



COMMONWEALTH BANK STATEMENT – STORM FINANCIAL

17 June 2009: The Commonwealth Bank of Australia today issued the following statement in respect of its involvement with Storm Financial Ltd and the financial adviser's collapse.

The Bank acknowledges that the position in which some Storm Financial clients find themselves, while not caused directly by the Bank, involves the Bank to some degree.

"In some cases we have identified shortcomings in how we lent money to our customers involved with Storm Financial," Commonwealth Bank CEO Ralph Norris said.

"We are not proud of our involvement in some of these issues and we are working toward a fair and equitable outcome for our affected customers."

"Our customers can be assured that where we have done wrong, we will put it right. I am committed to the identification and resolution of all issues relating to the Bank's involvement with Storm Financial," he said.

Mr Norris said the Bank would meet its obligations to those customers identified as being in financial difficulty as a result of any shortcomings identified in the Bank's lending practices.

"However, the Bank is not responsible for the financial advice provided independently by Storm Financial to the Bank's customers. That was clearly the responsibility of Storm Financial, a licensed financial advisory company," he said.

Working with the Regulator

In December 2008, the Bank initiated dialogue with the Australian Securities and Investments Commission (ASIC), following concerns raised in relation to Storm Financial and continues to be actively engaged with them.

Resolution for Customers

The Bank established a hardship team on the ground in Townsville in February 2009 and this team continues to work with our customers to seek solutions and outcomes for them.

As a sign of the Bank's commitment, it will immediately suspend repayment obligations until 31 August 2009 for all loans made to customers in relation to Storm Financial. Mr Norris said, "Should customers have any enquiries in relation to their arrangements they should contact the Bank's specialist team on 1800 059 000".

He added any settlement agreed between the Bank and its customers, either in the past or in the future, would not preclude them from having their individual positions improved should the Bank be required to do so to meet its obligations in relation to Storm Financial. The Bank will meet the cost of independent legal and financial advice for its customers.



“The Bank will learn from the mistakes made in relation to lending to Storm Financial customers. We will do everything possible to ensure that they will not recur,” Mr Norris said.

Background

The Storm Financial issues involve approximately 2,500 customers of the Bank’s 9 million plus customers.

In the context of a \$220 billion loan book, the financial impact to the Bank of the Storm Financial issue is not considered material.

Nevertheless the Commonwealth Bank acknowledges that the impacts for customers are more than financial.

ENDS

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