

ASX ANNOUNCEMENT



COMMONWEALTH BANK OF AUSTRALIA Retail Entitlement Offer – Chairman’s Letter

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

SYDNEY, 24 AUGUST 2015: Attached is a copy of the letter from the Chairman sent with the retail entitlement offer booklet to shareholders eligible to participate in 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.

ENDS

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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.

21 August 2015



Dear Shareholder

Commonwealth Bank of Australia – Retail Entitlement Offer

On 12 August 2015, Commonwealth Bank of Australia (**CBA**) announced the launch of a pro rata renounceable entitlement offer (**Offer**) of new fully paid ordinary shares in CBA (**New Shares**) to all Shareholders. This Offer will raise approximately \$5 billion of capital that will confirm CBA's place amongst the top quartile of major global banks by capital strength. The net proceeds of the Offer will be used in the ongoing funding of CBA's business.

Eligible Retail Shareholders will receive entitlements to 1 New Share for every 23 ordinary shares held on the Record Date (7.00pm (Sydney time) on Monday 17 August 2015) (**Entitlement**).

The Offer Price of \$71.50 per New Share represents a discount of 10.5% to the dividend adjusted closing price of ordinary shares on ASX before the announcement, and a discount of 10.1% to the dividend adjusted theoretical ex-rights price (**TERP**)¹.

Your Entitlements are set out in the enclosed personalised Entitlement and Acceptance Form. You are not able to apply for New Shares in excess of your Entitlements.

Offer applicable to Retail Shareholders

The Offer applicable to Retail Shareholders comprises:

- **Retail Entitlement Offer** – Eligible Retail Shareholders may:
 - exercise all or some of their Entitlements during the Retail Entitlement Offer Period;
 - sell all or some of their Entitlements on ASX during the Trading Period;
 - or
 - transfer all or some of their Entitlements to another person; and
- **Retail Bookbuild** – Eligible Retail Shareholders who do not exercise, sell or transfer their Entitlements will have their Entitlements sold on their behalf in the Retail Bookbuild and any sale proceeds will be paid to them.

Retail shareholders who are ineligible to participate will have their Entitlements sold on their behalf in the Retail Bookbuild and any sale proceeds will be paid to them.

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

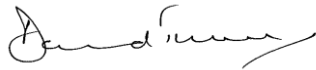
Further information

Entitlements may be valuable. You have a number of decisions to make in respect of your Entitlements, which may materially affect the value (if any) that you receive for them. Further information about your options as an Eligible Retail Shareholder, including key dates are contained in the enclosed Retail Entitlement Offer Booklet, which you should read in full before deciding to invest in New Shares.

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) during the Retail Entitlement Offer Period.

I encourage you to think about this Offer carefully.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David J Turner', written in a cursive style.

David J Turner
Chairman