



Commonwealth Bank

Media Release

A UNIQUE INVESTMENT CHOICE IN A RISING INTEREST RATE ENVIRONMENT

Sydney, 8 May 2002: Commonwealth Bank Long Dated Instalments are a clever investment choice in the face of interest rate rises. Unlike other Instalment Warrants, with Commonwealth Bank Long Dated Instalments you pay no annual reset, as a fixed interest rate is provided from the day you invest, for the full term of the investment.

Commonwealth Bank Long Dated Instalments are true long dated instalment warrants as they enable you to build a share portfolio over three years with just two payments - the final completion payment being fixed upfront. They are offered over 25 leading Australian companies' shares with a term of three years to maturity. The benefits include no annual resets; fixed interest and borrowing costs for the full three-year term; and ongoing tax benefits.

"Because there is no annual reset and a fixed interest rate, you can count on a fixed final Instalment in 2005." says Mr Irfan Khan, Vice President, Equity Capital Markets, CommSec. "It's another innovative new product from Premium Financial Services, giving investors greater control over the cost of their investments."

Buying Instalment warrants is essentially the same as buying shares, except the shares are purchased in two separate instalments, up to three years apart. Once the initial payment is made, you are entitled to receive any dividends, franking credits (subject to individual circumstances) and capital gains generated, as if the whole share had been purchased upfront.

"For the term of the warrant you receive all the benefits of full ownership even though you have only paid around half the price for your shares." Said Mr Khan. "Then, at the end of the warrant period, you can decide whether to pay the final instalment." If you do pay the final fixed instalment (the completion payment) you become the full owner of the underlying share.

In addition, if you have a DIY Super Fund, Instalment Warrants are one of the few approved methods for borrowing money for investment purposes, having the potential of increasing your returns and tax benefits.

Long Dated Instalment Warrants offer an alternative form of leverage. Mr Khan says "By leveraging your investment, you have greater exposure to the sharemarket and the opportunity of making greater returns than you would otherwise, by directly purchasing the underlying share." This is a great way to benefit from a medium term investment where you do not have to worry about annual resets or margin calls because the costs are fixed.

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