



## COMMONWEALTH BANK LAUNCHES FIFTH GLOBAL AUSTRALIAN MORTGAGE SECURITISATION

**Sydney, 14 March 2003:** The Commonwealth Bank has priced its fifth global issuance of mortgaged backed securities through Medallion Trust, its Mortgage Backed Securities (MBS) program.

The assets comprise fixed and variable rate loans originated from the Bank's home loan portfolio and from the portfolio of Homepath Pty Limited, a wholly owned subsidiary.

The deal is structured to include a class A of US\$1,000 million issued into the US and Euro markets which will be registered with the SEC. The Class A Notes have an average life of 3.0 years and were priced at a margin of 19 basis points over 3 month US LIBOR. There is also \$25 million of Class B subordinated notes.

This deal brings the total issuance to date under the Medallion global program to nearly A\$11.20bn.

Marten Touw, Group Treasurer at the Commonwealth Bank, said, "The deal received a very strong response from offshore investors who recognised both the quality of the Medallion program and the Bank's commitment to regular issuance in the global market through the SEC shelf. The 19 basis point margin on the Class A Notes was better than any Australian MBS issue achieved this year, indicating investors flight to quality in these uncertain times in the world. Demand was strong in both Europe and the US with new investors in both markets as well as good interest out of Asia."

The transaction was lead managed by JPMorgan and the Commonwealth Bank. Co-managers for the offshore issue are Credit Suisse First Boston, Deutsche Bank Securities and Nomura International.

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## Transaction Details:

- Structural enhancements include mortgage insurance policies from GE Mortgage Insurance Pty Ltd (rated AAA by S&P) and GE Capital Mortgage Insurance Corporation (Australia) Pty Ltd (rated AA by S&P), and a pool policy from PMI Mortgage Insurance Ltd (rated AA+ by S&P.)
- The Commonwealth Bank will continue as Servicer of the loans and Securitisation Advisory Services, a wholly owned subsidiary of the Bank, will be the Manager of the Trust.
- The Bank will also provide a \$18m liquidity facility, a A\$20m redraw facility and act as the interest rate hedge provider. The structure also allows for principal to be used for income shortfalls once the liquidity facility has been fully drawn.
- The trustee of Medallion Trust Series 2003-IG is Perpetual Trustee Company Limited.
- The class A notes are expected to be rated AAA/Aaa/ by Standard and Poor's and Moody's. The Class B notes are expected to be rated AA- by Standard and Poor's.
- Features of the loan include broad, Australia-wide geographic distribution, a maximum loan size of \$733,982, an average loan size of \$134,017, a weighted average loan to valuation ratio of 68.29% and a weighted average seasoning of 16 months.
- The underlying loans are sourced from the home loan portfolios of the Commonwealth Bank (94%) and Homepath (6%). The Medallion structure enables loans to remain in the pool if borrowers switch between fixed and variable interest rate loans, 29% of the pool are fixed rate loans.
- The Trust has arranged swap transactions to protect investors from interest rate and currency risk. The currency swap provider is Commonwealth Bank.
- Class A bond margin steps up to double if the 10% clean-up call option is not exercised.
- The notes will receive principal and interest quarterly,