

ATO Class Ruling on PERLS V

Sydney, 23 December 2009: The Commonwealth Bank (“the Group”) today advised that the Australian Taxation Office (“ATO”) has now published the final class ruling on PERLS V (CR 2009/78). CR 2009/78 confirms that the key tax consequences of PERLS V are as set out in the Prospectus dated 7 September 2009.

CR 2009/78 can be relied on by Holders of PERLS V, who are covered by its terms. A copy of CR 2009/78 can be found on the ATO website.

In summary, CR 2009/78 rules that:

- the Holders of PERLS V are required to include in their assessable income, the amount of any distributions together with the franking credits attached to the distributions on the PERLS V;
- subject to the qualifications stated in CR 2009/78, the Holders of PERLS V are entitled to utilise the franking credits attached to the distributions on the PERLS V;
- a sale of PERLS V on the ASX or as part of a Resale will give rise to a capital gain if the capital proceeds from the disposal exceeds the cost base of the PERLS V, or a capital loss if the cost base of the PERLS V exceeds the capital proceeds from the disposal;
- on an Assignment event other than Conversion, no Holder will make a capital gain or capital loss;
- on Conversion of the PERLS V, any capital gain or capital loss will be disregarded.

As outlined in the Prospectus and CR 2009/78, the Group and the ATO have agreed to have one aspect of the tax law relating to franking credits tested in court. The Deed entered into between the Group and the ATO ensures that Holders are not impacted by this process and that their entitlement to franking credits is unaffected irrespective of the Court decision.

ENDS

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