

Section 22

From: Section 22 <@westpac.com.au>
Sent: Tuesday, 2 August 2016 5:50 PM
To: Section 22
Subject: Westpac rates release
Attachments: Westpac reduces interest rates and boosts deposit rates.pdf

Hi Section 22

Please find attached Westpac's press release on rates. Please call if you have any questions.

Regards
Section 22

Section 22

Section 22

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 **Westpac** GROUP

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Westpac Banking Corporation (ABN 33 007 457 141)

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Media Release

2 August 2016

Westpac reduces interest rates and boosts deposit rates


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Westpac today announced a reduction in interest rates across a range of variable lending products for home owners and small businesses, while increasing a range of term deposit rates for savings customers.

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- Variable home loan (owner occupier) rate reduced by 0.14% to 5.29% per annum for customers with principal and interest repayments¹;
- Variable residential investment property loan rate reduced by 0.14% to 5.56% per annum for customers with principal and interest repayments¹;
- Variable home loan (owner occupier) rate reduced by 0.10% to 5.33% per annum for customers with interest only repayments¹;
- Variable residential investment property loan rate reduced by 0.10% to 5.60% per annum for customers with interest only repayments¹;
- Variable cash rate business loans will be reduced by 0.10%¹; and
- One year term deposit rate increased by 0.55% to 3.00% per annum, two year term deposit rates increased by 0.45% to 3.10% per annum, and three year term deposit rates increased by 0.55% to 3.20% per annum².

The majority of Westpac customers are on the Premier Advantage Package, and receive up to 0.70% discount on their home loan.

George Frazis, Chief Executive of Westpac Consumer Bank, said while home loan rates are at historical lows, today's decision reflects the complex domestic and international environment banks are facing.

"We take a number of factors into account when making interest rate decisions and, in an environment where the cost of funding and deposits are increasing, we have had to balance higher costs, while keeping rates as low as possible for home owners.

"In this low interest rate environment we have changed how we price interest only home loans compared to principal and interest home loans. As a result, we will now offer lower interest rates to customers who make principal and interest repayments to encourage them to pay down their debt and own their home sooner," Mr Frazis said.

Customers with interest only home loans who wish to move to principal and interest repayments can do so without paying a switching fee until 30 September 2016.

Westpac offers competitive fixed rate home loan offers in the market, with 2 and 3 year owner occupier fixed rates in Premier Advantage package at 3.75% per annum and 3.85% per annum respectively, effective this Friday 5 August 2016.

Customers who want to know more about these changes and the options available are encouraged to contact their local bank manager or contact Westpac on 132 558 or visit www.westpac.com.au

Ends

¹ Changes are effective 23 August 2016.

² Changes are effective 8 August 2016.

Note to Editors:

Westpac has a range of home loan options available to customers including splitting loans between fixed and variable rates. Customers are encouraged to discuss their banking arrangements with their local Bank manager or by contacting Westpac on 132 558 or visiting www.westpac.com.au .

From: Section 22 nab.com.au>
Sent: Thursday, 4 August 2016 3:55 PM
To: Section 22
Subject: NAB CEO statement
Attachments: NAB CEO Statement 4 August 2016.pdf

Hi mate

Please see our statement following the Government's announcement today

Cheers

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Thursday, 4 August 2016

A STATEMENT FROM OUR CEO, ANDREW THORBURN

A message to NAB customers, investors, shareholders, employees and the community:

Today I have been advised by the Federal Treasurer that we will be asked to present to the House of Representatives Standing Committee on Economics.

I have indicated to the Treasurer I will accept the invitation to attend the Committee and discuss the way we balance the needs of all stakeholders, including borrowers, depositors, investors and shareholders.

We believe our key responsibility is to help people with important financial decisions and to build a stronger economy. We are committed to helping people buy a home, save for retirement, start and grow a business and in doing so create more jobs and opportunity.

In any business, big or small – indeed in government and organisations of different shapes and sizes – there is always a balance needed in all major decisions.

This is because businesses do not have unlimited resources, and because there are different stakeholders to be satisfied. The needs of these stakeholders need to be carefully balanced, in order to sustain their support over the long term.

A bank is no different, and indeed it has been my experience over 30 years in banking, that this balance is both vital and difficult.

The setting of interest rates requires this delicate balance because different stakeholders have different needs which include:

- our 970,000 mortgage customers and almost 170,000 business customers who have borrowings with us and who want competitive (lower) interest rates so they can buy their own home and grow their businesses;
- our 4.5 million retail and business deposit customers who have \$320 billion on deposit with us and who also want competitive (higher) interest rates;
- We also have over \$240 billion in wholesale funding, much of which is from overseas investors who have a range of global choices as to where they invest their funds;
- our 584,000 shareholders who have invested their "at risk" capital into the bank and want to know we have a clear and sustainable strategy, and that it is profitable, so that they can be confident about future

dividends and our share price. All but a few hundred of these are retail shareholders - mums and dads, retirees and people who invest smaller amounts, but nevertheless their hard-earned savings;

- Among our largest shareholders are superannuation funds, representing the long-term savings of millions of people all across Australia who depend on their investments for retirement.

The decisions we are making every day are done in the context of an uncertain international economic environment, in a highly-competitive marketplace, where the bank is subject to significant regulation and where there is major transparency of our operations (our annual report and quarterly performance updates are testament to this).

There are a lot of people who rely on us getting the balance of these decisions right, including our 35,000 staff.

So, coming back to the question of how we set our interest rates this week. We have been paying more to both depositors and investors over the past six months and we set a rate for mortgage customers that reflected the balance between all our stakeholders.

If we don't get this right, it is inevitable we will lose business, and become a less competitive bank.

We look forward to the dialogue around how we balance these important themes – the delicate balance between different stakeholders; outlining the full cost of being an unquestionably strong bank; and bringing further insight to the topic of how we set our interest rates.

I am proud to be a banker. It has always required carefully thought through decisions, but the focus has been on serving the many people who rely on us to get these decisions right.

Yours sincerely

Andrew Thorburn
CEO, NAB

For further information:

Media

Section 22

From: Section 22 @nab.com.au>
Sent: Tuesday, 2 August 2016 4:01 PM
To: Section 22
Subject: SVR/deposit/business lending statement - as discussed
Attachments: 2 August 2016 - Media Release - NAB cuts variable home loan interest rat....pdf

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Tuesday, 2 August 2016

MEDIA RELEASE

NAB cuts variable home loan interest rates

NAB will reduce its variable rate on all new and existing variable rate home loans by 0.10% per annum, effective from Friday 19 August 2016. This means NAB's Variable Rate for Home Loans (Standard Variable Rate) will reduce to 5.25% p.a.

NAB Chief Operating Officer, Antony Cahill, said NAB had carefully considered the needs of customers and shareholders and the current economic and regulatory environment in making this decision.

"We have had to strike the right balance between providing customers with competitive mortgage rates and continuing to generate attractive returns for our 584,000 shareholders, while recognising that NAB's funding costs have been steadily increasing due to a range of factors, including the need to strengthen our balance sheet," Mr Cahill said.

"We also need to be able to continue investing in the products and services our customers want."

As a result of today's announcement, NAB customers with a standard variable rate home loan will save \$18 each month on their home loan principal and interest repayments, or \$216 every year (based on a \$300,000 loan over a 30-year term).

At 5.25% p.a., NAB's new Standard Variable Rate will be the lowest it has been for more than 40 years. In November 2010, the average standard variable interest rate across Australian banks was 7.80% per annum*, compared with NAB's new Standard Variable Rate of 5.25% p.a. and under 4.00% p.a. for some fixed rate products.

Mr Cahill said NAB is committed to providing customers with great value and service. As at March this year, NAB home loan accounts are, on average, almost 15 months ahead on their repayments, and Mr Cahill said NAB has a range of home loan products available to suit customers' needs.

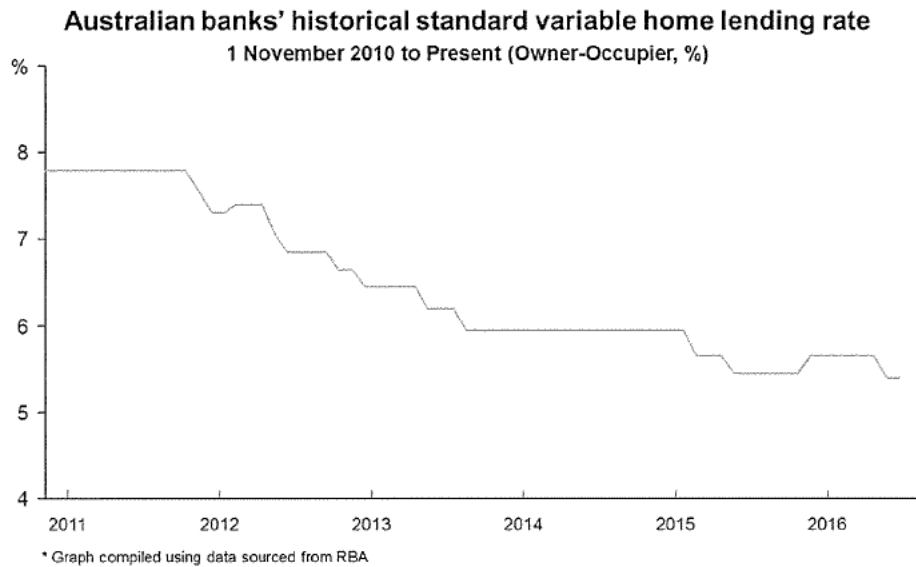
"We understand some customers want to have certainty about their monthly repayments and that's why we offer a number of highly competitive fixed-rate terms which allow customers to lock in interest rates for all or part of their home loan," Mr Cahill said.

NAB is currently offering a suite of "4-under-4" fixed rate home loan offers. For owner-occupier principal and interest borrowers, interest rates ranging from 3.75% p.a. to 3.99% p.a. are now available across 1, 2, 3 and 4 year terms. Competitive offers are also available to those borrowing for investment purposes.

Also, from Monday 8 August, NAB will increase its interest rate on 8-month Term Deposits by 0.85% p.a., introducing a Blackboard Special of 2.90% p.a. (interest paid at maturity).

NAB will also reduce its rate for standard variable business rate lending products by 0.10% per annum, effective from Friday 19 August 2016.

Conditions, fees and eligibility criteria apply to NAB's products. Customers who want to know more about these changes and what it means for them are encouraged to contact their banker about what works best for them.



For further information:

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Note to Editor:

NAB will also reduce the NAB Homeplus Rate, available through NAB Broker, by 0.10% p.a., to 5.28% p.a., effective from Friday 19 August 2016.

From: Section 22
Sent: Thursday, 4 August 2016 3:20 PM
To: Section 22
Subject: FW: ABA media release just issued
Attachments: ABA media release_bank transparency 04.08.16.pdf

FYI

From: Section 22
Sent: Thursday, 4 August 2016 3:19 PM
To: Section 22
Subject: ABA media release just issued

FYI

Thanks

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Media Release

ABA responds to call for transparency on interest rates

Sydney, 4 August 2016: The Australian Bankers' Association today responded to the Federal Government's invitation for banks to brief a parliamentary committee on interest rate decisions.

"The Federal Government is entitled to call the banks before a parliamentary committee, however no other businesses are required to justify their commercial pricing decisions in this way," ABA Chief Executive Steven Münchenberg said.

"We are confident banks can explain why the interest rates they set for borrowers are determined largely by the costs of funds and the pressures of a highly competitive market, not the Reserve Bank cash rate," he said.

"Since the start of the global financial crisis, over eight years ago, the Reserve Bank's cash rate has not mirrored the actual funding costs of banks. Banks have explained repeatedly why the Reserve Bank does not set interest rates."

The ABA has pointed out that one example of higher bank funding costs comes from the recent announcements by a number of banks that they are raising deposit interest rates.

"About two-thirds of bank funding comes from deposits and banks have raised interest rates on a range of those deposits, even as the Reserve Bank cut the cash rate," Mr Münchenberg said.

"This is great news for the many Australians, in particular seniors, who rely on their savings in retirement and who are being squeezed by low interest rates. At the same time, those Australians with a mortgage continue to enjoy the lowest interest rates in over 50 years," he said.

"As well as higher deposit costs, we have seen increases in banks' short-term funding in wholesale markets. Banks are also having to build their capital to withstand any future shocks, which adds further pressure on their margins.


"In making interest rate decisions, banks have to balance the needs of borrowers and savers, and shareholders in banks, most of whom are also ordinary Australians.

"The industry welcomes the opportunity to discuss the international and domestic context for banks, and how we are responding to concerns around bank practices."

ENDS

Contact: Section 22

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or

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bankers.asn.au

About the ABA

With the active participation of 25 member banks in Australia, the Australian Bankers' Association provides analysis, advice and advocacy for the banking industry and contributes to the development of public policy on banking and other financial services.

The ABA works with government, regulators and other stakeholders to improve public awareness and understanding of the industry's contribution to the economy and to ensure Australia's banking customers continue to benefit from a stable, competitive and accessible banking industry.