

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Commonwealth Bank of Australia

CBA07QON: 19

*Mr KEOGH: When you say a calculation is made then, 'based on the then share price', what sort of calculation are we talking about? Is it an averaging over the year, or is there some other discounting applied?*

*Mr Narev: No, there is a specific and transparent formula which we can provide to you, and we can provide it to you together with the specifics from the year.*

**Answer:**

For the Customer Satisfaction component of all Long Term Incentive (LTI) awards, the fair value is the closing market price of a Commonwealth Bank share for the five days prior to the grant date. For the Total Shareholder Return component of the LTI awards, the fair value has been independently calculated in accordance with the relevant Accounting Standard.