

MEDIA RELEASE

6 November 2007

KPMG confirms credit unions and building societies as strong, responsible financial services providers

This year's KPMG Financial Institutions Performance Survey¹ confirms that credit unions and building societies continue to enjoy strong performance and growth in the highly competitive financial services market, while maintaining a leading position as responsible lenders.

"Today's report demonstrates that credit unions and building societies are a strong force in the market with strong growth in assets, deposits and profits, and high asset quality," said Adrian Lovney, CEO of *Abacus – Australian Mutuals*, the industry body for Australia's credit unions and mutual building societies.

Respectively, the report found building societies and credit unions grew assets by 11.2% and 11.6%; deposits by 11% and 6%; and profitability 14.3% and 16.4%.

The survey reports that the sector achieved an "outstanding result" in asset quality, continuing to enjoy, "...historic lows in credit losses despite recent interest rate rises and early signs of financial stress in some sectors of the economy."²

Mr Lovney said this is testament to the work of credit unions and mutual building societies as prudent, responsible lenders. "Credit unions and mutual building societies pride themselves on their role as responsible lenders, consistent with mutual values," said Mr Lovney.

While KPMG's report shows credit unions and building societies continue to find market share growth a challenge, Abacus notes that the mutual sector is not about achieving market share for the sake of it.

"The fact we outperform the rest of the market in asset quality and bad debts demonstrates our commitment to members first and to ensuring we do as much as possible to help them avoid financial difficulty. This is the essence of what mutuality and responsible lending is all about."

In closing, Mr Lovney said today's report demonstrates credit unions and building societies can continue to perform strongly while maintaining a strong commitment to customer satisfaction. "Our customer satisfaction ratings average 90%, among the highest in the industry. Strong financial and satisfaction figures reveal the advantage of not having to play off customer service against the call for high profits and returns from shareholders. This is one of the strongest points of difference credit unions and mutual building societies enjoy."

The full KPMG report is available at www.fips.kpmg.com.au

For more information:

Paul Murton, Media Relations Manager

(02) 8299 9024; (0434) 185 229; pmurton@abacus.org.au

¹KPMG Financial Institutions Performance Survey 2007 Building Societies and Credit Unions. The survey includes 81 of the largest building societies and credit unions in Australia, representing over 90% of building society and credit unions by net assets and profits after tax. The survey includes data from both mutual and non-mutual building societies.

² Report pp 5