



COMMONWEALTH BANK - TOPS \$100bn IN HOME LOANS

Sydney 28 October 2003: The Commonwealth Bank today announced that it had passed \$100bn in home loan balances, being the first Australian bank to do so. The milestone marks the Bank's lending to more Australians, with over two million customers helped to the Australian dream of home ownership during the past five years.

Group Executive, Retail Banking Services, Mr Hugh Harley said this milestone reflected the Commonwealth's determination to have a flexible range of products, consistently attractive interest rates and the most extensive distribution network - branches, and more recently independent brokers. This allows customers to be served from the outlet that best suited their needs. Customer needs are constantly evolving and keeping pace was a key objective for Commonwealth Bank.

Mr Harley emphasised the Bank's approach to sensible and sound lending practices, reiterating the importance of home loan borrowers reviewing their circumstances regularly and not overcommitting. "Home ownership should be viewed as a long-term investment with tolerance for change - whether in interest rates, home prices or personal circumstances. In this way, the journey to ownership can be managed well and without undue stress", he said.

"Loans are now available to meet customers' needs over a life time - whether for new borrowers with introductory rates, fixed and split rates to allow tailoring to cashflow and to help manage rate changes, lines of credit for renovation or other investment activities or the recent reverse mortgage for seniors - Equity Unlock. The emphasis on service and innovation are stand out characteristics in the Bank's success, coupled with an ability to meet the full range of client needs - for insurance, transactions, savings and investment to allow the building and use of wealth, for today and in retirement", he said.

The Bank entered the home loan market in its own right in 1946 helping in the post-war development by assisting Australians to home ownership. Loans grew rapidly through the nationwide savings bank network and twenty years later the Bank reached its first \$1billion in balances. Growth accelerated in line with the growing economy to pass \$20bn in 1992 and more than doubled again in less than a decade to exceed \$50bn in total balances by 2000.

Investment in the home loan business remained a key priority for Commonwealth Bank Mr Harley said. "We are halfway into a three year program on home loans which is designed to provide faster and easier service to clients -whether at the start of the home loan application or at any stage during the life of the loan. Already we are seeing our clients and staff benefiting from a new application platform and straight through processing for many loans, while further improvements are proposed for the coming year to keep us ahead of the competition".

"Each year the Commonwealth Bank helps more Australians to home ownership. It is estimated that the increase in wealth related to home ownership across Australia has been over \$1,000 billion in the five years to 2002¹. This amounts to a rise of 83% (or 12.9% pa compounded) contributing 70% to the overall increase in total wealth over that period. This had provided good returns, often in excess of other forms of investment, as well as helping to provide for a life style which underpins the best aspects of family life".

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For further information, please contact:

Bryan Fitzgerald, Group Corporate Relations

Telephone (02) 9378 2663

Email fitzgeb@cba.com.au

¹ Commonwealth Department of Treasury, Economic Roundup, Summer 2003.