

Commonwealth Bank

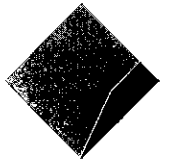
Commonwealth Bank of Australia
ACN 123 123 124

Group Governance

GPO Box 2719
Sydney NSW 1155

28 February 2017

The Manager
Company Announcements Platform
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000



Dear Sirs

CommBank PERLS IX Capital Notes Offer – Communication to Eligible Colonial Group Subordinated Noteholders

I **attach** an example of the letter being sent to Eligible Colonial Group Subordinated Noteholders from today, notifying them of the CommBank PERLS IX Capital Notes offer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Clare McManus', located below the 'Yours sincerely' text.

Clare McManus
Company Secretary



28 February 2017



999 009999

Eligible SRN/HIN: X99999999999

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN NSW 9999



Dear Colonial Group Subordinated Noteholder

COMMBANK PERLS IX CAPITAL NOTES OFFER

As a valued Colonial Group Subordinated Noteholder, I am writing to let you know that the Commonwealth Bank of Australia (“**CBA**”) has launched an offer of a new security, CommBank PERLS IX Capital Notes (“**PERLS IX**”).

The offer of PERLS IX will be made via the Prospectus lodged with ASIC on 28 February 2017. Some of the key features of PERLS IX are set out below, but you should consider the Prospectus in full before deciding whether to invest in PERLS IX. There is additional information for you provided in the Information Booklet (which forms part of the Prospectus). In this letter, words which are capitalised have the meanings given to them in the Prospectus.

Key Features of PERLS IX

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|--|---|
| CommBank PERLS IX Capital Notes | Subordinated unsecured notes issued by CBA with an initial face value of A\$100 each The PERLS IX Terms are complex and include features to comply with the detailed regulatory capital requirements which APRA applies to these types of securities |
| Floating Rate Distributions | Distributions are scheduled to be paid quarterly in arrears ¹ Distributions are expected to be fully franked and will comprise a combination of franking credits and cash equal to the sum of (Market Rate + 3.90% p.a) x (1 – Tax Rate) The Market Rate is a primary benchmark interest rate for the Australian money market. It is based on the average of rates at which major Australian financial institutions lend short-term cash to each other over a 90 day period. |
| Term | Perpetual (no maturity date), but may be Exchanged earlier in certain circumstances. If PERLS IX are not Exchanged or Redeemed they could remain on issue indefinitely |
| Call Date | CBA may at its option Redeem all or some PERLS IX on 31 March 2022 |
| Mandatory Exchange | CBA must Exchange PERLS IX on the Mandatory Exchange Date (31 March 2024) subject to the Maximum Exchange Number and Mandatory Exchange Conditions |
| Early Exchange | CBA must also Exchange PERLS IX before the Mandatory Exchange Date on the occurrence of a Capital Trigger Event, a Non-Viability Trigger Event or a Change of Control Event. Information about these events, and what will happen to your investment if Exchange is not possible, is described in the Prospectus |

¹ Distributions are discretionary and subject to the distribution payment conditions being satisfied. This means a Distribution may not be paid – Distributions that are not paid do not accrue and will not be subsequently paid.

| | |
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| Minimum and Maximum Application value | Minimums and maximum do not apply to you under the Priority Securityholder Offer |
| Tradeable on the ASX | CBA has made an application to have PERLS IX quoted on the Australian Securities Exchange ("ASX"). Once quoted, PERLS IX are tradeable on ASX at the prevailing market price |

Key Dates for PERLS IX²

| | |
|---|-------------------------------------|
| Priority Securityholder Offer Record Date | 9 February 2017 |
| Opening Date for the Offer | 28 February 2017 |
| Closing Date for the Offer | 5:00pm (Sydney time), 24 March 2017 |
| Issue Date | 31 March 2017 |
| Commencement of deferred settlement trading | 3 April 2017 |
| Commencement of trading on normal settlement basis | 5 April 2017 |
| First Distribution payment | 15 June 2017 |

You need to be aware of the risks

There are risks associated with investing in securities such as PERLS IX, as well as risks associated with CBA's businesses which may affect PERLS IX. These risks are set out in Section 4 of the Prospectus and include circumstances in which investors could lose some or all of the money they invest in PERLS IX and / or may not be paid distributions on their PERLS IX. It is important that you read the Prospectus in full before deciding to invest in PERLS IX, including the risks associated with PERLS IX and CBA. If you have questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest in PERLS IX.

How to obtain a Prospectus and Application Form

Paper copies of the Prospectus and Application Form can be obtained free of charge during the Offer Period by registering your request online at www.commsec.com.au, or by calling the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am – 7.30pm, Sydney time) and using your Offer Reference number. Applications can be made online at www.commsec.com.au using your SRN/HIN or by using the Application Form that will be in, or will accompany, the paper copy of the Prospectus.

For more information, talk to your broker or adviser, visit www.commsec.com.au or call the PERLS IX Information Line on 1800 095 654 (Monday to Friday 8.00am – 7.30pm, Sydney time).

On behalf of the CBA Directors, I thank you for your support and for considering this investment opportunity.

Yours sincerely



Catherine Livingstone AO
Chairman

Important Information: PERLS IX are unsecured notes. Investments in PERLS IX are an investment in CBA and may be affected by the ongoing performance, financial position and solvency of CBA. CBA (as issuer of PERLS IX) does not guarantee the performance of PERLS IX. They are not deposit liabilities or protected accounts of CBA under the Banking Act 1959 (Cth). This letter is not advice and has not taken into account your investment objectives, financial situation or particular needs (including financial or taxation issues). You should read and consider the Prospectus in full and seek advice from your financial adviser or other professional adviser before deciding whether to invest in PERLS IX. If you are a Colonial Group Subordinated Noteholder, there is additional information for you provided in the Information Booklet.

² The key dates for the Offer are indicative only and subject to change without notice