



COMMONWEALTH BANK ANNOUNCES ITS FIRST REVERSE MORTGAGE FOR SENIOR AUSTRALIANS

10 September 2003: Today, the Commonwealth Bank announced the launch of its first reverse type mortgage *Equity Unlock Loan for Seniors* to meet the needs of older Australians. It will be available from 15 September 2003.

The Commonwealth Bank recognises that many Australians may not have money to live on to meet their desired quality of life or to meet special needs in retirement. The *Equity Unlock Loan for Seniors* will provide asset-rich but cash-constrained seniors with a flexible option that gives them the ability to turn part of their property asset value into cash and supplement their pension or other income.

Commonwealth Bank's Executive General Manager, Mortgages and Investments, Geoff Austin says: "Many of today's older Australians are faced with having to rely on limited amounts of income. The *Equity Unlock Loan for Seniors* will provide the extra comfort of knowing that they can access their assets and enjoy a more secure and independent lifestyle, including not having to depend on the support of relatives to do so."

"Australia's population is ageing and people are living considerably longer, so the Commonwealth Bank has developed our Equity Unlock loan to meet seniors' unique, changing needs and to fund longer, more active lives in retirement," Mr Austin said.

A study commissioned by the Bank and carried out by social and market research firm, *heartbeat*, indicated that people with parents aged 65 and over were amenable to the unlock mortgage concept. The reverse mortgage was seen to have benefits in securing a better quality of life for their parents. Results also indicated that this generation was not necessarily expecting or seeking an inheritance.

Geoff Austin believes that educating seniors and their families on how an unlock mortgage works is critical. "Potential borrowers and their families need to understand that the Commonwealth Bank's *Equity Unlock Loan For Seniors* is ideal for those customers who want to be financially self-sufficient. But they need to be aware that making more cash available for



today ultimately reduces the value of their investment in their asset, and the amount available as inheritance," he says.

From September 15, the Commonwealth Bank will offer the *Equity Unlock Loan for Seniors*, with all applications subject to approval in accordance with agreed lending limits. The Bank has sought to set prudent parameters for the *Equity Unlock Loan for Seniors* and requires all applicants to seek professional advice. The Bank also strongly suggests that borrowers discuss the matter with their family and estate beneficiaries.

Other important features to note include:

- Customers can choose how they wish to withdraw their cash such as one lump sum, periodic payments or a combination of both.
- The interest rate will be based off the Residential Equity Rate plus a 1% interest margin. Other charges include a \$950 establishment fee and a standard line of credit account service fee of \$12 per month.
- Loan repayments will not be required as all interest, fees and charges can be capitalised.
- There will also be monthly statements, limit protections, regular property valuations and affordability reviews to keep the borrower and the Bank fully aware of the status of the loan.

The new *Equity Unlock Loan for Seniors* is based on the Commonwealth Bank's award-winning Viridian Line of Credit and includes its key benefits of easy access, operational flexibility and a much lower interest rate than applies to unsecured personal loans.

For details or to apply, call 13 2224 (8am – 10pm, any day), visit a branch or check the Bank's internet site at <http://www.commbank.com.au/>

- Ends -

For more information or to arrange an interview with a Commonwealth Bank representative, please contact:

Bryan Fitzgerald or Steve Cookson
Group Corporate Relations
Phone: 02 9378 2663 or 02 9378 2504
Mobile: 0414 789 649
Email: fitzgeb@cba.com.au or cooksos@cba.com.au