



Commonwealth Bank

Media Release

PREMIUM FINANCIAL SERVICES RELEASES NEW PROTECTED PORTFOLIO LOAN

Sydney, Thursday 16 May 2002: Michael Katz, Head of the Commonwealth Bank's Premium Financial Services division, today launched an attractive investment product, the Protected Portfolio Loan, providing investors with a share portfolio that is protected so that the value of the share never falls below the purchase price.

The minimum loan amount is \$50,000. Clients will have a choice of fixed terms, including 1, 2, 3, 4 or 5 year options and will pay interest only on the loan.

The loan has been designed for investors with a substantial, regular income but who don't have the funds available to acquire a large portfolio. Mr. Katz, said "the Protected Portfolio Loan aims to provide higher income earners, with medium to long term capital growth by investing in the Australian share market, with the peace of mind that the value of their shares will never fall below what they paid for them".

The Protected Portfolio Loan is the only product that allows investors to withdraw trading profits. Mr Katz said "investors receive the full benefits of share ownership for the full term of the loan, including any dividends and franking credits. Furthermore, investors are given a choice of fixed rates that will not be exposed to interest rate fluctuations".

To give certainty on the level of deductibility, the Bank has obtained an ATO Product Ruling.

The Protected Portfolio Loan is the second structured investment product to be released by the Product Management and Engineering (PM&E) business unit of PFS. The Commonwealth Bank Long Dated Instalment Warrants, released last week, also offers investors an alternative gearing strategy with potential tax advantages on shares.

The Product Management & Engineering business unit was set up to deliver a differentiated product offering for each of the client servicing units of Premium Financial Services.

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