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Message from the Chairman

The financial landscape over the past eighteen months has presented extensive challenges to financial services providers and consumers alike.

ME Bank has confronted these tumultuous times strategically and with agility, ensuring that we continue to present you, our customers, with a compelling alternative to the major banks.

The financial crisis has reinforced the value of returning to our philosophical heritage that lies within the industry superannuation movement fifteen years ago.

Just as the industry super funds have pioneered low-cost superannuation for their five million members, ME Bank plans to continue to build on their success by focussing on the industry super funds, trade-union members and their employers who already participate in our shared culture.

For the majority of Australians the family home and their superannuation are their biggest assets, and so it is of vital importance that super fund members can access banking that offers the same comprehensive, low-cost, innovative and award-winning services.

Whilst surviving these times has involved planned consolidation of our activities, this has not interrupted our drive to continue offering industry-leading customer service.

We are broadening our branch and ATM network, bringing ME Bank to you; making your banking with us even more convenient.

Despite prevailing pressures, we are determined to maintain our fully-staffed Australia-based contact centre to ensure that we have knowledgeable and capable staff on hand to assist you with your banking needs.

Looking beyond the current difficult financial environment, we have planned an exciting period of growth that will ultimately mean that we can offer you more banking services and a new range of products to suit your changing needs.

Thank you for your continuing support of ME Bank.

Bernie Fraser
Chairman, ME Bank





More branch locations, more choice for you



Undeterred by the global financial crisis, ME Bank has embarked on an ambitious branch expansion programme this year, opening seven branches in nine months. All have been opened in large, established shopping centres for your convenience.

ME Bank will open the Highpoint Branch in Melbourne's north-west in time for Christmas. Another three branches are to open early next year, including our first WA Branch in the Perth CBD.

Our branch network reinforces the Bank's commitment to providing high quality banking services to industry super fund and union members, and the general public. These branches will supplement our existing workplace distribution channels.

Call in and enjoy a coffee at any of the following locations:

ACTU House Branch

Shop 2, 365 Queen Street,
Melbourne, Vic
Phone (03) 9936 4800

QV Branch

192 Lonsdale Street,
Melbourne, Vic
Phone (03) 8663 2600

Knox Branch

Knox City Shopping Centre,
Wantirna South, Vic
Ph (03) 8805 4900

Southland Branch

Southland Shopping Centre,
Cheltenham, Vic
Ph (03) 8585 2500

Fountain Gate Branch

Westfield Shopping Centre,
Narre Warren, Vic
Ph (03) 8794 5900

Brisbane Branch

199 George Street,
Brisbane, QLD
Ph (07) 3223 4130

Tuggeranong Branch

210 Anketell Street,
Tuggeranong, ACT
Ph (02) 6293 6400

Gungahlin Branch

33 Hibberson Street,
Gungahlin, ACT
Ph (02) 6204 8600

ME Bank leads the way on low-cost banking

If imitation is the sincerest form of flattery, then ME Bank staff and management should count themselves flattered.

In recent weeks, there has been a flurry of imitations by the big banks attempting to position themselves as caring banks contrary to consumer perceptions.

NAB's recent decision to cut monthly account keeping fees was a pale imitation of ME Bank's long-standing commitment to low fee banking with no home loan application fees, no ongoing account keeping fees on its loan and deposit products, no fees to split or redraw your home loan, no direct entry fee, no switching fees - and low default and exit fees.

Likewise Westpac has recently reintroduced branch managers into its network to redeem its customer service.

According to the Australian Retail Banking Tracker Report for 2009 ME Bank customers were more satisfied and more likely to recommend the Bank to their family and friends than the customers of the four major banks[^].

NAB's decision on monthly account keeping fees also shows the big banks are now under pressure to cut fees and charges.

ME Bank's fees and charges as a percentage of operating income is still significantly lower than for the big banks. For the year ended June 2009, about 4% of ME Bank's income was derived from transactional fees. For the major banks, this percentage was between 17 and 20%.

According to the latest quarterly survey from InfoChoice, home loan customers of the big four Australian banks are being hit hard by excessive costs. InfoChoice's survey found bank customers who switched to the lowest priced products would save \$5.4 billion on home loans, \$257 million on credit cards and \$482 million each year on other financial lending such as car loans*.

Unlike ME Bank, which has a philosophical commitment to lower cost banking for industry super fund and trade union members and the general public, the big banks do not.

Just as the industry super funds have developed a high profile and successful alternative to the big banks in superannuation and pensions products, so too is ME Bank replicating this success in banking.

[^]CoreData brandmanagement Net Promoter Score (NPS) Survey July 2009: The NPS of customer satisfaction is determined by taking the percentage of "promoters", those who are highly likely to recommend the product or service, and subtracting the percentage of "detractors", those who are unlikely to recommend. ME Bank's NPS is +20.0 in comparison to Westpac -38.1, CBA -38.1, ANZ -60.0, NAB -74.5.

*The Cost of Banking Survey October 2009, www.infochoice.com.au

Phone and Internet banking

ME Bank's Phone and Internet banking can help you manage your money quickly and easily, even during the busy festive season.

ME Bank's Phone and Internet banking allows you to:

- check your balances and review your transactions
- pay your bills using BPAY

- receive and view your bills online
- transfer money between your ME Bank accounts
- transfer money to any other account in Australia, and much more.

Call us on **1300 654 998** today to register for Phone and Internet banking. Once you've tried it and discovered how easy and convenient it is, you won't want to do your banking any other way.



Save with a winning account

ME Bank is pleased to announce that the ME Online Savings Account has been named **Winner, Overall Savings Account Category** in the 2009 *AFR Smart Investor* Blue Ribbon Awards.



Savings products from more than thirty financial institutions were reviewed for this prestigious award.

The Judging Panel said *"ME Bank stands ahead of the pack, offering a competitive ongoing rate, as well as yielding the highest average rate over the 12 month period."*

Unlike many other online savings products, the ME Online Savings Account offers the same high rate of interest on every dollar, every day. It does not offer a promotional interest rate for a limited time only.

ME Bank is proud of this award and of its commitment to providing savers with a true interest rate. With no special rate conditions or bank fees, your savings work harder in the ME Online Savings Account.

For more information visit mebank.com.au/truerate

This is general information only and you should consider if this product is appropriate for you.

ME Bank launches car salary packaging

ME Bank has recently released a terrific new product allowing employees to salary package new and demonstrator vehicles. Known as a novated lease agreement, the vehicle costs are deducted by your employer as a regular payment from your salary package, which covers the lease repayments, fuel, vehicle registration, full comprehensive insurance, servicing, repairs and tyres.

ME Bank has chosen to team up with Leaseexpress, a leader in fleet management and salary packaging, to offer this product. Leaseexpress was chosen because of its strong commitment to providing excellent customer service and no-nonsense value for money.

Benefits:

- employees can choose a new or demo vehicle that suits their lifestyle using our fantastic online calculator
- attractive, transparent pricing resulting from low financing costs and bulk discounts achieved by Leaseexpress on vehicle prices, fuel and running costs
- all repayments, fuel, tyres and maintenance expenses are tax effective and paid from your salary package
- unlimited private use
- convenience of a vehicle expense card to pay all running costs
- transferable from employer to employer.

Why not check out our easy to use online calculator? You can either:

- follow the links from the ME Bank website
- visit lefm.com.au/onlineapp/ME_leasecalculator.asp

Fifteen candles

ME Bank recently celebrated fifteen years of providing low-cost, high-value financial services to industry super fund and union members and the general public, with our inaugural customers and fifteen longest serving staff.

In mid-1994, HESTA member Jacqueline Thresher read an article in her member magazine about a new home loan provider, Super Members Home Loans (SMHL, later to become ME Bank). Having scoured the home loan market, English emigrants Jacqueline and her husband, Nicholas, who both worked in the health care sector, soon realised that SMHL offered the best deal in town. Four weeks later they were homeowners and remain customers to this day, fifteen years later.

As thanks for their continued patronage, ME Bank presented the Threshers with a contribution to the account of their choice and, fittingly, dinner at Jamie Oliver's Fifteen restaurant.



Fees and charges apply. Terms and conditions available on request. Applications are subject to credit approval. Please consider if this product is appropriate for you. The ME Leaseexpress Novated Lease product is provided by Industry Funds Management (Nominees 2) Pty Ltd (IFM2), distributed through Leaseexpress Fleet Management Pty Ltd and managed by Members Equity Bank Pty Limited (ME Bank). IFM2 is not an authorised deposit-taking institution and its obligations do not represent deposits or liabilities of ME Bank. ME Bank do not stand behind or guarantee IFM2.

ME Bank sponsorships

ME Bank invests in sponsorships to support the communities in which we operate.



ME Bank Starlight Cinema

ME Bank is pleased to announce the launch of our naming rights sponsorship of North Sydney's annual Starlight Cinema – Cinema Under the Stars.

The **ME Bank Starlight Cinema** season will commence 13 January and run through to 20 March 2010, and showcase some of the best Australian and international films including blockbusters and new releases.

ME Bank's support of Starlight Cinema enables people within the local community to access a great outdoor event for young and old, families and friends.

For more information about ME Bank Starlight Cinema visit mebankstarlightcinema.com.au

Mother's Day Classic

ME Bank was proud to sponsor the Mother's Day Classic, the national fun run or walk for breast cancer research for the fifth consecutive year in 2009. ME Bank staff joined more than 80,000 participants across the country to raise vital funds for the National Breast Cancer Foundation.

We would like to thank participants who entered the *Go the Extra Step with ME Bank* campaign in Melbourne. The successful campaign saw ME Bank donate more than \$26,000 to the National Breast Cancer Foundation.

For more information about the Mother's Day Classic visit mothersdayclassic.com.au

Melbourne Storm

ME Bank congratulates Melbourne Storm on their victorious NRL Grand Final result in October. ME Bank became the joint major partner of the Melbourne Storm in 2009 with **HOSTPLUS**, the industry super fund for the hospitality, tourism, recreation and sport industries.

Sport has a great ability to bring countries, cities and communities together for moments of excitement and entertainment. ME Bank looks forward to working with Melbourne Storm and **HOSTPLUS** over the next two seasons. For more information about the Melbourne Storm visit melbournestorm.com.au

Show ME the money!

In conjunction with our continued branch expansion, ME Bank intends to introduce more ATMs across Australia to make your banking even more accessible.

ME Bank ATM locations

You can now take advantage of the flexibility offered by ME Bank's new ATMs, which you will find in all of our branches in addition to the following Melbourne locations:

- Casselden Place - 2 Lonsdale Street
- 50 Lonsdale Street
- Southern Cross Railway Station - Bourke Street, Concourse
- Southern Cross Railway Station - Bus Terminal

To complement our own ATM network, we also offer you the convenience of using the Westpac ATM network Australia wide without incurring additional ATM Operator Fees.

Save on ATM fees

Saving money on bank fees can be very simple – here are some handy hints for reducing ATM fees:

- InterestME Savings Account holders can save by using the 'cash out' option when purchasing items on EFTPOS
- use the ME Bank and Westpac networks Australia wide to avoid ATM Operator Fees
- plan ahead and withdraw larger sums less frequently
- pay for purchases using your Members Equity MasterCard (when no credit card surcharge applies) and electronically repay the value of your purchases in full by the due date
- pay your bills using BPay
- pay your friends or local traders using the 'withdrawal' function on DIY Banking.

For further details on minimising your ATM fees, please contact one of ME Bank's friendly Customer Service Consultants on **1300 654 998**.

ME Bank holiday season contact hours

The joy and mirth of the festive season is drawing closer once again, providing welcome respite from the year's financially tumultuous times. To help ensure that we are available when you need us, ME Bank remains open during the season on all regular business days except the national public holidays, i.e. Christmas Day, Boxing Day and New Year's Day.

For your convenience our branches and the National Customer Contact Centre are also open on Saturdays, including Saturday 2 January 2010. Our friendly, professional staff will be happy to help you and can be contacted on **1300 654 998** between 8am and 8pm Monday to Friday and 9am to 5pm Saturdays (Melbourne time).

Visit us online at mebank.com.au or via post at GPO Box 1345, Melbourne Vic 3000.