



MEDIA RELEASE

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UNDER EMBARGO: 12.00 am Wednesday, 24 March

CUA cuts Home Loan rate to boost competition in Australian banking

In a move to promote competition in the Australian banking sector, CUA will cut its Standard Variable Home Loan (SVHL) rate by 0.25 of a percentage point, meaning its SVHL rate will be, on average, more than half a percentage point lower than the standard variable loans offered by the 'Big Four' banks.

The move by CUA, Australia's largest mutual, has the potential to save CUA customers an average of \$1,247 per year on their mortgage compared with the average 'Big Four' bank customer, or more than \$31,000 over the life of a 30-year loan.¹

At a function in Sydney last night, CUA's Chief Executive Officer Chris Whitehead said the cutting of mortgage interest rates followed comments last week by Treasury Secretary, Ken Henry, stating that competition in the Australian banking sector had diminished.

"We agree with the Treasury Secretary that the banking sector *has* become more concentrated over the last few years. There is a crying need for more competition and we are taking an active step in driving that competition," Mr Whitehead said.

"At the end of the day our profits go to our customers, not shareholders, in the form of investment in more competitive products and services. We are already a leader in the delivery of great service – this reduction in our SVHL rate means we are keen to take a leadership position in the products we offer as well."

A recent survey by CHOICE found that CUA had the highest proportion of satisfied customers when it came to their day to day banking, with an overall score of 84 per cent.

"CUA has always been competitive in terms of the pricing of its products and services, but as competition in financial services has dwindled, our mutual or 'customer-owned' model becomes a more obvious and relevant choice for Australians," Mr Whitehead concluded.

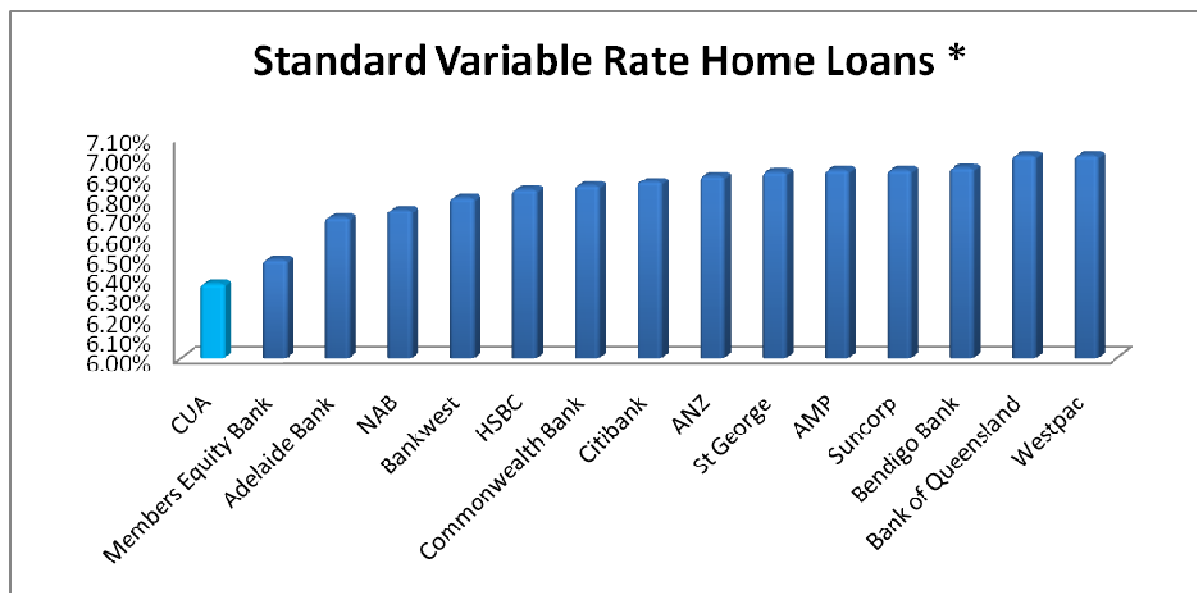
InfoChoice research

A comparative analysis of SVHL rates by finance comparison site InfoChoice reveals that CUA customers will pay on average \$1,247 per year less on their mortgage compared with the average customer of the 'Big Four' banks.

"CUA's announcement to reduce their standard variable home loan rate puts them 0.51 per cent lower than the average of the 'Big Four' banks," said InfoChoice Chief Executive Officer, Shaun Cornelius.

¹ Source: InfoChoice.com.au

“InfoChoice supports this move and sees CUA taking a prominent role in improving competition for financial services. This announcement is significant and in stark contrast to recent practices which have seen rate increases, at times by more than the RBA cash rate,” Mr Cornelius concluded.



*Source: Infochoice.com.au. Rates effective as at 19 March 2010 (except CUA which is based on a future 0.25% rate reduction)

Existing customers

This announcement extends the pricing of CUA’s Standard Variable Home Loan, previously only available to customers with CUA for more than three years, to all customers, including new customers. The move will help build a stronger CUA and allow CUA to continue to offer competitive products and services to our customers.

For more information, please see: www.cua.com.au

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About CUA

Australia’s largest credit union, CUA is emerging as a competitive force in Australian banking. CUA provides banking services to almost half a million Australians across the country. CUA is 100 per cent owned by its customers, not shareholders with profits reinvested back in to the business.

In an independent CHOICE survey, CUA is ranked first in customer service in banking. CUA is committed to changing the lives of its customers, their families and their communities for the better.

Media enquiries

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Attachments: CUA Standard Variable Home Loan: Comparison Table