was Managing Director and Chief Executive Officer of AMP Limited from October 2002 until his retirement at the end of December 2007. Previous roles at AMP included Managing Director, Financial Services and Managing Director, Asset Management. He was a former Chief Economist, Chief Manager, Retail Banking and Managing Director, ANZ Funds Management at ANZ Banking Group and worked at the Reserve Bank of Australia for 8 years where he was Deputy Head of Research.

Mr Mohl is a Director of AMP Foundation and provides executive coaching to CEO's.

Mr Mohl brings to the Board highly relevant experience in the management of large and complex financial services groups.

Andrew is a resident of New South Wales and is aged 55.

## MRS LORNA INMAN



Lorna Inman was appointed to the Board on 16 March 2011. She is an independent non-executive Director and is a member of the Risk Committee.

Lorna Inman has been Managing Director of Target Australia Pty Limited since 2005 and, prior to that, she was Managing Director of Officeworks. She has had a total of 32 years' experience in the retail sector, seven of those as managing director.

Lorna won the 2003 Telstra Australia Business Woman of the Year and was winner of the Commonwealth Government Private and Corporate Sector Award.

Ms Inman is a member of Chief Executive Women Inc. and a member of the World Retail Congress Advisory Board. She is highly respected in the Australian business sector and has significant experience in retail, marketing and customer services, all of which are key to the Bank's success.

Lorna is a resident of Victoria and is aged 55.

## AGENDA ITEM 3

### **Non-Binding Resolution on Remuneration Report**

Section 250R of the Corporations Act 2001 (Cth) requires a publicly listed company to put a resolution to shareholders to adopt the company's Remuneration Report.

The Remuneration Report can be found at pages 72 to 91 of the Bank's Annual Report for the year ended 30 June 2011. 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 input to confirm the appropriateness of these arrangements.

The vote on this resolution is advisory only and does not bind the Directors or the Bank. However, if at least 25% of the votes cast are against the adoption of the Remuneration Report, the Bank's next Remuneration Report must explain the Board's proposed action in response or explain why no action has been taken.

In the following year, if at least 25% of the votes cast on the resolution that the Remuneration Report be adopted are against adoption, shareholders will then

vote to determine whether the Directors, excluding the CEO, will need to stand for re-election. If more than 50% of the votes cast on the resolution are in favour, a separate re-election meeting must be held within 90 days.

## AGENDA ITEM 4

### **Grant of Securities to Ian Mark Narev under the Group Leadership Reward Plan**

On 22 July 2011, the Commonwealth Bank Board appointed Ian Mark Narev to the role of Chief Executive Officer and Managing Director, with effect from 1 December 2011.

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 reward rights to the value of \$2,500,000 to Mr Narev under the Group Leadership Reward Plan (GLRP), in relation to his long term incentive (LTI) arrangements.

The GLRP aims to focus 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 Narev, Mr R J Norris (the Chief Executive Officer and Managing Director until 30 November 2011) and the Bank's Group Executives. No other current Directors are entitled to participate in the GLRP.

If approved, the reward rights will be granted to Mr Narev after his appointment becomes effective but prior to the 2012 Annual General Meeting, and in any event no later than 12 months after the date of this meeting. The reward rights will be granted at no cost to Mr Narev under the GLRP and will allow him to eventually acquire ordinary shares subject to the conditions described below. Participants in the GLRP are not provided any loans in relation to their participation in the plan.

Mr Narev's award will be split into two portions:

- 75% of the award will be subject to a performance hurdle which ranks the Group's Total Shareholder Return (TSR) relative to a peer group comprising the 20 largest companies by market capitalisation listed on the Australian Securities Exchange at the beginning of the performance period, excluding resources companies and CBA; and
- 25% of the award will be subject to a performance hurdle which ranks the Group's Customer Satisfaction performance relative to a peer group of Australia & New Zealand Banking Group Limited (ANZ), National Australia Bank Limited (NAB), Westpac Banking Corporation (WBC) and other key competitors for our wealth business.

## *Number of reward rights to be granted to Mr Narev*

The number of reward rights that Mr Narev will receive will be determined by dividing each portion of his award value by the value of an associated reward right. The value will be calculated at the time the award is made and therefore the number of reward rights to be granted to Mr Narev is not known as this time.

- The value of the reward rights to be tested against the TSR hurdle will be based on the volume weighted average price of the Bank's ordinary shares over the five trading days up to and including 1 December 2011 (Market Price) and will be calculated by discounting the Market Price to reflect the likelihood of the reward rights vesting. The discount will be calculated as at the beginning of the performance period by an independent consultant using a Monte Carlo pricing model, which is a standard approach to valuing equity instruments with performance hurdles attached.
- The value of the reward rights tested against the customer satisfaction hurdle will be calculated by discounting the Market Price to recognise the likelihood of the reward rights vesting. The discount will also be calculated as at the beginning of the performance period by an independent consultant based on a probability-weighted model.

### **Example – number of reward rights to be granted to Mr Narev**

The number of reward rights to be granted to Mr Narev will be calculated after 1 December 2011, when the Market Price will be known. The table below demonstrates the number of reward rights Mr Narev will receive, based on the value of reward rights calculated in accordance with the principles set out above and based on an example Market Price of \$50 at 1 December 2011. The example is provided for illustrative purposes only.

### **The number of reward rights that may ultimately vest**

The number of reward rights that may vest at the end of the performance period will be determined by the Bank's performance against the two separate hurdles, as follows:

- The Bank's relative TSR performance at the end of the performance period will determine the extent to which the TSR component vests.
- The Group's customer satisfaction ranking at the end of the performance period will determine the extent to which the customer satisfaction component vests.

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 Narev.

- For the TSR performance component, full vesting will occur where the Bank's TSR ranking at the end of the performance period to 30 June 2015 is in the top quarter of the peer group (ie. 75th percentile or higher). Half the award will vest if the Bank's TSR is ranked at the median of the peer group. Vesting of between 50% and 100% will occur on a pro-rata straight-line basis if the Bank is ranked between the median and below the 75th percentile.
- For the customer satisfaction component, 100% will vest if the Bank is ranked 1st for customer satisfaction in retail banking, business banking and wealth management at the end of the performance period, 75% if we are 1st across two of the three business areas, and 50% will vest if we are at least 2nd across the three business areas. 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.

<b>Performance Hurdle</b>	<b>Portion of award</b>	<b>Value of each reward right</b>	<b>Number of reward rights</b>
Total Shareholder Return	\$1,875,000	\$36.50	51,370
Customer Satisfaction	\$625,000	\$37.50	16,667
<b>Total</b>	<b>\$2,500,000</b>		<b>68,037</b>

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, the value of which will not be known until after the end of the performance period and will depend on the price of the Bank's shares at that time.

To achieve full vesting, the Bank will not only have outperformed most 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 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.

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.

### ***Treatment of reward rights if Mr Narev leaves the Bank***

In general, if Mr Narev ceases employment with the Bank before the grant of reward rights vests, he will forfeit any entitlement under the GLRP, unless the Board gives its approval for Mr Narev to continue to be entitled to the grant (or a cash equivalent, at the Board's discretion). In these circumstances the performance hurdles would still apply.

At the 2010 Annual General Meeting, shareholders approved the granting to Mr R J Norris, who will retire as Chief Executive Officer on 30 November 2011, of reward rights to a maximum of 85,976 shares under the GLRP. The reward rights were granted to Mr Norris on 22 November 2010, and are subject to the terms of the GLRP. No price is or was payable for the acquisition of those reward rights. No other reward rights have been granted to Directors under the GLRP since the 2010 Annual General Meeting.

The Board recommends that shareholders support the resolution.

### **Voting Exclusion Statement for Items 3 and 4**

The Bank will disregard any votes cast on Item 3 by a member of the Key Management Personnel or their closely related parties. However, the Bank will not disregard a vote if:

- it is cast by the Chairman as proxy appointed in writing, in accordance with a direction on the proxy form to vote as the proxy decides; or
- it is cast by a member of the Key Management Personnel or their closely related parties as proxy appointed in writing that specifies how the proxy is to vote,

and the vote is not cast on behalf of a member of the Key Management Personnel or their closely related parties.

The Bank will disregard any votes cast on Item 4 by Ian Mark Narev or his associates and any Directors or their associates. However, the Bank will 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 Chairman 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.

The Bank will also disregard any votes cast on Item 4 by a member of the Key Management Personnel or their closely related parties as proxy for another person where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the proxy form to vote as the proxy decides, will not be excluded.

**Commonwealth**Bank 

