

18 January 2006

PERLS Dividend Reset Notice

Dear PERLS holder

I write to you to thank you for your investment in Commonwealth Bank's ("the Bank") PERLS (Preferred Exchangeable Resettable Listed Shares) and to provide you with a Dividend Reset Notice ("Notice") as required under the terms and conditions of the PERLS Prospectus (a copy of which can be found on the Bank's website: www.commbank.com.au).

The purpose of the Dividend Reset Notice is to notify you of terms and conditions that will apply to PERLS from the "First Rollover Date" on the 6th of April 2006. Please note that neither the way the dividend is calculated nor the payment frequency will change. You will find this stated in Section 1 of the Notice.

This Notice also summarises your rights in respect of the Notice, the rights of the Bank in relation to the First Rollover Date and the Bank's further intentions in relation to PERLS. You will find these outlined in Sections 2 to 4.

I urge you to take the time to read and understand all of the information contained in this Notice as the interaction of your rights as a PERLS holder and the Bank's rights as the PERLS issuer are quite detailed. If you need further clarification please contact the Commonwealth Bank PERLS InfoLine on 1800 742 737 (domestic) or +612 8280 7210 (international), or your financial advisor.

Yours faithfully,

Ralph Norris
Chief Executive Officer

PERLS – Dividend Reset Notice

1. Which PERLS terms are being amended by the Bank under this Dividend Reset Notice?

The following amendments to the PERLS terms and conditions will take effect from the First Rollover Date (6 April 2006):

- The next Rollover Date will be 6 April 2007;
- The Dividend Rate will continue to be calculated in the same way as in the Initial Period (including the Margin (1.8500%), Dividend Factor (0.7568) and Market Rate (see paragraph (b) of the definition in the terms of issue set out in the PERLS Prospectus); and
- The frequency of the Dividend Payment Dates will remain unchanged (ie, quarterly on 6 July, 6 October, 6 January and 6 April).

2. What are your rights in relation to this Dividend Reset Notice?

Your receipt of this Notice does not restrict your ability to sell your PERLS on the market.

You have the right to do either of the following in relation to the First Rollover Date:

- Do nothing, in which case you are taken to accept the amended terms detailed in section 1 of this Notice; or
- Complete the attached Holder Exchange Notice, requesting an Exchange of your PERLS, and send it to be received by the Bank on or before 14 February 2006. If you choose this option, the Bank has the right to choose whether to exchange your PERLS into Ordinary Shares of the Bank (based on the formula set out in the PERLS Prospectus), or arrange to have a third party purchase your PERLS for \$200 in cash per PERLS. Once you have delivered an Exchange Notice, it cannot be withdrawn or changed and you must not sell your PERLS from the date of that notice.

In considering your options as outlined in this section, you should have regard to the Bank's options outlined in Section 3 and the Bank's further intentions in relation to PERLS as outlined in Section 4 of this Notice.

3. What are the Bank's rights in relation to the First Rollover Date?

As set out in the PERLS Prospectus issued in February 2001, the Bank can issue an Issuer Exchange Notice at any time up to 6 March 2006. If the Bank issues such a notice, it will take precedence over any election you may have made as outlined in Section 2 of this Notice.

An Issuer Exchange Notice means the Bank can, on the First Rollover Date:

- Subject to certain approvals, repurchase (by way of a redemption, buy-back or reduction of capital) all or some of your PERLS for \$200 in cash per PERLS; and/or
- Convert all or some of your PERLS (pro-rata) into Ordinary Shares of the Bank (based on the formula set out in the PERLS Prospectus).

Prior to each Dividend Payment Date after the First Rollover Date, if the Bank has not already issued an Issuer Exchange Notice, it may do so and it may, as a result, repurchase or convert all or some of your PERLS on that Dividend Payment Date as outlined in this section.

4. What are the Bank's intentions in relation to PERLS going forward?

The Bank is considering various initiatives in relation to PERLS, one of which being the repurchase of the PERLS and the issue by the Bank or a CBA Group Company, of another similar security. If such a security is offered to Australian retail investors, an offer document will be made available at that time and anyone wishing to acquire securities should consider the offer carefully and will need to complete the application form that will accompany the offer document.

As a PERLS Holder, the Bank will provide further details to you closer to the First Rollover Date.

5. What is the timetable for action in relation to this Dividend Reset Notice?

14 February 2006 If you wish to exchange your PERLS, you must have sent a Holder Exchange Notice to the Bank to be received by this date.

6 March 2006 If you sent a Holder Exchange Notice to the Bank, the Bank must inform you, by this date, whether it will, on the First Rollover Date, exchange your PERLS for Ordinary Shares in the Bank or arrange for a third party to repurchase your PERLS for cash.

Please note that, as outlined in section 3 of this Notice, the Bank may choose to issue an Issuer Exchange Notice at any time up to this date. The Issuer Exchange Notice takes precedence over any Holder Exchange Notice in terms of what the Bank is required to do.

6 April 2006 This is the First Rollover Date. Your PERLS will either:

- continue to be a listed security on the ASX;
- be repurchased by the Bank for cash (by way of redemption, buy-back or reduction of capital);
- be exchanged for the Bank's ordinary shares; or
- be transferred to a third party in exchange for cash.

Words and expressions defined in, and for the purposes of the Issue Terms for PERLS, have the same meaning where used in this notice.