

4 December 2008

Members Equity Bank passes on the full 100 basis points interest rate cut to its home loan customers

Members Equity Bank today announced it would cut the variable interest rate on its Standard Variable Home Loans by 100 basis points. The reduced rate follows Tuesday's cut to the cash rate by the Reserve Bank by 100 basis points and will be effective from the 14th of December 2008.

Members of participating trades unions and super funds, who have Members Equity Bank's award-winning Standard Variable Home Loan, will now pay a standard variable interest rate of 6.24% per annum. Members Equity Bank's Home Loan will also drop by 100bps to 6.59%.

Mr Tony Beck, Head of Corporate Affairs at Members Equity Bank, said the bank was pleased to pass on the 100 basis points reduction on current home loan variable interest rates.

"Our customers have supported us for many years by choosing our award winning, low cost products and we welcome the opportunity to pass the full amount of this rate cut to them," he said.

"The financial strength and stability of Member's Equity Bank built from customer loyalty and secure funding streams, gives us the ability to pass on the full RBA cut."

Mr Beck also sounded a warning that the only safeguard against higher interest rates in the future was competition in banking.

"Australians want to see the return of confidence as soon as possible. One of the keys to this is a strong banking system supporting the economy," he added.

"At the end of the day competitive pressures determine the extent to which this and future RBA rate reductions are passed on to borrowers. Without competition from small banks, the big banks will dominate the market once again."

Members Equity Bank, which is owned by 37 Industry Super Funds, was created to provide everyday Australians with innovative, low cost banking services. In July 2001, Members Equity Bank received its banking license from the Australian Prudential Regulation Authority. Members Equity Bank is an Authorised Deposit -Taking Institution for the purposes of the Government Deposit Guarantee.

For Media Enquiries only

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