

30 October 2008

AOFM agrees to buy \$500 Million Super Members Home Loan RMBS

The Federal Government's Australian Office of Financial Management has invested \$500 million in Members Equity Bank's AAA-Rated Super Members Home Loans (SMHL) Securitisation Fund Residential Mortgage-Backed Securities (RMBS).

Members Equity Bank's Chief Financial Officer Mr Nicholas Vamvakas said he was pleased that the AOFM had selected SMHL's A1 and A2 Bonds as part of its initial offering.

"Members Equity Bank welcomes the Federal Government's investment in its SMHL bond issue. We appreciate the Federal Government's efforts to 'unfreeze' the wholesale credit market and to ensure equal access to funding by all financial institutions in Australia," he said.

"Up to \$20 million of the \$500 million (or 2 per cent of the total issue) may be in the A2 Bonds, with the remainder in A1 Bonds."

Last month the Federal Prime Minister announced the AOFM would purchase \$4 billion in RMBS in Authorised Deposit-Taking Institutions. Last week the Government directed the AOFM to invest a further \$4 Billion in non-ADI institutions.

Australia remains among the most secure financial markets in the world due to its prudential regulation and quick action by the Government and industry.

This decision will ensure that Members Equity Bank continues to offer its members low cost, transparent, simple and best value products.

Ends

For further information contact:

Tony Beck
Head of Corporate Affairs
Members Equity Bank
0423 603 322