

12 September 2008

Members Equity Bank refutes Victorian Shadow Treasurer's comments

Members Equity Bank (ME) is financially sound, has had its investment grade credit rating recently confirmed and is growing strongly despite the challenging market conditions facing all financial institutions. Suggestions by Victorian Shadow Treasurer Kim Wells yesterday casting doubt over ME are completely without foundation.

Under the protection of Parliamentary Privilege Mr Wells yesterday described an investment by the Victorian Funds Management Corporation as a "bail out to the Trade Union bank" and further alleged that the Australian Prudential Regulatory Authority "is considering the Bank's funding adequacy."

Anthony Wamsteker, ME's CEO said the comments were an outrageous misrepresentation.

"I have today written to Mr Wells demanding an urgent meeting to inform him of ME's sound financial position and the principles and governance protecting the Bank's investment processes."

The facts are:

- The investment by VFMC is part of ME's routine capital raising programme. ME typically raises up to \$5 billion dollars each year to fund its lending activities. So far this year we have completed approximately 15 such transactions.
- ME's credit rating remains unchanged and has been recently been re-affirmed by Standard and Poor's.
- ME is financially sound, profitable and is growing market share.
- ME has a secure funding pipeline
- APRA routinely reviews the capital adequacy of all Australian Banks including ME. APRA has expressed no concern at all regarding the VFMC investment.
- ME is owned by 37 Industry Superannuation funds.

Mr Well's comments are irresponsible, demonstrate a lack of understanding of investment markets and were made without any attempt to seek the facts from ME.

Customers should continue to have every confidence in their Bank and are welcome to contact us on 1300 63 22 65 with questions.

Anthony Wamsteker
Chief Executive Officer

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