



Commonwealth Bank

Media Release

COMMONWEALTH BANK LAUNCHES FOURTH GLOBAL AUSTRALIAN MORTGAGE SECURITISATION

Sydney 15 February 2002: The Commonwealth Bank has priced its the fourth global issuance of mortgaged backed securities through Medallion Trust, its Mortgage Backed Securities (MBS) programme. The A\$2.5bn transaction is the first Australian issue into the global markets this year and is the first ever issuance of Australian MBS under a Shelf programme established with the US Securities Exchange Commission (SEC).

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 Medallion Trust Series 2002-1G transaction is structured to include a Class A1 of US\$1,000 million issued into the US and Euro markets which will be registered with the SEC. The A1 Notes have an average life of 3.1 years and were priced at a margin of 17 basis points over 3 month US LIBOR.

There are two senior tranches of AUD denominated notes: A\$182 million of Class A2 Tranche 1 with an average life of 1 year, which priced at a margin of 25 basis points over the 3 month Bank Bill rate; and A\$325 million Class A2 Tranche 2 with an average life of 4.5 years, which priced at 34 basis points over the 3 month Bank Bill rate. There is also A\$40 million of Class B subordinated notes.

The flexibility that this structure provides enables the Bank to target investor demand in both the global and domestic markets.

This transaction brings the total issuance to date under the Medallion global programme to nearly A\$9.5 billion. John te Wechel, Head of Group Funding at Commonwealth Bank, said "the deal received a very strong response from offshore investors, who recognised both the quality of the Medallion programme and the Bank's commitment to regular issuance in the global market through the SEC shelf. The 17bp margin on the Class A1 Notes is lower than any Australian MBS issue achieved during 2001, indicating that the MBS market had recovered from uncertainty following September 11."

Mr te Wechel said " we are delighted with the strong investor demand from Europe and the US, including first time buyers of Medallion securities. Good interest for the securities was shown by Asian investors and we are also very pleased with the strong demand from Australian investors in the domestic leg of the transaction."

The transaction was lead managed by Deutsche Bank Alex. Brown Inc. and Commonwealth Bank. Co-managers for the offshore issue are JP Morgan, Morgan Stanley, and Salomon Smith Barney. The co-managers for the domestic issue are UBS Warburg Australia and Macquarie Bank.

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