

ASX Announcement

New Zealand legislation proposing changes to hybrid capital securities does not impact CommBank PERLS distributions

Thursday, 14 December 2017: Commonwealth Bank of Australia (“CBA”) acknowledges the recent introduction of legislation to the New Zealand Parliament proposing changes to the tax treatment of distributions paid on certain hybrid securities.

CBA confirms that the legislation as currently proposed will not impact the distributions paid on CommBank PERLS securities. Distributions are expected to be fully franked.

CBA does not expect that implementation of the changes as currently proposed would result in CBA seeking to redeem PERLS IX.

Background

The proposed New Zealand legislation relates to hybrid mismatch arrangements, including those that can arise from the issue of Additional Tier 1 (“AT1”) regulatory capital by banks and other financial institutions through overseas branches. The changes are intended to respond to rules developed by the Organisation for Economic Co-operation and Development.

Under the proposed changes, from 1 July 2018, CBA will not be able to claim certain tax deductions in New Zealand for distributions on AT1 instruments, if those instruments were issued by its New Zealand branch after 6 September 2016. The changes will initially only impact CBA’s tax deductions in respect of CommBank PERLS IX Capital Notes issued on 31 March 2017, with transitional arrangements applying to the other AT1 instruments issued by CBA’s New Zealand branch prior to PERLS IX until their first call dates.

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