

ASX ANNOUNCEMENT



COMMONWEALTH BANK OF AUSTRALIA Retail Entitlement Offer – Notification to Ineligible Retail Shareholders

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

SYDNEY, 17 AUGUST 2015: Attached is a copy of the letter being sent today to Ineligible Retail Shareholders in connection with the retail component of the Commonwealth Bank of Australia's \$5 billion pro rata renounceable entitlement offer announced on 12 August 2015 ("Retail Entitlement Offer").

Enquiries

If you have any questions about the Retail Entitlement Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Retail Entitlement Offer Information Line on 1800 606 866 within Australia or +61 1800 606 866 outside Australia (Monday to Friday 8.00am – 7:30pm, Sydney time) between 24 August 2015 and 8 September 2015.

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Important information

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements issued under the entitlement offer ("Entitlements") nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the Entitlements may not be issued to, purchased or traded by, or taken up or exercised by, and the New Shares may not be offered or sold to persons in the United States or persons acting for the account or benefit of a person in the United States, unless such Entitlements or New Shares have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Neither this announcement nor any other documents relating to the offer of Entitlements or New Shares may be sent or distributed to persons in the United States.

17 August 2015



Dear Shareholder,

COMMONWEALTH BANK OF AUSTRALIA RETAIL ENTITLEMENT OFFER**NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS**

On Wednesday, 12 August 2015, Commonwealth Bank of Australia (“CBA”) announced it is conducting an offer to raise approximately \$5 billion via a fully underwritten 1 for 23 pro rata renounceable entitlement offer of new CBA ordinary shares (“New Shares”), with retail entitlements trading for eligible retail shareholders (“Entitlement Offer”). CBA is raising capital to meet future requirements and the net proceeds of the Entitlement Offer will be used in the ongoing funding of CBA’s business.

This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.

What is the Entitlement Offer?

Under the Entitlement Offer, CBA is offering Entitlements pro rata to all eligible retail shareholders and eligible institutional shareholders which can be exercised to buy New Shares at an Offer Price of \$71.50 per New Share. This represents a 10.5% discount to the dividend adjusted closing price of Ordinary Shares on ASX on 11 August 2015 and a 10.1% discount to the dividend adjusted theoretical share adjusted for the Entitlement Offer (TERP¹).

The institutional component of the Entitlement Offer has already closed and the results have been announced to the ASX. An offer booklet in relation to the retail component of the Entitlement Offer (“Retail Entitlement Offer”) will be despatched to eligible retail shareholders on or around Friday, 21 August 2015.

Why you will not be able to subscribe for New Shares under the Entitlement Offer

CBA has determined that it would not be reasonable to make or extend offers under the Retail Entitlement Offer to shareholders whose address on the share register as at 7.00pm (Sydney time) on Monday, 17 August 2015 is outside of Australia and New Zealand. In particular, shareholders that are in the United States or are acting for the account or benefit of a person in the United States (to the extent such person holds CBA ordinary shares for the account or benefit of such person in the United States) are not eligible to participate in the Entitlement Offer. This is due to the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to CBA of complying with these requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing CBA ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled.

¹ TERP is the theoretical price at which ordinary shares should trade immediately after the announcement of the Offer. TERP is a theoretical calculation only and the actual price at which ordinary shares trade immediately after the announcement of the Offer will depend on many factors and may not be equal to TERP

Unfortunately, according to our records, you are ineligible to subscribe for New Shares under the Entitlement Offer. However, as the Entitlement Offer is renounceable, you may receive value for entitlements you would have received had you been eligible to participate in the Retail Entitlement Offer, which is explained further below.

CBA has arranged for the entitlements of ineligible retail shareholders to be sold by a nominee in a bookbuild process on Monday, 14 September 2015 ("Retail Bookbuild"). Your entitlements will be sold on your behalf in the Retail Bookbuild and any sale proceeds paid to you. It is expected that the proceeds will be paid to you on or around Tuesday, 22 September 2015, however, it is possible you will not receive any sale proceeds if there is insufficient demand in the Retail Bookbuild.

To the maximum extent permitted by law, CBA, the Joint Lead Managers, and their related bodies corporate, directors and employees disclaim any liability, including for negligence, for any failure to sell Entitlements in the Retail Bookbuild at a price in excess of the Offer Price.

The retail entitlements will be tradeable on ASX. The assignment, transfer and exercise of retail entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade retail entitlements or to exercise retail entitlements they acquire. If you buy retail entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those entitlements and, as a result, you may receive no value for them.

If you have any questions about the Retail Entitlement Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Retail Entitlement Offer Information Line on 1800 606 866 within Australia or +61 1800 606 866 outside Australia (Monday to Friday 8.00am – 7:30pm, Sydney time) between 24 August 2015 and 8 September 2015.

We look forward to continuing our strong relationship with all of our Shareholders.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Carla Collingwood', written in a cursive style.

Carla Collingwood
Company Secretary

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Neither the entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, entitlements may not be issued to, purchased or traded by, or taken up or exercised by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of persons in the United States, unless they have been registered under the Securities Act or offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.