



COMMONWEALTH BANK PROTECTS AUSTRALIAN BUSINESS THROUGH INNOVATIVE LENDING SOLUTION WITH CAPPED INTEREST RATES

7 June 2005: The Commonwealth Bank again leads the business lending market, today launching the Capped BetterBusiness Loan to the Australian small business and small-to-medium enterprise (SME) sectors.

Karen McGregor, Executive General Manager for Corporate & Business Services, Commonwealth Bank, said, "The Capped BetterBusiness Loan is designed to protect customers from the uncertainty of rising interest rates, especially Australian small businesses which feel the greatest impact from fluctuating interest rates.

"This product offers borrowers the best of both worlds," she continued. "It has all the flexibility and benefits of a variable rate loan and the added security of a maximum interest rate cap".

The Capped BetterBusiness Loan is simply structured. Borrowers can choose from three different cap levels - 0.5%, 0.75% & 1.0% above the equivalent interest rate - and these caps last for up to three years. The loan is best suited to businesses that require the ability to plan their cash flow in advance, without having to fix their interest. In addition, the product offers:

- Loan terms of one to 10 years;
- Variable interest rates capped for up to one, two or three year terms with fixed expiry dates;
- 'Interest Only' or 'Principal & Interest' repayment options;
- Redraw and drawdown options; and
- A preferred minimum borrowing of \$100,000 with no maximum.

Ms McGregor continued, "We believe this product is a distinctly different offering to those of our competitors.

"Most banks offer fixed and variable rates only. Fixed rate loans provide certainty to businesses but limit their flexibility to repay and redraw, as well as locking in a rate which prevents the business from benefiting from a fall in interest rates," Ms McGregor said.

"I am delighted that the Commonwealth Bank is leading the market with this innovative new win-win solution for our clients, as they can take advantage of current interest rates and directly benefit if rates fall.

"Our clients will get peace of mind by evaluating their 'worst case scenario' for interest costs and then planning accordingly," she continued.

"This sort of interest rate risk management has previously only been available to clients with over \$500,000 in borrowings, so the Capped BetterBusiness Loan now extends interest rate risk management to all segments of the marketplace.

"The launch of the Capped BetterBusiness Loan is another example of The Commonwealth Bank's commitment to excel in customer service, part of the *Which new Bank* transformation program," she concluded.

The Capped BetterBusiness Loan complements a full range of versatile Business Lending products already offered by the Commonwealth Bank, including the recently launched Business

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Line of Credit. The Business Line of Credit has seen significant market uptake, particularly by Australian businesses looking for a flexible line of credit product.

For more information about the Capped BetterBusiness Loan or any other Commonwealth Bank products clients can contact their business banker; call **13 1998** during business hours; or visit the Bank's Business Lending website at <http://business.commbank.com.au/>

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