

**Commonwealth**Bank



# NOTICE OF MEETING

2016 ANNUAL GENERAL MEETING



**WHEN  
WE BELIEVE,  
WE CAN.**

## HOW TO GET THERE

The 2016 Annual General Meeting of the Commonwealth Bank of Australia will be held on Wednesday, 9 November 2016 commencing at 9.30am (Perth time) in the BelleVue Ballroom at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia. A map and directions are set out below. Timetables and further transport information is available at <https://www.wa.gov.au/information-about/getting-around/buses-trains-public-transport>.

### BY TRAIN

Elizabeth Quay train station located on William Street is the closest to the Perth Convention and Exhibition Centre (PCEC) and services the Mandurah and Joondalup Railway Lines. Other train stations within close proximity include the Perth Underground station located on the corner of William Street and Murray Street Mall (also servicing the Mandurah and Joondalup Railway Lines) and Perth Central station located along Wellington Street which is across from Forrest Place (servicing the Armadale-Thornlie Railway Line, Fremantle Railway Line and the Midland Railway Line). Perth Underground station and Perth Central station are connected by an underground walkway. Timetables are available at [www.transperth.wa.gov.au](http://www.transperth.wa.gov.au).

### BY BUS

Elizabeth Quay Busport is located on Mounts Bay Road and is the closest to the PCEC. Many bus services depart and arrive at this busport including the free CDB 'Blue and Green CAT' service. Another major busport is Wellington Street Bus Station located next to Perth Central train on Wellington Street. Timetables are available at [www.transperth.wa.gov.au](http://www.transperth.wa.gov.au).

### BY FERRY

A ferry service operates across the Swan River between Elizabeth Quay Jetty (Perth) and Mends Street Jetty (South Perth). Elizabeth Quay Jetty is a short walk to the PCEC. Timetables are available at [www.transperth.wa.gov.au](http://www.transperth.wa.gov.au).

### BY CAR

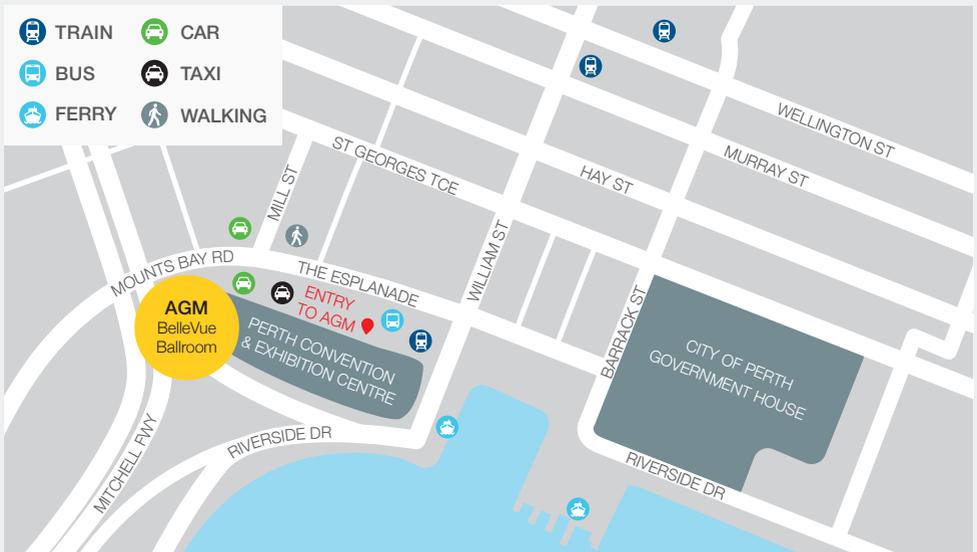
The PCEC provides casual rate parking. Entry is via Mill Street, Mounts Bay Road or the Riverside Drive exit on the Mitchell Freeway. Information on City of Perth parking is available at [www.cityofperthparking.com.au](http://www.cityofperthparking.com.au).

### BY TAXI

On arrival, taxis can drop passengers directly in front of the PCEC's designated Cab Spot Location. On departure, the PCEC provides a taxi phone located at the Plaza Entry doors on Level 1. The Cab Spot number is 1088.

### WALKING

Access to Level 1 of the PCEC is via Mill Street or Mounts Bay Road. Access to Level 2 of the PCEC is via the Esplanade Busport overpass.



# Chairman's Letter

29 September 2016

Dear Shareholder

It is my pleasure to invite you to attend the 2016 Annual General Meeting of the Commonwealth Bank of Australia. The Meeting will be held at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Wednesday, 9 November 2016, commencing at 9.30am (Perth time). A map on the previous page shows the location of the venue. Registration will be available from 8.00am (Perth time).

A Voting/Proxy Form is included in this information pack. The Voting/Proxy Form contains a barcode to assist with the registration process at the Meeting. If you attend the Meeting, please bring this barcoded Voting/Proxy Form with you. If you are not attending the Meeting, the Voting/Proxy Form allows you to either lodge your vote directly or appoint a proxy to vote on your behalf. Please refer to the Notice of Meeting and the Voting/Proxy Form for more information.

I 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 Meeting. I invite you to submit any questions on this form and return it with the Voting/Proxy Form. While time will probably not permit me to address all the questions submitted, I will try, during the course of the Meeting, to address the more frequently raised shareholder matters.

A live webcast of the Meeting will be broadcast on the Commonwealth Bank's website at [www.commbank.com.au/agm](http://www.commbank.com.au/agm). The webcast will also be recorded and available to view after the Meeting at the same website address.

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 1 to 4 is contained in the Explanatory Memorandum on pages 7 to 18, which forms part of the Notice of Meeting.

Commonwealth Bank Directors and Senior Executives cordially invite shareholders to join them for refreshments which will be served at the conclusion of the Meeting.

Yours sincerely



**David J Turner**  
Chairman

# Notice of Meeting

The 2016 Annual General Meeting of the Commonwealth Bank of Australia (Commonwealth Bank or the Company) will be held on Wednesday, 9 November 2016 commencing at 9.30am (Perth time) in the BelleVue Ballroom at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.

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## ITEMS OF BUSINESS

### 1. Discussion of Financial Statements and Reports

To discuss the Financial Report, the Directors' Report and the Auditor's Report of the Commonwealth Bank for the financial year ended 30 June 2016.

### 2. Election of Directors

To elect Directors:

- (a) Mr Shirish Apte who retires in accordance with the Constitution of the Company and, being eligible, offers himself for re-election.
- (b) Sir David Higgins who retires in accordance with the Constitution of the Company and, being eligible, offers himself for re-election.
- (c) Mr Brian Long who retires in accordance with the Constitution of the Company and, being eligible, offers himself for re-election.
- (d) Ms Catherine Livingstone AO who retires in accordance with the Constitution of the Company and, being eligible, offers herself for election.
- (e) Ms Mary Padbury who retires in accordance with the Constitution of the Company and, being eligible, offers herself for election.

Information about the Directors seeking election and re-election for Item 2 appears in the Explanatory Memorandum, including the Board's recommendation in relation to each Director.

### 3. Adoption of Remuneration Report

To adopt the Remuneration Report of the Commonwealth Bank for the financial year ended 30 June 2016.

### Voting Exclusion Statement for Item 3

The Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the key management personnel of the Company as disclosed in the Company's 2016 Remuneration Report (KMP) or a closely related party of such a member (such as close family members and any companies the person controls), regardless of the capacity in which the vote is cast; and
- as a proxy by a member of the KMP at the date of the Annual General Meeting or a closely related party of such a member, unless the vote is cast as proxy for a person who is entitled to vote on Item 3, and:
  - the vote is cast in accordance with a direction on the Voting/Proxy Form; or
  - the vote is cast by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

#### **4. Grant of Securities to Mr Ian Narev under the Group Leadership Reward Plan**

To approve for all purposes, including ASX Listing Rule 10.14, Mr Ian Narev's participation in the Group Leadership Reward Plan (GLRP) of the Commonwealth Bank and for the grant of reward rights to Mr 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.

#### **Voting Exclusion Statement for Item 4**

The Company will disregard any votes cast on Item 4:

- by or on behalf of Mr Narev and any of his associates, regardless of the capacity in which the vote is cast; and
- as a proxy by a member of the KMP at the date of the Annual General Meeting or a closely related party of such a member, unless the vote is cast as proxy for a person who is entitled to vote on Item 4, and:
  - the vote is cast in accordance with a direction on the Voting/Proxy Form; or
  - the vote is cast by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

#### **Direct Voting**

If you are a shareholder and are unable to attend and vote at the Annual General Meeting on 9 November 2016, you are entitled to vote your shares directly by marking "X" in Method A on the enclosed Voting/Proxy Form. You will then not need to appoint a proxy to act on your behalf. You should then mark "For", "Against" or "Abstain" for each Item on the Voting/Proxy 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 Items, the Chairman of the Meeting will be deemed to be your appointed proxy for all Items.

#### **Appointment of Proxy**

If you are a shareholder and are unable to attend and vote at the Annual General Meeting on 9 November 2016, and do not choose to use direct voting, you are entitled to appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder. A proxy may be an individual or a body corporate. To appoint a proxy, write the name of the person or body corporate in the box provided on the enclosed Voting/Proxy Form. If you wish to appoint the Chairman of the Meeting as your proxy you should mark "X" in Method B on the enclosed Voting/Proxy Form. Subject to what is set out below in relation to the KMP of the Company, if no voting directions are given, the proxy may vote as they see fit.

If a shareholder appoints a member of the KMP (which includes each of the Directors) as proxy, the KMP will not be able to cast the shareholder's votes on Item 3 or Item 4 unless the shareholder directs the KMP how to vote or the Chairman of the Meeting is the shareholder's proxy. If a shareholder appoints the Chairman of the Meeting as their proxy or the Chairman of the Meeting is appointed as the shareholder's proxy by default, and the shareholder does not mark a voting box for Item 3 or Item 4, then by signing and returning the Voting/Proxy Form

the shareholder will be expressly authorising the Chairman of the Meeting to exercise the proxy in respect of the relevant Item even though the Item is connected with the remuneration of the KMP.

The Chairman of the Meeting intends to vote all available proxies in favour of all Items.

If you are a shareholder entitled to cast two or more votes, you may appoint up to two proxies to attend the Annual General Meeting and vote on a poll and may specify the proportion of voting rights or the number of votes each proxy is appointed to exercise. If you appoint two proxies and both attend the Annual General Meeting, neither proxy may vote on a show of hands.

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

The completed Voting/Proxy Form must be received by the Commonwealth Bank's Share Registry, 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 12.30pm Sydney time (9.30am Perth time) on Monday, 7 November 2016. 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.vote.linkmarketservices.com/CBA](http://www.vote.linkmarketservices.com/CBA) 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/Proxy Form.

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 Commonwealth Bank's Share Registry, Link Market Services Limited at Locked Bag A14 Sydney South NSW 1235 by 12.30pm Sydney time (9.30am Perth time) on Monday, 7 November 2016. A return envelope is provided.

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

The Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00pm Sydney time (4.00pm Perth time) on Monday, 7 November 2016. Share transfers registered after that time will be disregarded in determining entitlements to vote at the Annual General Meeting.

By order of the Board



**Taryn Morton**  
Company Secretary  
29 September 2016

# Explanatory Memorandum

## ITEM 1

### Discussion of Financial Statements and Reports

The Financial Report, the Directors' Report and Auditor's Report of the Commonwealth Bank of Australia (Commonwealth Bank or Company) for the year ended 30 June 2016 (Reports) will be put before the Annual General Meeting. These Reports are contained in Commonwealth Bank's 2016 Annual Report and can be accessed at [www.commbank.com.au/shareholder/annualreports](http://www.commbank.com.au/shareholder/annualreports).

This item does not require a formal resolution to be put to the Annual General Meeting. Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Reports, management or on the Company generally.

Shareholders may submit written questions to PricewaterhouseCoopers, the Company's external auditor, about the contents of the Auditor's Report and the conduct of the audit. The questions must be received by the Commonwealth Bank's Share Registry, Link Market Services Limited by 8.00pm Sydney time (5.00pm Perth time) on Wednesday, 2 November 2016. In addition, PricewaterhouseCoopers will attend the Annual General Meeting and the Chairman will provide a reasonable opportunity for shareholders to ask questions relevant to the audit.

## ITEM 2

### Election of Directors

In accordance with Articles 11.1 and 11.2(a) of the Constitution of the Commonwealth Bank, Mr Shirish Apte, Sir David Higgins and Mr Brian Long will retire at the Annual General Meeting and offer themselves for re-election. Mr Apte and Sir David Higgins were last elected in 2014 and Mr Long in 2013.

In accordance with Articles 11.4(b) and 11.2(a) of the Constitution of the Commonwealth Bank, Ms Catherine Livingstone and Ms Mary Padbury will retire at the Annual General Meeting and offer themselves for 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 Company operates and the strategies being developed for the future growth of the Company; and
- monitor the skills and experience of existing Directors to ensure that the Board is capable of operating as an excellent 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 election or re-election at the Annual General Meeting.

The Board considers that each of Mr Long, Mr Apte and Sir David Higgins, as well as Ms Livingstone and Ms Padbury qualifies as an Independent Non-Executive Director.

After considering the results of the 2016 review, the Board (with the exception of each Director in relation to his own re-election) supports and recommends to shareholders the re-election of Mr Long, Mr Apte and Sir David Higgins as Directors of the Company. The Board (with the exception of each Director in relation to her own election) also supports and recommends to shareholders the election of Ms Livingstone and Ms Padbury as Directors of the Company.

***Details of Directors are as follows:***

# Director Candidates



## ITEM 2(a) Shirish Apte

Shirish Apte has been a member of the Board since June 2014.

He is a member of the Audit Committee and the Risk Committee. He is also the Chairman elect of the Risk Committee with his Chairmanship effective from 30 September 2016.

Mr Apte was Co-Chairman of Citi Asia Pacific Banking from January 2012 until January 2014. He was the Chief Executive Officer of Citi Asia Pacific between 2009 to 2011, with responsibility for South Asia, including Australia, New Zealand, India and ASEAN countries.

He has more than 32 years' experience with Citi, including as CEO of Central & Eastern Europe, Middle East & Africa and, before that, as Country Manager and Deputy President of Citibank Handlowy, Poland, where he is now Vice Chairman of the Supervisory Board.

The Board believes that Mr Apte draws on his international banking and accounting experience, as well as his significant knowledge of global financial systems, to provide valuable insights and knowledge in Board and Committee discussions.

**Other Directorships and Interests:** IHH Healthcare Bhd., Crompton Greaves Ltd, Citibank Japan, AIG Asia Pacific Pte Ltd, Clifford Capital Pte Ltd, Pierfront Capital Mezzanine Fund Pte Ltd (Chairman), Parkway Hospitals Singapore, Acibadem Hospital Group, Turkey and Supervisory Board of Citibank Handlowy, Poland.

**Qualifications:** Chartered Accountant, Institute of Chartered Accountants in England and Wales, Bachelor of Commerce (Calcutta) and MBA (London Business School).

Mr Apte is a resident of Singapore. Age 63.



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## ITEM 2(b)

### Sir David Higgins

David Higgins has been a member of the Board since September 2014.

He is the Chairman of the Remuneration Committee and a member of the Risk Committee.

Sir David is the Chairman of High Speed Two (HS2) Ltd, the company responsible for developing and promoting the UK's new high speed rail network. He is a senior advisor to Global Infrastructure Partners (US) and to Lone Star Funds. Previously, he was Chief Executive Officer of Network Rail Infrastructure Ltd which is involved in the maintenance and development of railway infrastructure throughout the UK.

From 2006 until 2011, he was Chief Executive Officer of the Olympic Delivery Authority where he oversaw the creation of the London 2012 Olympic Games venues, the Olympic Village and transport projects.

For the three years prior to 2005, he was Chief Executive Officer of English Partnerships, the UK Government's national housing and regeneration agency. In 1985, he joined Lend Lease, and was Managing Director and Chief Executive Officer of Lend Lease from 1995 until 2002.

The Board believes that Sir David's high level business, infrastructure and major project leadership, together with his investment and funds advisory experience, brings a knowledgeable and balanced viewpoint to Boardroom debate and to his new role as the Remuneration Committee Chairman.

**Other Directorships and Interests:** High Speed Two (HS2) Ltd (Chairman).

**Qualifications:** Bachelor of Engineering (Civil), USyd and Diploma, Securities Institute of Australia.

Sir David is a resident of London, United Kingdom. Age 61.



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## **ITEM 2(c)** **Brian Long**

Brian Long has been a member of the Board since September 2010.

He is Chairman of the Audit Committee, a member of the Risk Committee and a member of the Board Performance and Renewal Committee.

Mr Long retired as a partner of Ernst & Young on 30 June 2010. Until that time he was the Chairman of both the Ernst & Young Global Advisory Council and the Oceania Area Advisory Council. He was one of the firm's most experienced audit partners with over 30 years' experience in serving as audit signing partner on major Australian public companies including those in the financial services, property, insurance and media sectors. From July 2010 until July 2016 he

was a Director of Ten Network Holdings Limited. During that time he served as Chairman of that Board from 2011 to 2012 and Deputy Chairman from 2012.

Mr Long is currently a member of the NSW Court Consultation Committee as an appointee of the NSW Attorney General.

The Board believes that as a highly experienced auditor and financial advisor with significant exposure to the financial services industry, Brian brings wide accounting, auditing and governance experience to the Board and its Committees, particularly in his role as Chairman of the Audit Committee.

As a highly experienced career auditor, he has had significant exposure to the financial services industry. Brian brings wide accounting, auditing and governance experience to the Board.

### **Other Directorships and Interests:**

Brambles Limited, Cantarella Bros Pty Ltd and a Member of the Council of the University of NSW.

**Qualifications:** Fellow of Chartered Accountants Australia and New Zealand.

Mr Long is a resident of New South Wales. Age 70.



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## ITEM 2(d) Catherine Livingstone AO

Catherine Livingstone has been a member of the Board since March 2016. She is a member of the Audit Committee.

Ms Livingstone is a highly respected company director with extensive business and finance experience across a broad range of industries and organisations. She is also a Chartered Accountant.

Her executive career spanned more than 22 years in which she held general management and finance leadership roles, primarily in the medical devices sector and including six years as the Chief Executive of Cochlear Limited.

Ms Livingstone was the former Chairman of Telstra Corporation Limited and of the CSIRO. She has served on the Boards of Macquarie Group Limited, Goodman Fielder

Limited and Rural Press Limited and has contributed to work of the Innovation and Productivity Council for the New South Wales Government. In 2008, Catherine was awarded Officer of the Order of Australia.

The Board believes that Ms Livingstone's extensive business leadership, particularly of innovation-focused organisations, coupled with her finance background and exposure to the financial sector enables her to provide valuable insights during Board discussions, particularly on the Bank's customer-focused innovation strategy.

### **Other Directorships and Interests:**

WorleyParsons Limited, The George Institute for Global Health, Saluda Medical Pty Ltd, Business Council of Australia (President) and Australian Museum Trust (President).

**Qualifications:** BA (Accounting) (Hons), Fellow of the Institute of Chartered Accountants in Australia and New Zealand, Fellow of Australian Academy of Technological Sciences and Engineering, Fellow of the Australian Institute of Company Directors and Fellow of the Australian Academy of Science.

Ms Livingstone is a resident of New South Wales. Age 60.



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## ITEM 2(e)

### MARY PADBURY

Mary Padbury has been a member of the Board since June 2016.

She is a member of the Remuneration Committee and a member of the Board Performance and Renewal Committee.

Ms Padbury is a pre-eminent intellectual property lawyer with an Australian and international legal career spanning over 30 years. She is a partner and the Vice Chairman of Ashurst, having been the Chairman of Ashurst Australia for eight years prior to the firm's full merger with Ashurst LLP into an integrated global firm in 2013.

Earlier in her career, Ms Padbury spent a number of years in the United Kingdom with boutique firm, Bristows, and as resident partner of Ashurst Australia. She has undertaken intellectual property work for Australian and multinational

corporations in a range of technology areas and has extensive international, legal and governance experience.

The Board believes that Ms Padbury's exemplary legal and governance skills, coupled with her international exposure and knowledge of technology, complements the Boards existing skill and expertise and brings sound judgment to Board deliberations.

**Other Directorships and Interests:** The Macfarlane Burnet Institute for Medical Research and Public Health Limited, Australasian Gastro-Intestinal Trials Group, Chief Executive Women, Melbourne University Law School Foundation, Professional Standards Board for Patent and Trade Marks Attorneys and Victorian Legal Admissions Board.

**Qualifications:** Bachelor of Laws (Hons) and Bachelor of Arts, University of Melbourne.

Ms Padbury is a resident of Victoria. Age 57.

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## ITEM 3

### Adoption of Remuneration Report

Section 250R of the Corporations Act requires a listed company to put a resolution to shareholders to adopt the Company's Remuneration Report.

The Remuneration Report can be found at pages 47 to 69 of the Company's 2016 Annual Report. It sets out the remuneration arrangements for the KMP (comprising the Company's Non-Executive Directors, the Chief Executive Officer and Group Executives).

The Company'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 Company.

The Board recommends that shareholders support the resolution.

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## ITEM 4

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

ASX Listing Rule 10.14 requires shareholder approval for the acquisition of securities by a Director under an employee incentive scheme. While it is not currently intended that securities will be issued (as opposed to being acquired on market) to satisfy any reward under this scheme, shareholder approval is nonetheless being sought (both for good governance reasons and to preserve flexibility in case, for any reason, it is ultimately considered in the Company's best interests to issue shares rather than source them on market).

The approval sought is to grant Mr Narev (the Chief Executive Officer and Managing Director of the Company) reward rights under the Group Leadership Reward Plan (GLRP) in relation to his long-term incentive (LTI) arrangements. A maximum of 55,443 reward rights will be granted to Mr Narev. Further details are set out below.

Reward rights entitle Mr Narev to receive shares or a cash equivalent, as determined by the Board, subject to vesting criteria including the satisfaction of performance hurdles.

The GLRP aims to focus the efforts of participants on achieving superior performance for the Company's key stakeholder groups being shareholders, customers, our people and the community in order to achieve the Commonwealth Bank's vision through long-term value creation. Participants in the 2016 GLRP award include Mr Narev and the Company's Group Executives. No other current Directors are entitled to participate in the GLRP.

If shareholder approval is obtained, reward rights will be granted to Mr Narev following the 2016 Annual General Meeting, and in any event no later than 12 months after the date of this Annual General Meeting. The reward rights will be granted at no cost to Mr Narev. Participants in the GLRP are not provided with any loans in relation to their participation in the GLRP.

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 appropriate in light of the intent and purpose of the GLRP.

In the event the Company makes a bonus issue or rights issue to shareholders or undertakes a capital reorganisation, the Board may adjust the number or value of reward rights in order to ensure that no advantage or disadvantage occurs as a result of such corporate actions. Any such adjustments would be explained in the Company's Annual Report.

While the current policy of the Company is to acquire ordinary shares on market for vested LTI awards, the Company has flexibility under the rules of the GLRP to issue ordinary shares instead.

Dividends (or their cash equivalent) are paid only if reward rights vest.

## 2016 GLRP award

Mr Narev's 2016 GLRP award will be split into three performance components:

- 50% of the award will be subject to a performance hurdle which ranks the Company'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 the Company. This component of the award will be split into two equal tranches. Tranche 1 will have a three year performance period and tranche 2 will have a four year performance period.
- 25% of the award will be subject to a performance hurdle which ranks the Company's Customer Satisfaction performance relative to a peer group comprising of Australia & New Zealand Banking Group Limited, National Australia Bank Limited, Westpac Banking Corporation and other key competitors of the Company's wealth business.

The ranking for each customer satisfaction survey will be based on a six-monthly rolling average score for the Roy Morgan and DBM surveys, and an annual weighted score for the Wealth Insights survey. For each business area, each survey ranking over a two year performance period will be straight-line averaged. These average rankings will then be weighted by each business area's contribution to Net Profit After Tax at the beginning of the performance period.

- 25% of the award will be subject to a four year People and Community performance hurdle with the outcome determined by the Board based on overall progress in the areas of diversity and inclusion, sustainability and culture.

Each tranche has a performance measurement period commencing 1 July 2016. Tranches with a performance period of less than four years will be restricted until 30 June 2020. The final vesting outcome for each tranche will not be determined by the Board until after 30 June 2020, with the performance against the performance hurdles being measured over:

- 3 years to 30 June 2019 and 4 years to 30 June 2020 for the TSR tranches;
- 2 years to 30 June 2018 for the Customer Satisfaction component; and
- 4 years to 30 June 2020 for the People and Community component.

The vesting of the reward rights will be tested against the Company's TSR, Customer Satisfaction and the Board's assessment of People and Community performance, as set out below:

- For the TSR performance component, full vesting will occur if the Company's TSR ranking at the end of the performance period (for tranche 1 on 30 June 2019 and tranche 2 on 30 June 2020) is in the top quarter of the peer group (ie 75th percentile or higher). Half of this component will vest if the Company's TSR is ranked at the median of the peer group at the end of the performance period (for tranche 1 on 30 June 2019 and tranche 2 on 30 June 2020). Individual tranche vesting of between 50% and 100% will occur on a pro-rata straight-line basis if the Company is ranked between the median and 75th percentile. No reward rights in an individual tranche will vest if the Company's TSR for that tranche is ranked below the median of the peer group.
- For the Customer Satisfaction performance component, full vesting will occur where the weighted average ranking for the Company is 1st (ie 1.00). Half of this component will vest if the Company's weighted average ranking is 2nd (ie 2.00). Vesting of between 50% and 100% will occur on a pro-rata straight-line basis if the Company's weighted average ranking is between 2nd and 1st (ie between 2.00 and 1.00). No reward rights in this component will vest if the Company's weighted average ranking is less than 2nd.
- For the People and Community performance component, the Board will determine the portion to vest based on the Company's overall progress in the areas of diversity and inclusion, sustainability and culture, including risk culture. The Board will consider relevant outcomes over time, including the proportion of women in senior leadership roles, proportion of culturally diverse employees in senior leadership roles, the Company's progress in the Dow Jones Sustainability Indices and strengthening of the Company's culture, including risk culture. The full range of measures considered and the corresponding performance will be disclosed by the Board after it determines the outcome in 2020.

If shareholder approval is obtained, a maximum of 55,443 reward rights will be granted to Mr Narev for the 2016 award in connection with Item 4. The maximum value of these rights is \$4,064,526 based on the volume weighted average price (VWAP) of the Company's ordinary shares over the five trading days up to and including 1 July 2016 (reflecting the beginning of the performance period). The VWAP for the 2016 grant is \$73.31. The present value of the award of 55,443 reward rights is \$2,650,000 using a valuation factor of 65.20%. This is the value of the rights calculated by an independent actuary allowing for expected share price and dividend performance, and performance against the performance hurdles over the applicable period using a widely adopted actuarial simulation methodology known as the Monte Carlo simulation.

Of the 55,443 reward rights to be granted, 16,432 and 15,854 reward rights may vest depending on the Company's performance against the TSR performance hurdle (16,432 under the three year and 15,854 under the four year hurdles), 14,120 reward rights may vest depending on the Company's performance against the Customer Satisfaction hurdle and 9,037 reward rights may vest depending on the Company's performance against the People and Community hurdle.

### **Treatment of reward rights if Mr Ian Narev leaves the Company**

In general, if Mr Narev ceases employment before the grant of reward rights vests, he will continue to be entitled to unvested entitlements under the GLRP, unless the Board determines that the grant vests or lapses on cessation of employment. If the entitlements do not vest or lapse, the GLRP performance hurdles will continue to apply (except that any continuous service requirement will be deemed to have been waived) until the outcome is determined at the end of the four year period. In the case of dismissal or misconduct the Board would determine that unvested awards should lapse.

### **Participants under previous approvals**

At the 2015 Annual General Meeting, shareholders approved the granting to Mr Narev of reward rights under the GLRP. Mr Narev was subsequently granted 54,493 reward rights which 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 the Directors under the GLRP since the 2015 Annual General Meeting.

If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1.

The Board (with the exception of Ian Narev) recommends that shareholders support the resolution.



# Contact Information

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## HEAD OFFICE

Commonwealth Bank of Australia  
Ground Floor, Tower 1  
201 Sussex Street  
Sydney NSW 2000  
Telephone: +61 2 9378 2000  
Facsimile: +61 2 9118 7192

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## SHARE REGISTRY

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000  
Telephone: +61 1800 022 440  
Facsimile: +61 2 9287 0303  
Web: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
Email: [cba@linkmarketservices.com.au](mailto:cba@linkmarketservices.com.au)

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## Telephone numbers for overseas shareholders

New Zealand 0800 442 845  
United Kingdom 0845 640 6130  
Fiji 008 002 054

## SHAREHOLDER INFORMATION

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

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## ANNUAL REPORT

To request a copy of the Annual Report, please call Link Market Services Limited on +61 1800 022 440 or by email at [cba@linkmarketservices.com.au](mailto:cba@linkmarketservices.com.au)

An electronic version of the Commonwealth Bank's Annual Report is available at [www.commbank.com.au/shareholder/annualreports](http://www.commbank.com.au/shareholder/annualreports)

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## AUSTRALIAN SECURITIES EXCHANGE LISTING

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