

ME BANK LOWERS STANDARD VARIABLE HOME LOAN RATE FOR MEMBERS.

Hi all

Following the decision by the RBA to lower the official cash rate to 3.75% p.a., we will be reducing our variable mortgage rates by 30 basis points.

- The Super Member Home Loan standard variable rate now drops from 6.74% p.a. to 6.44% p.a., providing industry super fund and union members with a lower standard variable rate than those of the major banks – just as we have every month since we became a bank in 2001.
- The Member Package variable rate now drops from 6.49% p.a. to 6.19% p.a., making it one of the best home loan packages in the market for customers borrowing up to \$500,000.
 - The 3 year fixed rate on the Super Member Home Loan has been reduced to 5.99% p.a.

	ME Bank Super Members Home Loan	ANZ Standard Variable Rate Home Loan	Westpac Rocket Repay Home Loan	NAB Tailored Variable Rate Home Loan	CommBank Variable Rate Home Loan
Standard Variable Rate <i>(as at 1pm 7/5/12)</i>	6.44% p.a.	7.36% p.a.	7.09% p.a.	6.99% p.a.	7.01% p.a.

The needs of deposit customers have also been considered with the 6 month Super Members Term Deposit now one of the leading rates at 5.65% p.a., the First Home Saver Account at 4.60%p.a. and our combined savings and transaction account, InterestME Account at 3.00%p.a. for balances over \$3,000.

The continuing pressure of increased funding costs has meant ME Bank has been unable to pass on the full reduction in the RBA cash rate this month. We have been steadfast in keeping the full financial burden of increased funding costs off customers for as long as possible and over the last 18 months we have reduced our rates more than the major banks.

Cumulative rate impacts since November 2010 show customers aren't likely to experience value over the longer term from their major bank. Between November 2010 and May 2012, the major banks reduced their rates on average by 0.34% p.a. or less (excluding ANZ, yet to announce), while **ME Bank delivered 0.55% p.a. in rate cuts.**

This has cost major bank customers with an average loan of \$300,000 up to \$70 per month, which over the life of their loan can add up to \$21,000.

This treatment of major bank customers is further illustrated by the fact ME Bank has been one of the few lenders committed to keeping the full financial burden off customers for as long as possible:

- In November 2010 the major banks all increased their rates more than the RBA official rate rise, whilst

ME Bank **kept rates steady**;

- In November and December 2011 ME Bank once again **delivered rate cuts in full** to customers whilst some banks did not; and
- In February, March and April of this year, ME Bank **kept rates steady** whilst the major banks and some of the smaller lenders increased rates and many announced off-shoring of jobs to protect profits.

Today's decision ensures members of industry super fund and unions will still receive one of the most competitive rates on the market – currently more than 50 basis points lower than that of the nearest major bank – combined with lower fees and better service.

Please find attached a copy of the media release being issued later today; if you would like to discuss our decision in greater detail please do not hesitate to contact me.

Kind regards

Yours sincerely,

Joanne Fenton
Business Development Manager
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