

14 October 2016

Auswide Bank introduces revolutionary new 'rate tracker' home loan

- **Home loan tracks RBA 'cash rate'**
- **Low 3.99% variable rate**
- **One of the first of its kind in Australia**

Auswide Bank has today released a new 'rate tracker' style home loan, believed to be the first of its kind in the Australian market.

The RBA Rate Tracker home loan will track the movements of the Reserve Bank of Australia (RBA) cash rate. If the RBA shifts interest rates up or down, the interest rate attached to the home loan also moves by the same percentage.

The RBA Rate Tracker home loan has been launched with an attractive variable interest rate of 3.99%p.a. (Comparison Rate 4.01%p.a.) and provides both the customer and the bank with the certainty of a fixed margin over the RBA cash rate. The loan provides further certainty to borrowers as Auswide Bank will change the rate effective within two working days after an RBA cash rate change. The loan has a 'floor' - if the RBA cash rate falls to 0% or below in the future the customer will continue to pay the fixed margin.

The new loan is available on new owner-occupied home loans of \$150,000 or more for purchase or refinance with an LVR of up to 80% and includes the ability to make additional payments and redraw.

There is a low upfront establishment fee of \$300 and no ongoing monthly service fee; however a transaction account needs to be held by the customer with the bank.

Martin Barrett, Auswide Bank Managing Director said tracker mortgages are a popular loan product internationally particularly in Europe.

"The availability of tracker mortgages in Australia has been a topic at the current inquiry into the major banks having been highlighted by the parliamentary standing committee.

Small things. Big difference.

“As a small nimble bank focused on meeting a range of customer segment needs, we identified an opportunity to create this new product. It meets the needs of a group of borrowers who prefer a variable rate but value certainty and transparency about how much they will pay for their home loan and when interest rate changes will be passed on.”

“Like other lenders, Auswide Bank’s funding is not strictly tied to the RBA cash rate yet we still have the flexibility to maintain a competitive overall operating margin and pay our depositors and investors competitive interest on their savings and term deposits. As a result we’ll continue to offer a variety of loan types and packages priced according to their features & benefits and customer preference.”

Mr Barrett said the Australian lending landscape is dominated by the ‘big 4’ who are privileged in respect to their cost of funds and regulatory capital position.

“These are the areas that need attention if we are serious about improving competition in the Australian banking landscape. It was pleasing to see the Chairman of ASIC call this out. Despite their privilege and the uneven playing field we face, Auswide Bank remains committed to increasing competition and providing Australians with a viable alternative delivering value the majors are unwilling to provide.”

The RBA Rate Tracker Home Loan will be available through Auswide Bank’s branches and Customer Contact Centre from Monday 17th October 2016, and will also be available via mortgage brokers accredited to Auswide Bank in the near future.

Enquiries about Auswide Bank’s RBA Rate Tracker home loan should be directed to an Auswide Bank lender www.auswidebank.com.au/locate/lending-consultants/ or the Auswide Bank Customer Contact Centre 1300 138 831 (Monday to Friday, 7am - 7pm AEST).

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About Auswide Bank Ltd

Auswide Bank is helping Australians achieve home ownership, create wealth, access banking & financial services that make their life easier and help them to protect their assets and loved ones from financial loss or hardship.

We provide an extensive range of personal and business banking products and services issued directly or in partnership with leading service providers via branches, strategic relationships and online & digital channels.

Auswide Bank has an Australian Credit Licence and an Australian Financial Services Licence issued by ASIC and is an Authorised Deposit-taking Institution prudentially supervised by the Australian Prudential Regulation Authority.

Even though we are a smaller bank, we believe that it's the small things that make us different and can make a big difference for our customers and communities.

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