



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 recently guaranteed all deposits with credit unions, building societies and banks. This means that all Australian deposits have the full backing of the Government.
- > APRA's strict rules on safety and capital continue to apply to all banks, building societies and credit unions to the same high standards. Credit unions and building societies meet the same legal requirements.



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 over \$65 billion. More than 4.5 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 16.5% and 14.5% respectively (compared to around 10.6% 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 June 2008, 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 exceed \$50 billion and are growing at close to 10% annually. The household deposit base of Australia's mutual ADIs is second only to the CBA.
- > 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.