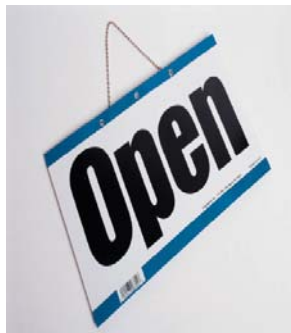




Credit unions and mutual building societies

Growing from strength to strength



Strict regulation and guarantees protect your deposits.

- > Credit unions and building societies meet the same strict, legally-enforceable standards as banks, under the *Banking Act* and strict oversight by the Australian Prudential Regulation Authority (APRA).
- > The Australian Government has also guaranteed all deposits with credit unions, building societies and banks. This means all Australian deposits have the full backing of the Government.
- > A fee is payable by banks, building societies and credit unions for guarantees on deposits of more than \$1 million.
- > APRA's strict rules on safety and capital continue to apply to all banks, building societies and credit unions to the same high standards.



Healthy, strong balance sheets.

- > All credit unions and building societies (and banks) are Authorised Deposit-taking Institutions (ADIs), regulated under the *Banking Act*.
- > Credit unions and mutual building societies have combined assets of more than \$70 billion. Close to 4.6 million Australians are members, demonstrating the scale and strength of credit unions and mutual ADIs.
- > Credit unions and building societies are well capitalised with robust capital adequacy ratios of 16.25% and 14.5% respectively (compared to around 11.4% for banks) – and have high levels of liquidity.
- > Credit unions and building societies are prudent and responsible lenders. We have no exposure to the toxic sub-prime loans in the US. Credit unions and mutual building societies have the lowest levels of arrears in the Australian lending market.
- > As mutuals, we are not under pressure to take risks to maximise record returns for shareholders. We put *your* interests first.



Conservatively managed and operated.

- > Credit unions and mutual building societies do not engage in sub-prime loans and do not invest in complex securities based on sub-prime loans.
- > Mortgages at credit unions and building societies continued to grow at a double-digit pace in the year to March 2009, despite the financial turmoil that has forced other lenders to scale back or cease lending.
- > Credit unions and mutual building societies fund more than 80% of their lending from retail deposits, not the volatile wholesale market.
- > Credit unions and mutual building societies meet the same high standards as the biggest banks, under Australia's regulatory system.



A trusted haven for Australian savings.

- > Household deposits at credit unions and building societies are \$57 billion and are growing at around 10% annually in March 2009. The household deposit base of Australia's mutual ADIs is fourth only to the CBA, Westpac and ANZ.
- > As financial market turbulence continues, consumers are looking for a safe haven for their savings. As strongly regulated mutuals, credit unions and mutual building societies are safe and competitive.
- > Credit unions and mutual building societies offer very competitive savings, term deposit and online savings products.