

Commonwealth Bank Statement - Storm Financial

Sydney - 22 December 2010: The Commonwealth Bank will defend the legal proceedings that the Australian Securities & Investments Commission (ASIC) filed today.

The Commonwealth Bank has participated in commercial resolution discussions which were announced by ASIC in March this year. The Bank could not accept ASIC's arguments as they do not fairly reflect the role played by various parties including Storm Financial, Storm's founders and financial advisers and others, including ASIC itself.

For 18 months the Bank has been actively helping its affected customers through the Storm Resolution Scheme. We have been open with ASIC about the design and progress of the Resolution Scheme, including its many safeguards such as an independent panel comprised of eminent former judges and barristers. Now in its closing stages, the Resolution Scheme has provided certainty to 85% of those participating or almost 2000 customers.

The Bank fundamentally disagrees with ASIC's view of the role of banks in losses suffered by Storm investors. The Bank maintains its view that the losses incurred by many Storm clients were caused by Storm's financial advice. It is apparent that because Storm, its principals and the Storm financial advisers are unable to provide compensation the focus has moved to the banks.

ASIC's legal proceedings can only create further uncertainty and delay for former Storm Financial clients. This is in stark contrast to the tangible results already provided for Bank customers through the Resolution Scheme.

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