

ASX ANNOUNCEMENT



COMMONWEALTH BANK OF AUSTRALIA Adjustment to Perpetual Exchangeable Repurchaseable Listed Shares III ("PERLS III") (ASX code: PCAPA)

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

FRIDAY, 23 OCTOBER 2015: Attached is a copy of the letter from the Chairman of Preferred Capital Limited sent to holders of PERLS III in relation to the adjustment made to the Maximum Conversion Number for PERLS III.

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.

Preferred Capital Limited

Darling Park Tower 1
201 Sussex Street
Sydney NSW 2000



Dear PERLS III holder,

On Wednesday, 12 August 2015, Commonwealth Bank of Australia ("CBA") announced a pro rata renounceable entitlement offer ("Entitlement Offer"). The Entitlement Offer was successfully completed on Friday, 11 September 2015 and in total CBA raised \$5.1bn.

PERLS III convert into CBA ordinary shares in certain circumstances, subject to a Maximum Conversion Number. The Entitlement Offer has a dilutive impact on the value of the Maximum Conversion Number and, pursuant to clause 7.5(a) of the PERLS III Terms, CBA has adjusted the Maximum Conversion Number for PERLS III.

The formula set out in clause 7.5 of the PERLS III Terms requires a price for CBA ordinary shares calculated over the period during which they traded cum rights after the Entitlement Offer was announced. However, under the Entitlement Offer, there was no such period.

Consequently, the Board of Preferred Capital Limited has chosen a period which represents the 'true' value of CBA ordinary shares around the time the Entitlement Offer was on foot i.e. a five day period from Tuesday, 25 August 2015 to Monday, 31 August 2015 (inclusive). The volume-weighted average price ("VWAP") over this period was \$75.49.

Using this VWAP, the Maximum Conversion Number has been adjusted from 100 CBA ordinary shares to 100.22 CBA ordinary shares for each PERLS III.

If you have any questions, please contact the registry Link Market Services on 1800 022 440 (+61 2 1800 022 440 outside Australia) or cba@linkmarketservices.com.au.

Yours Sincerely,

Michael Ford
Chairman
Preferred Capital Limited