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NEWCASTLE PERMANENT & GREATER BANK MERGER TO CREATE REGIONAL POWERHOUSE

Highlights

- **Brings together two of Australia's largest mutuals to create Australia's number one customer-owned bank.**
- **Merging two leading Hunter-based organisations creates a regional powerhouse with \$19.8 billion in total assets* and a combined customer base of approximately 600,000 customers.**
- **Commitment to maintain both iconic brands.**
- **The merged entity to be the employer of choice for more than 1,600 people with no forced redundancies as result of merger for at least two years.**
- **Benefits from shared capabilities of both organisations, investments and technology enhancements, as well as advancements towards best-in-class customer experience.**
- **Opportunity to grow both brands and help more Australians with their retail banking needs.**

Greater Bank and Newcastle Permanent today announced the signing of a Memorandum of Understanding (MoU) to explore merging the two organisations to create Australia's largest customer-owned bank.

The MoU sets out the key terms between the two parties to determine the commercial and member benefits that may be derived from bringing together two locally grown organisations that collectively have \$19.8 billion in total assets and a combined customer base of approximately 600,000 customers, and were globally recognised this year as the top two Australian-owned financial institutions in the Forbes annual ranking of World's Best Banks.

A merged entity would benefit from the shared capabilities of both brands, investment and technology enhancements, to continue to deliver a best-in-class customer experience.

Chair of Greater Bank, Wayne Russell said: "Both organisations independently have exceptional financial strength. Our collective capabilities and capacity will enable us to invest more in technology and innovation, and offer great value for our customers. We believe this is an incredible opportunity to grow our brands and help more Australians with their retail banking needs."

Chair of Newcastle Permanent, Jeff Eather said: "This proposed merger of two highly successful Hunter-based organisations will create a large, forward-thinking financial institution that sustains the core principles of customer-owned banking. It will also position the Hunter region as a financial powerhouse in Australia. Our vision is to be a vibrant employer of choice that delivers fulfilling and rewarding careers for more than 1,600 people."

CEO of Newcastle Permanent, Bernadette Inglis said: “A merger provides an opportunity for transformational change to future-proof both organisations – more so than can be achieved individually. It enables the combined organisation to carve out a presence as a beacon for the mutual sector, and be a significant competitor in retail banking. Newcastle Permanent and Greater Bank have attractive and complementary characteristics which we believe make this merger highly compelling, and provide significant value to customers, through improved technology and organisational capability.”

CEO of Greater Bank, Scott Morgan said: “Success in the banking sector is dependent on the ability to rapidly adapt, meet evolving customer expectations and new regulatory demands. Smaller organisations can be at a disadvantage in keeping pace with required investment in frequent and complex technology advancements; a decade ago there were circa 200 mutuals across Australia, today the number is fewer than 70. We are both committed to our communities and driving better value for our customers.”

Significant outcomes of the proposed merger on completion include:

- Becoming Australia’s number one customer-owned financial institution.
- Preserving both iconic brands, Newcastle Permanent and Greater Bank.
- Serving a combined customer base of almost 600,000 customers.
- Employing more than 1,600 people with no forced redundancies as a result of the merger for a period of at least two years.
- Retaining a combined network of 100 branches for a period of at least two years.
- Maintaining our locally-based customer contact centres and headquarters.

The MoU sets out a proposal for an aligned Board to govern the merged entity, and the retention of both existing CEOs to support the integration process and the acceleration of value to customers. The new leadership structure will harness the strengths of both entities, ensuring it has the commensurate skills to grow the brands while retaining critical institutional knowledge and expertise from both parties.

It is proposed Greater Bank Chair, Wayne Russell, will Chair the merged entity alongside Newcastle Permanent’s Chair, Jeff Eather, who will assume the role of Deputy Chair. Newcastle Permanent Chief Executive, Bernadette Inglis, will be Chief Executive Officer and Scott Morgan, currently Chief Executive Officer of Greater Bank is to be the entity’s Deputy CEO.

The MoU is the first step in this process. Completion of the merger remains subject to due diligence and then approval by the members of both Newcastle Permanent and Greater Bank, and regulators, including the Australian Prudential Regulation Authority and the Federal Treasurer.

Subject to these steps, the target date for the completion of the merger is early 2022.

* This number is unaudited as at 30 June 2021.

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